Home Health Care Business Plan and Operations Starter Kit

A working kit for skilled home health agencies. It builds the census week by week from admissions and average stay, turns visits by discipline into what each payer actually collects, prices each visit by clinician, documentation and drive time, sizes the cash a launch needs while payers pay one to three months late, and scores the plan on six pass-or-fail tests.

HOME HEALTH AGENCIES
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PAGE 2

Start here

A home health agency can fill its schedule and still run short of cash. In this example payers pay up to three months after the visit, so the cash low falls in month 13, after year 1 ends. This kit writes those numbers down and tests them before a lender asks.

WHAT IS INSIDE

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15	Your first 30 days, lease questions, sources and what the full kit adds
16-18	An AI prompt that turns this kit into your own plan
19	The worked example's twelve-month cash forecast, filled in

HOW TO USE IT

1. Build visits, payers and private-pay hours on page 6 and costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Payer agreements, rates and the clinician roster move before the first admission, and every worksheet expects your own figures.
3. After opening, use the page 14 checklists at every admission and month end, and review the numbers weekly. Post the page 7 census each week and the page 9 payer table as payments land.

HOW THIS KIT WAS BUILT

- **AI tools helped create this kit.** Example figures are illustrative, not benchmarks.
- **The owner question** on page 3 is one of the home health agency questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **The six questions** on page 14 were drafted by AI models from World Consulting Group desk research and challenged by a second AI model. None was measured in the field, so treat them as hypotheses to test, not findings.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, clinical, employment, billing and pay-plan or financial advice. Approval, payer enrollment, billing, staffing and patient-care requirements vary by location and by payer, and the kit states no rule on any of them. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

A lender wants to know whether the agency can carry payroll, rent and the loan while payers take up to three months to pay. Answer here in short sentences; draft full sections on separate sheets.

1. Executive summary (write it last)

Summarize the agency, its patients and referral sources, the money you are raising and what it buys, office to first payroll; add the month page 6 first covers cash break-even on page 8, and the page 4 result.

2. Services, patients and referral sources

List the disciplines you offer: nursing, physical, occupational and speech therapy, aide visits and any private-pay hours. Name the hospitals, nursing facilities, doctors' offices and families that refer, and their admissions a month.

3. Territory and payers

Draw the territory your clinicians can cover in a day and count the referral sources inside it. List each payer, how it pays (per period of care, per visit or per hour) and its share of patients.

4. Disciplines, payers and what a visit collects

For each discipline, note the visits a patient needs a week and the paid minutes behind each visit: the visit, documentation and drive. For each payer, note how it pays and the rate you expect. A rate copied from another agency, with no contract behind it, is a guess.

DISCIPLINE OR PAYER	VISITS A WEEK, OR HOW IT PAYS	PAID MINUTES A VISIT	YOUR RATE

> *Owner question: referral coordinators at our top hospital source rotate every nine months. Does admission volume track their tenure?* Check it month by month: admissions from that hospital against each coordinator's start date. If volume moves with tenure, the channel rests on one person, so build ties with discharge planners and social work leads too, and log admissions by named contact. In this example break-even sits near 31 admissions a month, so losing a large source for a few months can push the plan under it. Fill page 7 with admissions by source.

PAGE 4

Business plan, part two

5. Operations

Describe a week from referral to discharge: who takes the referral, how intake confirms the payer and books the first visit, how visits are routed and how notes are finished before billing. Name who runs the agency when you are away.

6. Team

List every role, its hours and its pay basis, per visit or salaried, with a market wage for your own hours. Name the field nurse whose departure would leave the most patients without visits; page 14's fourth question checks it.

7. Marketing and sales

Explain which referral sources send patients, how the liaison keeps each one and the admissions a month each delivers; check that admissions replace the patients discharged.

8. Financials and funding

Attach pages 5, 6, 8 and 11 and the result below, with the money needed, its sources and its runway.

DOES THE PLAN PASS? SCORE IT BEFORE ANYONE ELSE READS IT

TEST	PASS?
Gate 0. Quotes for the office and equipment, the lease, each payer agreement and every approval and enrollment step the agency needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, sales reach cash break-even at the month-12 run rate (page 8) and closing cash, payment timing included, holds your floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. The peak month's visits fit clinician capacity by discipline (pages 7 and 10), and the planned census reaches break-even (page 8).	
5. Referral sources that have agreed to refer, named with expected admissions a month, back the opening months; a list of hospitals forecasts contacts, not admissions.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails, so fix the plan before you sign an office lease, hire the clinical manager or take a loan. **Red:** Test 1 or 3 fails, so change the plan before you commit money. Tests 1 and 3 score the plan as written; Test 2 is the slow start, and the page 13 what-ifs stress-test Tests 1, 3 and 6. Count a test without evidence as a fail. Result: _____

PAGE 5

Startup budget worksheet

Fill the estimate column first, then record each source: a written quote from the landlord, the insurer, the software vendor or the consultant, or a documented calculation. Home health budgets break on the months before payers pay, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
OFFICE AND EQUIPMENT				
Office furniture, computers, clinician tablets and phones				
APPROVAL READINESS				
Approval-readiness costs: consultant, policy manuals and application fees				
PRE-OPENING				
Pre-opening operating costs: clinical manager and liaison 3 months, intake 1 month, rent 6 months plus deposit, insurance, software, other				
Launch marketing and referral materials				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 11 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash over both years (the page 11 year and the second year on the forecast page) falls below zero (zero if it never does), rounded up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that buffer, add the difference. If approval readiness runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on admissions, so build them from referral sources that have agreed to refer and the clinicians you can field, not from the payroll you need to cover. Build the census first, week by week on page 7; add private-pay hours at the share your record supports.

```
Monthly sales for a line = units times average rate times days open in the month (or times 1 for units counted per month)
Days open in a month = days open per week times 52, divided by 12
```

