

Healthcare Policy-to-EBITDA Decision Engine

Translate sourced federal reimbursement and Medicaid financing changes into hospital-specific revenue exposure, operating margin, EBIDA/EBITDA proxy, liquidity, debt-service coverage, borrowing capacity, capital-project affordability, and a ranked recovery agenda. The model separates **policy fact** from **local exposure** and from **management assumption**.

Decision-use standard: final/enacted policies can be carried at 100% scenario weight; proposed rules are explicitly marked and can be excluded, probability-weighted, or stress-tested at 100%. Local claims, payer-contract, 340B, Medicaid supplemental-payment, and accounting inputs remain the CFO's calibration layer.

Policy facts
CMS final rules, proposed rules, enacted statutory transitions, effective dates, and status are embedded with source links.

Applicability
IPPS, OPPI, 340B, off-campus PBD, Medicaid expansion, SDP grandfathering, and provider-tax exposure determine whether a policy reaches the hospital.

Time engine
Policy effects are prorated by effective date for the next 12 months and accumulated over a selectable 12–60 month horizon.

EBIDA / EBITDA bridge
Operating income is bridged to a management EBIDA/EBITDA proxy using local D&A and any operating interest/tax add-backs.

Evidence confidence
The dashboard separates final/enacted impact, proposed impact, and local assumptions so executives can see what is fact versus scenario.

Capital resilience
Projected EBIDA/EBITDA is translated into DSCR proxy, liquidity-floor headroom, incremental borrowing capacity, and project affordability.

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EXECUTIVE DECISION
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HEALTHCARE POLICY-TO-EBITDA DECISION ENGINE

From policy to capital: turning healthcare change into an executive financial decision

An interactive CFO/CEO simulator that translates sourced reimbursement and Medicaid financing changes into hospital-specific margin, liquidity, debt capacity, and capital-project affordability.

At a glance

The engine connects federal policy status and effective dates to local applicability, hospital-specific reimbursement exposure, operating income, an EBIDA/EBITDA proxy, liquidity, debt-service coverage, borrowing capacity, and a ranked management recovery agenda.

Its central control is separation: **policy fact** is kept distinct from **local exposure** and from **management assumption**. Final and enacted policies can be carried at full weight; proposed rules can be excluded, probability-weighted, or stress-tested.

DESIGN PRINCIPLE

"The engine never silently converts a national CMS spending estimate into a hospital-specific loss."

EVIDENCE AND LOCAL CALIBRATION REMAIN VISIBLE

HEALTHCARE EXECUTIVE SIMULATION

Policy fact becomes decision-grade only when it reaches the hospital's economics.

THE EXECUTIVE PROBLEM

Policy is public. Financial exposure is local.

Healthcare leaders can read a final rule, proposed rule, or statutory transition and still not know the enterprise consequence. Applicability differs by payer mix, 340B status, off-campus provider-based departments, Medicaid structure, contracts, claims, and state-specific financing.

The economic question also extends beyond reimbursement. A policy effect can move operating margin, liquidity, debt-service headroom, borrowing capacity, and whether a strategic capital project remains affordable.

That creates a translation problem: leaders need a single path from **what changed**, to **what reaches this hospital**, to **what moves the P&L**, to **what the enterprise should do next**.

The simulator is built to make that translation inspectable before a board, capital, or management decision is made.

CAPITAL GUARDRAILS

Denial leakage recovered (%)
0
Lever: revenue-cycle recovery.

Expense productivity (%)
0
Lever: reduce projected expense.

Unrestricted cash + investments
250000000
Guardrail: liquidity starting point.

Minimum DSCR (x)
1.50
Guardrail: minimum coverage to preserve.

Minimum days cash
150
Guardrail: liquidity floor to preserve.

Capital project to test
100000000
Decision: tests whether the project fits after policy pr

Switch the guidance lens to **Advanced Model** for methodology-first emphasis. The policy registry, local exposure assumptions, probability weights, accounting bridge, and tre

sure

policy set, and enter only the hospital-
rmine.

a visible callout explaining **what belongs in**
showing whether it is a local actual, external

Policy-to-EBITDA Executive Dashboard

WHAT THIS SECTION DOES
Convert the detailed model into an executive decision view.

WHAT TO DO
Read left-to-right: operating margin and EBIDA/EBITDA, policy/payer impact, liquidity/coverage, then the "Why did this change?"

WHO SHOULD VALIDATE
CFO / COO / CEO

EXECUTIVE QUESTION
"What happened, why, serious is it, and what's next?"

EXECUTIVE COMPASS

Follow the decision, not the complexity

- 1 Define the organization**
Start with scale, margin, payer profile, liquidity, and debt.
- 2 Select the policy scenario**
Choose final-only, expected case, or a full proposed-rule stress.
- 3 See the financial exposure**
Read margin, EBIDA/EBITDA, and the drivers moving the result.
- 4 Test capital resilience**
Translate earnings into DSCR, days cash, borrowing capacity, and project affordability.
- 5 Pull the highest-value levers**
Rank the management actions against the largest residual exposure.

