



# Financial and Operational Benchmarking Trends & Techniques



**CAPITAL LINK**

[www.caplink.org](http://www.caplink.org)

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Chief Operating Officer

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# Capital Link - Overview

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- Launched in 1995, nonprofit, HRSA national cooperative agreement partner
- Offices in CA, CO, MA, FL, LA, MO, and WV
- **Over \$1.1 billion** in financing for **over 231** health center capital projects
- Metrics and analytical toolkits, trainings, and assistance in measuring, evaluating, and implementing performance improvement
- With HRSA support, have created the Capital Link Benchmarking Toolkit: [www.caplink.org/resources/publications](http://www.caplink.org/resources/publications)

# Capital Link Benchmarking Toolkit



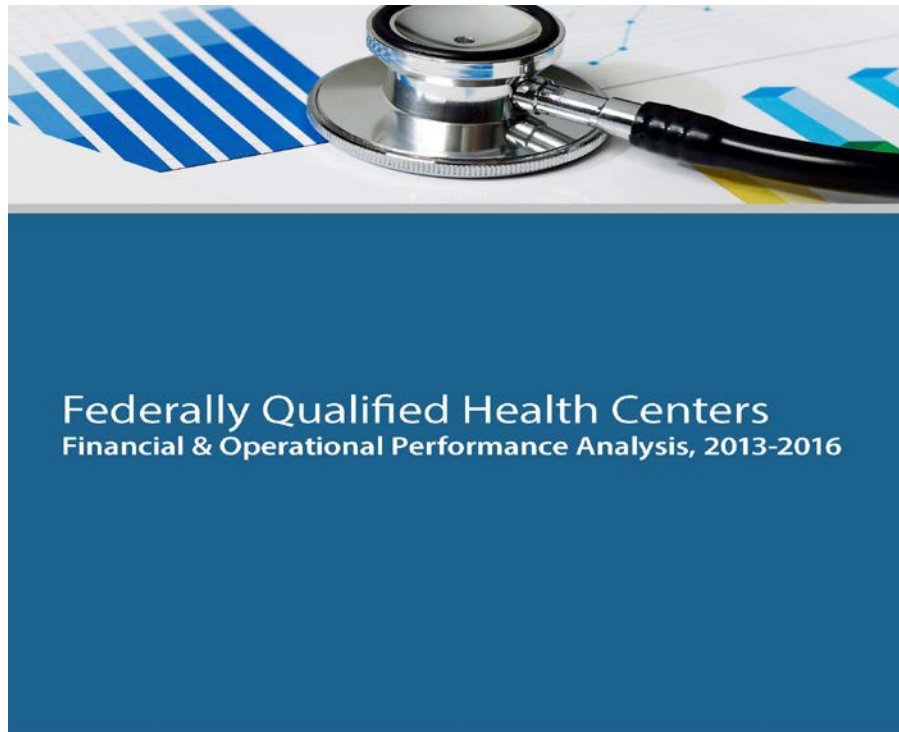
[www.caplink.org/resources/publications](http://www.caplink.org/resources/publications)

## Capital Link – Data Sources

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- Proprietary database that merges financial and operational information for national FQHCs:
  - Over 80% of annual FQHC financial audits for 10+ years
  - 100% of UDS reports for 10+ years
- With HRSA support, have developed the 2013-2016 National Trends Report [www.capl原因ink.org/resources/publications](http://www.capl原因ink.org/resources/publications)
- HRSA is also supporting an updated 2014-2017 National Trends Report: Expected publication date: early calendar 2019

# National Trends Report



[www.caplink.org/resources/publications](http://www.caplink.org/resources/publications)

Prepared by



## Data Included in Charts/Trends

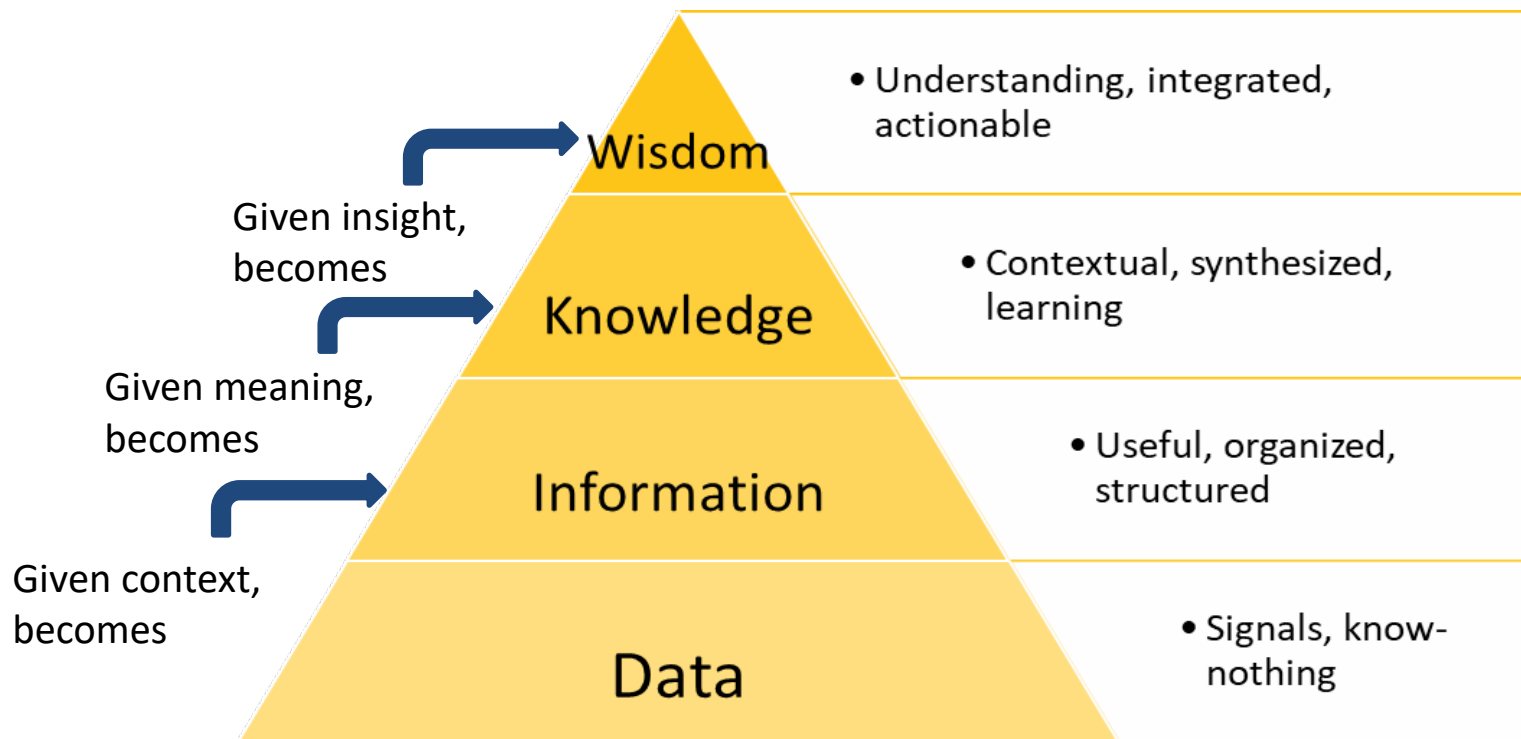
National FQHCs				
Data	2014	2015	2016	2017
Financial Audits	1,022	1,112	1,113	977
UDS Data	1,278	1,342	1,320	1,348



# Why Metrics Matter

You can't manage what you don't know and...

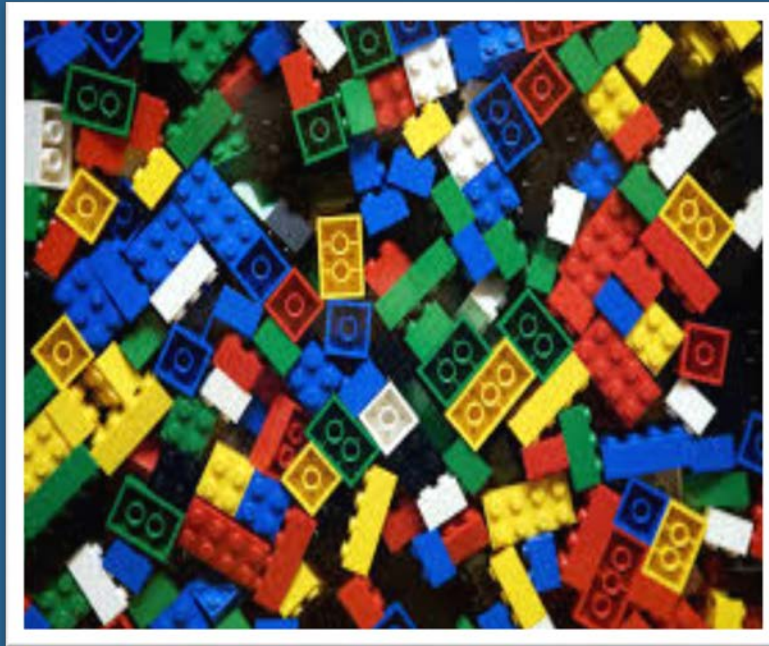
You can't know what you don't measure







# Data



# Data by Itself Is Not Always Helpful



But, using metrics to show the relationship between various pieces of data to **reveal trends and/or indicators** for deeper analysis provides more useful information.

# Benchmarking/Questions to Ask

**WHAT** do I want to track?

**WHERE** do I find the data?

**WHICH** metrics do I need?

**WHO** do I compare to?

**WHAT** does it mean?

# Building Performance Dashboards

## Identify your target audience

Dashboards should be customized

Board members vs. executive management vs clinic managers



## Choose your financial and operational metrics

Limit what you are tracking (5-10 metrics)

Stay consistent with your ratio definitions & calculations



## Match your reporting objectives to your available data sources

Annual data often most reliable:  
Audits, UDS, OSHPD, etc.

Monthly/quarterly data better support real-time decision making: PMS systems, interim financials, etc.



## Explore your available reporting tools

Look to Excel as a simple tool for charting performance

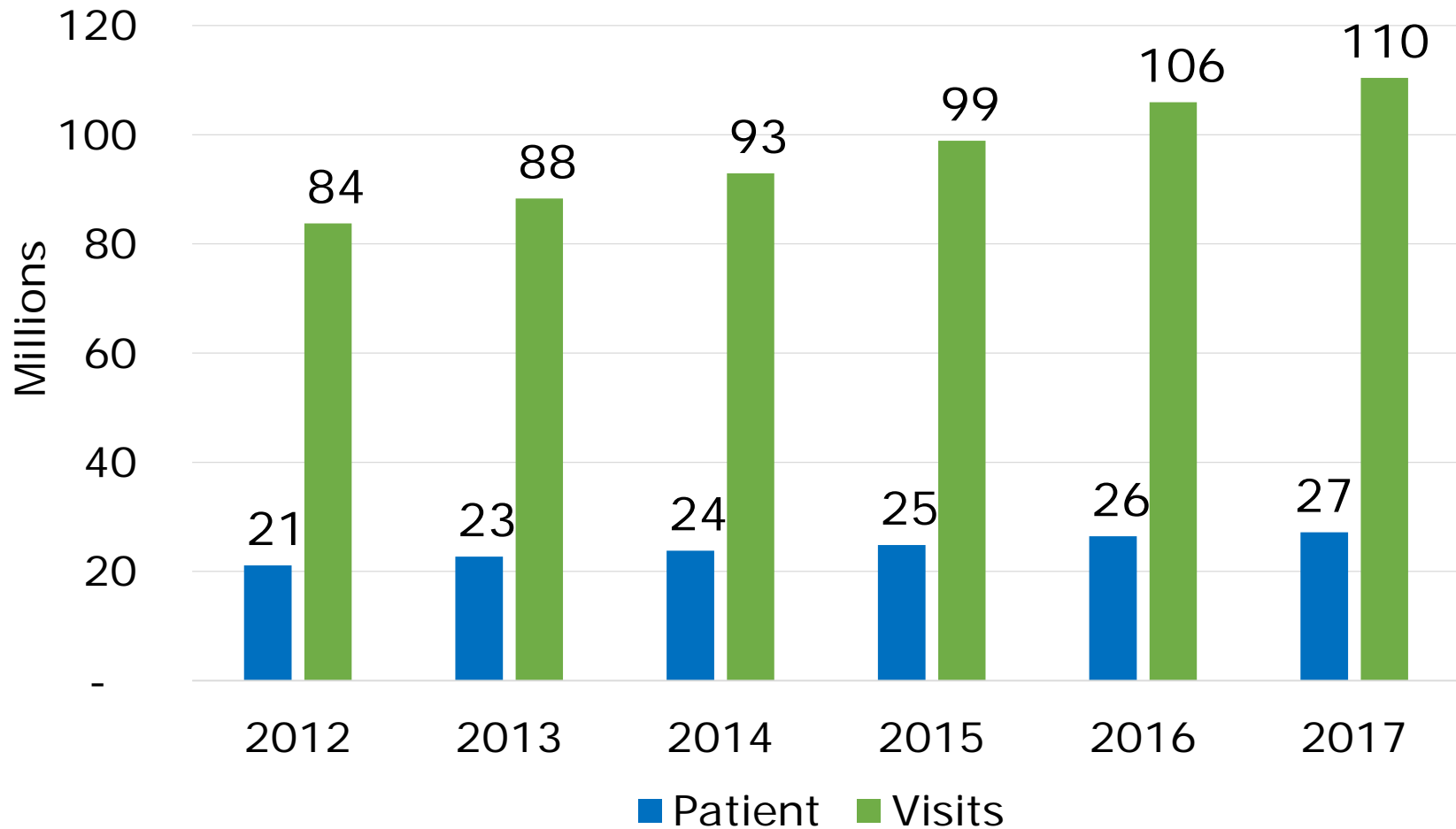
Time intensive to set up, then efficient for routine reporting

