

Return on Investment (BCBS Only)

1. Expected addition of 2 Blue HMOs per year
2. 1st year, HMOs will only have 40% of expected annual revenue due to signup period
3. Expected exclusive physician contract with Emdeon
4. 1st year, Emdeon contract will have 40% of expected revenue due to signup period

	Benefits, Costs and Value				
Year	1	2	3	4	5
Inflation	0.00%	3.00%	6.00%	9.00%	12.00%
Gross Revenue					
Insurers	\$2,878,096	\$18,101,136	\$28,991,868	\$35,742,948	\$47,073,384
Physicians	\$1,200,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Hospitals	\$20,000	\$205,000	\$500,000	\$750,000	\$1,000,000
Consumers	\$0	\$300,000	\$300,000	\$300,000	\$300,000
Total	\$4,078,096	\$21,101,136	\$31,991,868	\$38,742,948	\$50,073,384
Present Value (Benefits)	\$4,078,096	\$21,734,170	\$33,911,380	\$42,229,813	\$56,082,190
Costs					
Budget	\$1,200,000	\$3,000,000	\$5,000,000	\$6,000,000	\$7,000,000
Total Annual Costs	\$1,200,000	\$3,000,000	\$5,000,000	\$6,000,000	\$7,000,000
Present Value (Costs)	\$1,200,000	\$3,090,000	\$5,300,000	\$6,540,000	\$7,840,000
Net Value					
Annual Net Value	\$2,878,096	\$18,101,136	\$26,991,868	\$32,742,948	\$43,073,384
Cumulative Net Value	\$2,878,096	\$20,979,232	\$47,971,100	\$80,714,048	\$123,787,432
Net Present Value	\$2,878,096	\$18,644,170	\$28,611,380	\$35,689,813	\$48,242,190
Annual ROI	240%	603%	540%	546%	615%