



MedConnect Business Model Spring 2019

"Your health insurance solution. Let us handle it."

Table of Contents



Executive Summary	2
Company Description	3
Legal Status and Ownership	3
Key Partnerships	3
Value Proposition	4
Problem	4
Solution	4
Market Analysis	5
Competitive Strategy	5
Go to Market Strategy	5
Traction	6
Customer Research	6
Product Development	6
MedConnect Team	7
Med Connect Advisory Board	8
Revenue Model	9
Financial Projections	9
References	10
Appendix A	11
Appendix B	12
Appendix C	13



COMPANY PROFILE

Washington State University

Pullman, WA

Email

MedConnect19@gmail.com

Industry

Medical Insurance

OUR TEAM

Katie Lober

Chief Executive Officer

NSF REU Student

Frank Scholar

Sarah Schroeder

Chief Financial Officer

Credit Union Internship

Frank Scholar

Dawson Dormaier

Chief Marketing Officer

Strategic Communication-BA

Frank Scholar

Hogan Leffel

Chief Research Officer

Mechanical Engineering

Frank Scholar

Jamar Fraction

Chief Technology Officer

PM at Microsoft

Frank Scholar



Amy Britt, MD

Tim Gresback, Injury Lawyer

Howard Davis, PhD

Advisory Board

PROBLEM

200 million people in the US have health insurance. Utilizing insurance plans for their full benefits can be complicated with thousands of options for providers. Insurance disputes take up to 60 days to be received by the insurance company.

- Communication between insurance companies, medical professionals, and patients is not transparent. Interfacing with insurance representatives is difficult for people of all ages.
- Options for secondary care covered by insurance are disorganized.
- Insurance appeals are lengthy and become the patient's responsibility. Additionally, patients may fall victim to unexpected bills and hidden fees.

SOLUTION

Software: Includes proprietary database with an exchange of costs and coverages for different medical providers customized to the user based on insurance plan and vicinity. Software compiles medical history of appointments, bills, and medications.

Hotline: MedConnect's call center assists in walking customers through the use of the software.

User Advocate: MedConnect's partner team of lawyers are available for customer use. They are trained to assist in individual cases when terms of user/insurance contracts are in question.

Value Proposition: MedConnect software and service ensures that patients are receiving the full benefits of their medical insurance plans and that there is transparency between physicians, patients, and family members.

MARKETING STRATEGY

MedConnect is initially targeting people aged 30-65 who live in Washington State and have recently changed/acquired insurance (last two years). **MedConnect is expanding through software updates, free trials, and premium features.** With these expansions, MedConnect is growing its customer segment to include adults age 21+. MedConnect will expand state by state through referral by hospital billing associates to be **nationwide by 2023.**

COMPETITIVE STRATEGY

Programs exist to help customers navigate insurance options, e.g. Medicare. **No service on the market allows users to track multiple plans and compile personal data for legal use.** Additionally, MedConnect is novel in that it's a complete database that doesn't simply direct to outside sources. **MedConnect maintains its competitive edge** over programs like Health Insurance Marketplace and WA State Healthcare Authority **through maintaining a paper trail of medical history, provided legal assistance, and all of the aforementioned benefits.**

MARKET OPPORTUNITY

MedConnect has an **available market of 200 million users per year** at full capacity in 2021. Our starting market in Washington state is about 7 million users. Charging \$10 per month, MedConnect initially generates \$4.2 million accounting for 5% of Washington's customer segment. **If 5% of all health insurance users nationwide were utilizing MedConnect, \$1.2 billion will be earned.** Additionally, there is opportunity to generate added revenue through supplementary services.

TRACTION

With funding from the Harold Frank program and an **advisory board with expertise in software, law and healthcare**, MedConnect has key partners. A legal team is headed by our advisor, Tim Gresback – injury lawyer. A team of software engineers, headed by our CTO, is developing a product for focus group testing. MedConnect has partnered with Dr. Amy Britt to identify potential customers. **Studies of 130+ insurers with over 42,000 plans have been collected.** Proposals for funding through the Small Business Innovation Research Program and National Institute of Standards & Technology are in the works.

FINANCIAL TIMELINE and REVENUE MODEL





MedConnect is an S Corporation which delivers a service designed to streamline the process of using health insurance for users while simultaneously increasing transparency between MedConnect users, hospital billing, insurance companies, and medical professionals.