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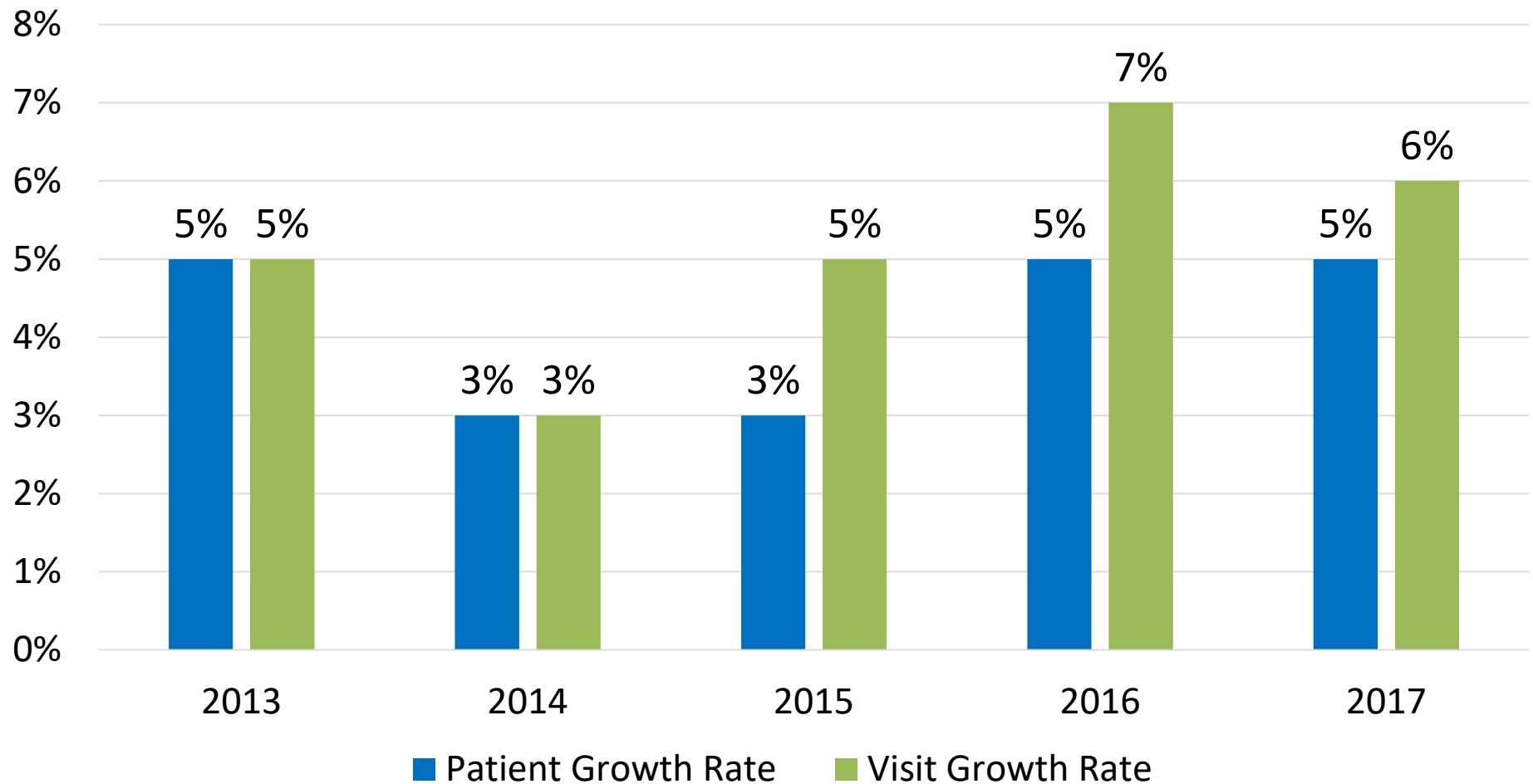
*Patient Access,  
Service and Patient Mix,  
Revenue & Expense Trends*

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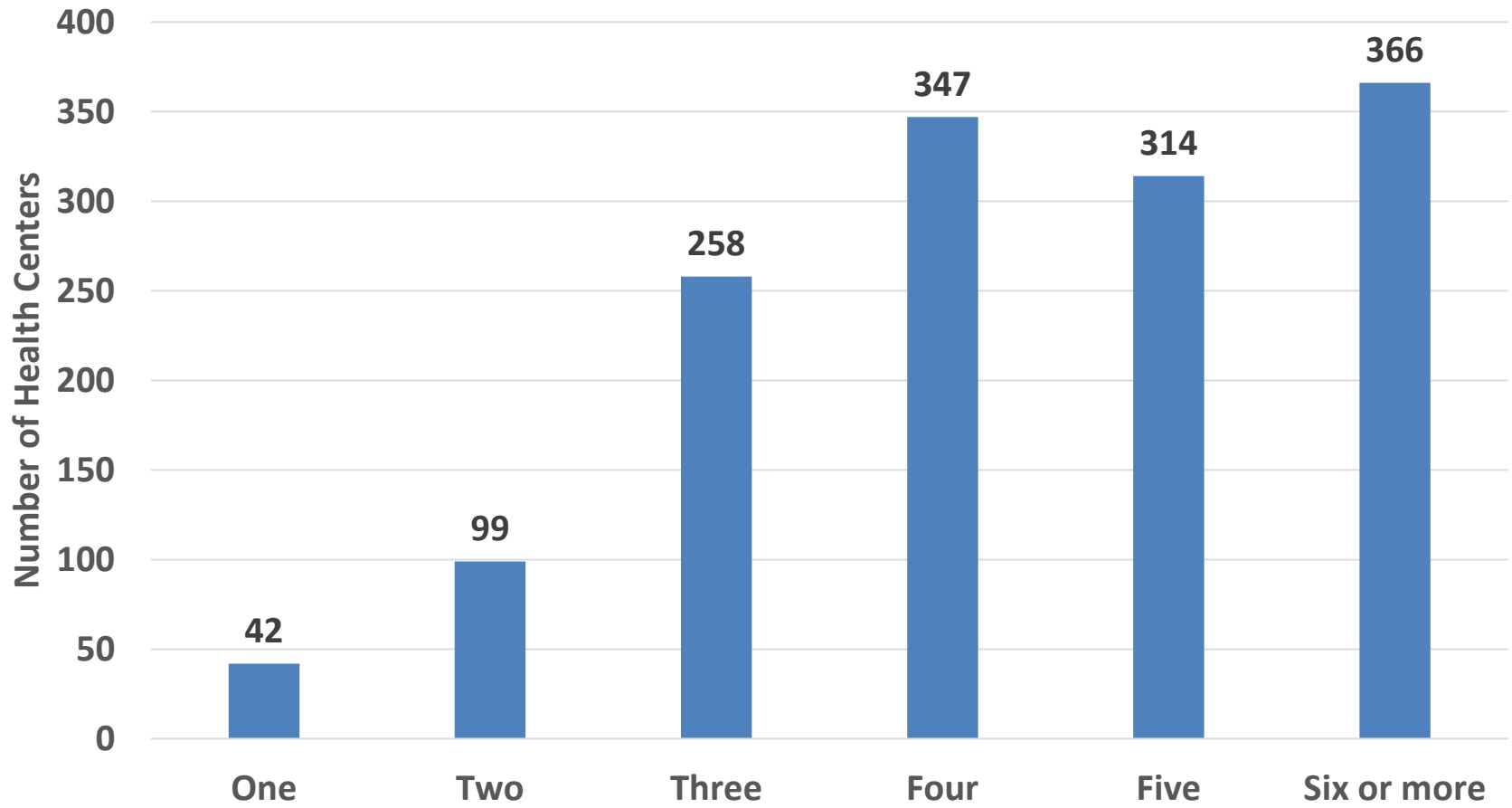
## National Patient and Visit Trends



