




D P C
SUMMIT

**CASHFLOW FORECASTING AND FINANCIAL
MANAGEMENT OF YOUR DPC PRACTICE**

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- ▶ Navigate to <https://aafp1.cnf.io/> and tap the session titled "Cashflow Forecasting and Financial Management of your DPC Practice"
- ▶ OR just point your phone's camera at the QR code to join directly



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What You'll Learn

Three skills you'll walk out with — and use Monday morning.

1

Read

Read your financials with confidence

2

Track

Track the metrics that actually move the needle

3

Forecast

Build a forecast you'll actually use

Why it matters: Financial clarity lowers stress, protects patient care, and keeps your doors open.



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Learning Objectives

1

Interpret key financial statements to assess the financial health and operational sustainability of a Direct Primary Care (DPC) practice.

2

Monitor essential financial metrics to inform resource allocation decisions that support efficient operations and high-quality patient care.

3

Develop and apply cash flow forecasts to support long-term practice stability and informed strategic planning.



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Why Financial Management Matters in DPC

- ✓ **Recurring revenue changes the game**
DPC trades unpredictable fee-for-service billing for steady membership revenue.
- ✓ **Predictable only helps if you can see it**
Recurring income is an advantage — but only when you track and project it.
- ✓ **Cash timing closes practices, not losses**
Most failures are a timing gap between money out and money in.

Profit ≠ Cash

PROFIT
"Did we earn more than we spent?"

CASH
"Can we cover next month?"

You can be profitable on paper and still run out of cash.

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PART ONE

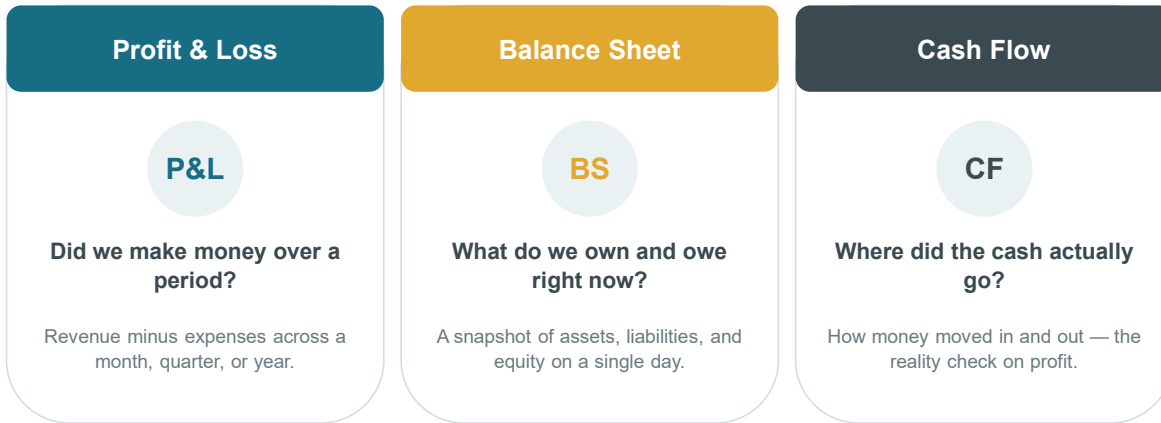
Understanding Your Financial Statements

Three reports, three different questions. Learn what each one answers — and where to look first.



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The Big Three Statements



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Reading the Profit & Loss

	This Month	Last Month	Year to Date
Membership Revenue	38,400	37,100	221,800
Ancillary Revenue (labs, visits)	4,200	3,950	24,600
Total Revenue	42,600	41,050	246,400
Cost of Care (labs, meds)	5,100	4,800	29,700
Gross Profit	37,500	36,250	216,700
<i>Gross Margin</i>	88%	88%	88%
Operating Expenses	28,900	27,400	171,300
Operating Profit	8,600	8,850	45,400
<i>Operating Margin</i>	20%	22%	18%
Net Income	8,300	8,600	43,900

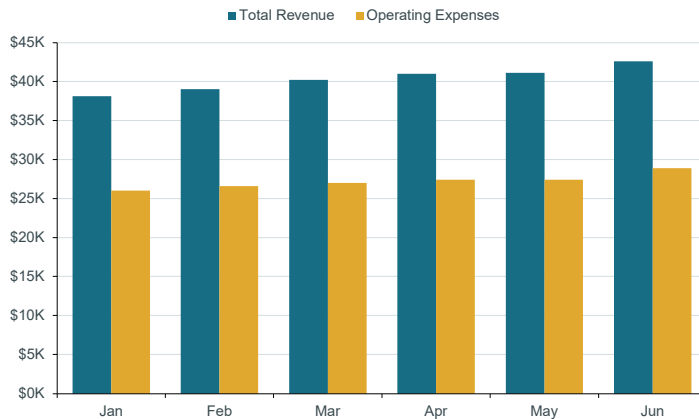
Illustrative example for teaching only — not a pricing or financial recommendation.