SALES LINE	UNIT	UNITS PER DAY OR MONTH	AVERAGE RATE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Skilled visits	visits				
Private-pay hourly care	hours				
Denials recovered later	visits				

Full-run month

RAMP AND SEASONS

MONTH	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Ramp, % of full run												
Season, % of full-run month (M1 = opening month)												
Expected sales												

Expected sales for each month = visits from the page 7 census times clean collectible per visit (page 9), plus private-pay hours at full run times ramp, plus recoveries in the month collected. Use 100 percent where a factor does not apply. The census, ramp and payer mix are your assumptions; write down the evidence for each, such as referral sources that have agreed to refer.

CAPACITY CHECK

```
Visit capacity a week, by discipline = clinicians x paid hours a week x 60 x (1 - non-visit share) / (visit + documentation + drive minutes), against the settled peak census x visits per patient a week (page 7)
```

Write each discipline's clinicians, their paid hours a week, and the minutes a visit takes with documentation and drive. Take the month the settled census peaks on page 7, multiply by the visits each patient needs a week, and set the result against each discipline's capacity. If any discipline runs short, admissions above it wait or go elsewhere, however full the referral list looks.

PAGE 7

Referrals, census and visits by discipline

Patients arrive on referral, stay a number of weeks and need visits by discipline each week. The census is a stock that admissions fill and discharges drain, so visits follow the census, not a smooth ramp.

```
Census each week = last week x (1 - 1 / mean stay in weeks) + admissions that week; visits a month = average census x visits per patient a week x 52 / 12; capacity a week = clinicians x paid hours x 60 x (1 - non-visit share) / (visit + documentation + travel minutes)
```

MONTH	ADMITTED	DISCHARGED	AVERAGE CENSUS	VISITS
M1	5.5	1.1	3.0	25
M2	10.4	5.0	8.0	67
M3	11.1	6.7	12.8	106
M4	13.8	9.3	17.3	144
M5	20.8	15.3	22.5	186
M6	19.4	15.0	27.3	226
M7	22.2	17.5	31.9	264
M8	31.2	25.6	37.0	306
M9	27.7	23.3	41.8	346
M10	29.5	25.7	45.9	380
M11	39.2	35.1	49.9	413
M12	33.2	30.1	53.4	442

This table is the skilled visits line on pages 6 and 11, month by month from no patients. The settled year repeats 34.96 to 41.04 admissions a month (38 on average) and holds about 61 patients, 508 visits a month. Figures are illustrative. Real stays vary around the mean, so a few long stays or a cluster of short ones move the census. Mean stay 7 weeks; opening census 0. Each month's admissions are spread evenly over its weeks (admissions x 12 / 52 a week), and each week counts in the month holding most of its days on a 364-day year; monthly census is the average of those weeks; peak need uses the settled-year peak census, 64.5 patients. Settled-year admissions, months 1 to 12: 41.04, 41.04, 39.52, 38, 37.24, 35.72, 34.96, 36.48, 38, 38.76, 38.76, 36.48.

DISCIPLINE	VISITS A PATIENT A WEEK	CLINICIANS	VISITS A WEEK AT CAPACITY	PEAK NEED A WEEK	PEAK USE
Nursing, field nurses	0.817	4	63.1	52.7	84%
Nursing, clinical manager	0.113	1	7.8	7.3	94%
Physical therapy	0.68	3	48.3	43.9	91%
Occupational therapy	0.19	1	14.0	12.3	88%
Speech therapy	0.02	1	2.3	1.3	57%
Aide visits	0.09	1	7.7	5.8	76%

PAGE 8

Break-even and coverage

Use this one numbered cost list everywhere in the kit. Loan interest is a fixed cost here. Loan principal is not an operating cost: it enters cash break-even below and the cash forecast on page 11, so interest and principal are each counted once. A line that starts or steps up during year 1 goes in at its amount once in place; page 11 uses each month's amount.

FIXED COSTS PER MONTH	PER MONTH
1. Office rent (1,200 square feet)	
2. Insurance (professional, general, auto and workers' compensation)	
3. Clinical manager (salaried, with payroll costs; the minimum staff)	
4. Owner-administrator's market wage	
5. Loan interest (startup and working capital loan)	
6. Records software (clinical records and scheduling)	
7. Phones, devices and IT	
8. Other office costs (accounting, training, quality program, postage)	
9. Marketing materials	
10. Intake coordinator (salaried, with payroll costs; also schedules visits)	
11. Community liaison (salaried, with payroll costs)	
12. Payroll costs on visit pay (inside the line 14 rates)	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Mileage and visit supplies	
14. Clinician visit pay and private-pay aide pay, above the salaried staff	
15. Outsourced billing, 5 percent of clean collectible, charged as billed	
Total variable cost share	

```
Contribution margin ratio = 1 minus variable cost share; contribution = sales times the line's ratio
Operating break-even sales = fixed costs divided by contribution margin ratio
Cash break-even sales = (fixed costs with line 4 even if undrawn, plus principal and other recurring cash out) divided by contribution margin ratio; page 13 covers a result with no usable number
Break-even visits a month = (fixed costs with line 4 even if undrawn, plus principal, minus the private-pay line's contribution) divided by one visit's contribution, recoveries included (pages 9 and 10); 0 if covered
Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied
Planning debt service coverage (before income tax and replacements) = (full-run sales times contribution margin ratio, minus fixed costs other than line 5) divided by (line 5 + principal)
```

