Late Night With Chip & Paulie

Episode #31

Thursday August 27, 2026 @ 8:00PM ET

Tonight's Agenda

01 This Week's Focus

02 Data Nerd Report

03 News Round Up

04 Vaccines, Vaccines, Vaccines...

PEDIATRIC MANAGEMENT INSTITUTE

Pediatric
Practice
Management

2027
Conference

Marriott Marquis
Atlanta

Pre-Conference: Thu, Feb 4
Main Conference: Fri & Sat, Feb 5 & 6

PEDIATRIC MANAGEMENT INSTITUTE

PMI Bootcamp

Starts October 13, 2026

Medical school skipped the business of pediatrics.

Practical training for owners, managers, administrators, and incoming partners — on their own numbers.

14	50+	2
Learning Modules	Excel Worksheets	Bonus Coding Modules

www.PediatricSupport.com

PEDIATRIC MANAGEMENT INSTITUTE

PEDIATRIC MANAGEMENT INSTITUTE

Helping Pediatricians Succeed

14-SESSION PROGRAM · OCTOBER 2026 — MAY 2027

PMI BOOT CAMP

The business of pediatrics is tough. Preparation is a choice.

Practical financial training for practice owners, managers, administrators and incoming partners. Five common fixes PMI finds in practice data often add up to **six figures a year** — money already earned, never collected.

STARTS
October 13, 2026

RUNS THROUGH
May 11, 2027

FORMAT
Every other Tuesday
7:00–8:30 PM ET

DELIVERED ON
PMI Learning portal
Live + on demand

14	50+	50–75
LEARNING MODULES	EXCEL WORKSHEETS	PEER COHORT

"Your accountant tells you what happened last month. That's about it." Medical school skips this material — you learn it on the fly, or not at all.

OPTION 1 · SELF-STUDY

$549 per person

14 recorded video presentations, the study guide and all 50+ worksheets.

OPTION 2 · FULL PROGRAM

$749 per person

Everything above, plus live bi-weekly sessions, the cohort and 2 bonus coding modules.

Taught by **Paulie Vanchiere**, PMI founder — twenty-plus years analyzing the financials of independent pediatric practices.

ENROLL OR GET REMINDERS

SCAN TO ENROLL

Pediatric Management Institute | pediatricsupport.com | (832) 979-8439

Current as of August 25, 2026

PMI BOOT CAMP · CURRICULUM

The 14 sessions — and what comes with them

Every other Tuesday, 7:00–8:30 PM ET · each session unlocks metrics you calculate on your own practice data.

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01	Foundations & Revenue Intelligence	Oct 13
02	Billing Performance & Revenue Pipeline	Oct 27
03	Payer Analysis, Transparency & Negotiation	Nov 10
04	Pricing & the Business of Vaccines	Dec 8
05	Cash Flow, Budgeting & Financial Statements	Jan 5
06	Provider Productivity & Scheduling	Jan 19
07	Overhead, Expenses & Cost Management	Feb 2
08	Compensation, Contracts & Compliance	Feb 16
09	Patient Panel, Retention & Growth	Mar 2
10	Front Desk, Operations & Process Improvement	Mar 16
11	Practice Value, Structure & Succession	Mar 30
12	Partnership Governance & Agreement Review	Apr 13
13	Customer Service, Satisfaction & Culture	Apr 27
14	**Leadership & Your 90-Day Action Plan** CAPSTONE	May 11

No sessions Nov 24 (Thanksgiving) or Dec 22 (holiday) · Session 14 runs 7–9 PM ET

WHAT YOU GET

14 learning modules
Revenue, billing, payers, pricing, vaccines, productivity, overhead, comp, valuation, governance.

Comprehensive study guide
Written for this program, plus a video presentation to watch before every session.

50+ Excel worksheets
The same tools PMI uses in client engagements, delivered session by session.

2 bonus coding modules OPTION 2
On-demand video before Session 1, including the 10 most under-billed codes in pediatrics.

A cohort community OPTION 2
50 to 75 practice leaders working through the same material together, live every other Tuesday.

Scan to enroll
$549 self-study · $749 full program
pediatricsupport.com/bootcamp

PMI Bootcamp

Starts October 13, 2026

Medical school skipped the business of pediatrics.

Practical training for owners, managers, administrators, and incoming partners — on their own numbers.

14	50+	2
Learning Modules	Excel Worksheets	Bonus Coding Modules

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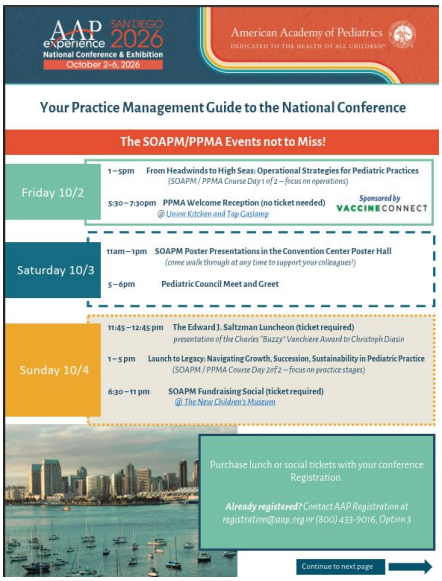

Full Practice Management Calendar for the AAP NCE

https://downloads.aap.org/DOPCSP/PMGuideNCE2026.pdf

www.PediatricSupport.com

PEDIATRIC MANAGEMENT INSTITUTE

TMP Institute Train-the-Trainer Workshop

https://lnkd.in/gdB3e6D8

Charting the Future

a PCC Podcast

Pediatric care is complex enough — navigating for the future shouldn't be a solo journey. Join host Chip Hart and learn from pediatricians, industry leaders, and policymakers who are shaping the future of pediatric care. Every episode, we explore their stories, their dreams, and the joy they find in medicine. Together, we're charting the future of children's healthcare.

www.PediatricSupport.com

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What's On The Pediatric Practice Management Calendar?