# Patient and Visit Growth: National Median

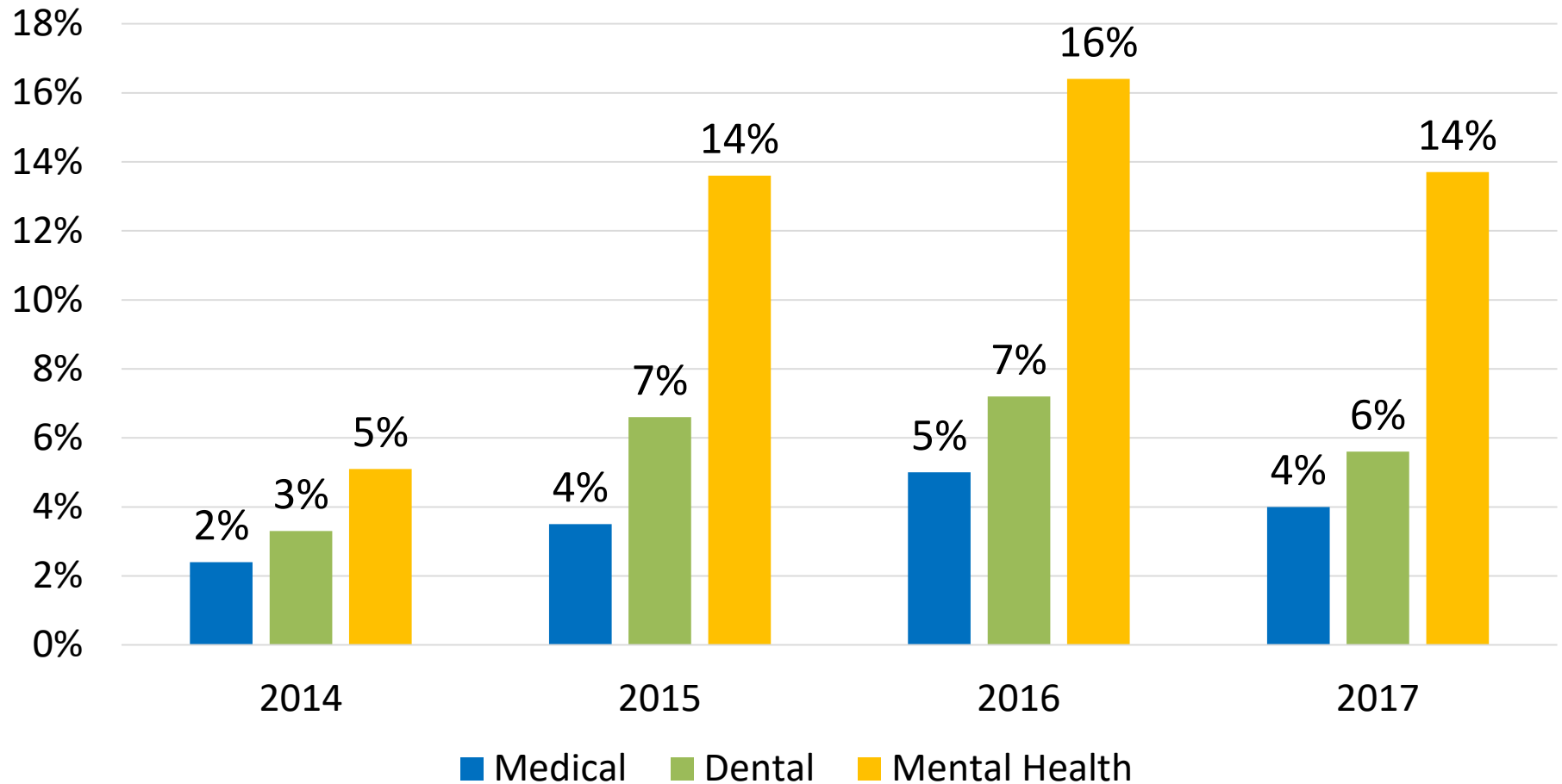


# Services Provided by Health Centers

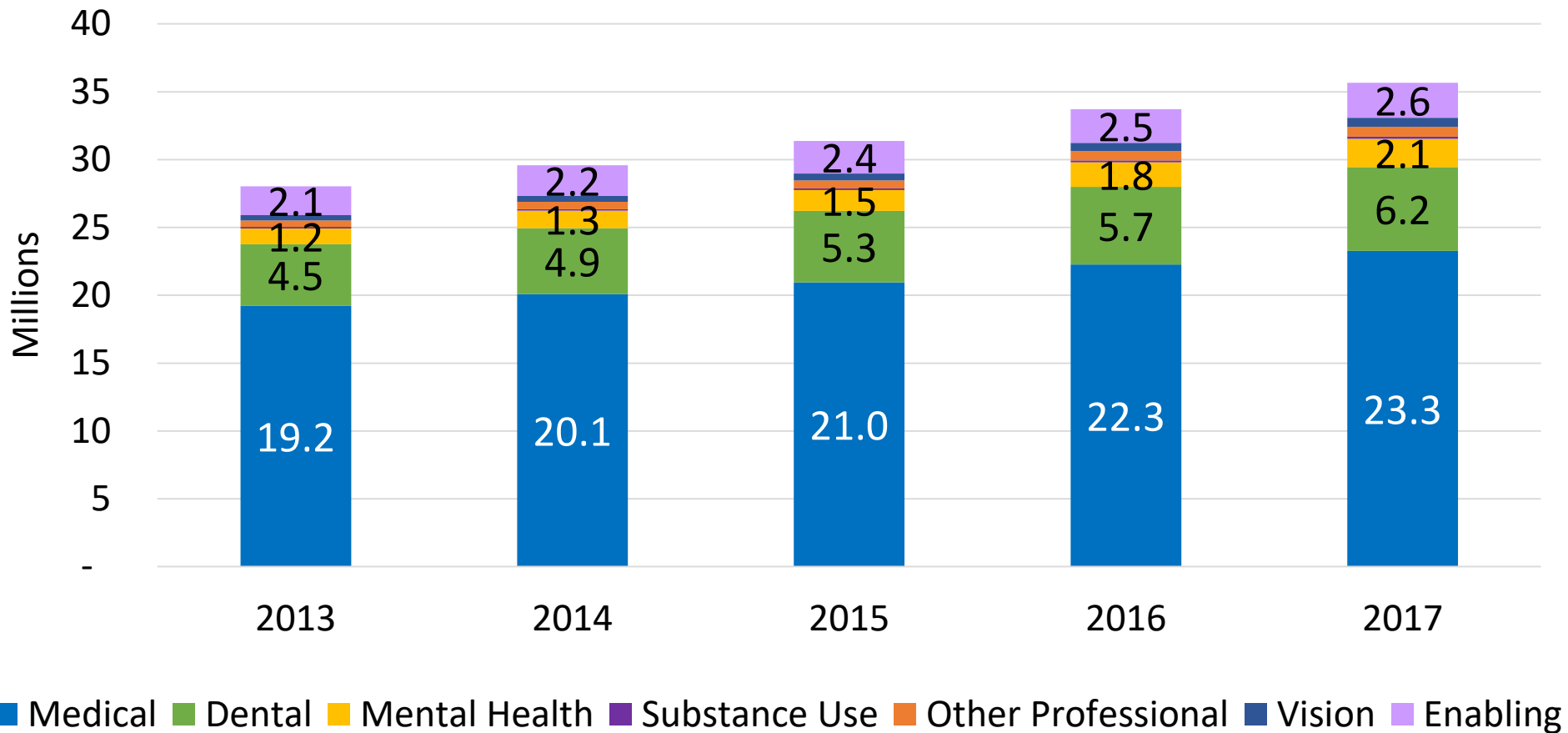




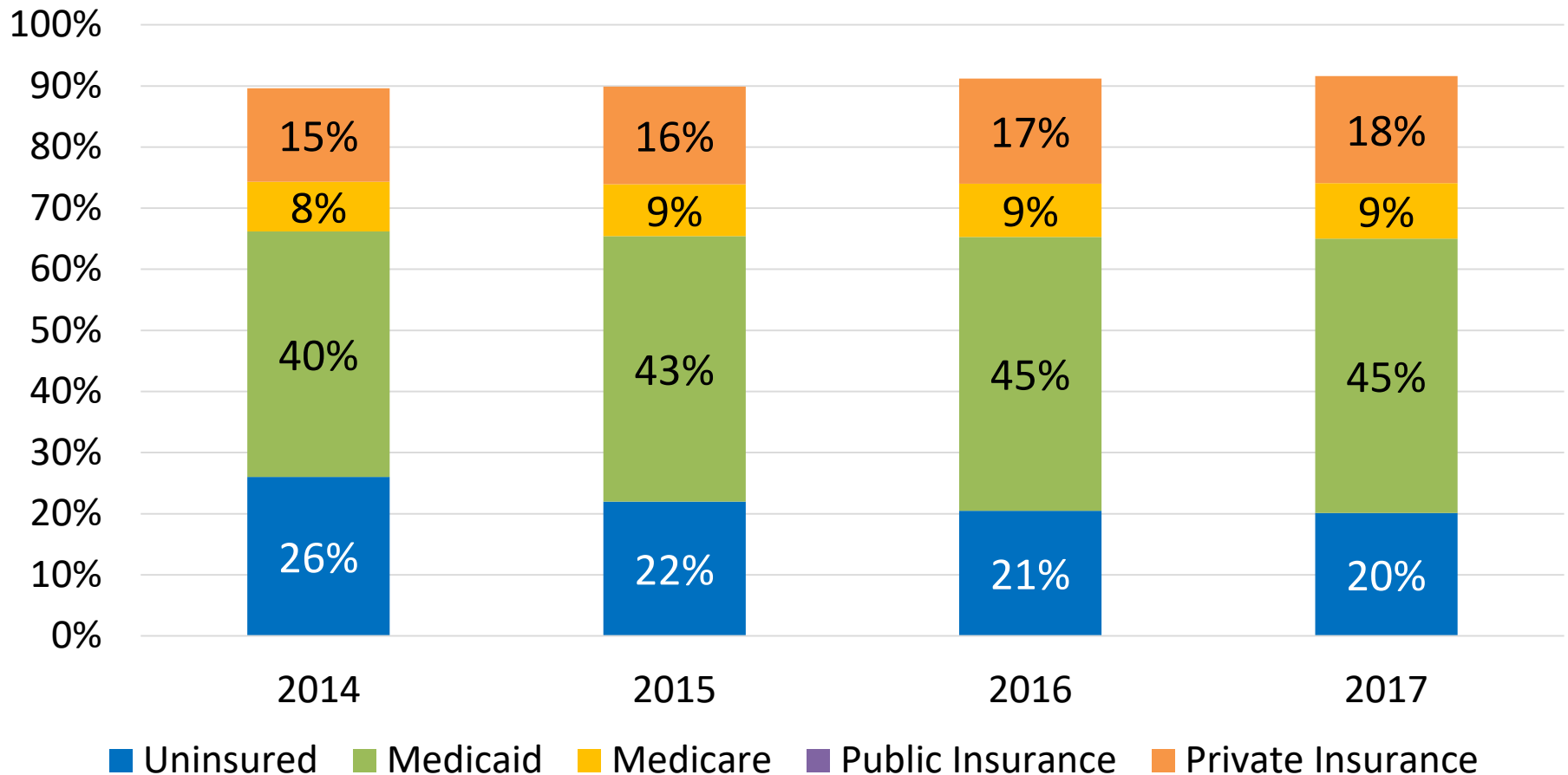
# Annual Growth in Visits by Service: National Median



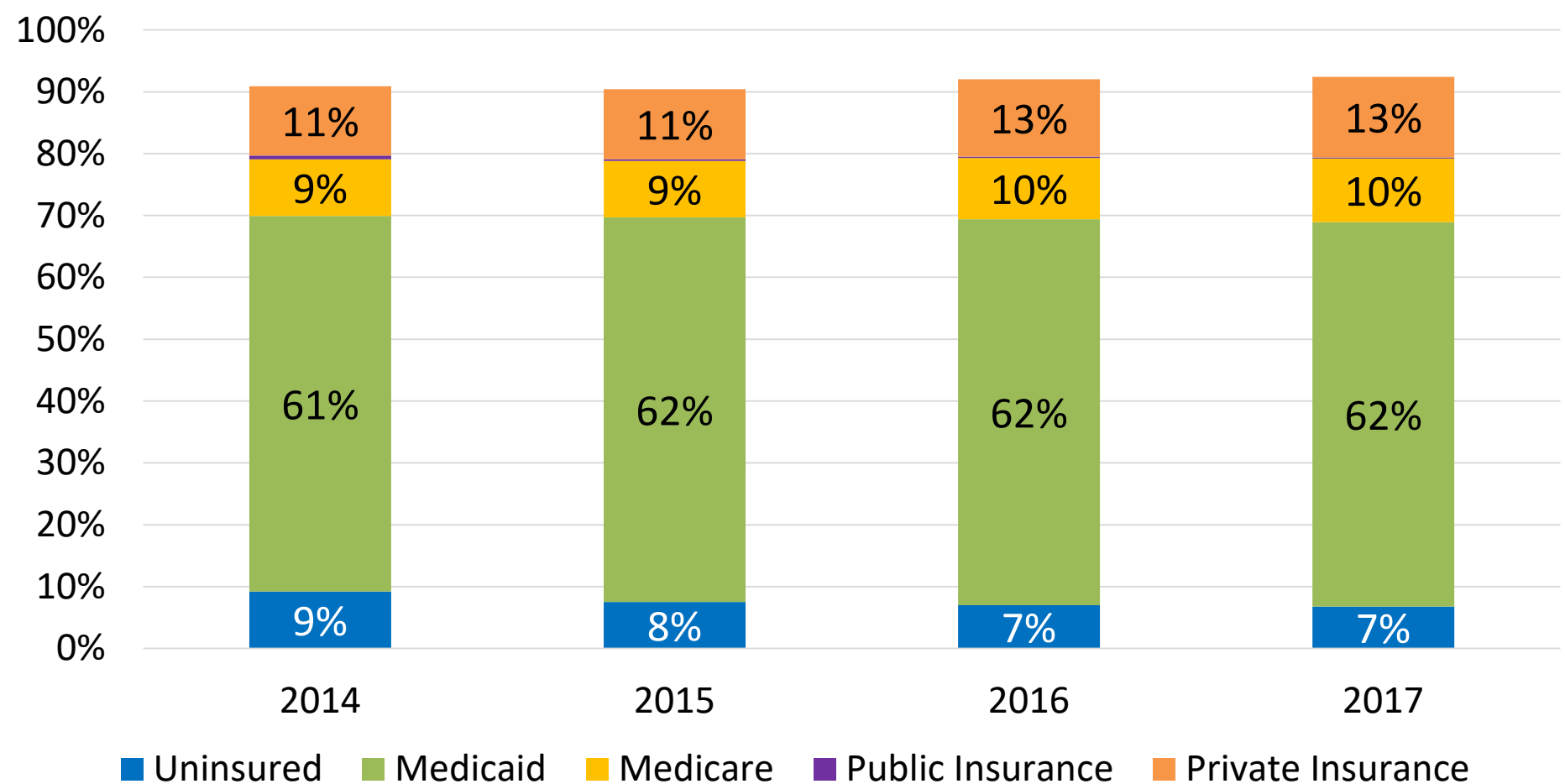
# Number of Patients by Service: National Total



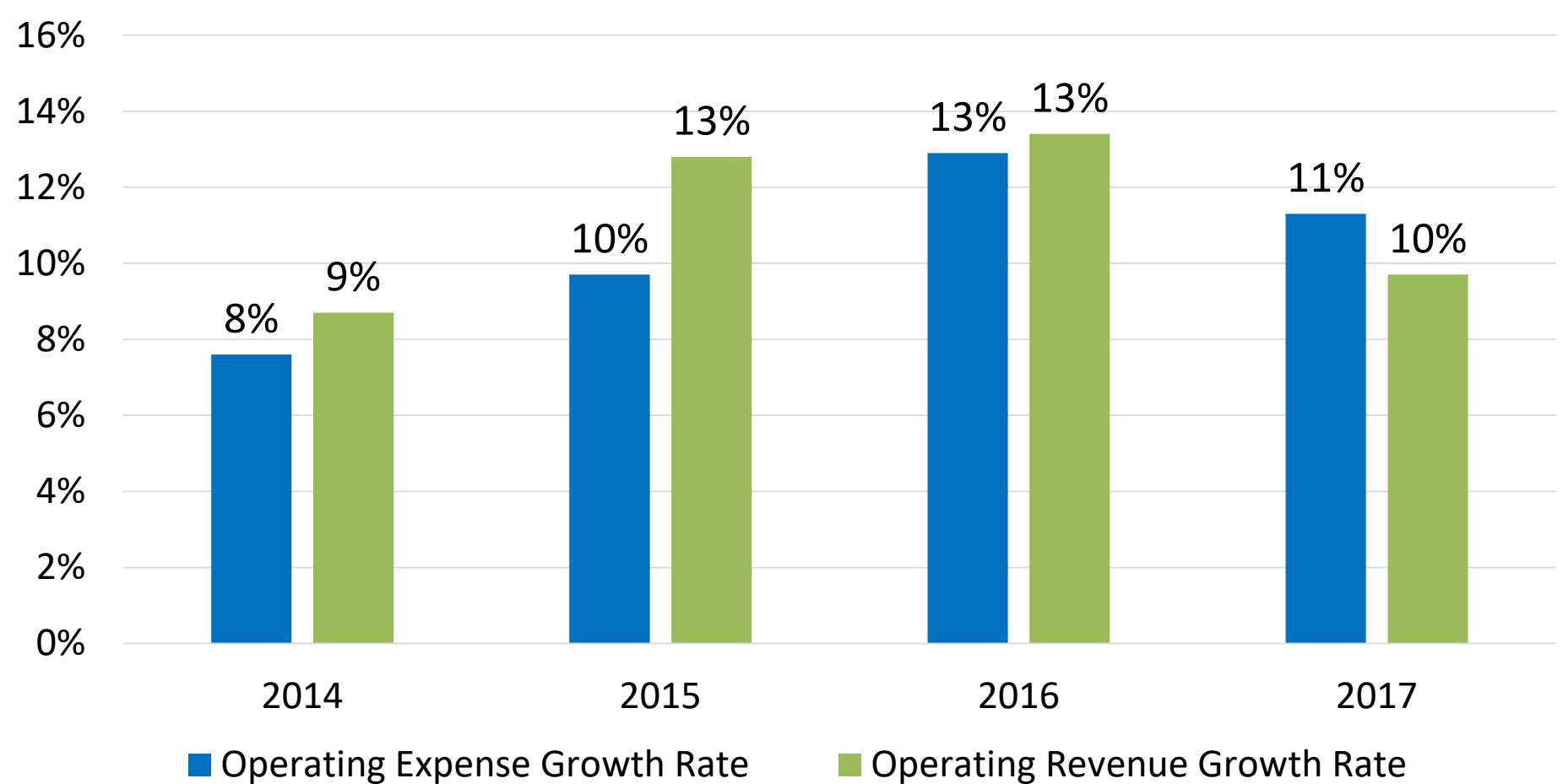
# Patient Mix: National Median Percentage of Patients by Payer Source