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What the P&L Trend Tells You



Watch the gap

The space between the bars is your operating profit — watch it, not just revenue.

Watch expense creep

Costs rose every month here. Small monthly creep compounds into a real squeeze.

Watch the trend, not the month

One slow month is noise. Three in a row is a signal.

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The Balance Sheet

A snapshot on one day — what you own, what you owe, what's left over.

ASSETS	\$	LIABILITIES & EQUITY	\$
Cash & equivalents	52,000	Credit line balance	9,500
Accounts receivable	3,400	Equipment loan	12,800
Equipment (net)	18,600	Total Liabilities	22,300
Total Assets	74,000	Owner's Equity	51,700

Cash is the line to watch

\$52,000 on hand. Against ~\$29K average monthly expenses, that's roughly 1.8 months of runway.

Current ratio ≈ 5.8

Current assets vs. short-term obligations. Comfortably above 1.0 means short-term bills are covered.

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The Statement of Cash Flows

The reality check: how cash actually moved — and why the bank balance changed.

Operating activities			
Net income		8,300	
+ Add back depreciation		700	
- Increase in receivables		(400)	
Net cash from operations		8,600	
Investing activities			
- Purchased new equipment		(3,200)	
Net cash from investing		(3,200)	
Financing activities			
- Loan & credit line payments		(2,100)	
- Owner draw		(2,500)	
Net cash from financing		(4,600)	

Where the cash went

Operations **+\$8,600**

Investing **-\$3,200**

Financing **-\$4,600**

Net change +\$800

Profit was \$8,300 — but cash only grew \$800.

Illustrative example for teaching only — not a pricing or financial recommendation.



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Interpreting Financial Health

Five signals to scan every month — healthy vs. worth a look.

<div style="border: 1px solid #ccc; border-radius: 15px; padding: 10px; background-color: #f9f9f9;"> <div style="background-color: #004a6b; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;">REV</div> <p>Revenue trend</p> <div style="background-color: #e0e0e0; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>HEALTHY Steady or rising</p> </div> <div style="background-color: #f4b084; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>WATCH Two+ months falling</p> </div> </div>	<div style="border: 1px solid #ccc; border-radius: 15px; padding: 10px; background-color: #f9f9f9;"> <div style="background-color: #c07040; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;">NET</div> <p>Net income</p> <div style="background-color: #e0e0e0; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>HEALTHY Consistently positive</p> </div> <div style="background-color: #f4b084; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>WATCH Swinging or negative</p> </div> </div>	<div style="border: 1px solid #ccc; border-radius: 15px; padding: 10px; background-color: #f9f9f9;"> <div style="background-color: #333333; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;">CASH</div> <p>Days cash on hand</p> <div style="background-color: #e0e0e0; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>HEALTHY Growing buffer</p> </div> <div style="background-color: #f4b084; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>WATCH Shrinking fast</p> </div> </div>	<div style="border: 1px solid #ccc; border-radius: 15px; padding: 10px; background-color: #f9f9f9;"> <div style="background-color: #008080; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;">DEBT</div> <p>Debt level</p> <div style="background-color: #e0e0e0; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>HEALTHY Stable & serviced</p> </div> <div style="background-color: #f4b084; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>WATCH Rising to fund operations</p> </div> </div>	<div style="border: 1px solid #ccc; border-radius: 15px; padding: 10px; background-color: #f9f9f9;"> <div style="background-color: #808080; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;">MGN</div> <p>Margin stability</p> <div style="background-color: #e0e0e0; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>HEALTHY Holding steady</p> </div> <div style="background-color: #f4b084; border-radius: 10px; padding: 5px; margin: 5px 0;"> <p>WATCH Quietly eroding</p> </div> </div>
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PART TWO

Metrics That Guide Decisions

You can't track everything. Learn the short list that tells you when to hire, spend, or hold.