RESULT	PER MONTH	PER WEEK	PER DAY OPEN
Operating break-even sales			
Cash break-even sales			
Break-even visits a month (use cash break-even)	one figure per month		
Rent share and debt service coverage at full-run sales		ratios, monthly only	

Weekly = monthly times 12, divided by 52; per day open = weekly divided by days open per week. Rent share = line 1 divided by net sales.

PAGE 9

What a visit actually collects

Some payers pay a set amount for a period of care, others per visit or per hour; enter how each of yours pays. In this example the per-period payer collects about $244 a visit and managed plans about $131.

```
Charge - contractual adjustment = allowed; payer portion - denials = payer collectible; patient portion - write-off = patient collectible; clean collectible = both; recoveries of denied claims count only when collected
```

SKILLED VISITS: THREE PAYER CLASSES

PAYER	SHARE	ALLOWED (ILLUSTRATIVE)	CHARGE	CONTRACTUAL	PAYER SHARE	DENIED	WRITE-OFF	CLEAN COLLECTIBLE	RECOVERED LATER	% BY MONTH: PAYER; PATIENT
A government program, per period of care	55%	$2,000.00 a period	$2,000.00	$0.00	100%	$0.00	$0.00	$2,000.00	$0.00	10/75/15
Managed or contracted plans	35%	$150.00 a visit	$250.00	$100.00	98%	$17.64	$0.90	$131.46	$8.82	0/40/45/15; 0/20/40/40
Commercial insurance	10%	$180.00 a visit	$250.00	$70.00	85%	$15.30	$8.10	$156.60	$7.65	0/35/45/20; 0/20/40/40

Clean collectible per visit: $195.82; weighted, the line collects 6.8% in month 0, 63.4% in month 1, 24.4% in month 2, 5.4% in month 3 (month 0 is the month of service; any wait to bill sits inside each split); a period of care is taken as 8.2 visits (clean collectible a period / 8.2 = a visit); recoveries of $3.85 per visit count when collected.

PRIVATE-PAY HOURLY CARE

PAYER	SHARE	ALLOWED (ILLUSTRATIVE)	CHARGE	CONTRACTUAL	PAYER SHARE	DENIED	WRITE-OFF	CLEAN COLLECTIBLE	RECOVERED LATER	% BY MONTH: PAYER; PATIENT
Private pay, by the hour	100%	$35.00	$35.00	$0.00	0%	$0.00	$1.05	$33.95	$0.00	-; 70/30

Clean collectible per hour: $33.95; weighted, the line collects 70.0% in month 0, 30.0% in month 1 (month 0 is the month of service; any wait to bill sits inside each split).

($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Clean collectible billed, recoveries apart	8.3	18.1	27.6	36.6	46.6	56.1	65.2	75.2	84.8	91.4	97.9	103.6
Collected, recoveries apart	2.7	8.6	17.1	26.5	35.8	45.5	55.1	64.3	74.1	82.5	89.4	96.0
Receivables, month end	5.5	15.1	25.5	35.6	46.5	57.2	67.3	78.2	88.9	97.8	106.3	113.9

Receivables at the end of month 12: about $113,900. They are clean collectible amounts billed and not yet paid; each is collected later on its payer split, and the recoveries line never sits in receivables.

What the waiting costs in cash: rerun with every payer paying in the month of the visit, the expected case would bottom out at $194,512 instead of $80,882 (month 13), about $113,600 higher. This is a modeled comparison, not a forecast of your payers.

Every rate here is illustrative. Enter your own contracted or published rates, and confirm with a qualified healthcare legal or billing professional how each payer pays, what the patient owes and how denials are handled.

PAGE 10

Clinician productivity and pay per visit

A visit costs more than its time in the home, and every figure here is illustrative. Documentation, drive time and paid hours off visits all sit inside the cost per visit, so in this example a nurse paid $46.90 an hour costs about $106 a visit.

```
Cost per visit = hourly pay x (visit + documentation + travel minutes) / 60 / (1 - non-visit share of paid time) x (1 + payroll taxes and benefits); line 14 = visit pay at the settled-year average over the visits line clean collectible
```

DISCIPLINE	CLINICIANS	PAID HOURS A WEEK	VISIT / NOTES / DRIVE MINUTES	PAID TIME OFF VISITS	PAY	TAXES AND BENEFITS
Nursing, field nurses	4	32.5	50 / 30 / 25	15%	$46.90 an hour	10%
Nursing, clinical manager	1	16	50 / 30 / 25	15%	salaried, line 3	n/a
Physical therapy	3	30	50 / 20 / 25	15%	$49.40 an hour	10%
Occupational therapy	1	26	50 / 20 / 25	15%	$48.24 an hour	10%
Speech therapy	1	4	45 / 20 / 25	15%	$47.05 an hour	10%
Aide visits	1	12	45 / 10 / 25	15%	$17.21 an hour	10%