Mission Statement

MedConnect commits to improving accessibility to healthcare, upholding transparent communication, and protecting the value of all we serve.

MedConnect's Service

MedConnect presents a three tiered service for its customers: software, on demand support, and user advocacy. This three tiered service addresses the problems facing America's health insurance user. Our software features a database of compiled insurance contracts. MedConnect is able to track customer plans and give estimates of co pays, fees, and other important data. Our software is able to track customer appointments, medications, and create a living document of all medical history. Our on demand support offers a 24 hour hotline to help customers navigate software and insurance claims. MedConnect acts as a user advocate - by utilizing data stored in our software, our legal team is able to provide support in filing and navigating insurance claims.

Legal Status and Ownership

The founding five members of Med Connect; Katie Lober, Sarah Schroeder, Jamar Fraction, Hogan Leffel, and Dawson Dormier each hold 20% of the company's assets. Members have the ability to distribute their share within the team as they see fit. MedConnect will begin selling stock in the year 2020.

Key Partnerships

We are currently partnering with Pullman Regional Hospital to receive feedback on our product design and features, as well as to recommend our product to patients. We are also partnering with lawyers from Palmer and George Attorneys at Law to create our team of lawyers.





Problem

Navigating health insurance can be confusing and time consuming. 200 million people in the US have health insurance through thousands of different plans, and while 3 out of 4 people feel confident that they know how their insurance works, only 1 out of five people could actually calculate their out of pocket costs. Not only is there a general misunderstanding of insurance coverage, there is confusion surrounding options for secondary care and choosing a care provider in network. Also tracking appointments, medications, and costs is cumbersome, and legal disputes over insurance claims are drawn-out and unpleasant.

Solution

MedConnect presents a three tiered solution including software, user support, and user advocacy components.

Software is comprised of a database of personalized cost and insurance coverages that compiles custom medical history for each user. The database currently includes insurance information for 98% of insurance plans in Washington state. Users will be able to select their insurance plan from the software and get an estimate on their medical appointment copay, see available providers in their area, and track appointments, prescriptions, and their deductible.

On-Demand Support consists of a team of resolution advocates. These individuals will provide expert consultation for issues ranging from navigating the website to navigating your care scenario. We will have a 24-hour call center and web chat feature that will allow users to interface with our support staff.

Professional User Advocacy is comprised of our team of partner lawyers and industry professionals dedicated to ensuring fair and hassle-free resolution of claims. These individuals can be utilized through our product's premium feature, and can be hired to work through a user's specific insurance claim. Insurance claims can take up to 60 days to be received and even longer to be resolved. Our team of lawyers will work to resolve claims quickly and efficiently. Legal counsel can cost upwards of \$600 per hour, but our premium service includes 2 hours of legal counsel per month for only \$10 per month. Individuals who need more counsel can upgrade their package to include more time on their case.

Value Proposition

MedConnect software and service ensures that patients are receiving the full benefits of their medical insurance plans and that there is transparency between physicians, patients, and family members.





Market Opportunity

MedConnect has an available market of 200 million users per year at full capacity.¹ Our starting market in Washington State is approximately 7 million users.⁶ Charging \$10 per month, MedConnect initially generates \$4.2 million accounting for 5% of Washington’s customer segment. **If 5% of health insurance users nationwide were utilizing MedConnect, \$1.2 billion is generated.**

Competitive Strategy

MedConnect maintains its competitive edge by tracking multiple plans in a singular space for users, compiling user specific data (appointments, deductibles, prescriptions, etc.), providing legal support if obligations are not met by healthcare provider or insurer, and charging \$10 per month for MedConnect for included legal services.