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The Metrics That Matter

Financial Health

- **Monthly Recurring Revenue (MRR)**
Your predictable membership base
- **Gross & operating margin**
How much of each dollar you keep
- **Net income**
The bottom line, tracked over time
- **Avg. price per member**
Revenue ÷ active members
- **Tax & cash reserve targets**
Set aside before you spend

Operational Health

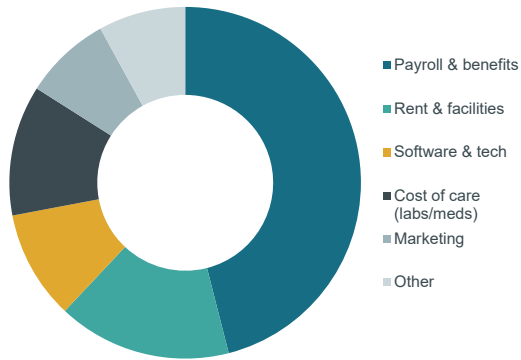
- **Overhead ratio**
Operating costs as a % of revenue
- **Burn rate & runway**
Net cash burned and months it buys
- **Days cash on hand**
Buffer if revenue paused
- **Marketing as % of revenue**
Spend vs. members gained
- **Panel size per provider**
Members served vs. capacity



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Where the Money Goes: Overhead



Reading your cost mix

- ▶ **People are the model**
 In most DPCs, payroll is the largest line by far — and the one most tied to capacity and care.
- ▶ **Know your biggest lever**
 A small % shift in your top one or two lines moves profit more than cutting the small stuff.
- ▶ **Compare to yourself**
 Watch how your mix shifts over time — that trend matters more than any single benchmark.

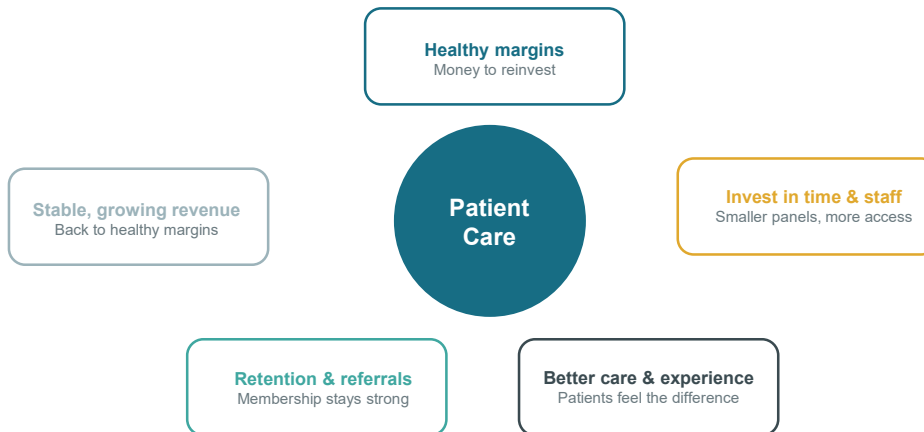
Illustrative cost mix — every practice differs. Not a benchmark or recommendation.



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How Healthy Finances Protect Patient Care



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PART THREE

Building a Cash Flow Forecast




The forward-looking tool that turns all of this into decisions you can make with confidence.



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What Is a Cash Flow Forecast?

A month-by-month projection of the cash you expect to come in and go out — so you can see your bank balance before it happens.

- 
Forward-looking
 Not last month — the next 12 months.
- 
Cash, not profit
 Tracks the bank account, not accounting income.
- 
A decision tool
 Answers 'can we afford this, and when?'

Starting cash

+ Expected inflows

– Expected outflows

= Projected ending cash



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The Forecast Formula

$$\text{Projected Cash} = \text{Starting Cash} + \text{Inflows} - \text{Outflows}$$

- ### Cash Inflows
- Membership drafts (the core)
 - New-member enrollment
 - Ancillary: labs, visits, dispensing
 - Occasional: refunds, interest