DISCIPLINE	PAY BASIS	COST PER VISIT	VISITS A WEEK AT CAPACITY	VISITS A MONTH (SETTLED YEAR)	VISIT PAY A MONTH
Nursing, field nurses	hourly, by the formula	$106.21	63.1	217	$23,095
Nursing, clinical manager	salaried, line 3	$0.00	7.8	30	$0
Physical therapy	hourly, by the formula	$101.22	48.3	181	$18,319
Occupational therapy	hourly, by the formula	$98.84	14.0	51	$4,998
Speech therapy	hourly, by the formula	$91.33	2.3	5	$486
Aide visits	hourly, by the formula	$29.70	7.7	24	$711

Visit pay at the settled-year average is $47,609 a month, 47.8 percent of the skilled visits line. The clinical manager's visits show no pay here because her salary sits on line 3. Line 14 on page 8 blends this share with private-pay aide pay, 64.8 percent of that line's own sales. Per-visit pay can suit the ramp year; salaried nurses can cost less a visit once the census is full.

PAGE 11

Twelve-month cash forecast

Payroll, rent and the loan leave on fixed dates while payers pay up to three months later. Enter $000 (51.25 means $51,250).

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: payments from payers and families, in the month each lands												
Memo, not cash: clean collectible billed this month (page 9)												
In: owner money and loans received												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 10 to 12, 14)												
Out: mileage, supplies and billing (lines 13, 15)												
Out: rent (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 9)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 15)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first day the agency can bill every payer after startup spending is paid; each closing balance opens the next month, and the slow start opens with the same cash. Your floor is at least one full-run month of fixed costs plus principal. Clinicians, the office team and suppliers are paid in the month of the work; payers pay on the page 9 splits. For the slow start, test 70 percent of expected sales in every month (a stress assumption, not a benchmark; a higher share only with evidence); fixed costs, other cash out, principal, startup bills and funding stay as expected, and all variable lines fall with sales; line 14 holds only hours you would cut. The first month either case falls below your floor is your planning deadline: act before it. Then run a second year at the month-12 run rate (page 8), month by month with the seasons continuing, and check the floor holds.

PAGE 12

Runway, and what the wait for payers costs

```
Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the agency can bill every payer), before the first month in which closing cash falls below your floor
```

Worked example: an imagined skilled home health agency

Illustrative only: invented home health figures, never trade benchmarks. The office team is salaried from month 1; field clinicians are paid per visit. Cash floor $40,436. Payers pay on the page 9 splits, up to three months late; families within a month; staff and suppliers in the month they work or deliver; the owner draws her market wage monthly.

Page 5, budget	Launching the agency costs $568,400, funded by a $398,000 loan (10 percent over 10 years) and $170,400 of owner money, including a $397,900 reserve held while payers catch up. Page 5 sizes that reserve in two passes: a floor of $40,436, one more month as a buffer, $40,436, plus $317,018 (the first pass's depth below zero from an empty account, its lowest close in month 13 of the two years), rounded up to $397,900. Before the reserve: office and equipment $20,000; approval readiness $35,000; pre-opening $100,000; contingency $15,500.
Page 8, costs	Fixed costs $38,401 a month, including $2,800 for the office and $3,225 of loan interest; principal $2,035 a month (year-1 averages); the variable lines take 59.5 percent, leaving a contribution margin ratio of 0.405. Lines 13 to 15 take 5.02, 49.47 and 5 percent of sales. By line, 1 to 12 run $2,800, $2,000, $9,625, $7,892, $3,225, $1,000, $600, $1,500, $500, $4,217, $5,042 and $0 a month.
Page 8, break-even	Operating break-even sits near $94,794 a month. Cash break-even (fixed $38,401 plus principal $2,035, divided by 0.405) is about $99,817 a month: 418.7 visits a month from skilled visits once private pay and recoveries add their share, so 419, against the 534.2 at the settled-year peak.
Page 6, sales	Skilled visits: 534 visits a month at $195.82 (the settled-year peak month, for the capacity test); year 1 follows the page 7 census from no patients, and full run repeats the settled year. Private-pay hourly care: 500 hours a month at $33.95. Denials recovered later: 534 visits a month at $3.85 (recovered per visit, 3 months after the visit, counted when collected). Full-run month about $118,471, the census lines at the settled-year average (skilled visits 508.32 visits a month, denials recovered later 508.32 visits a month); private-pay hours ramp 20, 30, 40, 50, 60, 70, 80, 90 percent in months 1 to 8, then 100 percent; no season on the sales lines; the admissions season, 92 to 108 percent, sits in the page 7 census.
Page 19, expected case	First-month billing $8,259; the account ends month 1 at $354,944 and month 12 at $82,254. The year-1 low comes in month 12, closing $82,254, $41,818 clear of the floor.
Page 19, slow start	At 70 percent of plan on every line, first-month billing comes to $5,781; the account ends month 1 at $355,700 and month 12 at $31,378. The account drops under its floor in month 12 (closing $31,378), giving a runway from opening of 11 months.
Page 8, coverage	On settled-year sales of $118,471, pre-tax planning coverage reads 2.44 against the 1.25 the imagined lender sets; at the month-12 run rate it reads 1.37, and Test 3 needs the two. Rent share is about 2.4 percent.