# Payer Mix: National Median Percentage of Collections by Payer



# Operating Revenue and Expense Growth: National Median



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## *Financial and Operational Metrics*

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# Financial and Operational Metrics

	<b>Metric</b>	<b>Why This Is Important</b>
1	Operating Margin	Measuring stick of your business model; margins typically small but need to be positive
2	Bottom Line Margin	Is performance dependent upon large capital grants and/or other sources of non-operating revenue?
3	Personnel-Related Expense	Consumes 70-75% of budget; key driver of financial performance
4	Days Net Patient A/R	Financial management starts with collecting your money efficiently
5	Days Cash on Hand	Is there enough liquidity to keep operations running smoothly?
6	Physician Productivity (visits)	Productivity is the basis for revenue generation
7	Mid-Level Productivity (visits)	Productivity is the basis for revenue generation
8	Dental Provider Productivity (visits)	Productivity is the basis for revenue generation

\*Capital Link Performance Benchmarking Toolkit

## Financial Health: Important Metrics

- Operating Margin =

*Change in Net Operating Assets / Total Operating Revenue*

- Personnel-Related Expenses as a % of Total Revenues =

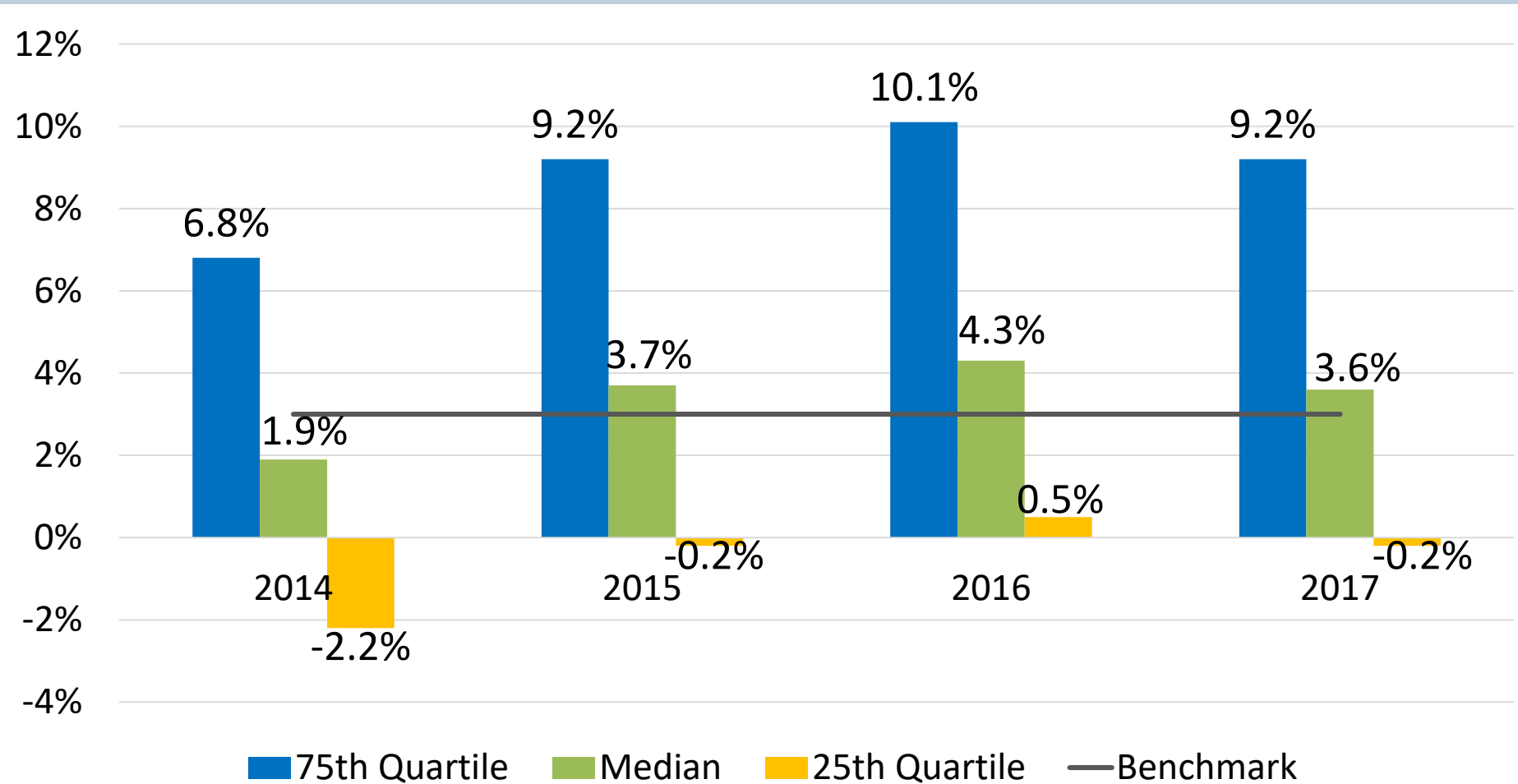
*Salaries & Related Expenses + Fringes & Payroll Taxes +  
Professional/Contracted/Consultant Fees  
Total Operating Revenues*

- Days Cash on Hand =

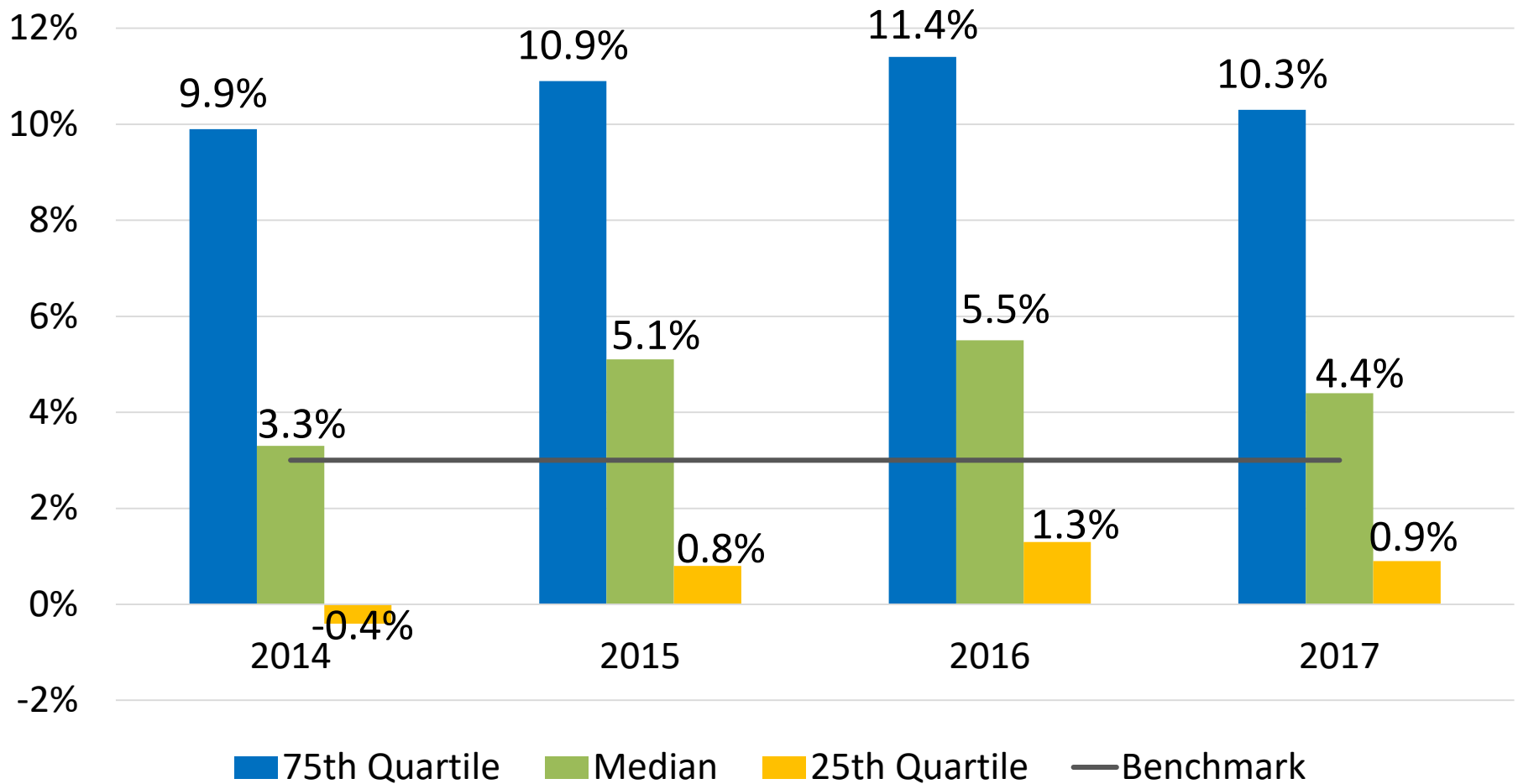
*Unrestricted Cash  
(Total Operating Expenses – Depreciation) / 360 days)*



