



You Can't Manage What You Can't Measure!



Terry Glasscock, Senior Project Consultant
Cindy Barr, Senior Project Consultant
TCPA CEO/CFO Meeting
May 17, 2016

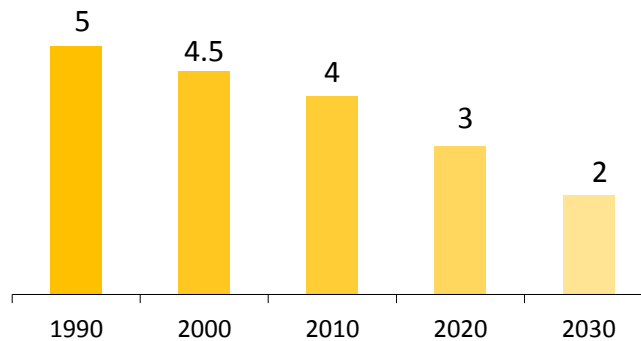
It is all about demographics...
...that are working against us.

**Demographically driven economic
influences by the...**

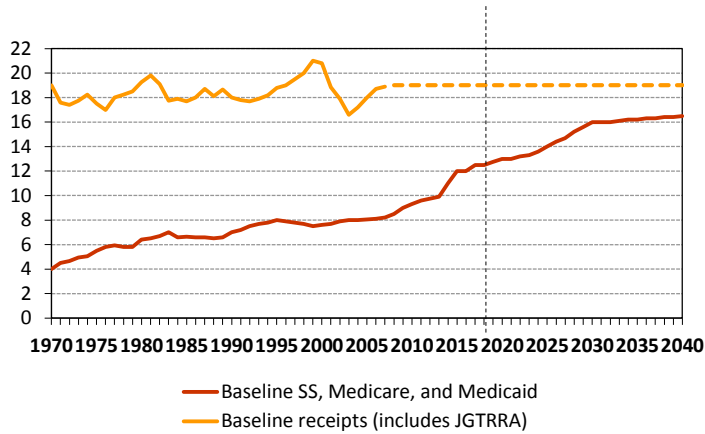
Baby Boomers!



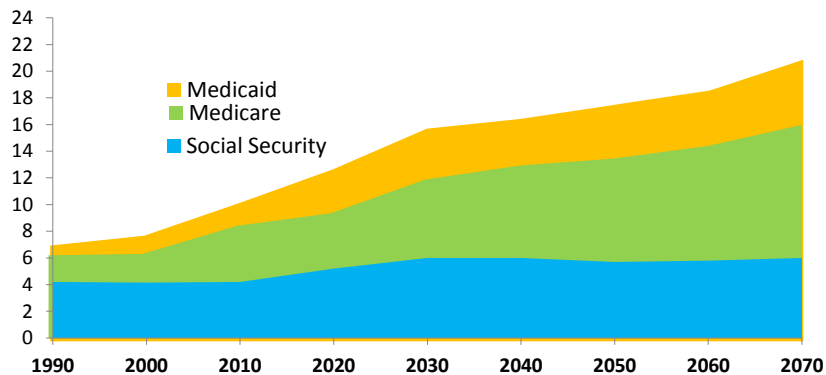
Number of Workers Per Retiree




Federal Receipts vs. Entitlements





Social Security, Medicare & Medicaid Outlays as a Percentage of GDP 1990-2075




Source: C. Eugene Steuerle and Adam Carasso, *(Budget Crisis at the Door)*, The Urban Institute, 2003. Based on data from the Congressional Budget Office, "A 125Year Picture of the Federal Government's Share of the Economy, 1950-2075," July 3, 2002, table 2.



Just a little history to help us
understand why things are changing so
dramatically.



Aging baby boomers are going to change
healthcare drastically...and, if you are going to
survive, you need to understand why and how.



What Should We Know About the Baby Boomers?