PAGE 4 RESULT FOR THIS EXAMPLE: AMBER

The agency example treats Gate 0 as met. Test 1 passes: held at month 12, billing averages about $105,558 a month, above the $100,762 break-even at the month-12 mix, not full run (contribution ratio 0.401); a second year at that level never closes under the floor (lowest close $80,882, month 1 of year 2). (For context only: billing first covers cash break-even in month 12.) Test 2 fails: at 70 percent of plan, closing cash dips under the floor in month 12; about $9,100 more working capital would hold it. Test 3 passes on the planning formula; each lender applies its own definition. Test 4 passes (settled year): month 3 holds the peak census, about 64.5 patients; field nurses need about 53 of their 63 visits a week, the clinical manager 7.3 of 7.8, physical therapy 44 of 48 and occupational therapy 12.3 of 14.0 (pages 7 and 10). With no referral source committed, Test 5 fails for want of evidence. Test 6 passes: a settled year of visits and hours leaves about $90,679 after principal, and no settled month runs below zero, so it needs no cushion. Page 19's opening year, not that steady-state year, loses about $315,646 in cash because the census build, payer delays and startup months come first. The example sets aside nothing for income tax, equipment or stock (page 19); a real plan enters its own. A new agency builds its census while payers pay late, so the cash low can fall after year 1.

PAGE 13

What moves the result

Each row changes one input of the page 12 example and reruns the forecast. A row names Test 1, 3 or 6 when the change would newly fail or pass it; a test the example already fails stays failed. The last column also gives the slow start, Test 2, where the change moves it.

WHAT MOVES THE RESULT (FULL-RUN MONTHLY CHANGES; DEADLINES RERUN; SLOW-START LOSSES SCALE WITH SALES)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $4,799	Expected case holds the floor; the month-12 rate drops under cash break-even; month-12 coverage falls to 0.56; would fail Tests 1 and 3
Skilled visits: average rate 5 percent higher, same volume (only sales-linked fees rise)	plus $4,728	Break-even visits fall from 418.7 to 377.1 a month, so from 419 to 378: per-unit costs stay the same, so the ratio rises from 0.405 to 0.427 on the new sales (sales-linked fees, line 15, take 5.0 percent of each added dollar)
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $97,349
Payer mix 45 / 45 / 10, not 55 / 35 / 10 ($10.36 less a visit)	minus $5,004	Expected case holds the floor; slow start under the floor in month 11 (closing $34,011); the month-12 rate drops under cash break-even; month-12 coverage falls to 0.53; would fail Tests 1 and 3
Period rate 7 percent lower, $1,860 ($9.39 less a visit)	minus $4,535	Expected case holds the floor; slow start under the floor in month 11 (closing $35,295); the month-12 rate drops under cash break-even; month-12 coverage falls to 0.61; would fail Tests 1 and 3
9.0 visits a period, not 8.2 ($11.92 less a visit)	minus $5,758	Expected case holds the floor; slow start under the floor in month 11 (closing $31,947); the month-12 rate drops under cash break-even; month-12 coverage falls to 0.41; would fail Tests 1 and 3
Average stay 6 weeks, not 7 (73 fewer visits a month)	minus $5,975	Expected case holds the floor; slow start under the floor in month 11 (closing $39,763); the month-12 rate drops under cash break-even; month-12 coverage falls to 0.47; would fail Tests 1 and 3
Nurse and therapist pay $12.80 to $14.20 a visit higher ($6,035 a month)	minus $6,035	Expected case holds the floor; slow start under the floor in month 11 (closing $27,236); the month-12 rate drops under cash break-even; month-12 coverage falls to 0.36; would fail Tests 1 and 3
Setup and approval overrun of $30,000 beyond the contingency, taken from the reserve	no change	Expected case holds the floor; slow start under the floor in month 10 (closing $36,350)
Opening 3 months late (office rent, insurance, clinical manager, loan interest, records software, other office costs, intake coordinator, community liaison and principal, $31,444 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case below the floor in month 11 from the planned opening, below zero in month 14; slow start under the floor in month 11 from the planned opening (month 12 on time); about $54,000 more opening cash holds the expected case at the floor; would fail Test 1

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

```
Contribution margin ratio zero or below: break-even is N/A; score Tests 1 and 6 as failed
One unit's contribution, or the count it is multiplied by, zero or below: break-even units are N/A;
score Test 4 as failed
Other lines already cover fixed costs and principal: break-even units are 0, never a negative number
No loan: coverage is N/A; score Test 3 as passed
```

PAGE 14

Admission and month-end checklists, weekly review, six questions

These are running checklists for the agency, not a compliance program; add the clinical, records, billing and staffing steps your location, your payers and your advisers call for.

AT EVERY ADMISSION

- ☐ Log the referral source, the date it called and the date of the first visit.
- ☐ Record the payer class and how it pays: per period of care, per visit or per hour.
- ☐ Enter the visits the plan of care calls for, by discipline, before the first week is scheduled.
- ☐ Give each discipline's visits to a clinician whose route already covers the patient's area.
- ☐ Note any step the payer asks intake to finish before the first visit, as its own instructions state.
- ☐ Thank the referral source and confirm the first visit date in writing.