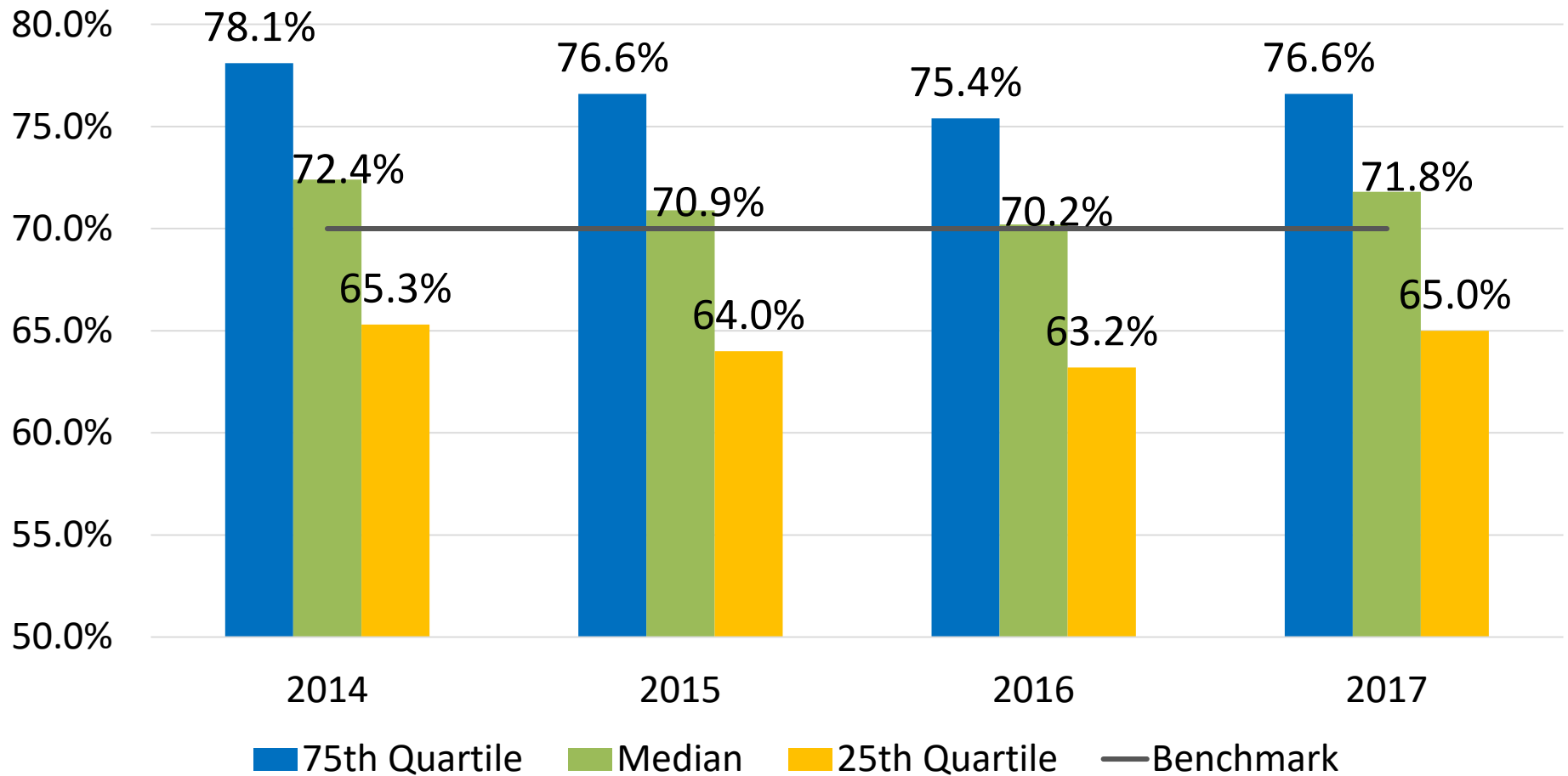
# Operating Margin



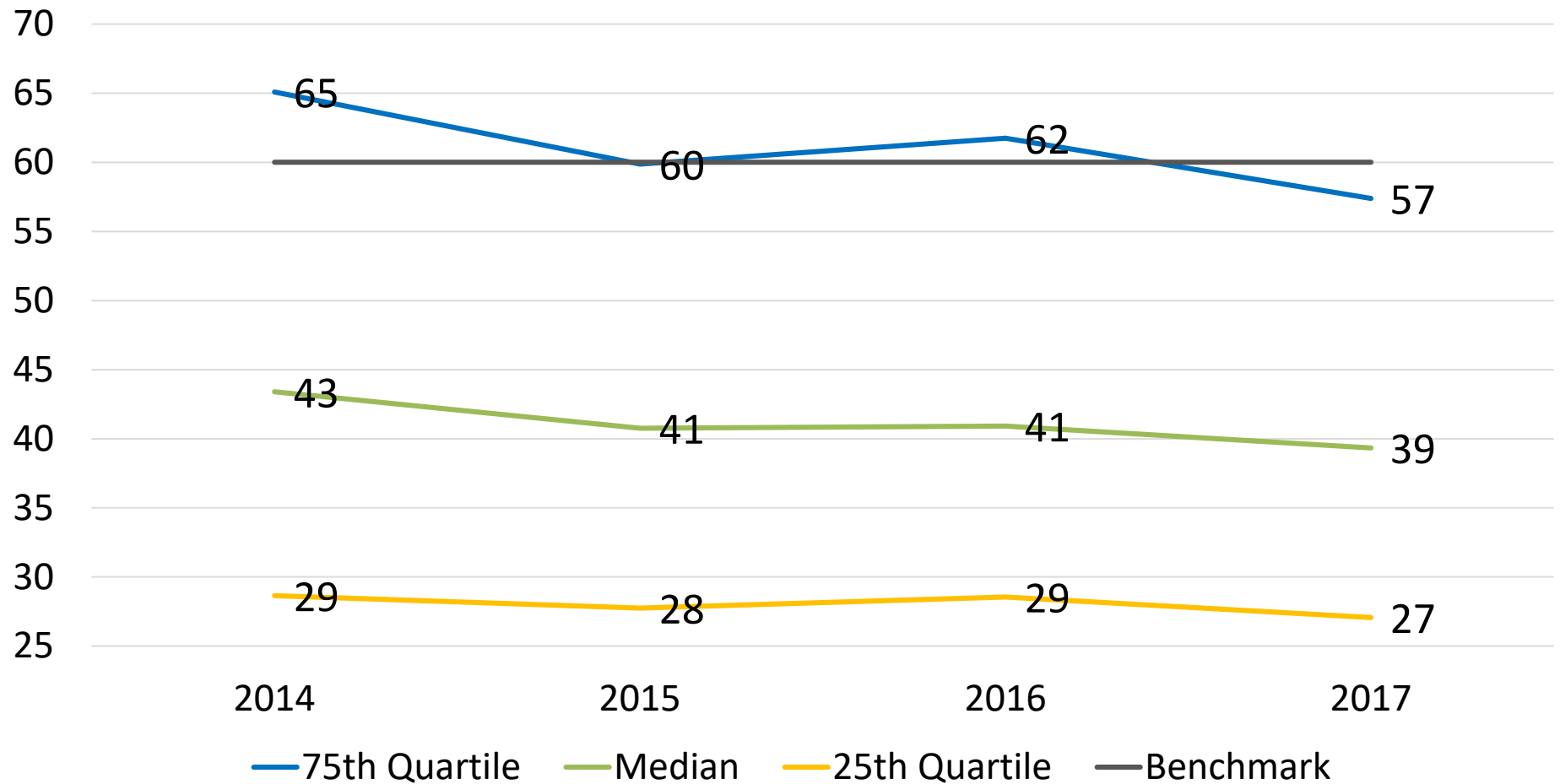
# Bottom Line Margin



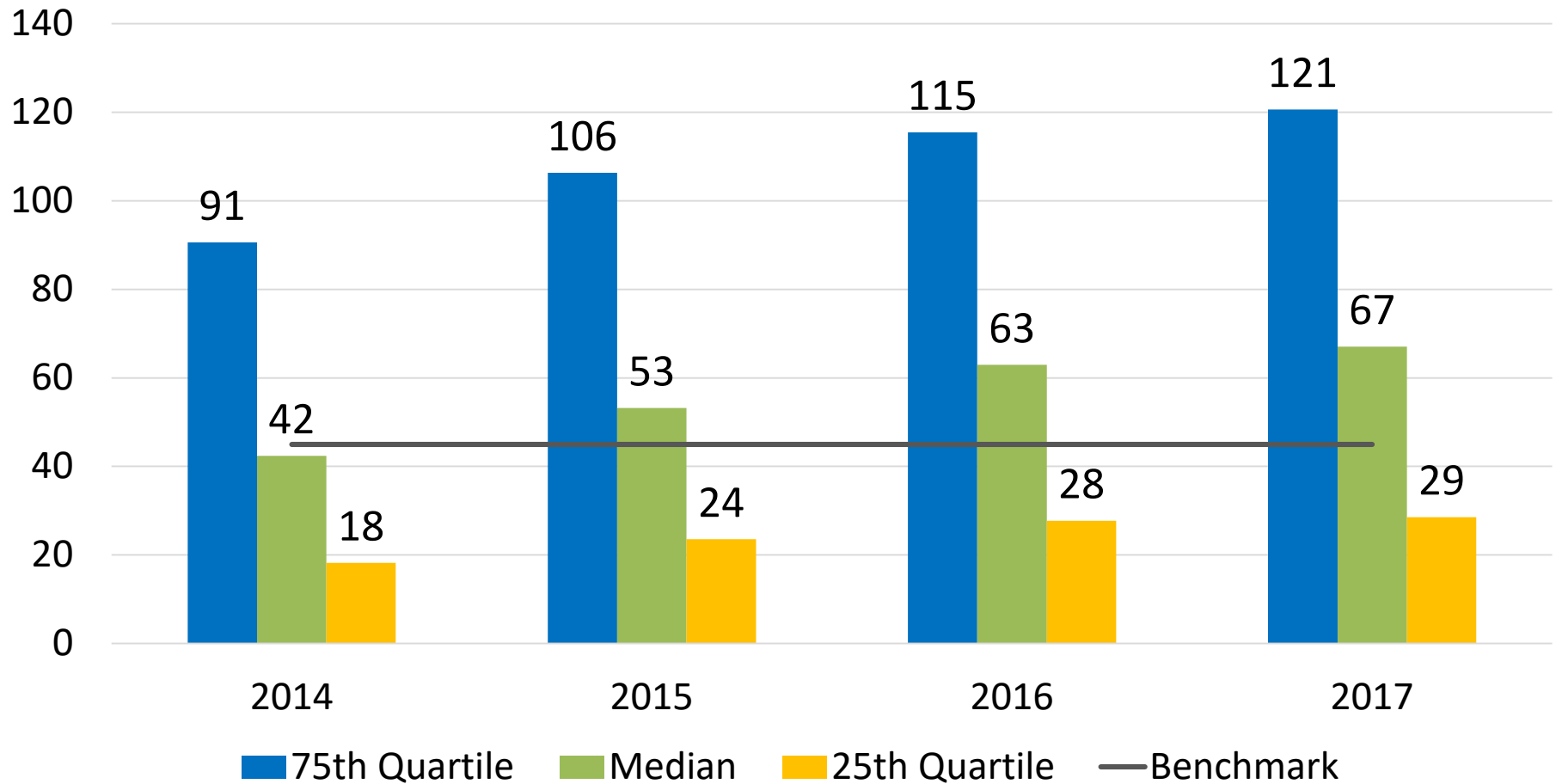
# Personnel-Related Expenses as a Percent of Operating Revenue