- There are more of them.
- They will live much longer.
- But the overwhelming influence is that they have profoundly different life experiences and values.
- **Why? Because society was completely transformed in one generation.**

What Transformed Society So Quickly...& Why Is It Important?



1. Great depression
 - No money
 - No buying
2. WWII
 - Earnings went unspent
 - unprecedented industrial** build-up...and...
 - Women in the workplace

After WWII

- Huge production capability
- Pent-up consumer spending

And...

- LOTS OF BABIES (targetable market)

And...

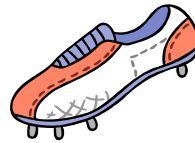
- Television

Major Socio-Economic Shift

- **Prior to WWII**
 - Production *for* needs
- **Post WWII**
 - Production *of* needs

What About Shoes?

- 70% of all shoes sold are athletic shoes
- Less than 1/2 of 1% of people who wear them are athletes



The MOONRIDERS

- Many of the current generation of elderly began life riding a horse
- 1930s - CHARACTER OF MODERN AMERICA
- 1940s - WWII the conscience of modern America
- 1950s - FAMILY PARADIGM
- 1960s - CIVIL RIGHTS REFORM and...
- Placed 12 men on the moon



The Baby Boomers

- In 1958 I was 10 – Hoola Hoops, Fizzies
- In 1964 I turned 16.
- **MUSTANG CONVERTIBLES.**
- Then I went off to college
- **THE PILL.**
- Then, when I turned 50...
- **VIAGRA.**



Boomers...

- More of us...live much longer... healthy woman over 50?
- Everything we ever wanted was there before we knew we wanted it!
- Wants have become needs
- Needs have become expectations
- Expectations have become demands
- In other words... we've got an attitude!




So what?

- Congress' own Commission on Entitlement Reform reported that SS, Medicare, Medicaid and interest on the national debt will exceed all federal income by 2030!
- By 2030 2/3 of voters will be at or near retirement age



International Monetary Fund




- The United States must either decrease benefits for Medicare and Medicaid by 50% or increase taxes by 60% to maintain solvency of those programs.



So, We Must Learn to Manage
Both Strategically and Tactically



Becoming more productive and
efficient is essential.
But How?



Managing with Metrics

Is simply...

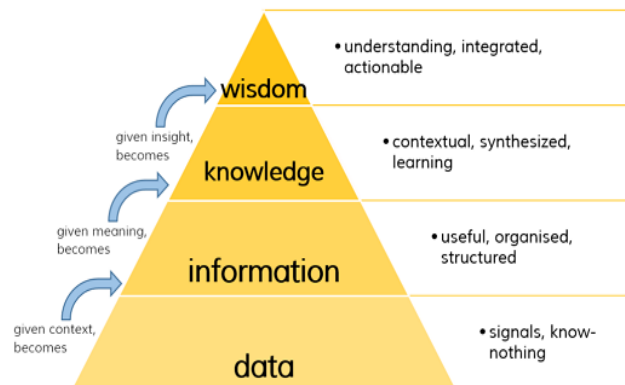


© 2016 Capital Link

www.caplink.org

21

Acquiring Management Wisdom



© 2016 Capital Link

www.capl原因ink.org

22

The Process

- Measuring to create Data
- Comparing to create Information
- Benchmark to create Knowledge



The Process

- Evaluating to create Wisdom
- Moving on to Action



Measure

Gathering Data:
What Should You Measure?



Process of Measure

- Measure inputs
- Measure activities
- Measure outputs
- Measure outcomes





Measuring Inputs

- Inputs
 - Human and Physical – Hours worked, number of specified FTEs, examination rooms, phone calls answered, supplies, physical space, and equipment (i.e., MRI, x-ray, and lab)
 - Financial – Salaries, equipment lease, overhead costs per square foot, and contract services




Measuring Activities

- **Program Activities** are what the program does with the resources. Activities are the processes, tools, events, technology, and actions that are an intentional part of the program implementation. These interventions are used to bring about the intended program changes or results. All functions of the organization...operational, clinical, financial.
- Scheduling, intake, examination times, recording time.

