

ONEAL HEALTHCARE ASSOCIATES, LLC

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This business plan is being made available to rural hospitals and physicians. I will be glad to schedule an appointment with management to discuss current operations and offer suggestions for how our company can help your hospital or practice be more profitable and help you control expenses. This information was developed for our company's use in planning services that we have the expertise and staff to offer at a reasonable rate. Please contact me at any time and I will be glad to help your business with any or all of the services that we provide.

Karen O'Neal, President

ONEAL HEALTHCARE ASSOCIATES, LLC
BUSINESS PLAN

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by ONEAL HEALTHCARE ASSOCIATES, LLC in this business plan is confidential; therefore, the reader agrees not to disclose its content without the express written permission by Karen O'Neal, President.

The reader acknowledges that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader may cause serious harm or damage to ONEAL HEALTHCARE ASSOCIATES, LLC.

Upon request, this document is to be immediately returned or destroyed.

Signature

Name (typed or printed)

Date

This is a business plan. It does not imply an offer or promise of services.

1.0 Executive Summary

ONEAL HEALTHCARE ASSOCIATES, LLC was developed as a resource for the management services needed by hospitals and physicians' offices. ONEAL HEALTHCARE ASSOCIATES, LLC has the experience and knowledge to help healthcare providers manage their businesses honestly and ethically without high costs. These services relieve hospitals and medical professionals of the worry of cash flow and other business office management responsibilities; my business offers hospitals and physicians the opportunity to focus on providing quality healthcare to their patients. Most rural hospitals and physicians' practices cannot afford to pay for the high salaries required by professionals to provide the training, and management of the operations and the detailed financial expertise needed to ensure profitability.

For many years physicians graduated from medical school under the premise that they were going to run a "practice." "Businesses" were for other professionals. Many simple administrative procedures were neglected, such as:

- Keeping current with insurance specifications and regulations, so that claims were paid on a timely basis,
- Concentrating on collecting receivables and co-payments,
- Ensuring that fees were kept at the maximum allowable insurance carriers were paying, or
- Procedure codes were current so that claims weren't suspended or rejected.

For many hospitals and physicians' practices, outstanding receivables grew tremendously and annual bad-debt write-offs became routine. But adequate profit margins allowed rural hospitals and physicians' practices to ignore sound business procedures. Medical professional complacency toward industry change is in the past. Physicians' heads raised and they began taking note of public opinions toward health care reform issues years ago. With the onslaught of managed care organizations into the industry, rural hospitals and physicians are finding profit margins shrinking. They now know that in order to remain in business in the 21st century, they will have to adopt more efficient business practices. ONEAL HEALTHCARE ASSOCIATES, LLC is prepared to assist rural hospitals and health care providers move through the changes in the healthcare field and payer reimbursement decreases with sound practices that will improve business success and, in turn, guarantee quality health care for our families.

ONEAL HEALTHCARE ASSOCIATES, LLC was formed to help rural hospitals and physicians' practices effectively manage their cash flow and operations by providing the following offsite services:

- Outsourced business office
- Revenue Cycle Management
- Training of staff-onsite
- Physician training of documentation requirements
- Strategic Planning
- Budgeting
- Financial Statement Preparation
- Payroll and Payroll Reporting
- Statistical Analysis and Reporting
- Reimbursement Analysis per service line
- Managed Care Contract Review, Enrollment and Audit of Claims Payment
- Labor Analysis
- Policy & Procedure Development
- Superbill and Chargemaster Review and Update
- Online CEU Provider for Healthcare Professionals

1.1 Objectives

1. To serve as offsite business office, providing expertise to increase revenues and reimbursement.
2. To become recognized as a local industry expert in the field of hospital and physicians' practice operations.
3. To provide several additional services to our offering of revenue cycle management, including:
 - Financial Statement preparation, including payroll processing and reporting.
 - Training of staff to improve charge capture and improve reimbursement.
 - Managed care contract analysis.
 - Full practice operational and financial management.
 - Customized reporting.
 - Budgeting.
 - Fee analysis including chargemaster and superbill review.
 - Analysis of expenses with recommendations for improvement to improve profitability.
4. To offer reasonably priced online CEUs for Healthcare Professionals.

1.2 Mission

ONEAL HEALTHCARE ASSOCIATES, LLC is a medical consulting company dedicated to helping medical practices and rural hospitals become more efficient and profitable by providing ongoing oversight to optimize reimbursement and control expenses. We are a complete resource for all medical practice and hospital administrative, financial and clinical functions. We provide continued support for our clients enabling them to focus on the care of the patient. We work to ensure financial growth with our quality service and expertise.