- M — Perform all desktop / device system upgrades
- M — Run reports your EHR can't produce retrospectively
- Q — Update employee lists
- Q — Quarterly report review
- Q — Check your QBO users
- Y — Review practice valuation

M = Monthly **Q** = Quarterly **Y** = Yearly

bit.ly/PediatricPracticeManagementCalendar

What's On The Pediatric Practice Management Calendar?

August 27, 2026
Paulie and Chip Late Show Webinar 8pm

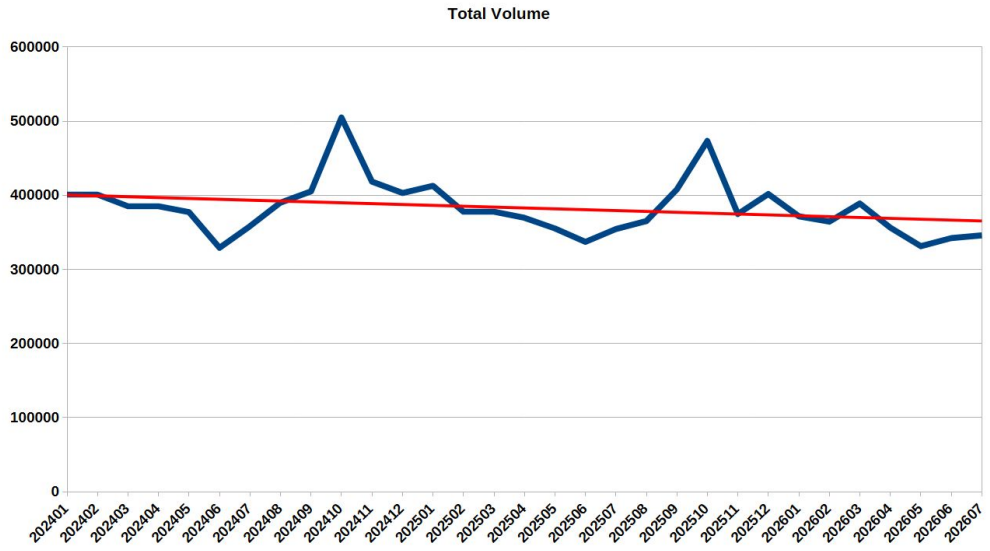
Perform all desktop/device system upgrades (M)
Run reports your EHR can't produce retrospectively (M)
Update Employee Lists (Q)
Quarterly Report Review (Q)
Check Your QBO Users (Q)
Review Practice Valuation (Y)

bit.ly/PediatricPracticeManagementCalendar

Focus For The Week...

> "
>
> **Get what we earn and not what we deserve...the latter of which will never be enough.**

Data From The Data Nerd



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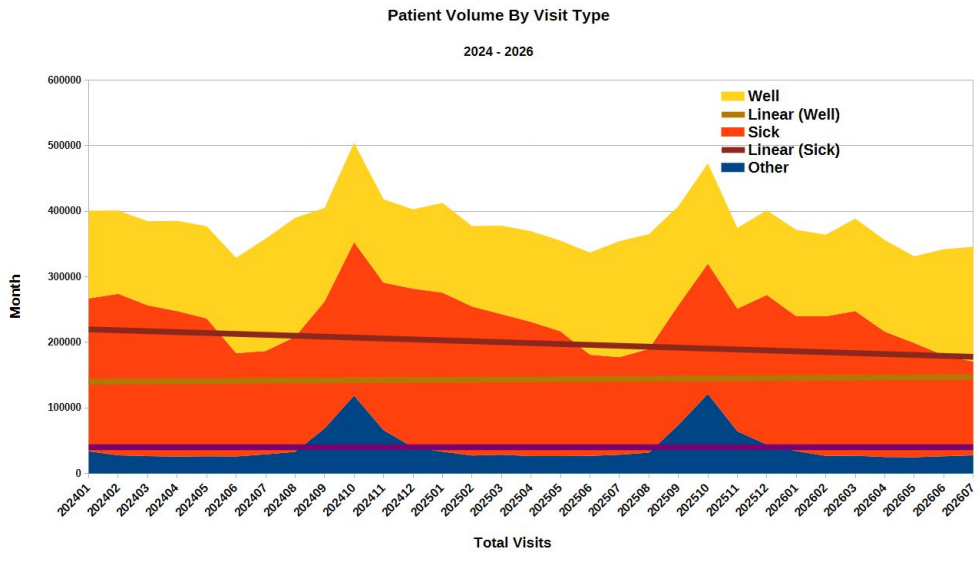