Measuring Outputs

- Outputs
 - *Physical* – Number of visits or encounters, patients, prescriptions, cases, X-rays, lab work, referrals made, etc.
 - Patient and Staff Satisfaction
 - *Financial* – patient revenues, Net Margin

Outputs

- Capacity  Metric: Billable Encounters
 - How many slots do we have?
 - How many slots are filled?
 - How many slots were used?
 - How can we get more slots?
 - How can we get more slots used?
 - Can we get more kinds of slots?

Encounters = Revenue = Sustainability



Outputs

- Capacity Defined
- Persons Served
- Costs Incurred
 - How many persons can we commit to manage?
 - How many persons have received some care?
 - How many persons identify us as their MH?
 - How many persons were managed by each team and at what cost?



Measuring Data

Service Provider:	FTEs		Visits
Physician	8.57		
Midlevel (PA, NP)	11		
Nurses (RN)	8.34	Medical Visits	52,483
Medical Provider Support*	29.67		
Dental Provider	5.34	Dental Visits	31,297
Hygienist	8.11		
Dental Support	14.44	Mental Health Visits	0
Clerical and Administration	56.36		
Facilities	1.48		
Enabling	7.81		
TOTAL	151.12	Total Visits	83,780



How Do We Convert Data to Information?



Comparing

Comparing Related Data Creates Information





Creating Information

- Simple Ratios Create Information
 - Visits/Provider
 - Cost/visit
 - Net Margin
 - Debt/Equity



Comparison Begins to Provide Meaning

Comparison	Ratio
Total Visits / Total FTEs	554
Med Visits / Provider	2682
Dental Visits / Dental Provider	2327

Comparison of Your Own Data Leads to Benchmarking



Users-Visits	2014-2013	2013-2012	2012-2011	Average
User Growth Rate	4.16%	5.39%	16.37%	8.64%
Visit Growth Rate	5.95%	16.74%	23.86%	15.52%
NPSR Growth Rate	33.4%	14.80%	60.00%	36.07%

Not so for others...

Users-Visits	2013-2012	2012-2011	Average
User Growth Rate	-3.76%	-7.10%	-5.43%
Visit Growth Rate	-2.06%	-8.77%	-5.42%
NPSR Growth Rate	-10.80%	-6.00%	-8.40%

Users-Visits	2013-2012	2012-2011	Average
User Growth Rate	-4.01%	3.45%	-0.28%
Visit Growth Rate	-6.16%	12.04%	2.94%
NPSR Growth Rate	32.80%	-3.90%	14.45%

© 2016 Capital Link

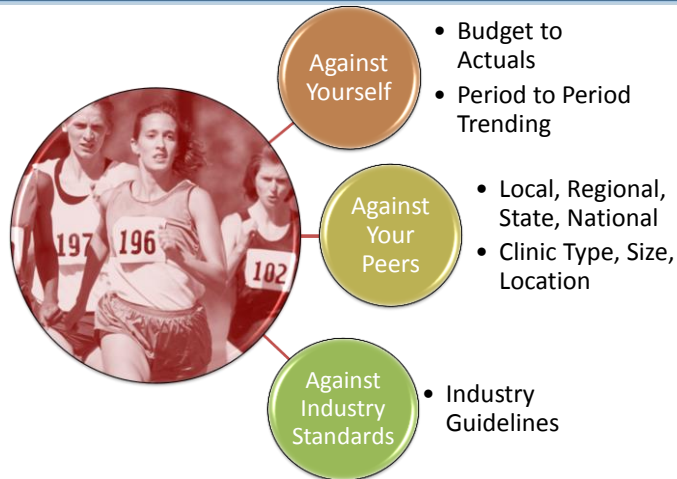
www.caplink.org

37

Benchmarking

Turning Information into Knowledge

Benchmarking: Assessing Results



Beyond the Budget

- Measuring and benchmarking goes beyond the budget...beyond financial
- Financial measures should be benchmarked
- Operational measures will be benchmarked
- And, there are some measures and benchmarks that are a combination.
- If a measure has a \$ in front of it is financial; if it doesn't it is usually operational
- Let's look at some examples