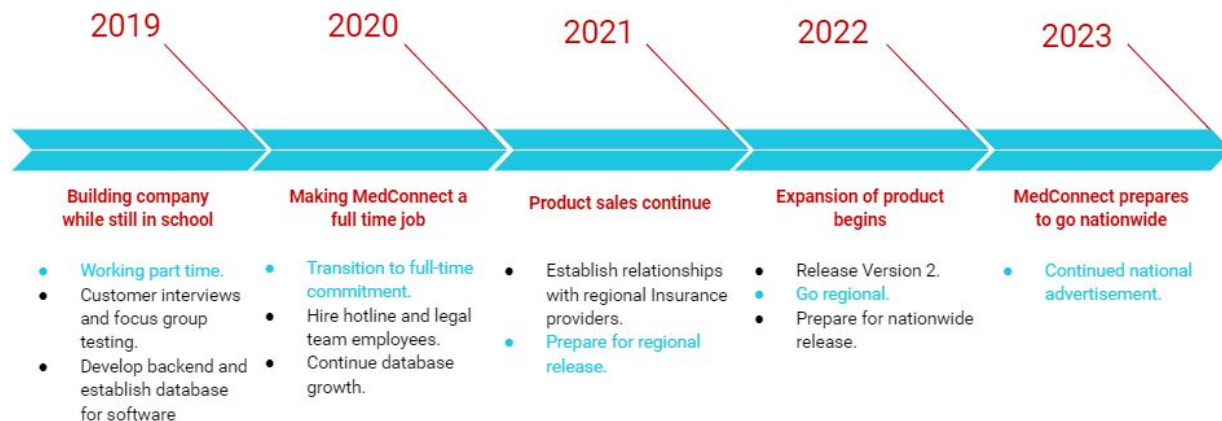
	Legal Advocacy	Complete all in one database	Provide medical papertrail	Show available providers	Works for all insurance plans	Tracks and estimates appointment costs
MedConnect	✓	✓	✓	✓	✓	✓
WA Healthcare Authority	✗	✗	✗	✗	✗	✓
Washington Health plan finder	✗	✗	✗	✗	✗	✓
MyChart	✗	✗	✓	✗	✓	✗

Figure.^{2,3} A chart detailing the features offered by competitors in this market.

Go to Market Strategy

MedConnect will initially target users aged 35-65 in Washington State who have changed or acquired insurance within the last two years. We will reach these consumers through online ads (Google, Instagram, Apple Store, etc.)⁴ and through referral by medical professionals. Our software will include free trials with opportunities to expand their available features. Our product will feature different levels of subscription, ranging from free to \$10 per month with opportunities to add more legal counsel which will be charged on an hourly basis. MedConnect will include a rewards program that gives incentives to our customers to sign up for email updates and to recommend their friends to our service. These incentives can include a month of free premium features 10% off your subscription for the next 6 months, etc. Through these means, we will grow our customer segment to include adults aged 21-34 and 65+.





Research

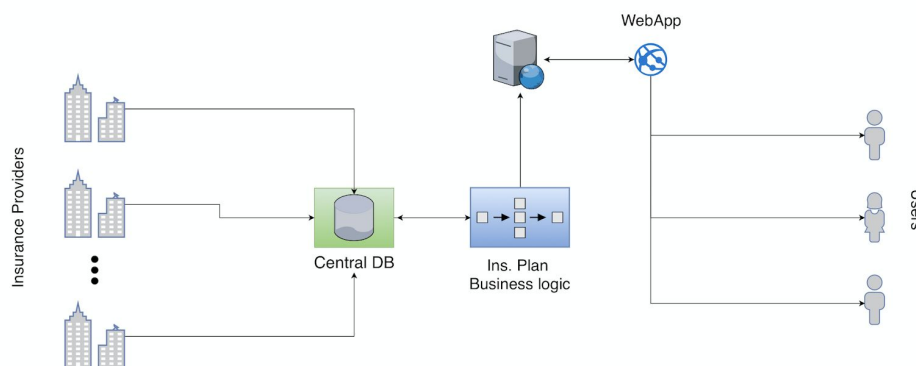
We have conducted extensive customer interviews to determine our target customer segment and their desired product features. **After conducting over 100 customer interviews**, we determined that our customer segment will initially include people who have changed or acquired insurance within the last two years. We also noted that customers were interested in tracking their medical history, estimating their out of pocket costs, and getting legal help for insurance disputes.

Key Partnerships

MedConnect is working with Dr. Amy Britt to determine what features she deems beneficial to users. MedConnect is working with Pullman Regional Hospital and our legal advisory board to ensure that our **MedConnect is compliant with HIPAA regulations**.

Product Development

MedConnect has made great strides in acquiring data for health insurance plans in Washington State. Our CRO and CTO currently have information for **98% of all insurance plans in Washington state**, and are working to acquire data for neighboring states. The Washington state data is currently being put into MedConnect's database. Our design team is in the process of app development.