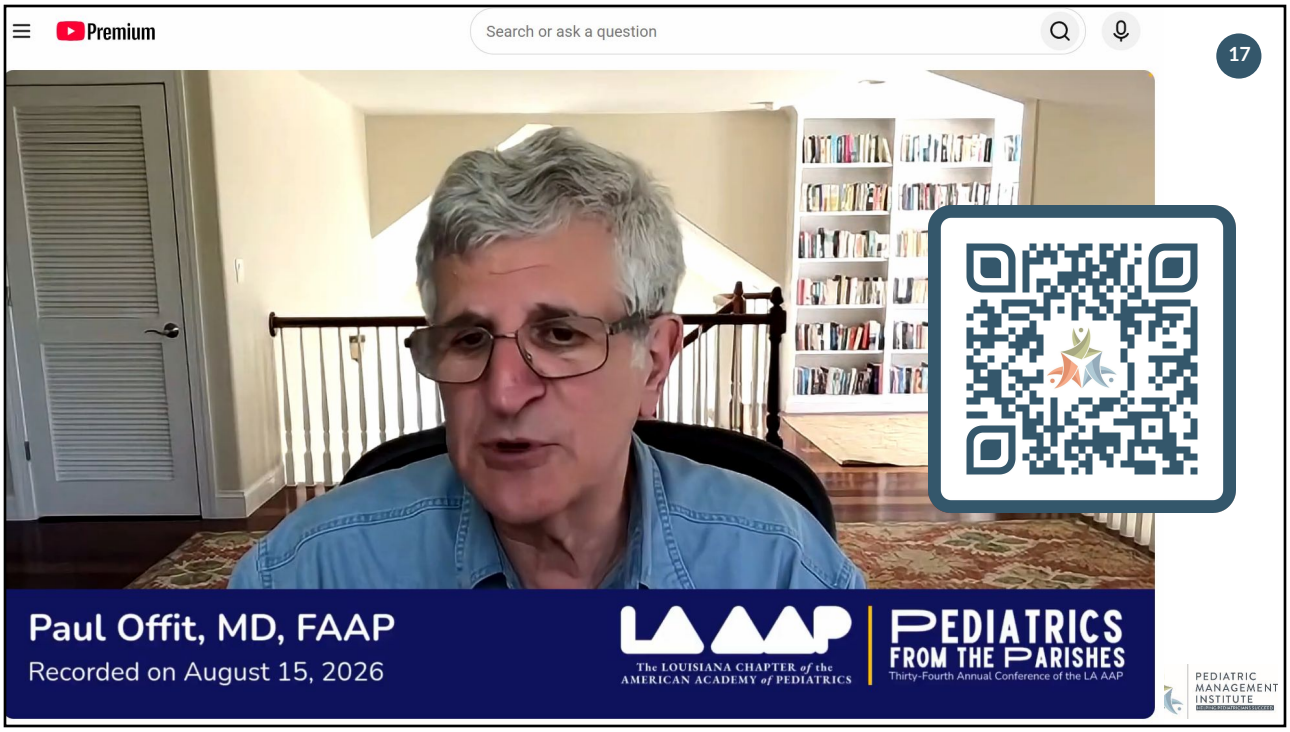

Fun Activity For The Month

GOVERNANCE BRIEF • HOW GROUPS SAY YES

Alignment, consensus, agreement, consent — four different ways a team moves forward

They are not synonyms. Each is a distinct level of group harmony, psychological buy-in, and operating rules — and knowing which one a decision actually needs is the difference between momentum and gridlock.

Alignment

Everyone understands, connects with, and supports the overall direction — even if they would have chosen a different path.

FOCUS
Shared vision and strategic cohesion, not identical tactics.

SPEED & VIBE
Fast & autonomous — the team pulls in one vector without uniform opinions.

Consensus

Everyone actively supports — or at least passively assents to — a final decision after deep discussion.

FOCUS
Group ownership; every perspective heard and blended.

SPEED & VIBE
Slow & thorough — needs high trust; stalls when preferences become vetoes.

Agreement

An identical personal preference — shared enthusiasm for one specific choice.

FOCUS
Psychological harmony — everyone genuinely wants the exact same thing.

SPEED & VIBE
Rare & satisfying — paralyzing if you wait for it on every operational issue.

Consent

The absence of a reasoned, paramount objection — "good enough for now, safe enough to try."

FOCUS
Moving forward safely — checking for harm, not demanding active approval.

SPEED & VIBE
Agile & structured — if no one can prove it unsafe, the group proceeds.

The practical rule: seek **alignment** on direction, reserve **consensus** for the decisions that must be co-owned, treat **agreement** as a bonus rather than a requirement — and run day-to-day operations on **consent**, so the practice keeps moving while the objections that matter still get heard.

ON BENCHMARKS • HOW TO USE THEM — AND HOW NOT TO

Comparison is a useful diagnostic. Mimicking the national number is a trap.

MGMA, AMGA, and other national survey results can be helpful in context — but fixating on matching or exceeding them substitutes someone else's average for your own trajectory.

THE DATA-QUALITY PROBLEM

The "gold standard" that wasn't

PMI dug into a widely quoted series of pediatric-specific benchmarks and found the sample woefully inadequate: **21 practices**, averaging **16 physicians each**, nearly all **hospital-owned** — held up as representing thousands of mostly small, independent outpatient groups.

THE THOUGHT EXPERIMENT

Run it both ways

You exceed the benchmark — are you going to change anything? No. **You lag it** — now you simply feel bad, perhaps angry, and neither feeling closes the gap. Either way, the comparison changed nothing.

WHAT ACTUALLY WORKS

Your baseline, your goals

Set your own benchmarks, grounded in your own baseline, and focus on continuous improvement toward — and past — them. The right question is never "do we match the national results?"

> "Are we better than we were last quarter — and what is the next improvement worth making?"

USE SURVEYS LIKE A GROWTH CHART

To know the neighborhood • to spot the outlier worth investigating • to mark progress — **never as a verdict, never as a substitute for your own trajectory.**

THE PRACTICAL DISCIPLINE

Internal first, external second: build the local truth → watch it over time → decide what improvement is worth pursuing → use published benchmarks only to test whether you're asking ambitious enough questions.

ON CULTURE • THE PRINCIPLE THAT BELONGS UP FRONT

Sometimes culture matters more than the bottom-line number

The values you actually live, the behavior you tolerate, and the way your team treats families and one another influence every financial decision — and there are moments when they should win.

THE ANALYSES WILL OBJECT

A negative verdict on things you do deliberately

The extended visits that make your schedule "inefficient." The payer you keep because leaving would strand families you've cared for since birth. The staffing depth a benchmark calls excessive.

IT'S ACCEPTABLE TO OVERRULE THEM

Values-first is still financial management

When the partners deliberately place a clearly defined culture above financial performance in a particular decision, that is not a failure of financial management — it *is* financial management, informed by values and done with open eyes.

THE ONE DISCIPLINE REQUIRED

Make the choice knowingly

Understand what the tradeoff costs • write down why you are accepting it • revisit it on purpose — never by drift.

> *It is acceptable to ignore a negative signal from a financial analysis when a clearly defined culture is the reason for it...*

Knowingly → a practice that subsidizes its culture knowingly is making an **investment**.

Unknowingly → one that subsidizes it unknowingly is simply **leaking**.

WHAT CULTURE ACTUALLY IS

The values you **actually live** • the behavior you **tolerate** • the way your team **treats families and one another**.

News Round Up

What's moving in the world — and what it means for pediatric practices.