MONTH END AND THE PAYER LIST

- ☐ Set visits completed against visits scheduled, by discipline and by clinician.
- ☐ Post admissions, discharges and the average census to the page 7 table.
- ☐ Count periods billed against the visits each period needed, payer by payer.
- ☐ List claims denied this month, with the amount and the month you expect them back.
- ☐ Set receivables by payer and by month billed against the page 9 splits.
- ☐ When a clinician gives notice, list the patients on her schedule and who will see each one.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Admissions by referral source, against plan				
Census at week end, against page 7				
Visits completed by discipline, against capacity				
Drive minutes and miles a visit, by clinician				
Visit notes finished within the agency's own deadline				
Cash collected by payer, against the page 9 splits				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does every referral call, schedule change and denied claim wait for the owner, so a discharge planner holds the line until she is free?
2. **Reactive operations.** Last week, how many visits were moved, how many first visits started late, and how many hours did the owner spend covering intake?
3. **Growth without structure.** Which referral sources sent admissions last month, and how many of them sent none the month before?
4. **Talent and retention.** If one field nurse left tomorrow, how many patients would need a new clinician, and how many of them has anyone else visited?
5. **Revenue plateau.** Has the payer mix moved in a year, and how much of the census now comes from plans that pay per visit?
6. **Systems gap.** Could the office print, this afternoon, receivables by payer and by month billed, with denials pending recovery listed apart?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Check each one against a record: the referral log, the page 7 census table, the visit schedule by clinician, or receivables by payer.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Begin the weekly review: log admissions by referral source, the census and visits by discipline each day, and the intake hours the owner covers.
Week 2	Enter your own visit, documentation and drive minutes on page 10, and flag the discipline with the highest cost per visit.
Week 3	Post every admission and discharge to page 7 and every payment to page 9, and work out receivables by payer.
Week 4	Post actual closing cash on page 11 and redo runway; list the calls intake may make without you.
After month 1	Set each payer's actual payment timing beside its page 9 split, and each clinician's visits a week beside page 10.

BEFORE YOU SIGN A LEASE, GET WRITTEN ANSWERS TO THESE

- [ ] Will you have to sign a personal guarantee, how much does it cover, and when does it end?
- [ ] Which charges sit on top of base rent, such as common area, property tax and insurance, and how are they settled each year?
- [ ] What does the space need before you can open, and who pays to add or upgrade it?
- [ ] Does the landlord contribute to the build-out, when is that money paid, and must any of it be repaid if you leave early?
- [ ] When does rent start, at signing, at permit or at opening?
- [ ] Are there limits on operating hours, signage, parking, deliveries or the uses allowed in the space?
- [ ] What happens to the lease and the fixtures if you sell the business?

Have a qualified professional review the lease before you sign. These questions prepare you for that conversation; they do not replace it.

WHAT THE FULL KIT ADDS

The full Home Health Care Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, a census and payer-mix calculator, a receivables tracker by payer, a cost-per-visit calculator for each discipline, admission checklists and hiring checklists. Release status is on the kit page.

SOURCES

World Consulting Group material. Origin of the questions: AI-assisted World Consulting Group desk research on home health agencies, 2026, an internal working file that is not published, described on page 2; the questions are hypotheses and no figure in this kit comes from it. Home health agencies owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, clinical, employment, billing and pay-plan or financial advice. Provided as is, without warranty. © 2026 World Consulting Group. Free diagnostic tool at businessconsultant.services. The site's privacy page explains what the diagnostic tool sends to an AI provider for analysis and the third-party analytics on the site.

About the author. Kamyar Shah is the founder of World Consulting Group and works as a fractional COO and CMO. He has more than 25 years of experience and more than 650 engagements across more than a dozen industries. Contact and the latest version: businessconsultant.services.

PAGE 16

Customize this kit with AI

Attach this PDF to ChatGPT, Claude or Gemini and paste the prompt below. Use business figures only. Never include or paste patient records, billing or claim exports, screenshots, dates of service, names, member or account numbers, free-text notes or small groups that could identify a person. If a report you received holds patient-level detail, do not paste it; enter only the totals you need. Never paste login details.

BEFORE YOU RELY ON THE ANSWER

Check every total with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste personal data, account numbers, passwords, customer-level records or anything an agreement restricts, such as patient names, visit notes, claim records or bank details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a skilled home health agency. I have attached the Home Health Care Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan with my numbers only.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a rate, payer share, cost, wage, percentage or benchmark.
2. The numbers printed in the kit are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] instead and tell me which quote, record or calculation will give me the real number. If I give you my own estimate, label it MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales = units a month times clean collectible per unit (page 9): visits from the page 7 census, private-pay hours x ramp, recoveries when collected. Full-run figures take visits at the settled-year average; the month-12 run rate repeats that settled year, scaled so December equals month 12's visits.
- Net sales exclude sales tax. Labor = wages, payroll taxes and benefits, plus a market wage for the owner's management time (line 4); the owner's visit hours go in line 14 only if they are paid per visit, else in line 3. Shift hours count as cash even if I skip my own pay, so the plan still holds when I step back from the work; only line 4 may go undrawn, and Tests 1 and 6 count it anyway.
- Contribution margin ratio = 1 minus variable cost share; a line's contribution = its sales times its own ratio. Operating break-even sales = fixed costs divided by contribution margin ratio. Cash break-even sales = (fixed costs with line 4 even if I do not draw it, plus monthly loan principal and any recurring other cash out) divided by contribution margin ratio; only the cash forecast drops an undrawn wage. A blended ratio holds only at its own sales mix: name that mix beside each break-even, and recompute from each line's own contribution when a what-if changes one line. Loan interest is fixed; principal is not an operating cost, so it never enters operating break-even or operating profit.
- Weekly = monthly times 12, divided by 52. Daily = weekly divided by days open per week.
- Break-even visits a month = (fixed costs with line 4 even if undrawn, plus principal, minus the private-pay line's contribution) divided by one visit's contribution, recoveries included (pages 9 and 10); 0 if covered. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Visit capacity a week, by discipline = clinicians x paid hours a week x 60 x (1 - non-visit share) / (visit + documentation + drive minutes), against the settled peak census x visits per patient a week (page 7).
- Rent share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take booked lines at full bookings averaged over 12 months, a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first day the agency can bill every payer after startup spending is paid. Place every receipt and payment (deposits, supplier invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Open month 1 with the cash I give; report the page 5 two-pass size beside it, never as a substitute. Place each receipt in the month my payment terms say, or mark [NEED: payment timing]. Collect each payer on its own split; count recovered denials only when collected; keep write-offs and denials out of receivables. In the slow-start case, every month's sales on every line are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the agency can bill every payer), before the first month in which closing cash falls below my cash floor.
(Continued on page 17.)