Katie Lober | Chief Executive Officer | Bioengineering, Pre-med | Frank Scholar

Katie is a junior at Washington State University. Katie works as an undergraduate researcher in the Kinesiology Department and the School of Bioengineering. Katie also worked as a National Science Foundation Research Experience for Undergraduates full time researcher at South Dakota School of Mines and Technology in Rapid City, SD. Her research earned third place at the National Collegiate Honors Conference in Boston, MA. Katie has also worked as an intern for the Christine Brown Campaign for Congress. In addition, Katie acts as the Vice President for WSU's chapter of Biomedical Engineering Society and the Director of Internal Affairs for the Frank Scholars Society.

Sarah Schroeder | Chief Financial Officer | Bioengineering, Pre-med | Frank Scholar

Sarah is a junior at Washington State University. Sarah works as an undergraduate researcher in the Chemistry Department; she studies the genetics of different echolocating mammals. Her research earned her top honors at WSU's Showcase for Undergraduate Research and Creative Activities. Sarah has also worked as a National Science Foundation Research Experience for Undergraduates full time researcher at Illinois Institute of Technology in Chicago, IL. Sarah also spent a summer working as an intern at Gesa Credit Union in Richland, WA. Sarah acts as the President for WSU's chapter of Biomedical Engineering Society.

Dawson Dormaier | Chief Marketing Officer | Strategic Communication | Frank Scholar

Dawson is a junior at Washington State University. Dawson worked as a communication intern for Long on Life LLC where he was responsible for scheduling and interviewing clients and board members. He spent time crafting testimonies and personalized biographies of their work with Long on Life LLC. Dawson is the founder and co host of the student run radio show, Fireside Chats. This broadcast focuses on discussing current events with additional commentary. Dawson is a member of Sigma Phi Epsilon at WSU.

Hogan Leffel | Chief Research Officer | Mechanical Engineering | Frank Scholar | Boeing Scholar

Hogan is a junior at Washington State University. Hogan worked as an undergraduate research assistant in the WSU Sports Science Laboratory studying MLB standards with USA Baseball, NCAA, and BBCOR. Hogan worked as a manufacturing intern at Boeing where he worked on the 737 Advanced Manufacturing Team. He spent time utilizing project management tools to present project findings to executive and senior leadership at Boeing. Hogan plans to return to Boeing for the summer of 2019. Hogan also acts as the President of WSU's chapter of Phi Kappa Theta.

Jamar Fraction | Chief Technology Board | Computer Science | Frank Scholar

Jamar is a junior at Washington State University. Jamar spent time as an intern for Republic Services in Kent, WA. Jamar works at WSU's CougTech, he previously worked as a technician and now acts as a student coordinator. Jamar worked as a program manager intern at Microsoft in Bellevue, WA working to improve data continuity and consistency across service and asset management systems, applied in the cloud computing space. In addition, Jamar acts as the Vice President of WSU's chapter of National Society of Black Engineers.





Howard Davis PhD | Director of Harold Frank Engineering Entrepreneurship Institute

Dr. Davis has acted as the president and CEO of IPM and Total Dynamics LLC. He sits on the board of directors of Developing World Technologies. He obtained his undergraduate and masters degree in biomechanics from Washington State University. He received his PhD from University of Oregon in biomechanics.

Yinghui Wu PhD | Computer Science Research - Electronic Medical Records, Databases

Dr. Wu is an Assistant Professor at Washington State University. He is a computer science researcher and developer in databases and database management. Dr. Wu's current research focus is on electronic medical records. Dr. Wu received his undergraduate degree at Peking University and continued on to obtain a PhD in Computer Science at The University of Edinburgh. Dr. Wu has also worked as a researcher at University of California Santa Barbara and The University of Edinburgh.

Sakire Arslan Ay PhD | Computer Science Research - Databases

Dr. Arslan Ay is an Associate Professor at Washington State University. She is a computer science researcher and specializes in database development and database management. Dr. Ay Arslan received her undergraduate degree in computer science from Bogazici University before continuing on to obtain her master of science and PhD in computer science from the University of Southern California. Dr. Arslan Ay worked as a Research Fellow at the National University of Singapore before accepting a position at Washington State University.