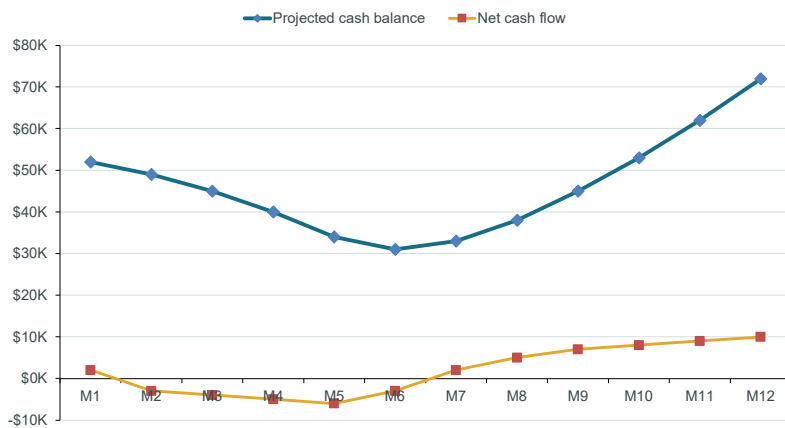
- ### Cash Outflows
- Payroll & benefits
 - Rent & utilities
 - Labs, meds & supplies
 - Software & subscriptions
 - Taxes & owner pay
 - Loan / credit-line payments

- ### Net Each Month
- Inflows minus outflows
 - Carried into next month's start
 - Reveals the low point early
 - Turns surprises into plans



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A 12-Month Forecast, Visualized



The trough
Cash bottoms out around Month 6. You can see it now — five months early — and plan for it.

What it lets you do
Delay a hire, line up a credit cushion, or push enrollment — before it's urgent.

Illustrative example for teaching only — not a pricing or financial recommendation.



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Build It: Step by Step

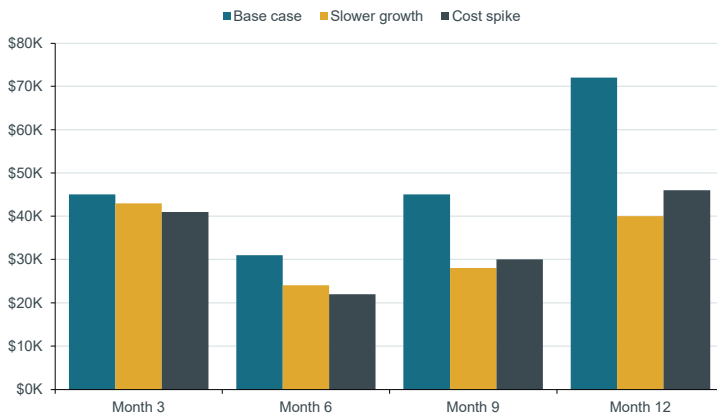


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Stress-Test the Downside



Ask 'what if?'

Slower growth

Enrollment comes in half as fast as hoped.

Cost spike

A key hire or rent increase lands early.

The point

If the worst case still clears zero, you can move. If not, you adjust now.





Illustrative example for teaching only — not a pricing or financial recommendation.

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Putting Forecasts to Work

- 
Review monthly, reforecast quarterly
 Compare forecast vs. actual each month; update assumptions every quarter.
- 
Decide against the trough, not the peak
 Time hires and big purchases around your projected low point.
- 
Hold a cash reserve target
 Build a buffer first; know how many months of runway it buys.
- 
Let it drive the big calls
 Hiring, space, equipment, vendor contracts — run them through the forecast first.

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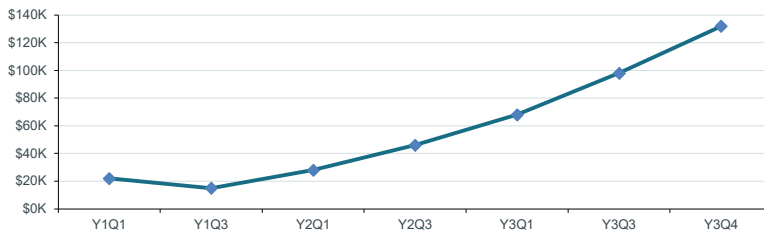


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Case Study: A Practice's First Three Years

A hypothetical solo DPC that managed cash deliberately. Figures illustrative.

<p>MEMBERS</p> <p>60 → 420</p> <p>over 3 years</p>	<p>CASH ON HAND</p> <p>1.2 → 4 mo</p> <p>of expenses</p>	<p>OVERHEAD RATIO</p> <p>Trending down</p> <p>as panel filled</p>	<p>CASH-FLOW POSITIVE</p> <p>Month 14</p> <p>and held</p>
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The shape that matters
 An early dip while building the panel — expected and survived because it was forecast — then steady climb.