Benchmarking to Yourself



Year	2013	2014
Service Provider:	FTEs	FTEs
Physician	8.57	9.5
Midlevel (PA, NP)	11	13.53
Nurses (RN)	8.34	11.9
Medical Provider Support*	29.67	42.03
Dental Provider	5.34	5.3
Hygienist	8.11	8.5
Dental Support	14.44	18
Mental Health Provider		0.33
Clerical and Administration	56.36	62.44
Facilities	1.48	2
Enabling	7.81	9
Admin Enabling		2
TOTAL	151.12	184.53

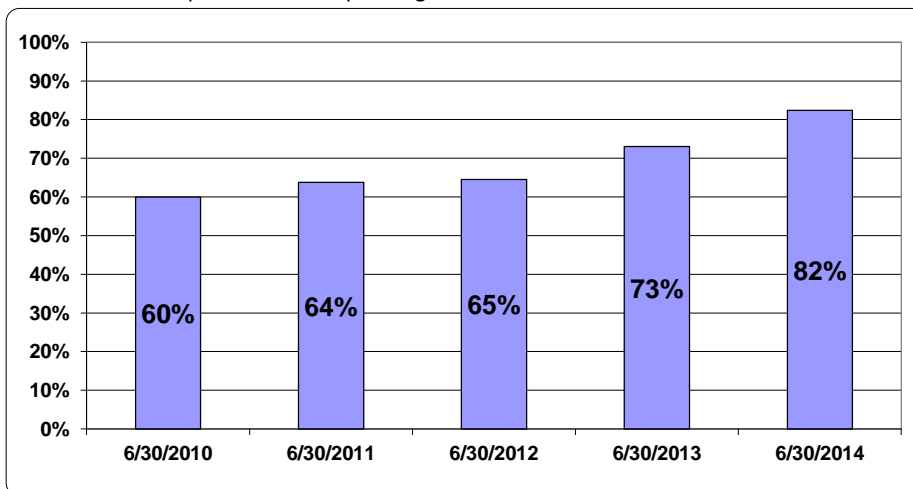
Year	2013	2014
Med Visits / Provider	2,682	2,300
Dental Visits / Dental Provider	2,327	2,319

You're learning more; information is becoming knowledge

Benchmarking to Yourself



Personnel Expense to Total Operating Revenue



Benchmarking to Peers

- Derived from data base of over 80% of FQHCs
- Show years 2011 - 2014
- Sorted to show
 - 75 percentile
 - 50 percentile
 - 25 percentile
- Pencil in your own performance

Liquidity: Days Cash on Hand

Unrestricted Cash

(Total Operating Expenses – Depreciation) ÷ 360 Days)

Measures Liquidity



The number of days an organization can operate without any new cash inflows

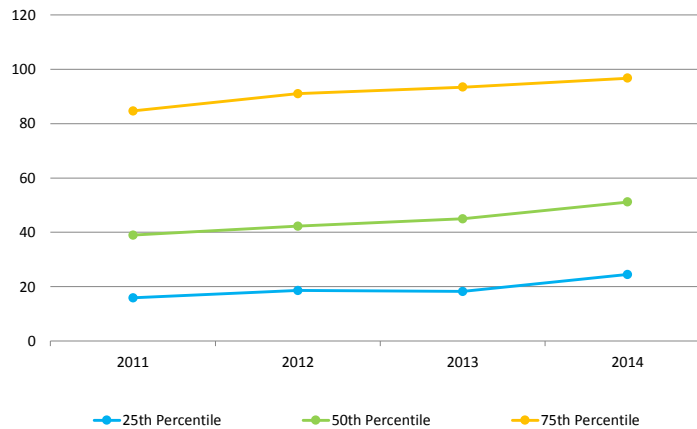
Recommended Benchmark



*Maintain Days Cash on Hand **at least 60 days** at minimum. Stretch goal: **90 days***