Tim Gresback | Lawyer - Personal Injury Law, Contract Navigation

Mr. Gresback is a lawyer based out of Moscow, ID. Tim obtained his degrees from St. Olaf College and the Washington D.C. public interest Antioch School of Law. He has managed Tim Gresback Attorney at Law for 28 years. Tim has specialized in personal injury since 2001. Tim is a certified Idaho Trial lawyers Association Civil Trial Specialist and has served as the President of the Idaho State Bar. In 2012, Tim was named ITLA Trial Lawyer of the Year.

Amy Britt MD | Kadlec Hospital - Family Medicine | Three Rivers Family Medicine

Dr. Britt graduate with a Bachelor of Science in Molecular and Cellular Biology from The University of Arizona in Tucson, AZ. Dr. Britt graduated from the University of Arizona receiving her Medical Doctorate. Dr. Britt completed her family medicine residency at Oregon Health and Sciences University. She is board certified in Family Medicine. She specializes in family medicine and is a practicing physician at Three Rivers Family Medicine and Kadlec Regional Medical Center.





Revenue Model

MedConnect will sell subscriptions for our service starting at \$10 a month for premium services with an added \$5 per hour of legal counsel as needed by the consumer. Our product will be available through the App Store and through our company website. The subscription to our service is our sole source of revenue for MedConnect. Our software will include free trials with opportunities to expand their available features. Our product will feature different levels of subscription, ranging from free to \$10 per month with opportunities to add more legal counsel which will be charged on an hourly basis. MedConnect will include a rewards program that gives incentives to our customers to sign up for email updates and to recommend their friends to our service. These incentives can include a month of free premium features 10% off your subscription for the next 6 months, etc.

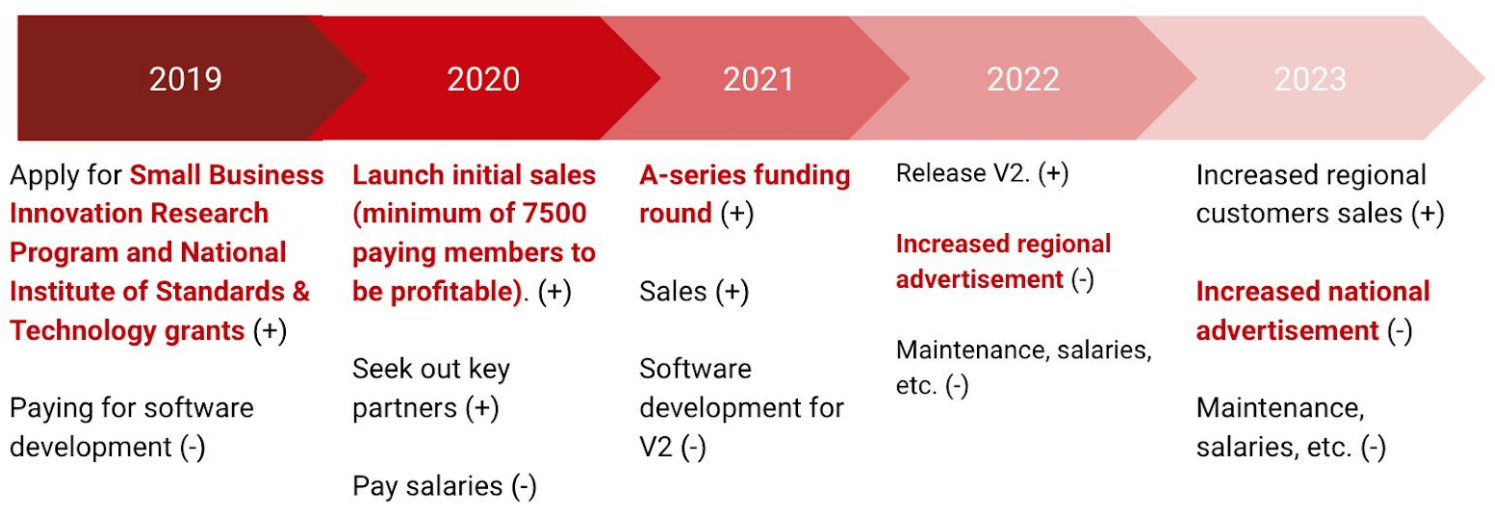


Figure.⁵ 5 year revenue model for MedConnect.