One model carries the decision from **Policy → Exposure → EBITDA → Liquidity → Capital**.

Use: local affected payment stream only.

Use: local financing base potentially at risk.

EXECUTIVE SCENARIO — RECOVERY + CAPITAL GUARDRAILS

Policy loss mitigated (%)

0

Lever: recover negative reimbursement exposure.

Denial leakage recovered (%)

0

Lever: revenue-cycle recovery.

Expense productivity (%)

0

Lever: reduce projected expense.

Unrestricted cash + investments

250000000

Guardrail: liquidity starting point.

Annual debt service

20000000

Guardrail: earnings coverage burden.

Minimum DSCR (x)

1.50

Guardrail: minimum coverage to preserve.

Minimum days cash

150

Guardrail: liquidity floor to preserve.

Capital project to test

100000000

Decision: tests whether the project fits after policy pressure.

Need to challenge the exact reimbursement mechanics?

Switch the guidance lens to **Advanced Model** for methodology-first emphasis. The policy registry, local exposure assumptions, probability weights, accounting bridge, and treasury math are already present below in every mode.

THE SOLUTION

An evidence-gated policy-to-capital decision engine

The model begins with a local financial baseline and then layers in only the policy exposures that apply. Effective dates are prorated across the next 12 months and accumulated over a selectable 12-60 month horizon.

Operating income is then bridged to a management EBIDA/EBITDA proxy. The same scenario carries through liquidity, debt-service coverage, borrowing capacity, and a capital-project affordability test.

The user can work in Quick Start, Executive Scenario, or Advanced Model guidance. The guidance changes; the underlying model does not. Every input, benchmark, policy, output, ledger entry, recommendation, and formula remains available for challenge.

Decision-use standard: policy status, applicability, timing, local exposure, and management assumptions remain explicit rather than being collapsed into a single black-box answer.

WHAT THE ENGINE PRODUCES

One executive view, with the evidence underneath it

- ✔ **Policy fact layer:** CMS final rules, proposed rules, enacted transitions, effective dates, status, and source links.
- ✔ **Applicability layer:** IPPS, OPPS, 340B, off-campus PBD, Medicaid expansion, SDP, provider-tax, and payer-contract exposure.
- ✔ **Time engine:** next-12-month and cumulative-horizon impacts based on effective date.
- ✔ **Financial bridge:** projected operating margin and EBIDA/EBITDA proxy with driver explanation.
- ✔ **Evidence confidence:** final/enacted impact, proposed-rule impact, and local assumptions shown separately.
- ✔ **Capital resilience:** DSCR proxy, days cash, liquidity headroom, borrowing capacity, and maximum project envelope.
- ✔ **Decision outputs:** policy impact ledger, “why did this change?” trace, largest current driver, and ranked recovery actions.

Illustrative figures above are the simulator's default scenario, not a forecast, client result, or financing recommendation.

ILLUSTRATIVE DEFAULT SCENARIO

2.8%

Projected operating margin

2.20x

Debt-service coverage proxy

165

Horizon days cash

\$155M

Affordable project envelope

CAPITAL CONSEQUENCE

\$100M project within modeled capacity

Post-project DSCR 1.81x vs 1.50x guardrail · 168 days cash vs 150-day floor.

WHY THIS IS DIFFERENT

Built to survive executive challenge

Fact is not assumption

Final/enacted policy, proposed policy, external benchmark context, and local management inputs are kept visibly distinct.

National policy is not local exposure

The model does not infer a hospital-specific loss where CMS does not publish one. Finance, reimbursement, pharmacy, Medicaid, and contracting assumptions remain the local calibration layer.

The model has a boundary

Capital-resilience outputs are management proxies. Treasury, legal, bond-document, and rating-agency definitions should replace proxy assumptions before financing decisions.

Inspection is part of the product

The policy ledger, formula trace, evidence mix, driver explanation, and section-by-section validation prompts make the reasoning challengeable.

EXECUTIVE IMPACT

Translate policy uncertainty into a decision path

CFO / Finance

See what reaches margin, what is fact versus scenario, and what residual gap management still has to close.

CEO / COO

Move from fragmented policy signals to a ranked set of operating and financial actions.

Treasury / Capital

Test whether projected earnings and liquidity can support debt capacity and a strategic project after policy pressure.

Board / Governance

Inspect the evidence, assumptions, thresholds, and capital consequences before commitment expands.

Built to turn sourced policy, local exposure, and management choices into a single challengeable executive decision.

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Policy registry in the attached simulator is noted as reviewed through Aug. 26, 2026. Source hierarchy: CMS final rule / enacted statute → CMS proposed rule → Kaufman Hall external operating benchmark → local hospital assumption. Local definitions should be substituted before board, covenant, rating-agency, or financing reliance.