OIG Reaffirms: Fair Market Value Alone Does Not Eliminate Anti-Kickback Statute Ris

On April 23, 2026, the U.S. Department of Health and Human Services Office of Inspector General (OIG) updated its *General Questions Regarding Certain Fraud and Abuse Authorities FAQs*. The update included the addition of Question #17: *"Can fair market value arrangements violate the Federal anti-kickback statute?"* The OIG's answer is a clear "yes."

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Practical implications of Question #17

Healthcare organizations should not rely solely on FMV opinions or valuation analyses when structuring arrangements with potential referral sources. OIG has reiterated that AKS compliance requires a broader facts-and-circumstances analysis.

> *"OIG's guidance in the new Question #17 serves as a reminder that while FMV is an important compliance consideration, it is not a standalone defense to liability under AKS. OIG is restating that AKS risk depends on the totality of the facts and circumstances, and whether all elements of an applicable safe harbor are met. Companies should continue to assess and document FMV, but they should also evaluate the broader structure, purpose, and operational realities of their arrangements."*
>
> *Lisa Damhof, Associate Attorney*

MARKET BRIEF • 2026 CAPITAL ALLOCATION

AI data center spending is squeezing Big Tech stock buybacks

Billions in CapEx for land, power, and AI chips are consuming free cash flow — and the hyperscalers have split into three distinct strategies for balancing growth against shareholder returns.

STRATEGY 1 • ALPHABET

The Total Pause

$0 buybacks in Q1 2026

First quarter without repurchases in a decade, ending a streak that returned ~$300B. With CapEx projected at **$195B–$205B** and Q2 spending up 107% YoY, free cash flow went negative — all liquidity is going to Cloud and Gemini infrastructure.

FUNDED BY: OPERATING CASH / FCF REDUCTION

STRATEGY 2 • META

Debt-Fueled Balancing

–91% FCF in Q2 2026

Free cash flow fell to $784M (from $8.55B a year prior) as CapEx guidance rose to **$130B–$145B** for its Superintelligence labs. Meta is issuing tens of billions in bonds, shifting the burden to credit markets to keep selective share stability.

FUNDED BY: CORPORATE BOND & DEBT ISSUANCE

STRATEGY 3 • MICROSOFT

Scaled-Down Resilience

$22.3B FY2026 buybacks

Repurchases continue (up from $18.4B in FY2025) but quarterly volume hit a near-decade low. Against ~**$175B** of CapEx, Azure's $37B run rate plus longer depreciation schedules cushion the balance sheet while buybacks stay modest.

FUNDED BY: ENTERPRISE SOFTWARE PROFITS

WHY CAPEX LIMITS BUYBACKS

Data centers cost billions in real estate, power, and AI chips • cash spent on construction can't repurchase shares • boards prioritize infrastructure when AI and cloud demand surges.

THE LONG GAME

Buybacks are deferred, not dead: successful data center investments raise future revenue and cash generation — leaving more room for repurchases once the buildout matures.

MARKET BRIEF • YAHOO FINANCE • JULY 2026

The AI spending boom is weakening one of stocks' biggest tailwinds: buybacks

Buyback spending is near historic highs — but the S&P 500's total share count is rising again. As AI capex absorbs the cash, repurchases are losing their punch: fewer shares retired, less EPS lift per dollar spent.

BUYBACKS VS EARNINGS
~31%
of earnings now going to buybacks (Fidelity) as borrowing rises and AI capex grows

AMAZON'S SQUEEZE
–95%
free cash flow over the past year — nearly all added cash went to AI infrastructure

ALPHABET'S REVERSAL
$80B
planned stock *sale* — after years as one of the market's biggest buyers of its own shares

THE PRECEDENT
$500B+
dot-com-era fiber build-out — the internet won, but overcapacity crushed the builders' returns

WHAT'S CHANGING

Spending ≠ shrinking. Companies announce huge repurchase programs while issuing new stock for employee compensation and acquisitions — buybacks show spending; share count shows whether investors actually benefit.

Capex is eating the cushion. Across Alphabet, Amazon, Meta, Microsoft, and Oracle, capital expenditures are converging with operating cash flow — leaving less for buybacks, reserves, or dividends.

Fewer choices left. When capex consumes the cash, management must cut buybacks, spend reserves, borrow, or issue stock — diluting existing shareholders.

THREE CHECKS FOR INVESTORS

1. Operating cash flow vs capex — the strongest firms fund the build-out without leaning on debt or new stock.

2. Revenue & operating income vs D&A — sales and profit must keep pace with the rising cost of the equipment.

3. Diluted shares outstanding — a falling share count means buybacks are still benefiting existing shareholders.

History's warning: infrastructure builders often capture less of the eventual value than the customers who use their networks.

Source: Blikre J. "The AI spending boom is forcing a rethink on stock buybacks." Yahoo Finance, Jul 31, 2026 · data cited from Bloomberg, Fidelity (Jurrien Timmer), Sparkline Capital (Kai Wu) · Summary prepared by Pediatric Management Institute. General information, not investment advice.

RESEARCH SUMMARY • RAND CORPORATION • AUGUST 2026

What happens to federal revenue when AI replaces labor?

RAND modeled economic scenarios with highly capable AI: federal revenue is highly vulnerable to labor-displacing AI, and corporate profits from AI would not fully offset lost labor taxes.

REVENUE AT RISK
84%
of 2024 federal revenue came from individual + payroll taxes — both collected from labor income

TRANSITIONAL SCENARIO
10%
workforce displacement modeled — even with reemployment at similar pay, the fiscal shock equals a recession

THE OFFSET GAP
2×
corporate tax rates would need to roughly double to reach parity with the labor taxes lost

KEY FINDINGS

White-collar losses hit hardest. Income is concentrated in high-paid jobs, so AI replacing those roles has an outsize effect on federal revenue.

The damage compounds. Households rely on labor income for consumption — lost jobs reduce economic activity, hurting businesses and shrinking federal and state revenues further.

Cheap AI is the worst case. If AI is widely accessible at cost, firms get undercut by near-zero-margin AI services — deflation erodes corporate tax receipts too.

RAND'S RECOMMENDATIONS

Retool the tax code — shift toward corporate and excise taxes; close IP-offshoring avoidance schemes.

