**Break-Even Analysis Worksheet**

Conducting a break-even analysis will help you determine your break-even point. Break-even is the point upon which revenue and expenses are equal. Therefore, the break-even point represents the minimum expectations for program revenue. Revenue earned after the break-even point represents program revenue over expenses: Margin / Profit.

Please follow the steps below to conduct your break-even analysis:

1. Itemize all of the expenses that you will incur to deliver your program. NCOA has developed a detailed [Cost Calculator](https://www.ncoa.org/resources/chronic-disease-self-management-program-cost-calculator/) that can help you to determine all of the costs associated with delivering your program. The budget table (page 3) can also be useful in thinking through and understanding the various costs that must be considered in determining the true cost of your program.
2. Review the current Medicare fee schedule price for your service (if applicable). This can be used as a benchmark price for the service. Since Medicare fees are fixed, the only way to increase revenue is to increase the number of service units provided or persons served.
3. If you plan to work with Medicare Advantage Plans or other Health Plans, determine the price for your service. Establish a fair price based on market data and your internal analysis of program expenses. The price should cover your direct and indirect costs, while including margin. If there is an associated Medicare benefit, the Medicare rate can be used as a benchmark for negotiating with a Medicare Advantage Plan.
4. Establish a per person unit price, per encounter rate, and group completer price.
5. Determine how many completers are required to cover the minimum program costs.
6. Determine how many workshops of completers are required to meet the minimum program costs. Use the average workshop completer data, based on your program historical data.
7. This point represents the break-even. The break-even must include a full person/class. For example, your break-even cannot be 20.5 completers, because you cannot have a half person complete. Please always round up in your break-even analysis.
8. Determine if there is enough market demand to meet the break-even projection. This may require developing new partnerships to create the volume that is necessary for breaking even. Organizations may have to look towards non-traditional referral sources to meet the goal. Clinical partnerships can be key to success in reaching the break-even point. Establishing a strong value proposition will be important to help you build your program so that you can break even.

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| **Program Name** |  |
| **Date** |  |
| **Evidence-Based Program Budget Questions** | **Program Response** |
| **Indirect** |  |
| **Do you currently differentiate your Direct Costs from your Indirect costs?** |  |
| **Do you have a standard method of allocating Indirect costs?** |  |
| **Do you have a standard Indirect cost rate that is approved by a Federal Agency? If so, list the Agency.** |  |
| **What do you currently include in your Indirect Rate?** |  |
| **Do you have the capability of allocating Indirect expenses down to the program level? Per Class? Per Participant/Day? Per Participant that completes the workshop?** |  |
| **What are your Indirect costs for running the EB Program?** |  |
| **Can you attribute these Indirect costs per class? Per completer? Per participant per day? If so, list the rate/costs for each.** |  |
| **Fringe** |  |
| **What is your standard fringe rate?** |  |
| **Do you attribute fringe to full-time and part-time employees?** |  |
| **Is the same fringe rate attributed to full-time versus part-time employees? If not, what are the differing rates?** |  |
| **Do you apply a fringe rate to contractors? If so, is the rate the same?** |  |
| **When you developed your EB Program budget, did you establish a fringe rate for the staff for budget purposes? What was that rate?** |  |
| **Cost Centers** |  |
| **Do you have your program budgets separated by cost centers?** |  |
| **Does each program represent a separate cost center in your budget?** |  |
| **Is your EB Program treated as a separate cost center in your budget?** |  |
| **Do you know the cost to deliver an each EB Program?** |  |
| **What is the cost of delivering one EB Program class? Can you attribute this cost to the participant level? Can you attribute this cost to the participant level per day versus per completer?** |  |
| **Direct Expenses** |  |
| **Do you have a breakdown of direct expenses you incur when delivering an EB Program Class?** |  |
| **Can you attribute these expenses per class? Per completer? Per participant per day?** |  |
| **What are each of the expenses items that you have listed in your Direct costs?** |  |
| **What is the cost of each of the Direct expenses items you incur for delivering the program? Per Class? Per Completer? Per Participant Per day?** |  |
| **Personnel** |  |
| **How many people do you currently have on staff to deliver EB programs?** |  |
| **What are the classifications of staff that deliver your EB programs (Full-time, Part-time, Contractors)?** |  |
| **Are all of these personnel expenses captured in your budget model?** |  |
| **What is the level of effort per person that you have allocated to deliver EB programs (FTE)** |  |
| **What is your total cost of personnel to deliver the program? Per class? Per participant? Per participant per day?** |  |
| **Supplies/Facility Costs** |  |
| **What supplies do you require to provide EB programs?** |  |
| **What is the cost that you have allocated in your budget for these expenses?** |  |
| **Do you attribute these costs per class? Per participant? Per participant per day?** |  |
| **What is the facility cost to deliver your EB program?** |  |
| **Do you attribute these costs per class? Per participant? Per participant per day?** |  |
| **Miscellaneous Expenses/Sunk Costs** |  |
| **What are your program sunk costs** |  |
| **How were these sunk costs covered?** |  |
| **What was the total expense of these sunk program costs?** |  |
| **Do you have a marketing budget included in your budget?** |  |
| **What is the marketing budget and how are these expenses allocated?** |  |
| **Licensing/Training** |  |
| **Do you have to incur a recurring licensing or training expense?** |  |
| **If so, what is that amount and how is this expense reflected in your budget?** |  |
| **Annual Budget/Break-Even** |  |
| **Do you have an annual budget attributed for your EB Program?** |  |
| **If yes, what is that budget amount?** |  |
| **What are the attributed costs of this annual budget per class? Per participant?** |  |
| **What level of revenue is required to meet your annual break-even for EB Program?** |  |
| **What are your current sources of program revenue to support your EB program?** |  |
| **At what point in the year do you anticipate that your EB program will meet your break-even calculation?** |  |
| **How many classes are required to meet your break-even projection?** |  |
| **Which class marks the point where you surpass your break-even calculation and then incur revenue over expenses for your EB Program?** |  |
| **What is the desired revenue rate required to meet your projected break-even per class? Per completer? Per participant per day?** |  |