

Business of Healthcare

Objectives

- Introduce AI tools for process efficiencies
- YDH Developed Tools
- Discussion: Pricing Strategies
 - Overview of Financial Accounting
 - P&L / Balance Sheet
 - Building your Pricing Model

Overview of Artificial Intelligence (AI)

- Definition: The ability of machines to perform tasks typically associated with human intelligence (ex. Human language).
- Common AI Applications

Common AI Applications	Uses	Website
Chat GPT	<ul style="list-style-type: none">- Content creation- Website / code development- General knowledge / ideas- Supercharged "Googling"	https://open.ai.com
Open Evidence	"Our approach uses artificial intelligence to aggregate, synthesize, and visualize clinical evidence in understandable, clinically-useful formats that can be used to make more evidenced-based decisions and improve patient outcomes."	https://www.openevidence.com/
Freed.AI	Transcribes medical documentation (SOAP notes, visit summaries, etc.)	https://www.getfreed.ai/
Scribe How	Turn any process into a step-by-step guide (SOPs)	https://scribehow.com/
Otter.AI	"Never take meeting notes again. Get transcripts, automated summaries, action items, and chat with Otter to get answers from your meetings."	https://otter.ai/

YDH Tools

- “The Robot”
- Robot 2.0

Pricing Strategies

Overview of Financial Accounting

- Definition: A method to record financial transactions from business operations
 - Cash Accounting – Recognize revenue and expenses only when money changes hands (think personal checkbook)
 - Accrual Accounting – Recognize revenue when earned and expense when billed
- Purpose: To review a company's performance through a set of standard guidelines and rules (FASB, GAAP)
- Balance Sheet
 - Assets
 - Liabilities
 - Equity
 - $\text{Asset} = \text{Liabilities} + \text{Owners Equity}$
- Profit and Loss Statement
 - Revenue
 - COGS
 - Expenses
 - $\text{Revenue} - \text{COGS} - \text{Expenses} = \text{Net Income}$

Financial Statements

Balance Sheet

ASSETS
Current Assets
Bank Accounts
Chase checking -8813
Total Bank Accounts
Accounts Receivable
Accounts Receivable (A/R)
Interest Receivable
Total Accounts Receivable
Other Current Assets
Inventory Asset
Investment in TD Ameritrade 5977
Uncategorized Asset
Undeposited Funds
Total Other Current Assets
Total Current Assets
Fixed Assets
Accumulated Depreciation
Database Gear and Contracts
Equipment Asset
Fixed Asset Computers
Furniture & Fixtures
Leasehold Improvements
Start Up
Total Fixed Assets
Other Assets
Notes Receivable - AJS
Notes Receivable - YDD
Notes Receivable from YDP
Security Deposits - Asset
Total Other Assets
TOTAL ASSETS

LIABILITIES AND EQUITY
Liabilities
Current Liabilities
Accounts Payable
Accounts Payable (A/P)
Total Accounts Payable
Credit Cards
Chase Preferred (reconcile) Credit Card Account
Lexi Credit Card x3511
Min Credit Card x7520
Total Chase Preferred (reconcile) Credit Card Account
<small>Accrual Basis Wednesday, April</small>
Total Credit Cards
Other Current Liabilities
Accrued Wages Payable
Health Insurance Payable
Indiana Department of Revenue Payable
Management Fees Payable
Payroll Tax Payable-Federal
Payroll Tax Payable-FUTA
Payroll Tax Payable-State
Payroll Tax Payable-SUTA
Royalty Fee Payable
Sales Tax Payable
Simple IRA Payable
Total Other Current Liabilities
Total Current Liabilities
Long-Term Liabilities
Equipment (laser) Loan - Chase
Notes Payable
Notes Payable - Chase Bank Line of Credit
Notes Payable - Line of Credit AJS
Security Deposit - Liability
Total Long-Term Liabilities
Total Liabilities
Equity
Additional Paid in Capital
Common Stock
Distributions
Opening Balance Equity
Retained Earnings
Unrealized Gain / Loss on Investment
Net Income
Total Equity
TOTAL LIABILITIES AND EQUITY

Profit & Loss

Income
Lease Income
Sales
Total Income
Cost of Goods Sold
COGS - Gut Health
COGS - Hair Protocol
COGS - HRT (Pellets)
COGS - IV Therapy
COGS - Labs
COGS - Neurotoxins
COGS - Peptides
COGS - Retail
COGS - Shipping
COGS - Skin Care
COGS - Skincare Products
COGS - Supplements
Medical Supplies
Total Cost of Goods Sold