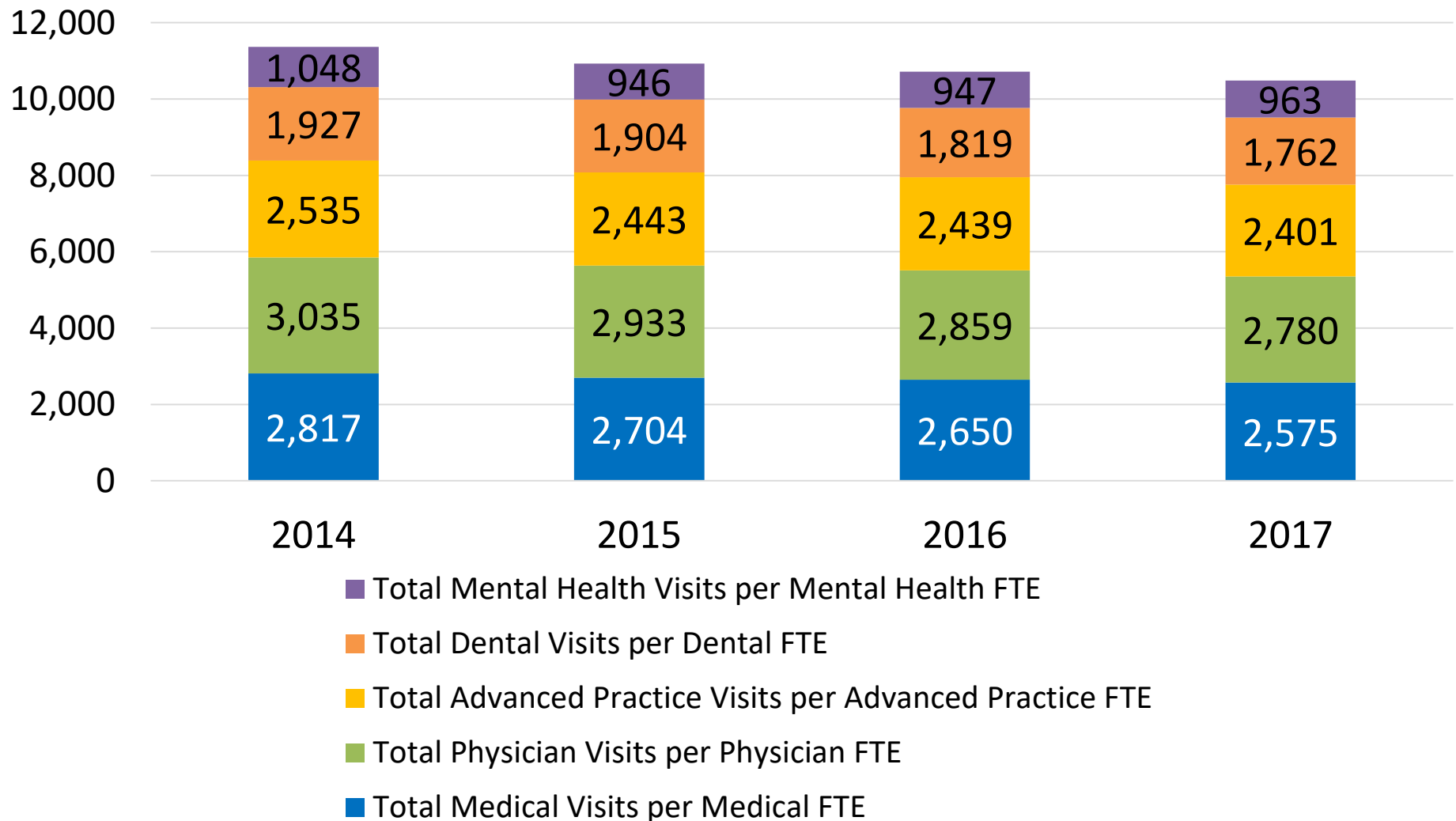
# Days in Patient Accounts Receivables



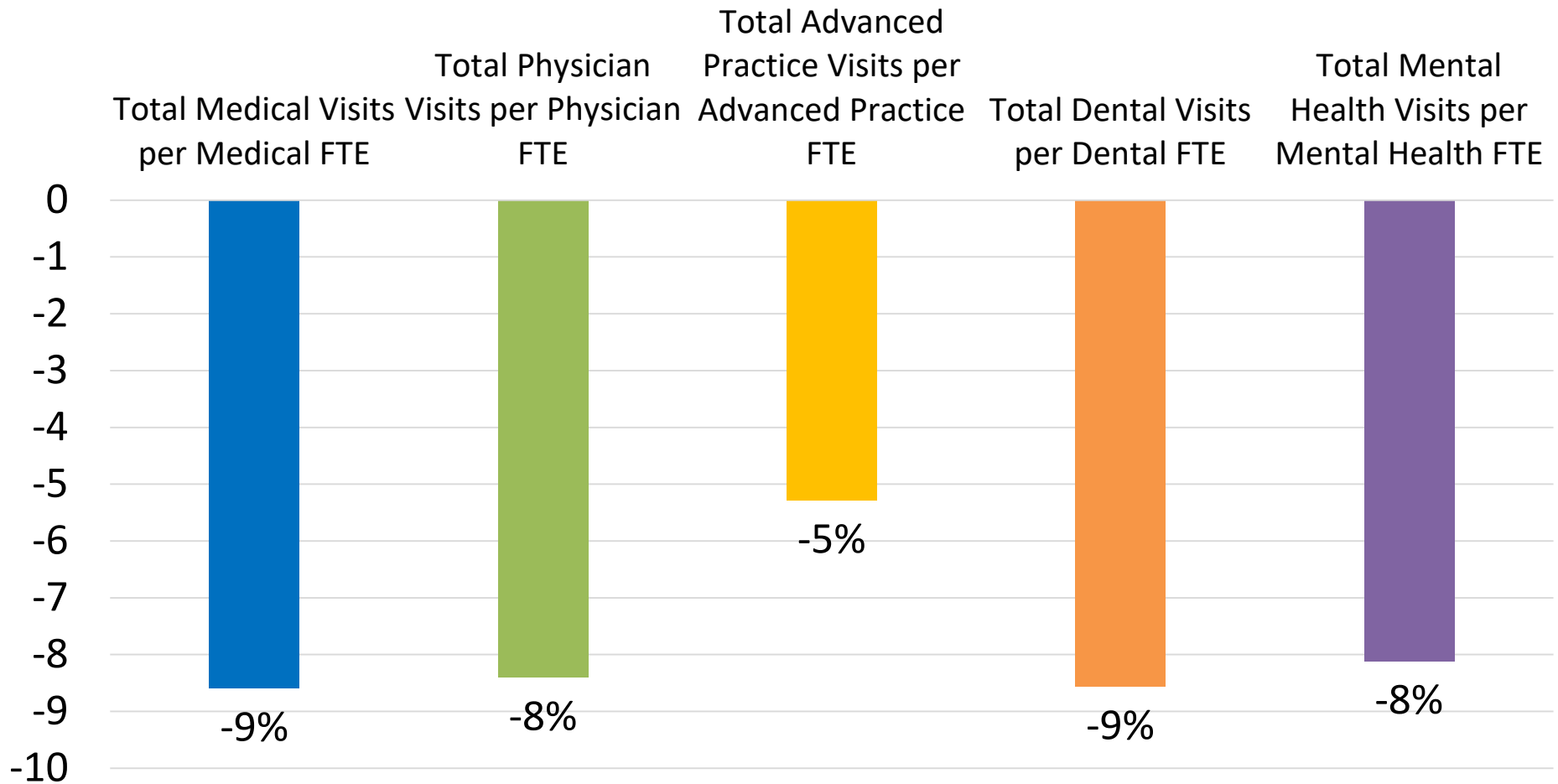
# Days Cash on Hand



# Provider Productivity – Visits per FTE: National Median



# Percentage Change in Productivity: 2014 to 2017: National Median



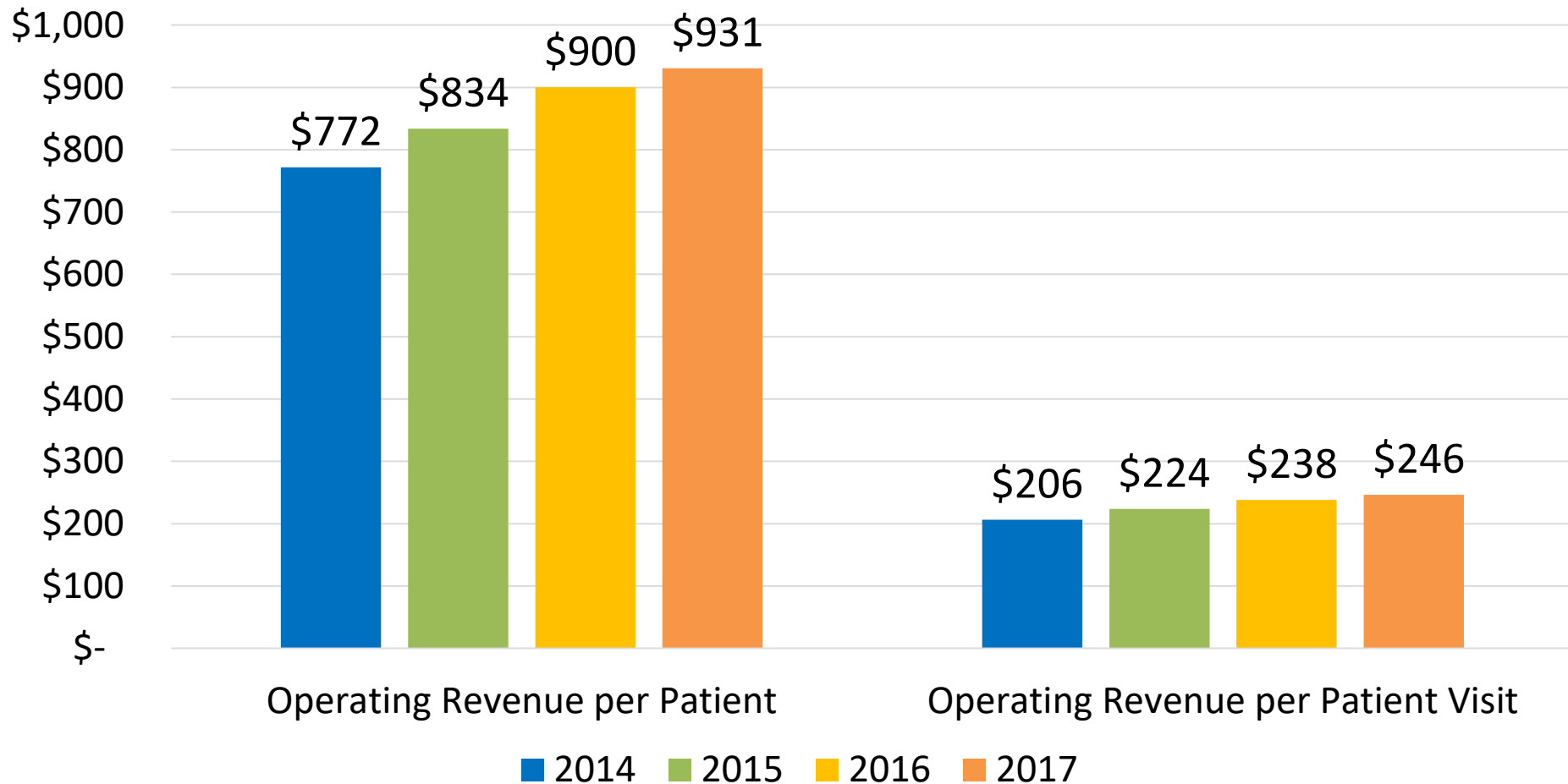
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*Additional Critical Operational  
Metrics in FFS Model*

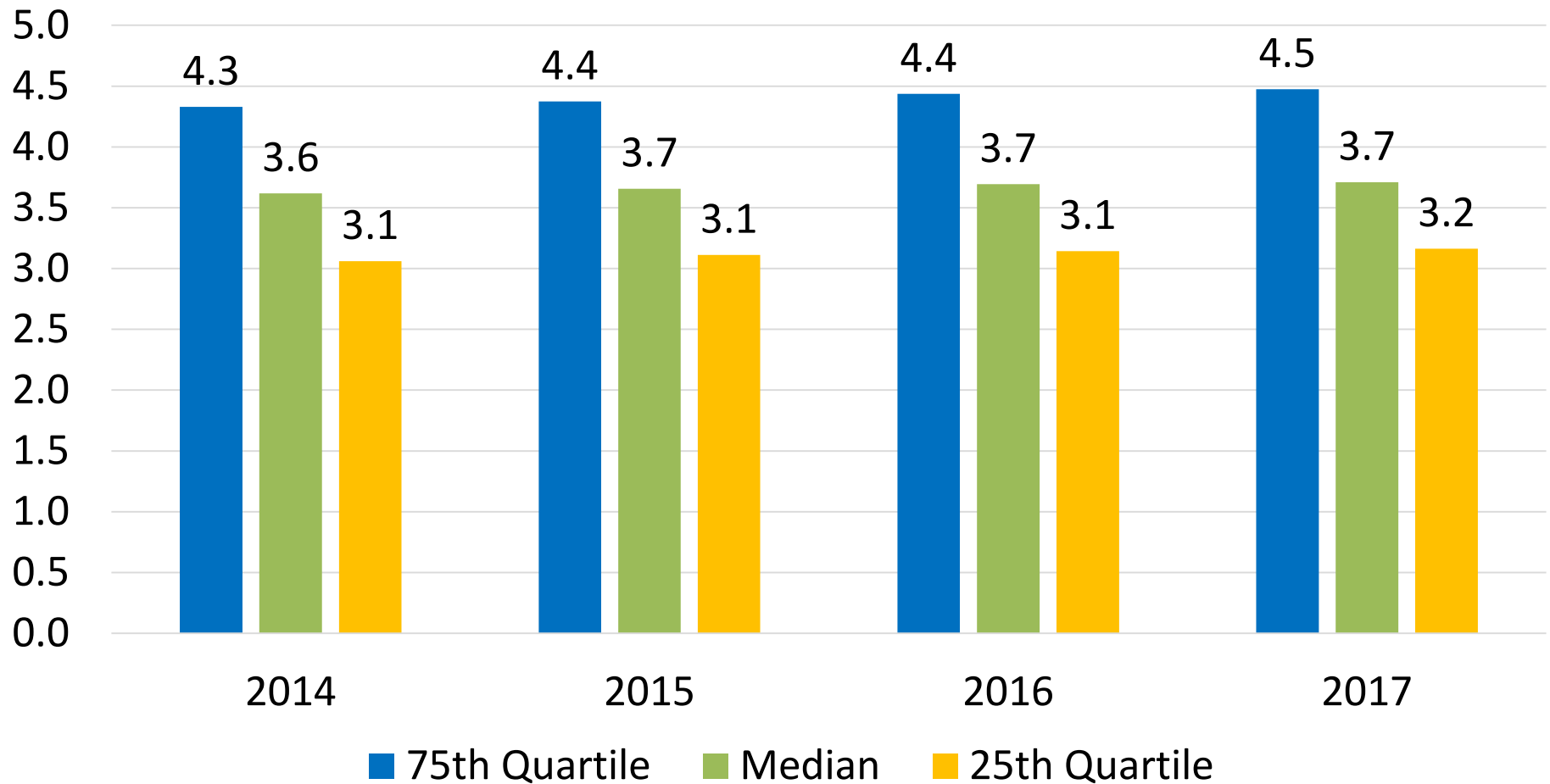
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# Revenue per Patient and Visit: National Median