Days Cash on Hand – National Averages



© 2016 Capital Link

www.caplink.org

45

45



Liquidity: Days in All Accounts Receivable

All Receivables

$$\frac{\text{NPSR} + \text{G\&C Receivables} + \text{Net Assets Released from Restrictions}}{360 \text{ Days}}$$

Measures Liquidity



The average number of days it takes the health center to turn all its receivables into cash

Capital Link's Recommended Benchmark



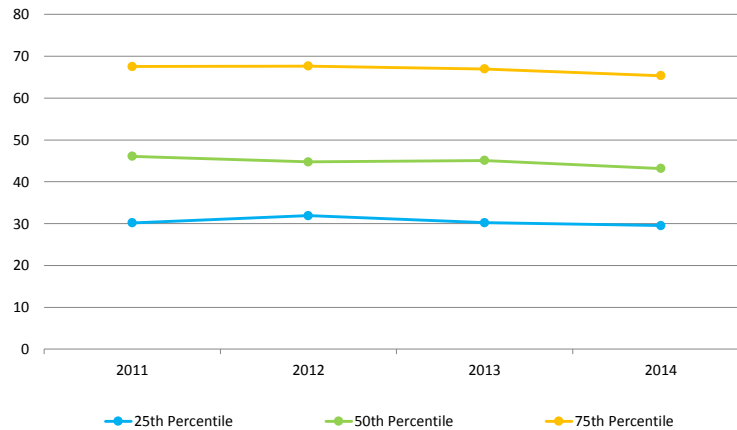
*Goal is to keep this ratio low! Maintain All Receivables turn **under 60 days***

© 2016 Capital Link

www.caplink.org

46

Days Net Patient Receivables – National Averages



© 2016 Capital Link

www.caplink.org

47

Operating Margin



$$\frac{\text{Change in Net Operating Assets}}{\text{Total Operating Revenue}}$$

Measures Profitability



The percentage of operating revenue that the health center retains as profit (or loses) from operations.

Capital Link's Recommended Benchmark



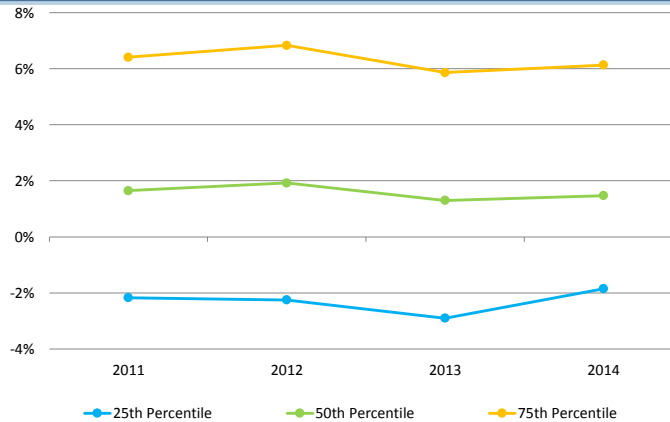
*Maintain Operating Margin at **3%** or higher. The higher the margin, the stronger the financial performance.*

© 2016 Capital Link

www.caplink.org

48

Operating Margin – National Averages



Bottom Line Margin

$$\frac{\text{Change in Net Assets}}{\text{Total Operating Revenue}}$$

Measures Profitability



The percentage of operating revenue that the health center retains as profit (or loses) from all business activities.