1.3 Keys to Success

- The first key to our success is the combined 60 years of experience that our owner and associates have in the administrative, financial and clinical operations of physicians' practices and hospitals.
- A second key to our success is our added expertise in rural environments with expertise in operations of Acute Care Hospitals, Critical Access Hospitals and set-up and operations of Physicians Practices and Rural Health Clinics.
- We will prepare detailed operational and financial analyses of current operations and make recommendations for improvement.
- We offer knowledge of Medicare and Medicaid Regulations and Preparation for JCAHO Surveys in both hospitals and physicians' practices.

2.0 Company Summary

ONEAL HEALTHCARE ASSOCIATES, LLC was established to provide a resource for physicians and hospitals to obtain the expertise that they need without the high overhead costs.

Our services include:

- Outsourced Business Office
- Revenue Cycle Analysis and Management
- Managed Care Contract Review & Enrollment
- Financial Statement Preparation
- Reimbursement Analysis
- Budgeting
- Payroll Preparation & Reporting
- Assist with preparation of Policies & Procedures
- Assist with Strategic Planning
- Required Survey Completion

2.1 Company Ownership

ONEAL HEALTHCARE ASSOCIATES, LLC, is a Limited Liability Company formed to provide Consulting Services for Physicians' Practices and Hospitals. This company has two owners, registered by Karen O'Neal, President. Associates employed by the owner have Advanced Degrees and experience in different areas of Healthcare and Business to add value and expertise to the services rendered by the company.

2.2 Business Summary

Karen O'Neal is the President of ONEAL HEALTHCARE ASSOCIATES, LLC.

Mrs. O'Neal's resume is added at the end of this Business Plan. She has vast knowledge of both the operational and financial operations and set up of hospitals and physicians' practices. Her role includes marketing/sales, and building clients for the company. She is actively involved in the day to day operations and has trained business office staff with expertise in hospital and physician billing, and Associates with the expertise to ensure that each client is given hands-on attention to detail and expertise required for the contracted services for their business.

The owners have the financial resources to finance the business start-up costs and will pay Associates and employees from the initial Capital invested. The main office for ONEAL HEALTHCARE ASSOCIATES, LLC is located at 215 JP Williams Rd. Uvalda, GA 30473.

Associates include: Mrs. Betty Mixon, BSN, Masters in Health Education, has 40 years of experience in management of the clinical units of hospitals and physician's practices.

Ellen Hendrix, PH.D a professor at Georgia Southern University will be providing services to ONEAL HEATHCARE ASSOCIATES, LLC by assisting in the development of online CEU classes for Healthcare Professionals.

All computer systems and other hardware are owned by ONEAL HEALTHCARE ASSOCIATES, LLC. All Capital needed for startup costs were invested by the owners.

3.0 Services

ONEAL HEALTHCARE ASSOCIATES, LLC is a full-service business for start-up or takeover of accounting and business office functions for hospitals and physicians' practices. We offer a one-stop shop for all functions needed to provide hospitals and physicians' practices the financial data needed to operate and maintain a profitable business. Our services include, but are not limited to: financial statement preparation, statistical analyses of operations, managed care contract review and negotiations, budgeting, payroll preparation and reporting, reimbursement analysis per service line, development of superbill for physicians' practice (specialty specific), general review and update of chargemaster for hospitals, preparation of policies and procedures, training of staff and strategic planning assistance.

Our business is a full-service medical billing business with pricing based on a reasonable percentage of collections. As stated previously, our goal is to provide all needed resources for hospitals and physicians' practices for administrative functions.

ONEAL HEALTHCARE ASSOCIATES, LLC Billing and Claims Electronic Claims Service's policy is to base our charges on a percentage of collections. We find that each hospital and practice is unique and, therefore, we do not quote a "standard percentage charge" for services.

ONEAL HEALTHCARE ASSOCIATES, LLC offers electronic billing of medical insurance claims. This is an essential service for all hospitals and physicians' practices, and is even more critical since the reimbursement needs must meet the cash demands of the business.

A detailed description of the electronic submission process follows. The data necessary to submit claims will be downloaded from the medical office and input into specialized computer software. The software performs certain generic edits on the data and stores the information. When a batch of claims is

complete for a hospital or an office, it is transmitted to a clearinghouse. Once the data is transmitted to the clearinghouse it is edited a second time. This second series of edits incorporates "insurance company specific edits." Cooperating insurance carriers notify the clearinghouse of certain edits they feel are necessary to allow payment of their claims. These edits are performed on each claim before they are transmitted on to the carrier, thus guaranteeing accuracy and payment in most cases. Upon receiving the insurance claim from the clearinghouse, the carriers process the claim and send payment directly to the hospital or physicians' practice. With electronic transmission to the clearinghouse and on to the carrier, computerized data verification, and elimination of most of the human element, the process of claims payment is greatly simplified and accelerated. Hospitals and physicians will no longer wait 30, 60 or 90 days for payment, but will have money in their hands usually within 14-18 days.