PAGE 17

The prompt, continued

Paste this part directly after the rules on page 16, as one message.

5. Do not give legal, tax, licensing, permit, billing, payer enrollment, patient-care, records and patient privacy requirements, employment, wage or lease advice. Do not name laws, license or permit types, agencies, government fees or wage rates, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit. For the market and marketing sections, use only what I tell you, and list the local facts I should gather.
7. Work every total step by step and recheck it a second way. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes.
9. Use business figures only. Never include or paste patient records, billing or claim exports, screenshots, dates of service, names, member or account numbers, free-text notes or small groups that could identify a person. If a report you received holds patient-level detail, do not paste it; enter only the totals you need. Never paste login details. Do not ask me for any of these.
10. Mark every output: Draft for my own planning. Not for a lender or investor until a qualified accountant has reviewed it.
11. If your full answer would be very long, deliver outputs 1 to 4 first, then stop and ask me to type "continue" for the rest.
12. Build the cash forecast month by month from the sales build, the cost lines, my payment terms and my opening cash; it needs only the page 7, 9 and 10 results I gave, not the tables. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Disciplines and payers, the territory, referral sources and admissions a month, the clinicians on the roster by discipline with paid hours a week, and days the office is open per week.
b. Sales build: for skilled visits, my planned admissions for each month from 1 to 12 and admissions a month once settled, with any monthly pattern, the average stay in weeks, and visits per patient a week by discipline; for private-pay hourly care, hours a month at full run, the hourly rate and a ramp percentage of full-run hours for every month from 1 to 12 (ask me to confirm any month I leave out); and the slow-start percentage I want to test (this kit sets a 70 percent stress test, a kit rule rather than my estimate; use it unless I give evidence for a higher share). Never daily; the page 7 census sets the visits line each month and once fully booked (the settled year), and recoveries follow it. Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (site counts, comparables, signed orders or my history).
c. Confirm the admissions plan, the average stay and visits per patient a week from item b; then, for each discipline, the clinicians, paid hours a week, visit, documentation and travel minutes, and the share of paid time spent off visits.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (landlord, insurer, software or consultant quote, or calculation) for each line on page 5, from office and equipment to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the salaried clinical manager, intake coordinator and liaison, rent, software, insurance, loan interest and my market wage; whether I draw that wage in cash; and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month. My market wage covers management time (line 4); my visit hours go in line 14 only if they are paid per visit, else in line 3.
f. Variable cost shares of net sales for lines 13 to 15: line 13, mileage and visit supplies; line 14, clinician visit pay and private-pay aide pay, above the salaried staff; line 15, outsourced billing, at the rate and on the basis my billing agreement sets; and any sales line whose own shares differ, given for that line.
g. For each payer: how it pays (per visit, hour, session or period of care), my rate per unit, its share of my volume, the contractual share, the share the payer pays and the share the patient owes, its first-pass denial share, the share of denials I recover and how many months later, the share of patient balances I write off, and the share of each month's clean collectible it pays in that month and each later month, counted from the month of the visit so any wait to bill sits inside the split. For each payer that pays per period of care: the visits a period of care takes in my plan and my source for it (per-visit equivalent = clean collectible a period / visits a period). For the cash forecast, blend my payers' own splits, weighted by each payer's clean collectible; never reuse the kit's printed blend.
h. For each discipline: per-visit pay or hourly pay with payroll taxes and benefits, and who is salaried whatever the census.
i. The debt service coverage ratio my lender requires and how the lender calculates it, if I know them.
Then wait for my answers.
(Continued on page 18.)

PAGE 18

The prompt, last part

Paste this part directly after the text on page 17, still as one message.