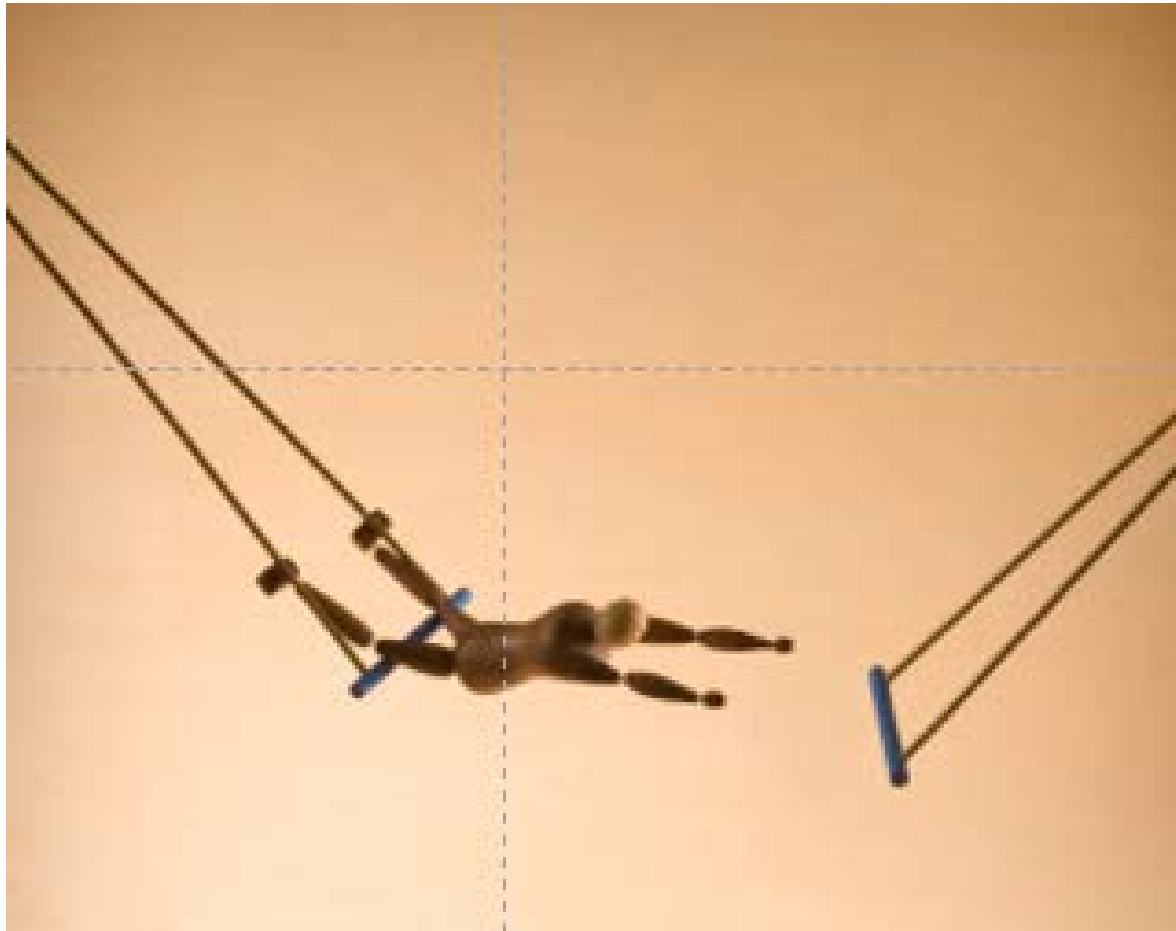


# Visits Per Patient Per Year

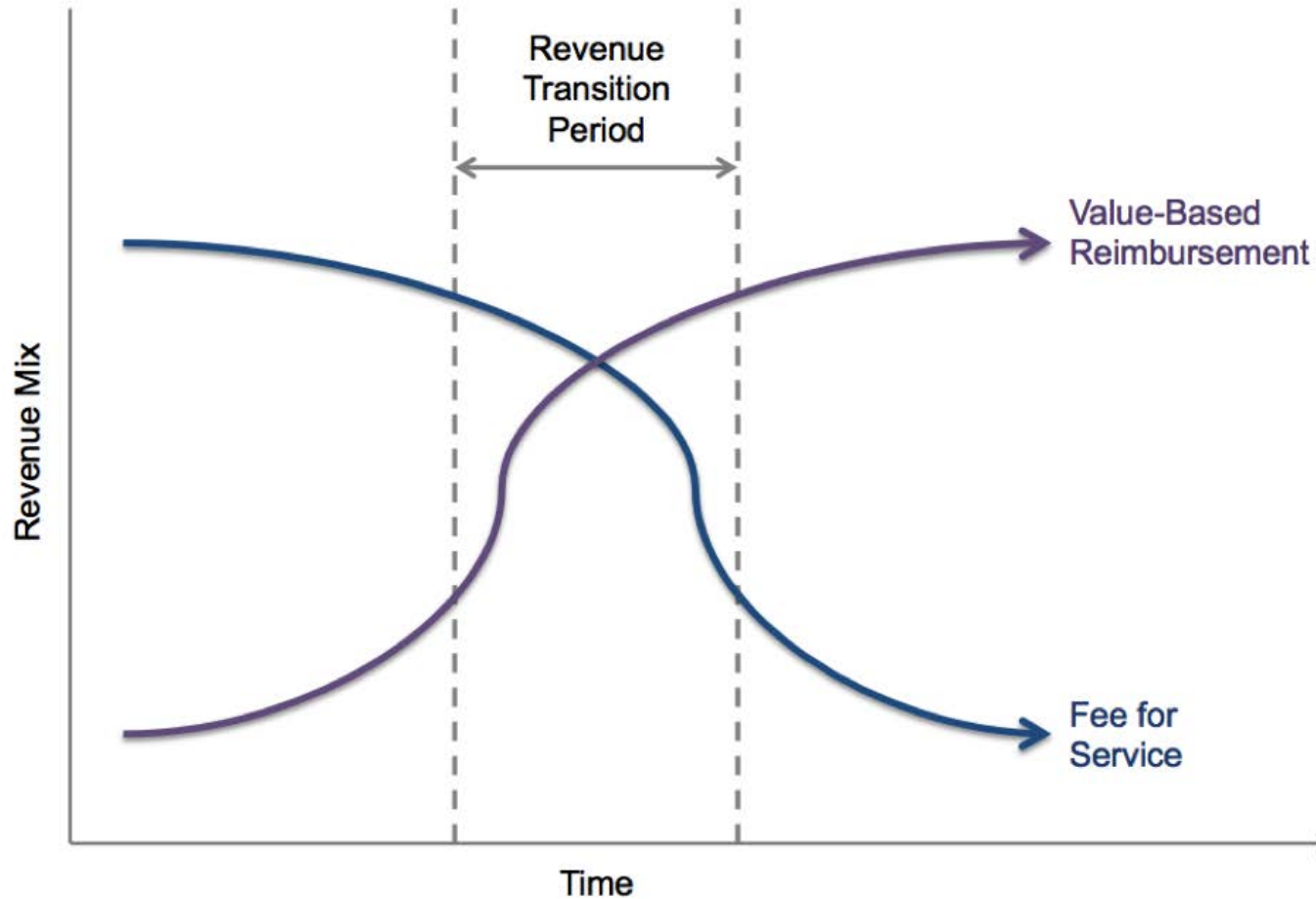


# *Evolving Business Models*

# Transition from FFS to Value-Based Reimbursement



# Transition from FFS to Value-Based Reimbursement



# Transition from FFS to Value-Based Reimbursement

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## Fee for Service

- Volume
- Individual Health
- Quality is a concern
- Stand-alone systems can thrive
- Little financial risk
- Manage revenues

## Value-Based

- Outcomes
- Population Health
- Quality is financial driver
- Collaboration is essential
- Increased financial risk
- Manage costs

# Transition from FFS to Value-Based Reimbursement

## Redesigned Incentives



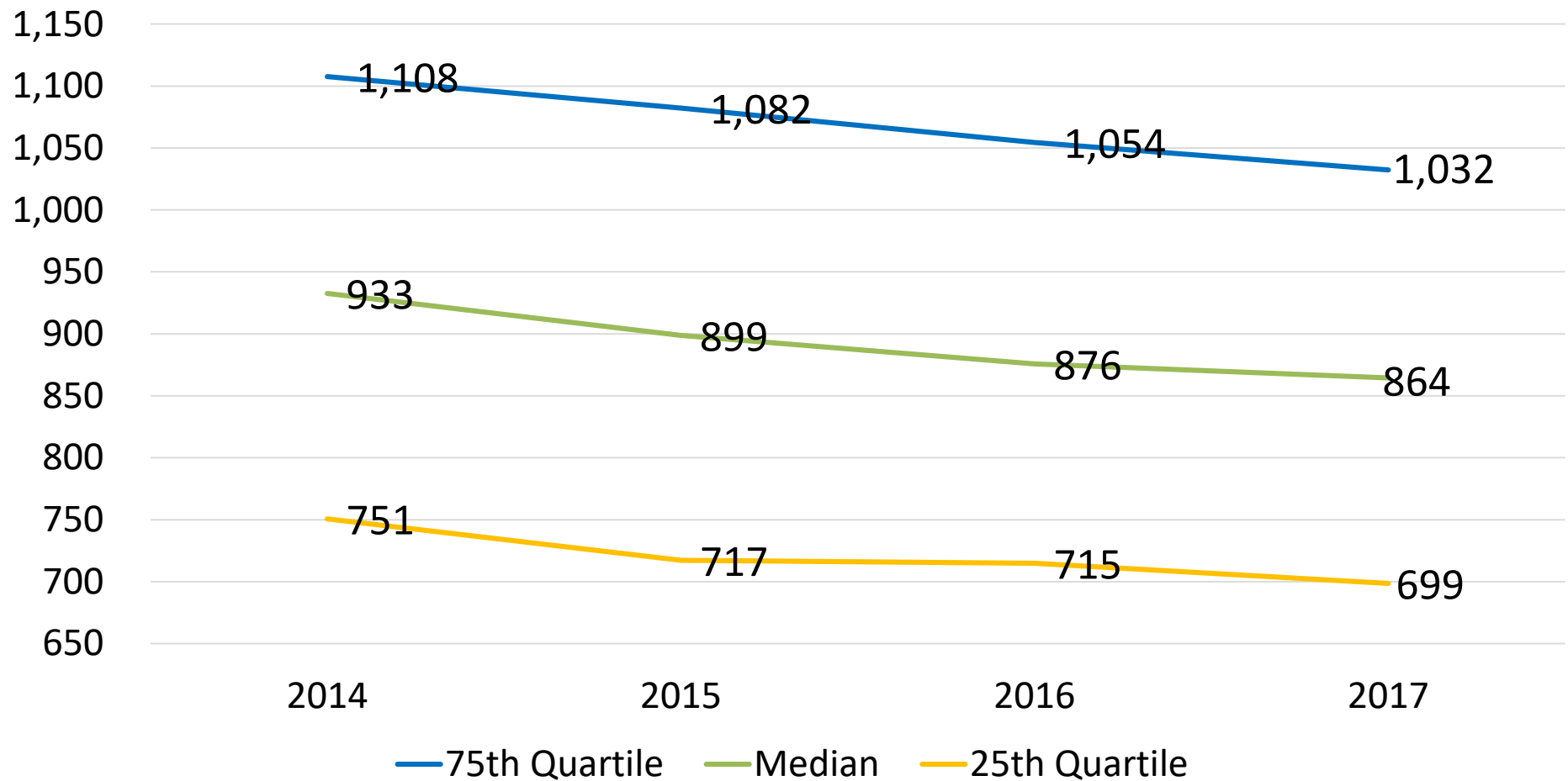
# Transition from FFS to Value-Based Reimbursement

Metric	Why This Is Important
9 <b>Medical Provider Productivity (patients)</b>	Becomes more important in transition to team-based care
10 <b>Medical Team Productivity</b>	Who are your teams? How do they perform?
11 <b>Cost (Revenue) Per Visit</b>	How are your visit costs changing over time?
12 <b>Cost (Revenue) per Patient</b>	With the move to PCMH, how are patient costs changing?
13 <b>Medical Support Staff Ratio</b>	How strategic is the staffing the medical teams?
14 <b>Non-Clinical Staff Ratio</b>	Non-clinical employees are not revenue drivers

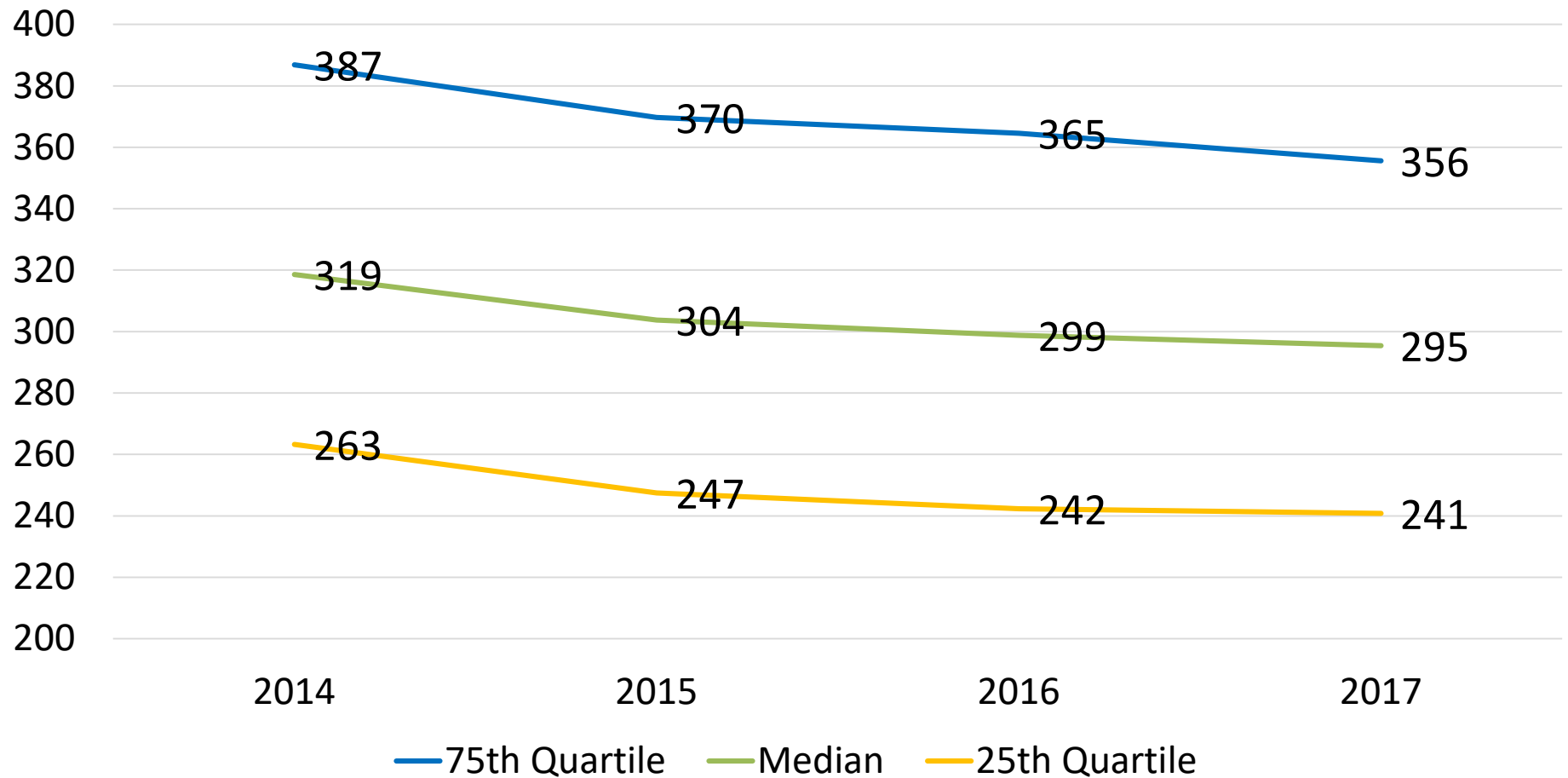
\*Capital Link Performance Benchmarking Toolkit