Stabilize nominal demand — if cheap AI causes deflation, use monetary/fiscal tools cautiously to avoid a spiral.

Plan income support — a universal income or transfer program, with a robust funding source, if labor income falls sharply.

Regulate windfall profits — special taxation or regulation if AI profits concentrate in a few firms.

Source: Price CC, Suresh A. *Federal Revenue When AI Replaces Labor: An Examination of Economic Scenarios with Highly Capable Artificial Intelligence.* RAND Corporation, RR-A4980-1, Aug 25, 2026 · rand.org/pubs/research_reports/RRA4980-1.html · Summary prepared by Pediatric Management Institute.

MARKET BRIEF • AUGUST 2026 • GOVERNMENT BONDS

Treasury is engineering yields lower — the market says rates should be higher

After the 30-year hit a 19-year high (~5.2%), Treasury doubled its long-bond buybacks to at least $4B per operation (Sept 9 – Nov 4). Yields dipped for a day — then drifted right back. The fundamentals didn't move.

THE INTERVENTION
$4B+ per buyback, doubled
targeting 10–30 year bonds after a buyers' strike since June

THE DEFICIT
~6–7% of GDP
vs. a 3.8% fifty-year average — historic outside recession

THE INTEREST BILL
$963B in 10 months
net interest ≈ 15% of federal spending, FY2026 to date

THE VERDICT SO FAR
5.23% 30-year yield
back to pre-announcement levels within a week

THE LOOP — WHY THE NEXT ROUND COSTS MORE

1. Yields spike market reprices deficit & inflation risk → **2. Treasury buys bonds** funded by issuing short-term bills → **3. Liquidity expands** more money-like debt in the system → **4. Inflation expectations rise** term premium climbs → **5. Next round costs more** bigger buybacks against higher yields

WHAT THE MARKET IS SIGNALING

Dollar — weakening as yields rise: confidence, not growth, is being repriced • **Bonds** — term premium rising; investors demand more to hold long duration • **Gold** — climbing as investors hedge the debt trajectory and fiat debasement.

WHY IT'S NOT GOING TO WORK

Buybacks retire no debt — they rearrange maturities, swapping long bonds for bills. Economists call it de facto yield-curve control: small vs. net issuance, and no answer to the deficit. Lower yields can't be sustained unless the fundamentals support them — and there is no credible plan to rein in a deficit running near 7% of GDP.

MACRO BRIEF • AUGUST 27, 2026

Macro conditions of note: sticky inflation, a hawkish Fed, and an AI-led market

All eyes on Jackson Hole: inflation has stalled above target, Fed officials are openly discussing rate *hikes*, and tech earnings are carrying a market with weak breadth underneath.

INFLATION
~3%
annualized; core PCE stuck at 3.3% — disinflation has stalled above the Fed's 2% goal

FED POSTURE
Hawkish
Cleveland & Boston Fed presidents calling for higher rates; Chair Warsh speaks Friday

MARKETS
10 of 11
S&P sectors fell even as tech rallied on Nvidia's beat — narrow, AI-led leadership

GLOBAL TIGHTENING
3.00%
Bank of Korea's second straight hike as core inflation hit multi-year highs

WHAT HAPPENED THIS WEEK

Fed hawks stepped forward. Cleveland's Hammack: inflation has run above target for 5+ years — "now is the time to act." Boston's Collins warned rates must rise absent a sustained inflation drop.

Earnings kept the rally alive. Nvidia beat and guided above estimates (+7%); Salesforce +11%, CrowdStrike +9% — reassurance the AI investment cycle remains intact.

Risk overhangs remain. Iran sanctions, Strait of Hormuz uncertainty, and U.S.–Canada tariff worries checked risk appetite; Treasurys just ended a tumultuous week.

WHY IT MATTERS FOR PRACTICES

Borrowing stays expensive — a Fed debating hikes, not cuts, means credit lines, equipment loans, and buy-in financing won't get cheaper soon.

Costs keep compounding — 3%+ inflation flows straight into wages, supplies, and rent while payer rates lag years behind.

Families are squeezed — sticky prices and high rates pressure household budgets; expect more balance-billing sensitivity and payment plans.

Watch Friday — Warsh's Jackson Hole speech sets the tone for rates into 2027.

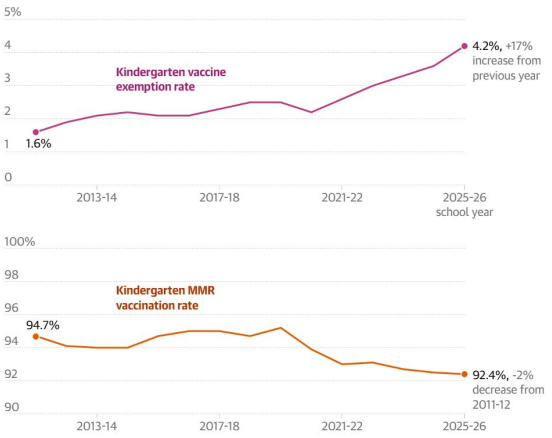
Sources: CNBC (Jackson Hole coverage, Aug 27), TheStreet Stock Market Today (Aug 27), Investrade Mid-Morning Look (Aug 27), Rio Times Global Economy Briefing (Aug 27), Kiplinger economic calendar · Summary prepared by Pediatric Management Institute. General information, not investment advice.

US kindergarten vaccination rates dip as exemptions hit record high

New CDC data shows MMR vaccination among kindergarteners declining slightly as non-medical exemptions climb to 4.2%

'There's been a decrease in immunization rates in all vaccines. There's a decrease in immunizations in more than half the states, as opposed to the year before.' Photograph: Hannah Beier/Bloomberg via Getty Images

US kindergarten vaccine exemption rates increase, MMR vaccines down



www.P Guardian graphic. Source: CDC

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CLINICAL BRIEF • YOUTH MENTAL HEALTH • SUICIDE SEASONALITY

Teen suicide peaks in the fall — the opposite of every adult age group

CDC WONDER monthly death data, 2015–2020 (277,858 suicides; 35,662 ages 15–24): the youngest group peaks in October with a trough in June — every older group peaks in late spring/early summer.