Round C, cash timing, sales tax, deposits and Gate 0:
j. Payment terms: when each payer pays (confirm the splits from item g), when families pay private-pay hours, and when clinicians, the office team and suppliers are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside and equipment replacement.
m. Cash on hand on the first day the agency can bill every payer, after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my agency, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by line and month (visits from the census, private-pay hours and recoveries), with annual sales and the capacity check from page 6.
3. The completed startup budget, line by line as on page 5, with the total. Size the reserve by the page 5 rule; if I gave another, show both and the result for each.
4. Operating and cash break-even per month, per week and per day open; break-even visits a month (use cash break-even); rent share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add memo rows for each month; they track amounts owed and do not change closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted) if any service I sell is taxable, and receivables by payer (last month's + billed minus collected), with denials pending recovery listed apart.
6. The 12-month census build (admitted, discharged, average census, visits), the settled year, and capacity use by discipline at the peak.
7. The payer table with clean collectible per unit, the month-by-month clean collectible billed, collected and receivables, and what the waiting costs in cash: the lowest, over 24 months, of closing cash plus that month's receivables, minus the lowest closing cash, with the second year's 12 closing balances printed (year-2 billing follows the settled-year months, scaled so December equals month 12, and receipts keep arriving on their splits across the year end).
8. Cost per visit by discipline, capacity at my roster, and line 14.
9. The kit's page 4 check: Gate 0 and pass or fail for each of the six tests with the reason (if Gate 0 fails, the result is not ready), and the overall result: not ready if Gate 0 fails, with no color; otherwise green, amber or red under the page 4 rules.
10. A final checklist: every MY ESTIMATE figure, every [NEED: ...] gap, every payer rate, share or payment term I should verify, and every question that needs a qualified healthcare legal or billing professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, starting with the census, the payer mix and payment timing, before anyone sees the plan, and recheck the page 4 result with a calculator.

The worked example's twelve-month forecast, filled in

The page 12 example entered on the page 11 form, month by month, in dollars. Parentheses mean minus. Each column adds up as printed, so a row can move by a dollar between months with the same sales; each closing balance becomes the next month's opening cash. Cash floor $40,436.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**397,900**	**354,944**	**311,847**	**271,603**	**235,313**	**202,337**	**173,436**	**148,742**	**127,405**	**110,157**	**97,554**	**88,241**
In: sales receipts	2,710	8,558	17,148	26,603	36,007	45,875	55,605	65,063	74,959	83,467	90,598	97,297
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: payroll, line 4 if drawn in cash (lines 3, 4, 10 to 12, 14)	30,862	35,743	40,413	44,927	49,966	54,751	59,306	64,356	69,154	72,469	75,775	78,682
Out: mileage, supplies and billing (lines 13, 15)	1,144	2,252	3,319	4,306	5,357	6,365	7,333	8,384	9,393	9,941	10,476	10,942
Out: rent (line 1)	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Out: other costs, with loan interest (lines 2, 5 to 9)	8,825	8,825	8,825	8,825	8,825	8,825	8,825	8,825	8,825	8,825	8,825	8,825
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(42,956)**	**(43,097)**	**(40,244)**	**(36,290)**	**(32,976)**	**(28,901)**	**(24,694)**	**(21,337)**	**(17,248)**	**(12,603)**	**(9,313)**	**(5,987)**
Closing cash, expected	**354,944**	**311,847**	**271,603**	**235,313**	**202,337**	**173,436**	**148,742**	**127,405**	**110,157**	**97,554**	**88,241**	**82,254**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**397,900**	**355,700**	**313,401**	**273,100**	**235,566**	**200,352**	**167,990**	**138,574**	**111,507**	**87,303**	**66,350**	**47,700**
Sales receipts, slow start	1,897	5,991	12,004	18,622	25,205	32,112	38,924	45,544	52,471	58,427	63,418	68,108
Out: variable costs, slow start (lines 13 to 15)	3,661	7,854	11,869	15,720	19,983	24,038	27,904	32,175	36,239	38,944	41,632	43,994
Out: fixed costs (lines 1 to 12), principal, bills, less funding	40,436	40,436	40,436	40,436	40,436	40,436	40,436	40,436	40,436	40,436	40,436	40,436
Net cash flow, slow start	**(42,200)**	**(42,299)**	**(40,301)**	**(37,534)**	**(35,214)**	**(32,362)**	**(29,416)**	**(27,067)**	**(24,204)**	**(20,953)**	**(18,650)**	**(16,322)**
Closing cash, slow start	**355,700**	**313,401**	**273,100**	**235,566**	**200,352**	**167,990**	**138,574**	**111,507**	**87,303**	**66,350**	**47,700**	**31,378**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**8,146**	**9,484**	**9,632**	**8,948**	**8,029**	**6,908**	**5,823**	**5,615**	**6,224**	**7,016**	**7,634**	**7,220**

Reading this forecast. It is in whole dollars, rounded so each column adds up, so a row can differ by $1 between like months; the page 11 form uses thousands. The floor is cash you never plan to spend. The page 5 buffer holds one more month of fixed costs and principal above it, so a small miss spends the buffer, not the floor. The opening cash was sized by the two passes on page 5, buffer included. Variable costs use each sales line's own shares, so a month can differ by a few dollars from the blended share. The example sets aside no income tax (it depends on the owner's whole return, so take the figure from your accountant), replaces no equipment in its first two years and builds no stock beyond the opening stock in the startup budget; enter your own amounts. Second year at the month-12 run rate (about $105,558 a month, against month 12's own $104,923): closing cash runs $80,882 in month 1 and $102,722 in month 12, lowest $80,882 in month 1, above the floor. Sales are net of sales tax, and the example pays each month's tax in the month it is collected, so it owes none at any month end; enter your own rate and payment timing in the page 11 memo rows. If you borrow the reserve, add its interest and principal to the forecast and run both passes again. The slow start lets variable costs fall with sales, which is fair only because hours you cannot cut sit in line 3; waste or purchases you cannot cut make a real slow start worse.