Financials

MedConnect is seeking \$1.3 million in grants through SBIR and NIST and \$450,000 in loans from family and friends for the first 2 years of development. These funds will allow MedConnect to get through development and into the market by 2020. We have presented the first 5 years of financial statements to show our plans to grow MedConnect from statewide to nationwide by 2023 (Appendix A).





1. Medicaid spending in Washington [Internet]. Ballotpedia. [cited 2019 Apr 15]. Available from: https://ballotpedia.org/Medicaid_spending_in_Washington
2. "What Is the Exchange?" *Washington Health Benefit Exchange*, www.wahbexchange.org/about-the-exchange/what-is-the-exchange/.
3. "Index." *CMS.gov Centers for Medicare & Medicaid Services*, 16 May 2017, www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/index.html.
4. "How Much Does Google Ads Cost?" *WordStream*, www.wordstream.com/blog/ws/2015/05/21/how-much-does-adwords-cost.
5. Park, Joon, et al. "Local & National TV Advertising Costs & How to Advertise 2017." *Fit Small Business*, 21 Feb. 2019, fitsmallbusiness.com/tv-advertising/.
6. "Uninsured Rate in Washington State Drops by Half to 7.3 Percent." *Washington State Office of the Insurance Commissioner*, www.insurance.wa.gov/news/uninsured-rate-washington-state-drops-half-73-percent.





Income Statement		MedConnect Income Stmt March 31st 2019	MedConnect Income Stmt June 30th 2019	MedConnect Income Stmt Sept 30th 2019	MedConnect Income Stmt Dec 31st 2019	MedConnect Income Stmt March 31st 2020	MedConnect Income Stmt June 30th 2020	MedConnect Income Stmt Sept 30th 2020	MedConnect Income Stmt Dec 31st 2020	MedConnect Income Stmt Dec 31st 2021	MedConnect Income Stmt Dec 31st 2022	MedConnect Income Stmt Dec 31st 2023
Revenue												
Sales Revenue	-				-		\$350,000	\$350,000	\$350,000	\$5,000,000	\$6,000,000	\$8,000,000
Cost of Goods Sold	-\$187,500				-\$187,500		-\$75,000	-\$75,000	-\$75,000	-\$600,000	-\$800,000	-\$1,000,000
Grant Funding	\$300,000	-			-		-	-	-	-	-	-
Gross Profit	\$112,500				-\$187,500		\$275,000	\$275,000	\$275,000	\$4,400,000	\$5,200,000	\$7,000,000
Expenses												
Sales Expenses	-				-		-	-	-\$99	-\$99	-\$99	-\$99
Salaries Expenses	-				-		-\$100,000	-\$100,000	-\$100,000	-\$1,500,000	-\$2,000,000	-\$3,500,000
Rent Expense	-				-		-	-	-\$80,000	-\$80,000	-\$80,000	-\$80,000
FICA Expense	-				-		-\$20,955	-\$20,955	-\$20,955	-\$114,300	-\$152,400	-\$266,700
Total Expenses	-				-		-\$120,955	-\$120,955	-\$201,054	-\$1,694,399	-\$2,232,499	-\$3,846,799
Pretax Income					-\$187,500		\$154,045	\$154,045	\$73,946	\$2,705,601	\$2,967,501	\$3,153,201
Tax Rate	10.4%				10.4%		10.4%	10.4%	10.4%	10.4%	10.4%	10.4%
Net Income					-\$187,500		\$138,024	\$138,024	\$66,256	\$2,424,218	\$2,658,881	\$2,825,268