Seasonal shape of suicide deaths, ages 15–24

Illustrative pattern from the study's findings: highest month October, secondary peak May, trough in June (schematic, not to scale)

Summer suicide incidence, per 100,000

June–August each year. Teens/young adults are consistently and significantly lower than adults 25+ ($p < 0.00001$ all years)

WHAT THE DATA SAYS

The 15–24 pattern tracks the school calendar, not the seasons: risk falls when school lets out and spikes after it resumes. ED-visit data confirms it — pediatric suicidality dropped sharply during the spring 2020 school closures.

WHAT IT MEANS FOR PEDIATRIC PRACTICES

Front-load screening around back-to-school: September–October well visits and sports physicals are the highest-risk window — not the winter holidays. A second watch point sits in late spring.

Sources: To S, Messias E, Burch L, Chibnall J. Seasonal variation in suicide: age group and summer effects in the United States (2015–2020). BMC Psychiatry 2024;24:856 · CDC WONDER Underlying Cause of Death database (ICD-10 X60–X84) · Left chart is a schematic of the reported pattern, not plotted counts. General information for clinical planning — not medical advice. Prepared by Pediatric Management Institute.

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NEW RESOURCE HUB

Partnership Resources for Pediatric Practices

A partnership agreement is the operating manual for how physicians share money, work, authority, and risk — and most partner disputes trace to a provision nobody discussed.

EXPLORE THE RESOURCES

www.PediatricSupport.com/partnerships

START HERE • ALL FREE

Four tools, ready today

PDF • 84 PAGES

The Partnership Planning Guide

Turns the agreement into concrete decisions, provision by provision.

CHEAT SHEET

The Agreement, At A Glance

The whole agreement on one quick-reference card.

CHEAT SHEET

Four Ways A Group Can Say Yes

The decision-making models groups actually use.

ONLINE TOOL

The PMI Contract Analyzer

Scores your agreement and shows where it is silent.

Plus a 50+ article series across seven functional areas

Partner Foundations · Money & Distributions · Governance & Decision Making · Protecting The Practice · Partner Life Events · Exits & Dissolution · Advanced & Specialty Topics

Annual Partnership Scorecard — Rate your partnership across 12 dimensions — then calendar the annual agreement audit.

PMI is a practice management consultancy, not a law firm. This material is educational and is not legal advice — work with qualified healthcare counsel licensed in your state.

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NEW ON THE PMI LEARNING CENTER

The Continuity Drill

Ninety minutes that find a practice's failure points

One premise: the managing partner became incapacitated or died last night. No documents, no advisors — only the people in the room and the questions the next morning would ask. The silences are the findings.

THE QUESTIONS NOBODY PREPARED FOR

Could your practice answer these by Friday?

Who signs the checks — and does payroll clear Friday?

Where is the life-insurance policy — and what is its face value?

How many days of absence before the agreement calls it a disability?

Who covers tomorrow's call schedule — and who tells the families?

THE FORMAT
90 minutes
no documents, no advisors

THE STAKES
$150K–$500K
cost of one contested exit without a formula

THE CADENCE
Once a year
the field test before the annual agreement audit

Free downloads that come with it

90-Minute Continuity Drill Cheat Sheet
Download PDF →

Succession Architecture Cheat Sheet
Download PDF →

Practice Continuity Checklist
Download PDF →

POLICY BRIEF • AUGUST 2026 • ONE BIG BEAUTIFUL BILL ACT (H.R. 1)

Medicaid cuts are coming — what pediatric practices should expect

Children are "exempt" on paper — but with ~$900B in federal Medicaid cuts and 38M kids covered by Medicaid/CHIP, the squeeze reaches pediatrics through parents, states, and payment rates.

FEDERAL CUTS	COVERAGE LOSSES	STATE BUDGETS	KIDS COVERED
~$900B+	**11.8M**	**–$679B**	**38M**
Medicaid/CHIP reduction, 2025–2034	projected uninsured over 10 years (CBO)	state Medicaid funds by 2034 (RAND)	children rely on Medicaid & CHIP today

THE TIMELINE

Now
States are cutting ahead of the law — e.g., NC dropped coverage for 27,000 lawfully present children & pregnant women.

Oct 1, 2026
Federal Medicaid eligibility ends for refugees, asylees, and other lawfully present immigrants; emergency-only coverage remains.

Jan 1, 2027
80-hr/month work requirements + 6-month redeterminations for expansion adults — parents of your patients.

FY 2027–28
Provider-tax freeze and phase-down + limits on state-directed payments → states under pressure to cut Medicaid rates.

WHAT IT MEANS FOR YOUR PRACTICE

Churn, not just cuts — kids stay eligible, but when parents lose coverage over paperwork, children miss renewals and visits • **Payer-mix erosion** — more uninsured/self-pay families, more uncompensated care • **Rate pressure** — state funding losses land on provider payment rates • **More ED reliance** — missed preventive care, delayed diagnoses.

WHAT TO DO NOW

Verify eligibility at every visit — churn will spike after Jan 2027 • **Help families renew** — most losses are paperwork, not ineligibility; front-desk scripts and renewal reminders keep kids covered • **Watch your state** — rate cuts and CHIP changes will vary widely • **Model the revenue impact** — know your Medicaid share by provider and location before the cuts hit.

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NEW INTERACTIVE TOOL

Do you hire a pediatrician — or an APP?

PMI's "The Pot" affordability analysis, now a live calculator. Enter your practice's own numbers and get a verdict in plain English — before the offer letter goes out.

THE QUESTION IT ANSWERS

Which hire adds more to the partners' pot — and how many visits per day each must deliver just to break even.

WHAT'S INSIDE

Every assumption is editable. Every result updates live.

A plain-English verdict
Who wins, by how much — and when hospital rounding and call coverage are quietly carrying the physician's case.