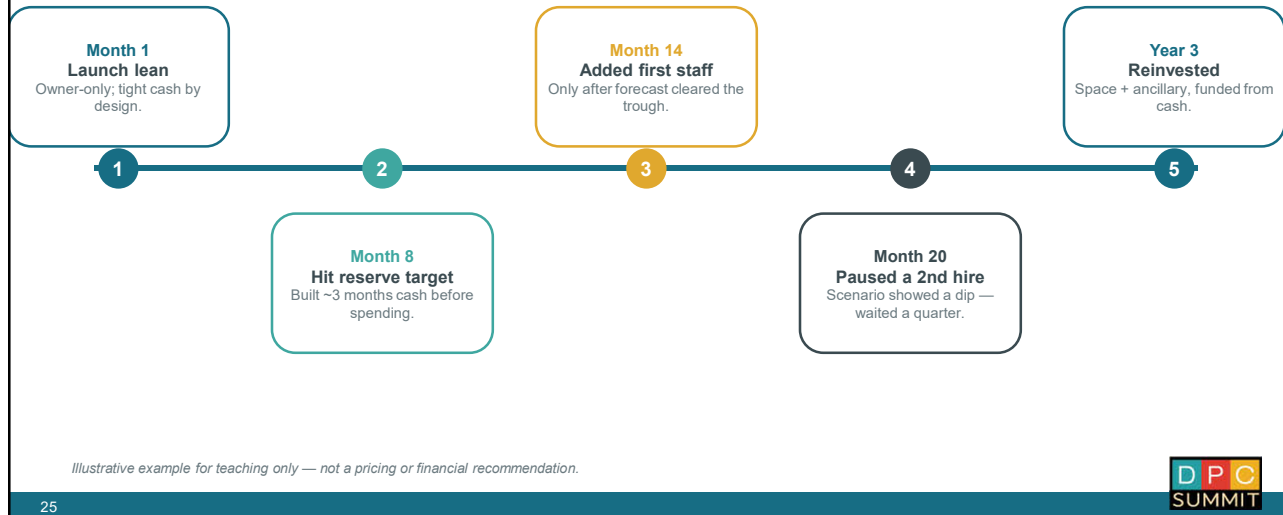
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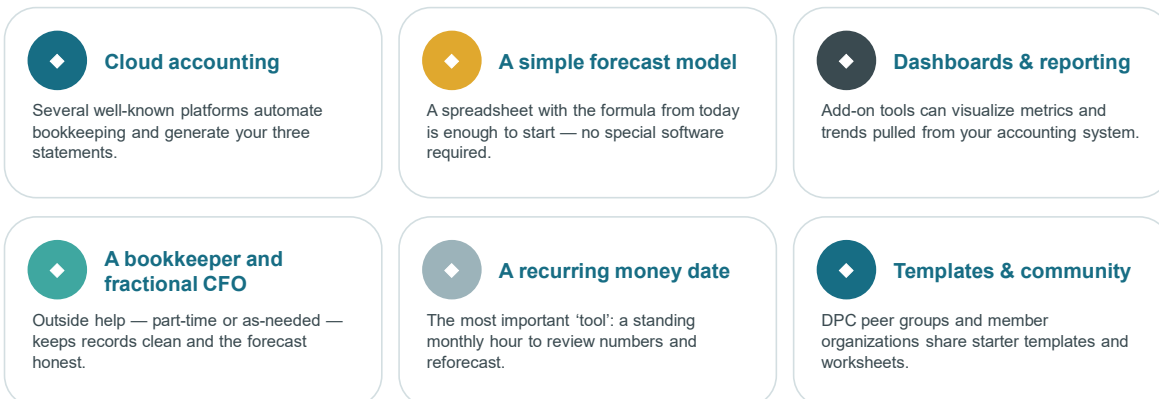
Case Study: Decisions on the Timeline



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Tools to Make This Easier



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Summary & Key Takeaways

- 1 Know your three statements**
Each answers a different question — read them together.
- 2 Track a few metrics, consistently**
Five watched monthly beats twenty watched never.
- 3 Forecast forward, test the downside**
See the trough early; decide against it, not the peak.
- 4 Cash is survival; profit is the goal**
Protect the bank balance and the mission follows.

You don't have to be an accountant — but you do have to know your numbers.



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Live Content Slide

When playing as a slideshow, this slide will display live content

Social Q&A for Cashflow Forecasting and Financial Management of your DPC Practice

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QUESTIONS?

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