Appendix B - Balance Sheet



	MedConnect Balance Sheet Mar 31 2019	MedConnect Balance Sheet Jun 30 2019	MedConnect Balance Sheet Sept 30th 2019	MedConnect Balance Sheet Dec 31 2019	MedConnect Balance Sheet Mar 31 2020	MedConnect Balance Sheet Jun 30 2020	MedConnect Balance Sheet Sept 30th 2020	MedConnect Balance Sheet Dec 31 2020	MedConnect Balance Sheet Dec 31 2021	MedConnect Balance Sheet Dec 31 2022	MedConnect Balance Sheet Dec 31 2023
Assets											
Cash	\$300,000	\$112,500	-\$75,000	-\$262,500	\$250,000	\$327,000	\$393,066	\$449,751	\$5,000,000	\$6,000,000	\$8,000,000
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	\$62,500	\$62,500	\$62,500	\$62,500	\$500,000	\$1,000,000	\$1,400,000
Prepaid Rent	-	-	-	-	-	-	-	-	-	-	-
total assets	\$300,000	\$112,500	-\$75,000	-\$262,500	\$312,500	\$389,500	\$455,566	\$512,251	\$5,500,000	\$7,000,000	\$9,400,000
Liabilities											
FICA Tax payable (6.2%)	-	-	-	-	-\$15,500	-\$20,274	-\$24,370	-\$27,885	\$310,000	\$434,000	\$582,800
Salaries Payable	-	-	-	-	-\$100,000	-\$100,000	-\$100,000	-\$100,000	\$1,500,000	\$2,000,000	\$3,500,000
Income Tax Payable (8%)	-	-	-	-	-\$20,000	-\$26,160	-\$31,445	-\$35,980	\$400,000	\$560,000	\$752,000
Development	-\$187,500	-\$187,500	-\$187,500	-\$187,500	-\$100,000	-\$100,000	-\$100,000	-\$100,000	\$600,000	\$800,000	\$1,000,000
Stockholders Equity											
Common Stock	\$112,500	-\$75,000	-\$262,500	-\$450,000	\$77,000	\$143,066	\$199,751	\$248,386	\$2,000,000	\$3,332,804	\$3,291,288
Retained earnings	-	-	-	-	-	-	-	-	-	\$263,796	\$273,912
Total Liabilities and S/E	\$300,000	\$112,500	-\$75,000	-\$262,500	\$77,000	\$143,066	\$199,751	\$248,386	\$5,500,000	\$7,000,000	\$9,400,000



Appendix C - Cash Flow



Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow	MedConnect Stmnt Cash Flow
	March 31st 2019	June 30th 2019	Sept 30th 2019	Dec 31st 2019	March 31st 2020	June 30th 2020	Sept 30th 2020	Dec 31st 2020	Dec 31st 2021	Dec 31st 2022	Dec 31st 2023	
Operating Activities												
Receipts from Customers	-	-	-	-	\$250,000	\$250,000	\$250,000	\$250,000	\$5,000,000	\$6,000,000	\$8,000,000	
Payment to Distributor	-	-	-	-	-	-	-	-\$99	-\$99	-\$99	-\$99	
Salaries paid to Employees	-	-	-	-	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$1,500,000	-\$2,000,000	-\$3,500,000	
Payment to landlord	-	-	-	-	-	-	-	-\$80,000	-\$80,000	-\$80,000	-\$80,000	
Payroll taxes (7.62%)	-	-	-	-	-\$7,620	-\$7,620	-\$7,620	-\$7,620	-\$114,300	-\$152,400	-\$266,700	
Advertisement	-	-	-	-	-\$25,000	-\$25,000	-\$25,000	-\$25,000	-\$400,000	-\$1,000,000	-\$1,500,000	
Development/ Cost of Goods Sold	-\$187,500	-\$187,500	-\$187,500	-\$187,500	-\$75,000	-\$75,000	-\$75,000	-\$75,000	-\$600,000	-\$800,000	-\$1,000,000	
Net CF from Operating Activities	-\$187,500	-\$187,500	-\$187,500	-\$187,500	\$42,380	\$42,380	\$42,380	-\$37,719	\$2,305,601	\$1,967,501	\$1,653,201	
Financing Activities												
Sale of Stock	-	-	-	-	\$100,000	\$100,000	\$100,000	\$100,000	-	-	-	
Net CF from Financing Activities	-	-	-	-	\$100,000	\$100,000	\$100,000	\$100,000	-	-	-	
Net Change in Cash	-\$187,500	-\$187,500	-\$187,500	-\$187,500	\$142,380	\$142,380	\$142,380	\$62,281	\$2,305,601	\$1,967,501	\$1,653,201	
Begin Cash	\$300,000	\$112,500	-\$75,000	-\$187,500	-\$375,000	-\$232,620	-\$90,240	\$52,140	\$39,661	\$2,345,262	4312763	
End Cash	\$112,500	-\$75,000	-\$262,500	-\$375,000	-\$232,620	-\$90,240	\$52,140	\$114,421	\$2,345,262	\$4,312,763	\$5,965,964	