GROSS PROFIT
Expenses
Advertising & Marketing
Bank Charges & Fees
Contractors
Dues and Subscriptions
Education and training
Insurance
Interest Paid
Legal & Professional Services
Meals & Entertainment
Merchant Fees
Office Supplies & Software
Payroll Fees
Postage
Reimbursable Expenses
Rent & Lease
Salaries & Wages Other
Salaries & Wages-Officer
Simple IRA Employer Match
Software Development Expense
Software Maintenance Expense
Taxes - FICA
Taxes - FUTA
Taxes - State
<small>Accrual Basis</small>
Taxes SUTA
Travel
Utilities
Waste Disposal
Total Expenses
NET OPERATING INCOME
NET INCOME

YDH P&L March 2024

Gross Profit Margin	60%
Net Profit Margin	23%
Expense to Revenue	37%

	Total
Income	
Lease Income	10.2
Sales	627.8
Total Income	\$ 638.00
Cost of Goods Sold	
COGS - Gut Health	3.1
COGS - Hair Protocol	3.1
COGS - HRT (Pellets)	35.4
COGS - IV Therapy	2.7
COGS - Labs	2.5
COGS - Neurotoxins	24.6
COGS - Peptides	121.3
COGS - Retail	0.7
COGS - Shipping	4
COGS - Skin Care	2.1
COGS - Skincare Products	6.1
COGS - Supplements	43.2
Medical Supplies	7.7
Total Cost of Goods Sold	\$ 256.50
Gross Profit	\$ 381.50

Expenses	
Advertising & Marketing	2.5
Bank Charges & Fees	12.7
Contractors	1.5
Dues and Subscriptions	0.01
Education and training	2.1
Insurance	2.6
Interest Paid	0.1
Legal & Professional Services	16.5
Meals & Entertainment	0.7
Merchant Fees	0.2
Office Supplies & Software	3.6
Payroll Fees	0.3
Postage	0.5
Reimbursable Expenses	3.9
Rent & Lease	43.3
Salaries & Wages Other	105.3
Salaries & Wages-Officer	9
Simple IRA Employer Match	1.8
Software Development Expense	10
Software Maintenance Expense	1.5
Taxes - FICA	8.7
Taxes - FUTA	0.1
Taxes - State	4.4
Taxes SUTA	0.4
Travel	0.02
Utilities	2.6
Waste Disposal	0.4
Total Expenses	\$ 234.73
Net Income	\$ 146.77

Building a Price

- Cost of Goods Sold (COGS): Direct cost of materials that go into the product or service (excludes labor in our example)
 - Wholesale cost of the product
 - Cost of the consumables
 - Shipping costs
 - Direct expenses
- Direct Expenses: Direct expenses that can be attributed to the service or product (e.g. labor, commissions)
- Indirect Expenses: Overhead expenses such as utility, lease, salary of management
- Sales – COGS = Gross Profit
- Gross Profit – Expenses = Net Income
- Net Income = money you make
- Gross Profit Margin: Recommended target of 50-70%
- Net Profit Margin: Industry average suggests 20-30% (markup)

Other Factors to Consider

- Market / Competition
 - What is the market average?
 - What is the competition pricing?
- Value provided
 - What value is your business providing?
 - Higher value = less price sensitivity
- Client
 - Are they price sensitive?
 - What is their disposable income potential?
 - What do they value?
- Supply and Demand
 - Are you the only one that can provide these services in the area (limited supply)?
 - A lot of people want the service (high demand)
- Marketing / Specials / Bundles
 - Offer complimentary services for a discount
 - Introducing a new service
 - Better outcomes with multiple products/services

Building a Price - Example

PURCHASE PRICE = \$

COST OF GOODS SOLD

Tips	\$	79.00
BLT	\$	5.00
Vitti/Cryo	\$	300.00
Curacator	\$	12.50
5/3cc	\$	0.20
Needle	\$	0.22
<u>4x4</u>	<u>\$</u>	<u>1.50</u>
TOTAL	\$	398.42

DIRECT EXPENSES

Commission	\$	10.00
<u>Labor</u>	<u>\$</u>	<u>15.00</u>
TOTAL	\$	25.00

INDIRECT EXPENSES

Lease	TBD
Utilities	TBD
Marketing	TBD

- What should we charge?
- How would you bundle?
- Marketing?
- Value – how are you differentiating yourself?

Questions