As hospitals and practices experience the benefits of oversight by ONEAL HEALTHCARE ASSOCIATES, LLC, many will see the advantage of out-sourcing other administrative functions. Patients can be billed for co-payments or deductible amounts which their insurance company did not cover. Secondary and supplementary insurance can be tracked and payments and balances applied accurately. Outstanding receivables can be tracked with insurance aging reports, in several different sequences for ease of use. A complete practice analysis will increase office efficiency by showing where money is coming from and what claims are not being paid. For each procedure, the charges and reimbursement total charges they represent are calculated and printed for immediate reference. Transaction Journals and Detail Ledgers provide an accurate overall picture of the practice.

With managed care companies and Medicare and Medicaid, it is imperative for medical practices to evaluate the benefits they receive from affiliation with different organizations. Our managed care contract service tracks payments and analyzes the information to produce customized reports showing profitability, or lack of profitability, with each Managed Care Company and Medicare & Medicaid. These reports are critical when decisions need to be made on renewing and negotiating contracts.

ONEAL HEALTHCARE ASSOCIATES, LLC has the expertise to train the physician and staff regarding appropriate documentation needed to justify the level of CPT code assigned to an office visit. Our company also provides hospital Medical Records staff the training needed for proper assignment of DRGs and assist physicians with appropriate documentation and length of stay paid for a particular DRG.

4.0 Market Analysis Summary

ONEAL HEALTHCARE ASSOCIATES, LLC's target market consists of any rural hospital or physicians' practice that renders medical services and needs assistance with revenue cycle management, billing, budgeting, or any operational or financial functions. This includes PPS and CAH hospitals, Rural Health Clinics, family practice, internal medicine, surgeons, and other specialty physician's practices.

We would prove to be an invaluable asset to new practices that are just getting started; we can assist the new physician and his or her staff in billing and claims processing. By equipping the hospital and physicians with a well trained staff in claims handling and putting an efficient revenue cycle management program into place, ONEAL HEALTHCARE ASSOCIATES, LLC can reduce the stress of startup and ensure greater likelihood of a hospital or practices' success due to increased cash flow.

4.1 Market Segmentation

The following is a chart showing the hospitals and physicians targeted for our services.

Rural Hospitals

Critical Access Hospitals

Rural Health Clinics
Cardiologist
Critical Care Medicine
Diagnostic Radiology
Emergency Medicine
Ear Nose and Throat
Family Practice
Gastroenterology
General Surgery
Gynecology
Internal Medicine
Orthopedic Surgery
Pediatrics
Rheumatology

4.2 Service Business Analysis

The Federal Government's influence is quite positive. In May, 1992, the Health Care Financing Administration (now CMS), the governing body for Medicare, established what they call "payment floors" for Medicare claims. Carriers contracted to pay Medicare claims were told to hold electronic claims received until the 14th day, but had to be paid by the 19th day. If "clean claims" (claims that are error free) were not paid by the 19th day after receipt, the Federal Government would have to pay interest on the claim amount.

Most commercial insurance carriers have followed suit and expect all claims to be filed electronically. There are a few Workers' Comp companies and a few other payers that do not have the resources to accept electronic claims. These claims should be faxed or mailed within 2 days after the Medical Record is complete. Georgia has a prompt payment law which requires clean claims to be paid within 30 days. Secondary claims from Medicare to Medicaid and BCBS automatically are sent electronically by Medicare to those payers. All secondary claims should be sent on paper with a copy of the Explanation of Benefits from the Primary Payer within 3 days of the Primary "EOB" being received. This helps ensure a steady cash flow and prevents a lag in providers' ability to pay bills.

ONEAL HEALTHCARE ASSOCIATES, LLC will ensure to our clients, that these procedures are followed to maintain adequate cash flow. We require a copy of each discharge summary as soon as it is coded, to make sure that the physicians are dictating the notes and the Medical Records department is coding the records within 2 days of the patients discharge. A well run billing company should have a clean claim submitted within 4 days following the patients' discharge. Our efforts are focused on training the appropriate staff and making sure that everything from the beginning of the revenue cycle is followed according to specific guidelines.