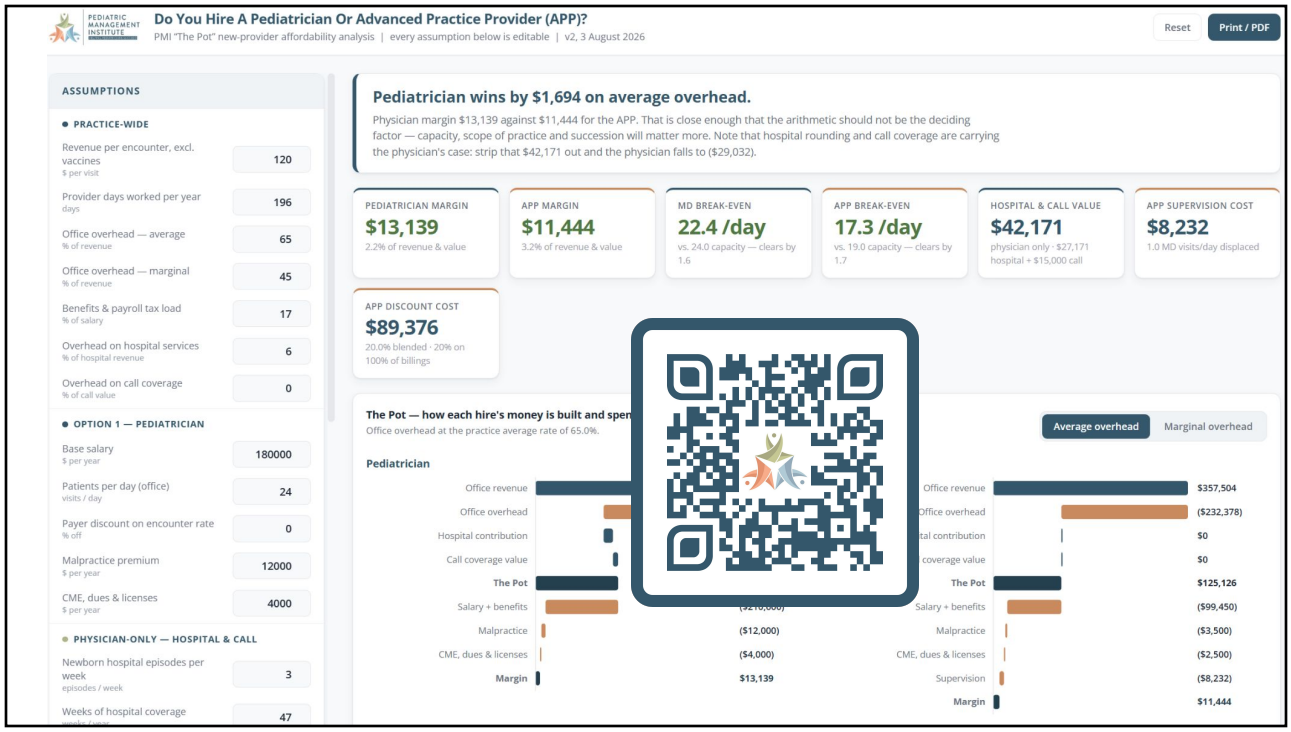
Side-by-side waterfalls
Revenue to margin for each hire, on average *or* marginal overhead — one toggle, both scenarios.

Break-even visits per day
What each hire must deliver against stated capacity — including the APP's payer discount and supervision cost.

Sensitivity heatmaps
See exactly where the decision flips as salaries, volumes, and discounts move — with the full methodology shown.

ASSUMPTIONS	SCENARIOS	OUTPUT
25+	**2**	**Print / PDF**
every one editable, reset anytime	average & marginal overhead	board-ready in one click

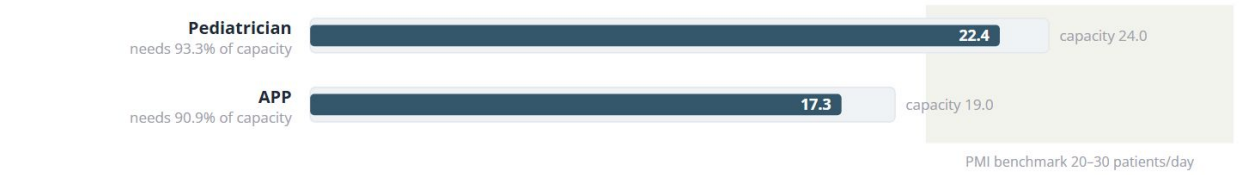
Run your own numbers before you hire. Built on PMI's "The Pot" methodology — vaccines excluded, supervision costed, nothing hidden.



BREAK-EVEN — WHAT EACH HIRE MUST DELIVER

Office visits per day needed vs. stated capacity

Hospital and call contribution is applied against the physician's cost first; office visits cover what is left.



Break-even requirement Stated capacity PMI benchmark for a full-time pediatrician: 20–30 patients/day.

METRIC	PEDIATRICIAN	APP
BREAK-EVEN AT THE SELECTED SCENARIO		
Fully loaded annual provider cost	$226,600	$113,682
Less: hospital & call contribution	($42,171)	$0
Net cost office visits must cover	**$184,429**	**$113,682**
Contribution margin per office visit	$42.00	$33.60
Break-even office visits per day	**22.4**	**17.3**
Stated capacity, visits per day	24.0	19.0
Surplus / (shortfall) vs. capacity	**1.6**	**1.7**
Share of capacity needed to break even	93.3%	90.9%
OTHER THRESHOLDS AT STATED CAPACITY		
Break-even revenue per encounter	$112.02	$87.22
└ headroom vs. effective RPE	$7.98	$8.78
Break-even office overhead rate	67.3%	68.2%
└ headroom vs. rate assumed	2.3%	3.2%
Maximum affordable base salary	**$191,230**	**$94,782**
└ salary proposed	$180,000	$85,000
Salary headroom / (gap)	**$11,230**	**$9,782**
Break-even days worked per year	183	178

FULL COMPARISON

LINE	PEDIATRICIAN	APP
REVENUE BUILD — OFFICE		
Patients seen per day (office)	24.0	19.0
Days worked per year	196	196
Annual office visits	4,704	3,724
Revenue per encounter (gross)	$120.00	$120.00
Less: payer discount	$0.00	($24.00)
Effective revenue per encounter	**$120.00**	**$96.00**
Annual office revenue	**$564,480**	**$357,504**
PHYSICIAN-ONLY — HOSPITAL ROUNDING & CALL COVERAGE		
Newborn hospital episodes per year	141	—
Revenue per newborn episode	$205.00	—
Total hospital billable revenue	$28,905	$0
Less: hospital overhead	($1,734)	$0
Net hospital contribution	**$27,171**	**$0**
Call coverage value (cost avoided)	$15,000	$0
Less: call coverage overhead	$0	$0
Net call coverage contribution	**$15,000**	**$0**
Total hospital & call contribution	**$42,171**	**$0**
Total revenue & value generated	**$608,385**	**$357,504**

SENSITIVITY — WHERE THE DECISION FLIPS

Annual margin to the practice. The outlined cell is the current base case. Values are printed in every cell, so the grids read correctly without colour.