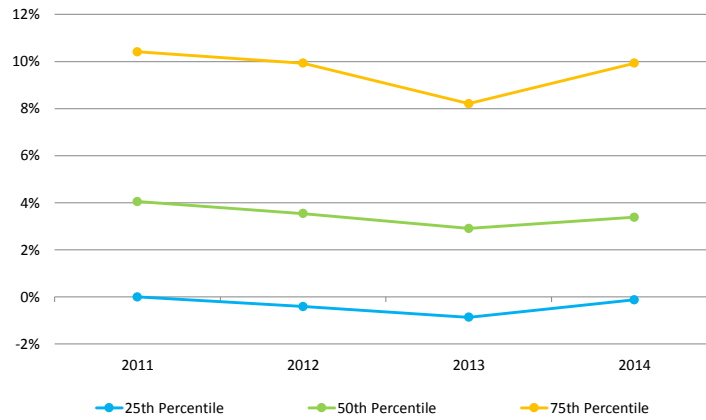
Recommended Benchmark



*Maintain Bottom Line Margin at **3 to 5%** or higher. The higher the margin, the stronger the financial performance.*



Bottom Line Margin – National Averages



© 2016 Capital Link

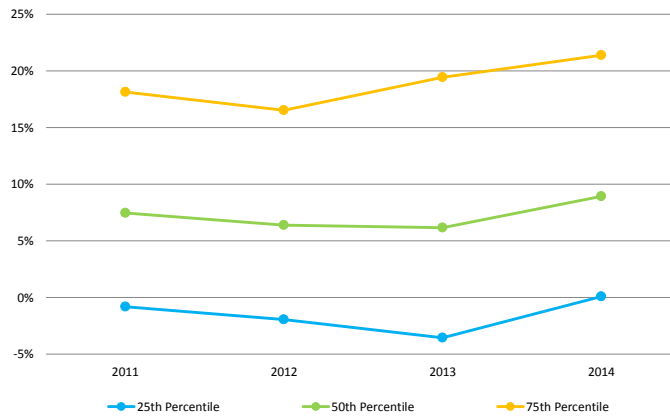
www.caplink.org

51

**Benchmarking Trends:
Let's look at some national trends**



Net Patient Service Revenue Growth Rate



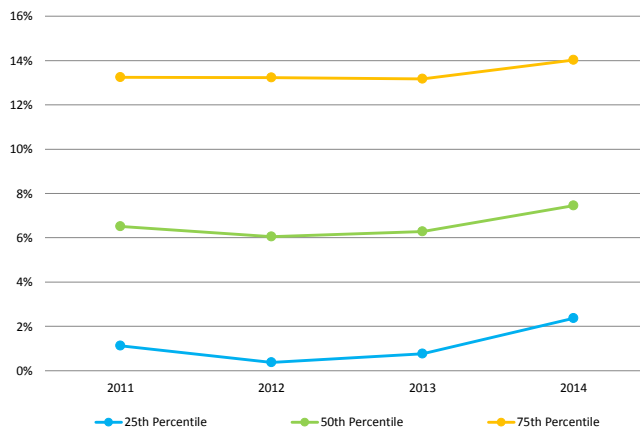
© 2016 Capital Link

www.caplink.org

53



Operating Expense Growth Rate



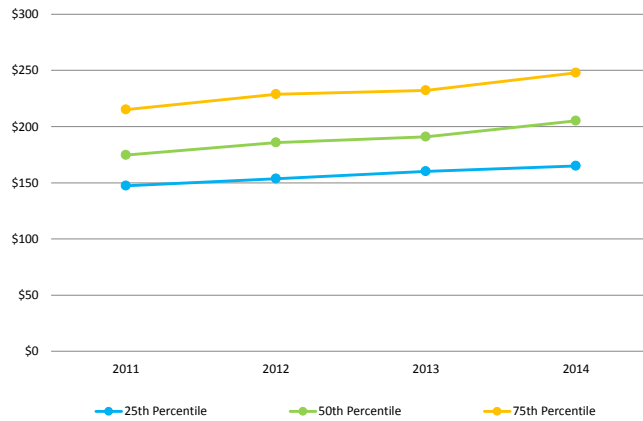
© 2016 Capital Link

www.caplink.org

54



Operating Revenue per Visit



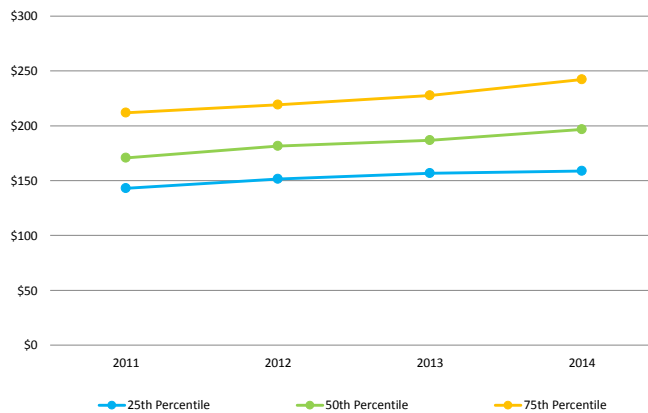