Our goal is to keep our clients cash flowing to the bank, to ensure their capability of meeting their financial obligations in a timely manner.

5.0 Strategy and Implementation Summary

Consumer's Number ONE complaint in today's marketplace is a lack of "personal service." They are tired of robotic personnel, hollow promises, and mediocre support from unresponsive billing and collection staff. They want to know that someone really cares about their concerns and wants to resolve their problems. They want thoroughly thought out solutions that reap benefits. And they want it when they need it. ONEAL HEALTHCARE ASSOCIATES, LLC understands this because of our owner's years of experience in all levels of operational and financial management of hospitals and physicians' practices.

ONEAL HEALTHCARE ASSOCIATES, LLC also understands that their clients want a reasonable price for services. That is why ONEAL HEALTHCARE ASSOCIATES, LLC takes the time to evaluate the needs of each hospital and medical office and then we customize our service and our charges, based on the client's needs and utilization of services offered. What we're looking for is a win-win, long-term relationship with our clients. We understand that Healthcare is a Service industry, and we also understand that in order for the hospital or physicians' practice to continue to provide services, they must have a dependable cash flow.

We will deliver the attention to detail and provide the resources necessary to do a good job for our clients and collect the cash to maintain operations and maintain our client's ability to provide good services. Hospitals and Physicians provide a valuable service and ONEAL HEALTHCARE ASSOCIATES, LLC will ensure our clients the ability to continue to provide that valuable service. We will provide attention to detail and start at the beginning of the revenue cycle and provide the training to your staff to ensure that you will get paid on time.

Please contact Karen O'Neal for additional information regarding our company and the services that we can provide. Our business is to serve you; we will provide as much help as you need to improve your operations and cash flow.

ONEAL HEALTHCARE ASSOCIATES, LLC

Karen O'Neal, President

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6.0 Competitive Edge

ONEAL HEALTHCARE ASSOCIATES, LLC can provide the following benefits:

1. Analysis of current Business Office and Physicians Office Staff with training provided to improve revenue and reimbursement.
2. Improve processes to ensure complete charge capture by reviewing chargemaster and superbill and providing appropriate changes needed.
3. Accounting with statistical analysis of hospital and physicians' practice to measure results before, during and after training of physicians and staff.
4. Complete Hospital and Practice Operational and Financial Analysis.
5. Full Service Medical Claims Management with our Business Office.
6. Superior Service.
7. Experience.

No one else in the market can offer this service package with the expertise and experience to provide expected results.

6.1 Marketing Strategy

There is a marked increase in results when multiple items are used together to attain your goal, a contract for services between you and a health care practice or hospital.

The basic plan is divided into five segments:

- Provide onsite training to registration staff and physicians.
- Set-up of necessary interfaces to transfer data to clearinghouse.
- Monitor and report improvement in revenue after training of proper revenue capture.
- Monitor and report improvement in reimbursement by properly managing Accounts Receivable.
- Closely follow-up on claim denials and determine the cause and retrain responsible parties.

ONEAL HEALTHCARE ASSOCIATES, LLC owners and Associates believes that the growth and best Marketing practice in this field of expertise helps by our clients sharing the results that we are able to provide with their colleagues.

7.0 Management Summary

The Management and Associates of our company have a combined 60 years of experience in operational, financial and clinical functions of hospitals and physicians' practices. Our results are guaranteed to greatly exceed the expectations of our clients.

7.1 Personnel Plan

Karen O'Neal will manage the Company and all staff of the company.

Betty Mixon and Ellen Hendrix will be developing Policy & Procedure Manuals and Online CEU programs.

All billing and clerical staff are trained and managed by Karen O'Neal, President.

8.0 Financial Plan

The business will be financed mainly through cash flow. With a service oriented business our main investment was for initial software and computer equipment. During subsequent years, other than normal overhead, we will be looking at:

- Advertising fees.
- Renewal of memberships to local and national organizations.
- Updates of reference manuals and books.
- Office supplies and utilities.
- Payroll and benefits.

8.3 Break-even Analysis

The break-even analysis shows that ONEAL HEALTHCARE ASSOCIATES, LLC has a good balance of fixed costs and sufficient financial strength to remain healthy. We expect to break-even within the first six months of doing business. By ensuring our clients significant improvements in collections and maintenance of operating costs, we expect to be profitable within one year.

8.4 Projected Profit and Loss

ONEAL HEALTHCARE ASSOCIATES, LLC has made the initial Capital Investment in the company and funds our overhead and payroll expenses for all employees, this will result in a loss for the first few months of business operation, but profits will increase as business grows as anticipated.

