

Appendix C: Combined Pricing Model

Combined Pricing Model

Assumptions

Baseline number of monthly billable cases	100,000
Number of EBT only terminals deployed	800
Number of EBT only retailer phone lines	100
Cost per EBT only terminal	\$30.00
Cost per retailer phone line	\$25.00
Total cost for EBT only terminals	\$24,000.00
Total cost for phone lines	\$2,500.00
Fixed monthly operating costs	\$120,000
Variable costs per case	\$0.80

Tiered CPCM without terminals and phone lines

	Caseload	Fixed cost	Variable cost	Profit Margin	Tiered CPCM
	130,000	\$0.923	\$0.800	\$0.172	\$1.895
	125,000	\$0.960	\$0.800	\$0.176	\$1.936
	120,000	\$1.000	\$0.800	\$0.180	\$1.980
	115,000	\$1.043	\$0.800	\$0.184	\$2.028
	110,000	\$1.091	\$0.800	\$0.189	\$2.080
	105,000	\$1.143	\$0.800	\$0.194	\$2.137
Baseline caseload	100,000	\$1.200	\$0.800	\$0.200	\$2.200
	95,000	\$1.263	\$0.800	\$0.206	\$2.269
	90,000	\$1.333	\$0.800	\$0.213	\$2.347
	85,000	\$1.412	\$0.800	\$0.221	\$2.433
	80,000	\$1.500	\$0.800	\$0.230	\$2.530
	75,000	\$1.600	\$0.800	\$0.240	\$2.640

Tiered CPCM including terminals and phone lines

	Tiered CPCM	Terminal CPCM	Phone CPCM	Total CPCM
130,000	\$1.895	\$0.185	\$0.019	\$2.099
125,000	\$1.936	\$0.192	\$0.020	\$2.148
120,000	\$1.980	\$0.200	\$0.021	\$2.201
115,000	\$2.028	\$0.209	\$0.022	\$2.258
110,000	\$2.080	\$0.218	\$0.023	\$2.321
105,000	\$2.137	\$0.229	\$0.024	\$2.390
100,000	\$2.200	\$0.240	\$0.025	\$2.465
95,000	\$2.269	\$0.253	\$0.026	\$2.548
90,000	\$2.347	\$0.267	\$0.028	\$2.641
85,000	\$2.433	\$0.282	\$0.029	\$2.745
80,000	\$2.530	\$0.300	\$0.031	\$2.861
75,000	\$2.640	\$0.320	\$0.033	\$2.993

Combined Pricing Model

Assumptions

Baseline number of monthly billable cases	100,000
Number of EBT only terminals deployed	800
Number of EBT only retailer phone lines	100
Cost per EBT only terminal	\$30.00
Cost per retailer phone line	\$25.00
Total cost for EBT only terminals	\$24,000.00
Total cost for phone lines	\$2,500.00
Fixed monthly operating costs	\$120,000
Variable costs per case	\$0.80

Monthly Costs at different caseloads - tiered CPCM & fee-for-service

Caseload	CPCM	CPCM Cost	Terminal & Phone cost	Monthly Cost
130,000	\$1.895	\$246,400	\$26,500	\$272,900
125,000	\$1.936	\$242,000	\$26,500	\$268,500
120,000	\$1.980	\$237,600	\$26,500	\$264,100
115,000	\$2.028	\$233,200	\$26,500	\$259,700
110,000	\$2.080	\$228,800	\$26,500	\$255,300
105,000	\$2.137	\$224,400	\$26,500	\$250,900
100,000	\$2.200	\$220,000	\$26,500	\$246,500
95,000	\$2.269	\$215,600	\$26,500	\$242,100
90,000	\$2.347	\$211,200	\$26,500	\$237,700
85,000	\$2.433	\$206,800	\$26,500	\$233,300
80,000	\$2.530	\$202,400	\$26,500	\$228,900
75,000	\$2.640	\$198,000	\$26,500	\$224,500

Monthly Costs at different caseloads - tiered CPCM pricing only

Caseload	CPCM	Monthly Cost
130,000	\$2.099	\$272,900
125,000	\$2.148	\$268,500
120,000	\$2.201	\$264,100
115,000	\$2.258	\$259,700
110,000	\$2.321	\$255,300
105,000	\$2.390	\$250,900
100,000	\$2.465	\$246,500
95,000	\$2.548	\$242,100
90,000	\$2.641	\$237,700
85,000	\$2.745	\$233,300
80,000	\$2.861	\$228,900
75,000	\$2.993	\$224,500

Combined Pricing Model

Example 2

Number of EBT only terminals deployed	1,000
Number of EBT only retailer phone lines	200

EBT Vendor Costs

<u>Caseload level</u>	<u>Fixed</u>	<u>Variable</u>	<u>Terminals</u>	<u>Phone Lines</u>	<u>Total</u>
80,000	\$120,000	\$64,000.00	\$30,000.00	\$5,000.00	\$219,000
100,000	\$120,000	\$80,000.00	\$30,000.00	\$5,000.00	\$235,000
120,000	\$120,000	\$96,000.00	\$30,000.00	\$5,000.00	\$251,000

EBT Vendor Revenue & Profit - tiered CPCM pricing only

<u>Caseload level</u>	<u>CPCM</u>	<u>Revenue</u>	<u>Expense</u>	<u>Profit</u>
80,000	\$2.861	\$228,900	\$219,000	\$9,900
100,000	\$2.465	\$246,500	\$235,000	\$11,500
120,000	\$2.201	\$264,100	\$251,000	\$13,100

EBT Vendor Revenue & Profit - tiered CPCM & fee-for-service

<u>Caseload level</u>	<u>CPCM</u>	<u>CPCM Revenue</u>	<u>Total Revenue</u>	<u>Expense</u>	<u>Profit</u>
80,000	\$2.530	\$202,400	\$237,400	\$219,000	\$18,400
100,000	\$2.200	\$220,000	\$255,000	\$235,000	\$20,000
120,000	\$1.980	\$237,600	\$272,600	\$251,000	\$21,600

Combined Pricing Model

Example 3

Number of EBT only terminals deployed	500
Number of EBT only retailer phone lines	50

EBT Vendor Costs

<u>Caseload level</u>	<u>Fixed</u>	<u>Variable</u>	<u>Terminals</u>	<u>Phone Lines</u>	<u>Total</u>
80,000	\$120,000	\$64,000.00	\$15,000.00	\$1,250.00	\$200,250
100,000	\$120,000	\$80,000.00	\$15,000.00	\$1,250.00	\$216,250
120,000	\$120,000	\$96,000.00	\$15,000.00	\$1,250.00	\$232,250

EBT Vendor Revenue & Profit - tiered CPCM pricing only

<u>Caseload level</u>	<u>CPCM</u>	<u>Revenue</u>	<u>Expense</u>	<u>Profit</u>
80,000	\$2.861	\$228,900	\$200,250	\$28,650
100,000	\$2.465	\$246,500	\$216,250	\$30,250
120,000	\$2.201	\$264,100	\$232,250	\$31,850

EBT Vendor Revenue & Profit - tiered CPCM & fee-for-service

<u>Caseload level</u>	<u>CPCM</u>	<u>CPCM Revenue</u>	<u>Total Revenue</u>	<u>Expense</u>	<u>Profit</u>
80,000	\$2.530	\$202,400	\$218,650	\$200,250	\$18,400
100,000	\$2.200	\$220,000	\$236,250	\$216,250	\$20,000
120,000	\$1.980	\$237,600	\$253,850	\$232,250	\$21,600