© 2016 Capital Link

www.caplink.org

55



Operating Expense per Visit



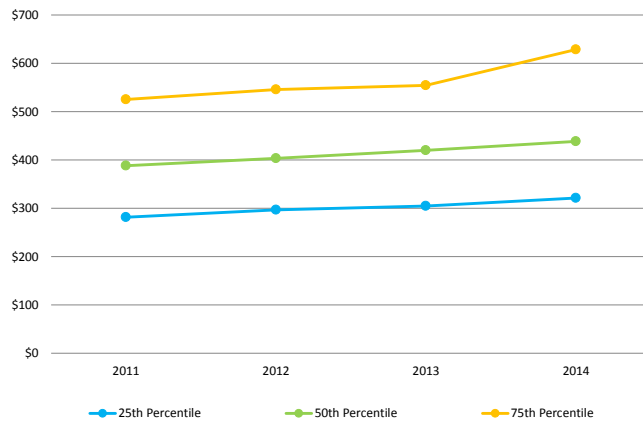
© 2016 Capital Link

www.caplink.org

56



Net Patient Service Revenue per Patient



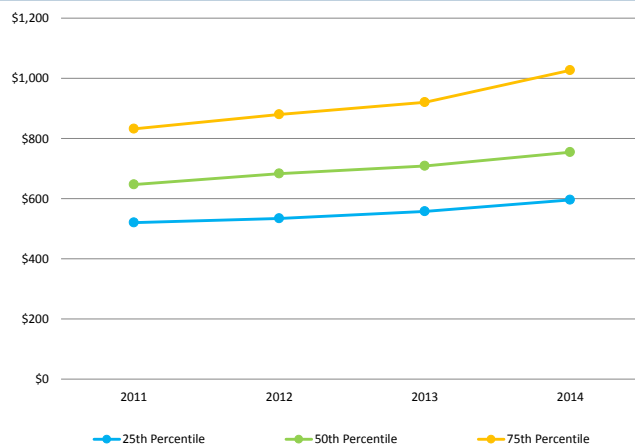
© 2016 Capital Link

www.caplink.org

57



Operating Expense per Patient



© 2016 Capital Link

www.caplink.org

58

Evaluating Before Changing

Converting Knowledge to Wisdom



Learning What To Do

- Much information is easy to interpret once you've completed benchmarking.
- Some improvement choices are obvious.
- Don't focus yet on what to do, focus on what the results are telling you.
- Consider multiple causes for the information.