Pediatrician — margin by visits/day × revenue per encounter

Office overhead held at 65.0%. Hospital and call contribution included at the modelled level.

Visits/day ↓ RPE →	$100	$110	$120	$130	$140	$150	$160
18.0	($60,949)	($48,601)	($36,253)	($23,905)	($11,557)	$791	$13,139
20.0	($47,229)	($33,509)	($19,789)	($6,069)	$7,651	$21,371	$35,091
22.0	($33,509)	($18,417)	($3,325)	$11,767	$26,859	$41,951	$57,043
24.0	($19,789)	($3,325)	$13,139	$29,603	$46,067	$62,531	$78,995
26.0	($6,069)	$11,767	$29,603	$47,439	$65,275	$83,111	$100,947
28.0	$7,651	$26,859	$46,067	$65,275	$84,483	$10…	
30.0	$21,371	$41,951	$62,531	$83,111	$103,691	$1…	

APP — margin by visits/day × revenue per encounter

Columns are the GROSS rate; the blended APP discount of 20.0% (20% on 100% of billings) is applied inside every cell.

Visits/day ↓ RPE →	$100	$110	$120	$130	$140	$150	$160
13.0	($42,338)	($35,204)	($28,069)	($20,935)	($13,800)	($6,666)	$468
15.0	($31,362)	($23,130)	($14,898)	($6,666)	$1,566	$9,798	$18,030
17.0	($20,386)	($11,056)	($1,727)	$7,603	$16,932	$26,262	$35,592
19.0	($9,410)	$1,017	$11,444	$21,872	$32,299	$42,726	$53,153
21.0	$1,566	$13,091	$24,616	$36,140	$47,665	$59,190	$70,715
23.0	$12,542	$25,164	$37,787	$50,409	$63,032	$75,654	$88,276
25.0	$23,518	$37,238	$50,958	$64,678	$78,398	$92,118	$105,838

Pediatrician — margin by visits/day × office overhead rate

Revenue per encounter held at $120. Hospital and call value carries its own overhea… not move with this column.

Visits/day ↓ Overhead →	45.0%	50.0%	55.0%	60.0%	65.0%	
18.0	$48,419	$27,251	$6,083	($15,085)	($36,253)	($…
20.0	$74,291	$50,771	$27,251	$3,731	($19,789)	($43,309)	($66,829)
22.0	$100,163	$74,291	$48,419	$22,547	($3,325)	($29,197)	($55,069)
24.0	$126,035	$97,811	$69,587	$41,363	$13,139	($15,085)	($43,309)
26.0	$151,907	$121,331	$90,755	$60,179	$29,603	($973)	($31,549)
28.0	$177,779	$144,851	$111,923	$78,995	$46,067	$13,139	($19,789)
30.0	$203,651	$168,371	$133,091	$97,811	$62,531	$27,251	($8,029)

…y visits/day × office overhead rate

…mputed in every cell, because a displaced physician visit is worth more as

…head →	45.0%	50.0%	55.0%	60.0%	65.0%	70.0%	75.0%
13.0	$16,148	$5,094	($5,960)	($17,015)	($28,069)	($39,124)	($50,178)
15.0	$36,846	$23,910	$10,974	($1,962)	($14,898)	($27,834)	($40,770)
17.0	$57,544	$42,726	$27,908	$13,091	($1,727)	($16,544)	($31,362)
19.0	$78,241	$61,542	$44,843	$28,144	$11,444	($5,255)	($21,954)
21.0	$98,939	$80,358	$61,777	$43,196	$24,616	$6,035	($12,546)
23.0	$119,636	$99,174	$78,712	$58,249	$37,787	$17,324	($3,138)
25.0	$140,334	$117,990	$95,646	$73,302	$50,958	$28,614	$6,270

Negative margin — Positive margin

Warm = the hire is subsidised by partner compensation · Cool = the hire contributes profit

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Due Diligence Checklist

Buying an Interest in a Pediatric Practice

This checklist is intended to help pediatricians navigate the key areas of due diligence when considering the purchase of an ownership interest in an independent pediatric practice. Use it as a guide to make sure nothing important falls through the cracks, checking off each item as you review it and noting status in the right-hand column. Please note that this resource is geared toward a physician buying into an existing independent practice. When a third-party entity is acquiring or investing in a practice, the scope of due diligence is typically far more extensive.

Check off each item as it is reviewed and use the notes column to track status.

✓	Financial Records & Performance	Notes / Status
☐	Profit & Loss statements (last 3–5 years)	
☐	Balance sheets (last 3–5 years)	
☐	Practice Federal and state tax returns (last 3–5 years)	
☐	Accounts receivable aging report	
☐	Accounts payable aging report	
☐	Revenue breakdown by payer (commercial, Medicaid, self-pay)	
☐	Monthly revenue and collection trends	
☐	Outstanding debt obligations and lines of credit	
☐	Capital expenditure history and upcoming needs assessment	
☐	Bank statements (last 12 months)	

✓	Practice Valuation	Notes / Status
☐	Independent practice valuation report	
☐	Valuation methodology used (DCF, market comps, asset-based)	
☐	Goodwill calculation and supporting rationale	
☐	Tangible asset inventory and appraisals	
☐	Comparison of asking price to industry	

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