The Numbers Behind a Health Center Revenue Cycle Services Business

A free field guide from Bytell Press. The figures come from our example financial model for a small revenue cycle services firm that works for health centers. They are planning assumptions, not quotes for your market; the worksheet at the end is for your own numbers.

Most new services firms in this field do not fail on expertise. They fail because nobody worked out how many retained clients the business needs, and how long the cash has to last until it gets there. This guide gives you that arithmetic in two pages.

1. How the money comes in

The work is sold as a **monthly retainer per client**, sized to how large the client is and how much volume it sends. The example model uses these lines:

Revenue line	Model price
Monthly retainer, smallest clients	$1,500 a month
Monthly retainer, largest clients	$8,000 a month
Blended retainer across the book	**About $4,500 a month**
One-time onboarding and setup fee	$2,500–$10,000 per new client
Overflow work beyond the retainer	$75–$250 per item

The model's gross margin is 55–65%, with **60%** as the base case. The main cost of service is the analyst's review time. Lines that lean on software carry more margin than lines that lean on labor, and the setup fee brings in cash in the first weeks, when it is needed most.

2. What it costs to open

The example model opens on about **$100,000**: a $75,000 working-capital loan plus about $25,000 from the owner. There is no equipment to finance.

Use of funds	Amount
Software build, sales and marketing launch, professional fees and insurance	$57,000
Working-capital reserve and first-quarter contractor labor	$43,000
Total	**$100,000**

Only the second line is cash on hand to run the business. The first line is spent standing the firm up.

3. What it costs to stay open

The model carries about **$22,000 a month** in fixed costs in its first year, whether or not a client has signed:

Monthly fixed cost	Amount
Owner and operations compensation	$8,000
Software and infrastructure	$4,500
Sales and marketing	$3,500
Administration, legal and accounting	$2,500
Insurance	$1,000
Contingency	$2,500
Total	**$22,000**

4. The break-even: the one number to know

Break-even revenue = monthly fixed costs ÷ gross margin.

With the model's numbers: $22,000 ÷ 0.60 = about **$36,667 a month**. At a $4,500 blended retainer, that is **8 to 9 retained clients** before the business earns anything beyond the owner's pay.

The loan payment of about $1,033 a month sits outside that fixed-cost total. Add it and the figure becomes $23,033 ÷ 0.60 = about $38,400 a month, still 8 to 9 clients.

In the model, one experienced analyst can carry 8 to 12 clients. So break-even arrives at about the point the first analyst is full, and the second hire is a decision to make only when the retainers that pay for it are signed.

5. Plan for the cash trough before it arrives

Retainers build one client at a time, and the $22,000 a month runs from day one. The model shows what that does to the bank balance in year one:

Point in year one	Cumulative cash in the model
Month four	Turns negative
Month seven	Lowest point, about $14,400 below zero
Month ten	Back above zero
End of year one	About $25,600

The model signs 10 to 14 clients in year one and crosses break-even around month eight to ten. Even so, the account spends six months below zero, because the business turns a monthly profit before it has earned back its early losses. Each month the first clients are delayed pushes the low point later and deeper. The fixes are ordinary ones: slow the marketing spend, hold contractor hours until the retainers are signed, or open with a larger reserve.

6. Your numbers

Fill this in with figures from your own market before you spend anything.

Question	Model	Yours
Blended monthly retainer per client	$4,500	_____
Gross margin after analyst labor and data costs	60%	_____
Monthly fixed costs	$22,000	_____
Break-even revenue (fixed costs ÷ margin)	$36,667	_____
Retained clients to break even	8–9	_____
Clients one analyst can carry	8–12	_____
Cash on hand to run the business at launch	$43,000	_____

If your break-even needs more clients than you can sign before the cash runs out, fix the plan before you launch: raise the retainer, cut a fixed cost, or hold a larger reserve.

This guide is general business information, not legal, tax, accounting or investment advice. The figures are illustrative assumptions from an example model and are not a forecast or a promise of results. Licensing and insurance requirements vary by state and are not covered here; check yours with the state agency.

Bytell Press publishes the full business plan, the editable financial model behind these numbers, and the operating playbooks for a health center revenue cycle services firm.

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