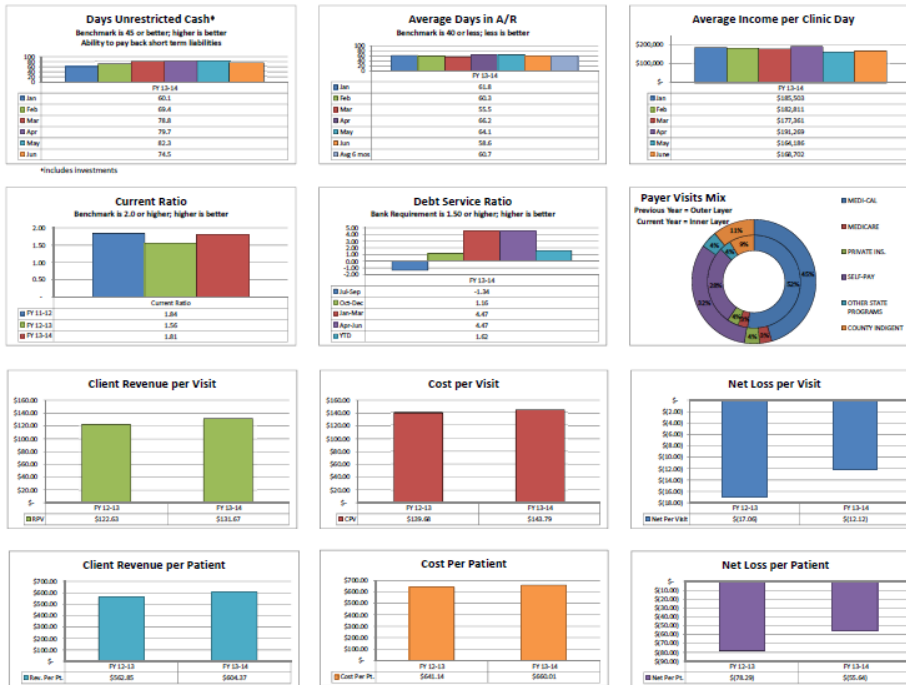


Evaluating: Breaking Good

- Start by evaluating what you do well.
- Why do you perform well?
 - Inputs, outputs, systems?
- Are your performance causes exportable to any of your less effective systems?
- Which sites are doing better?
- What would have to change?
- Xerox

Getting to Dashboards

Metrics at a glance



Taking Action

Learning to Manage Strategically

Strategic Management Requires Strategic Planning

Key Strategic Planning Components





Contact Us

Main Office

Massachusetts

Allison Coleman

Chief Executive Officer
acoleman@caplink.org

Susan Petrie

Chief Operating Officer
 Tel: 617-988-2248
spetrie@caplink.org

Steve Rubman

Director of Data & Information Systems
 Tel: 617-988-2299
srubman@caplink.org

Dan Woodman

Project Consultant
 Tel: 617-988-2202
dwoodman@caplink.org

Regional Offices

California

Dale Johnson

Project Consultant
 Tel: 847-942-9062
djohnson@caplink.org

Tony Skapinsky

Project Consultant
 Tel: 805-544-2355
tskapinsky@caplink.org

Colorado

Jonathan Chapman

Tel: 225-241-6855
 Director of CHC Advisory Services
jchapman@caplink.org

Missouri

Mark Lurtz

Senior Director of Partnership Development
 Tel: 636-244-3082
mlurtz@caplink.org

Rhode Island

Rebecca Polan

Project Consultant
 Tel: 401-846-3109
rpolan@caplink.org

South Carolina

Terry Glasscock

Senior Project Consultant
 Tel: 781-789-6847
tglasscock@caplink.org

West Virginia

Cindy Barr

Operations & Facilities Planner
 Tel: 304-876-6996
cbarr@caplink.org



Visit us Online: www.caplink.org

- Learn more about our products and services
- Download our free publications and resources
- Register for upcoming webinars
- Sign up for our e-newsletter, *Capital Ink*
- Subscribe to our blog at capitallinksblog.blogspot.com