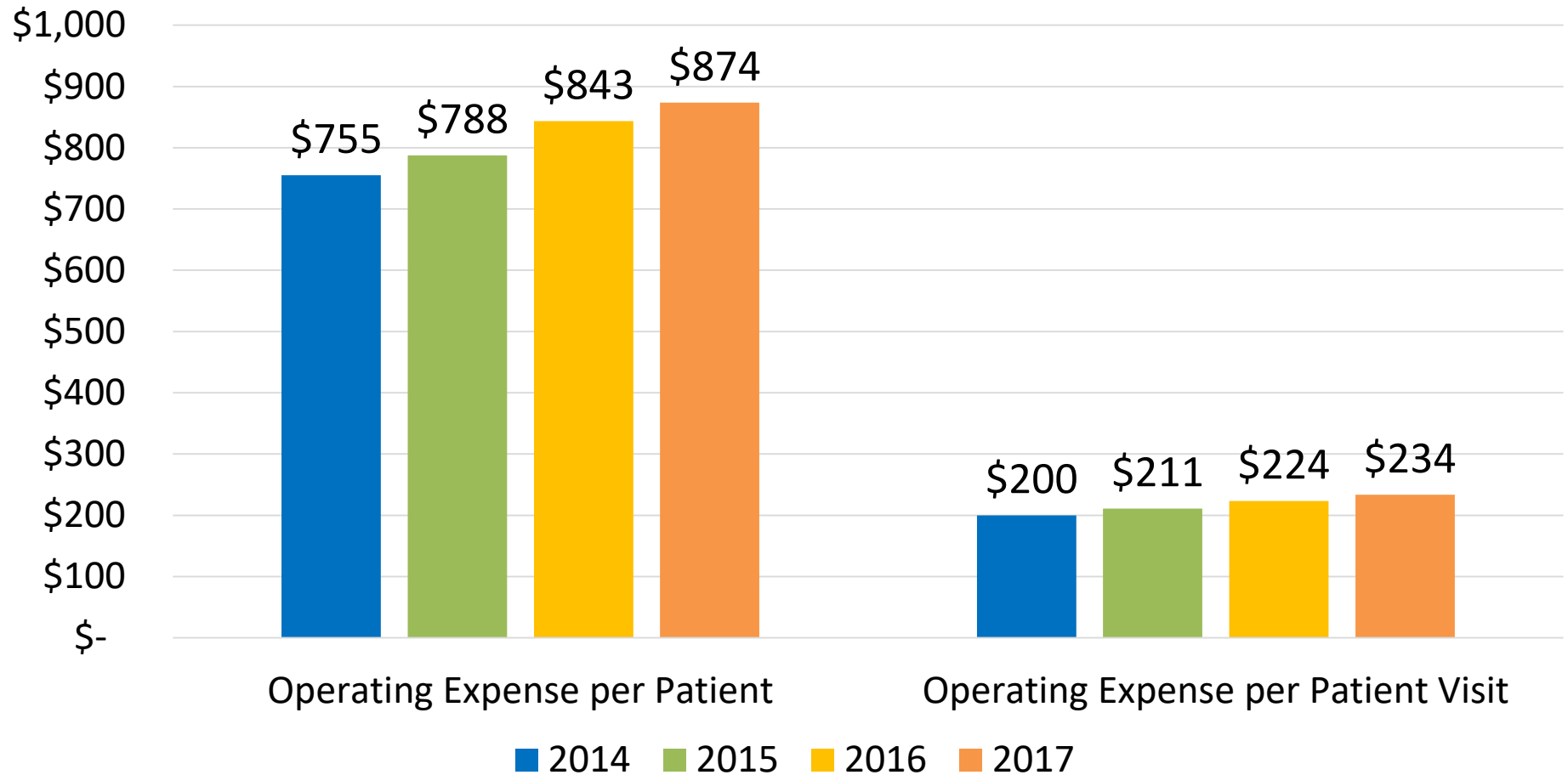
# Medical Patients per Medical Provider



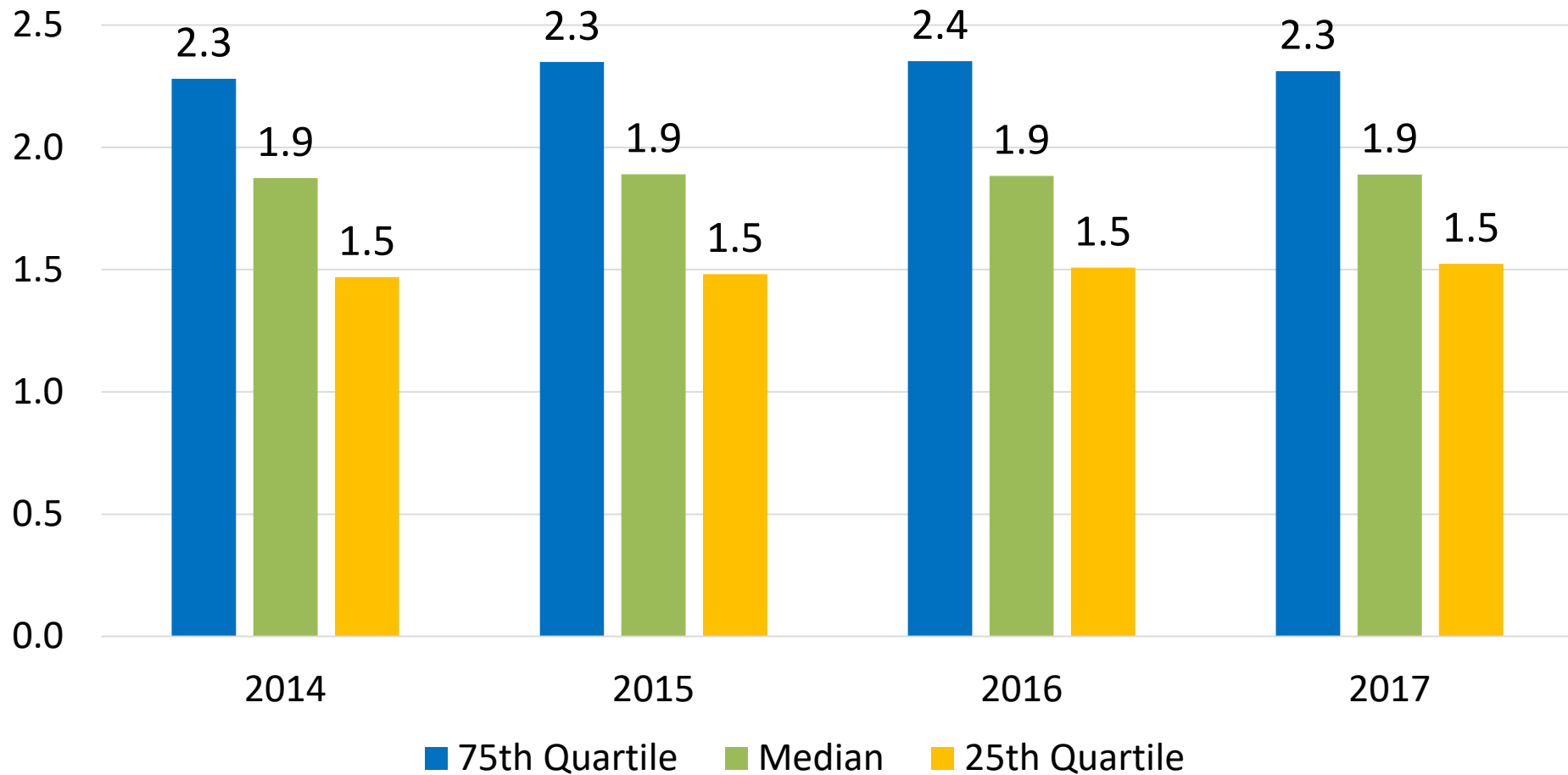
# Medical Patients per Medical Team Member



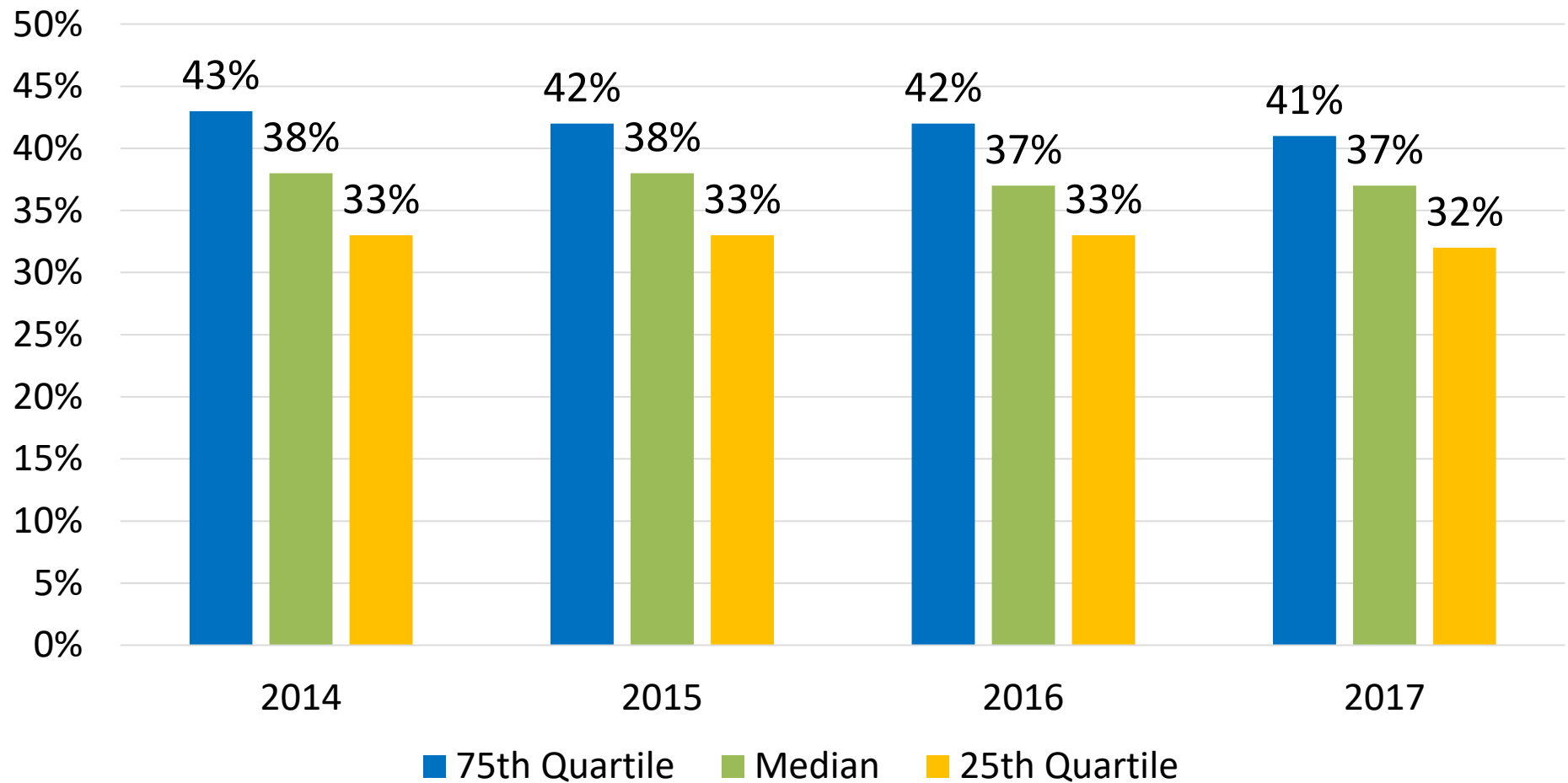
# Cost Per Patient and Visit: National Median



# Medical Support Staff Ratio



# Non-Clinical Staff Ratio



*How Does Your Health Center Compare:  
Dashboard Sample*

# Capital Link Performance Evaluation Profile



## Performance Evaluation Profile

*XYZ Community Health Center 2014 - 2017*

Prepared by:



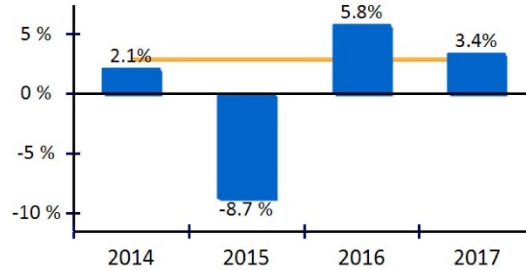
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# Financial Dashboard

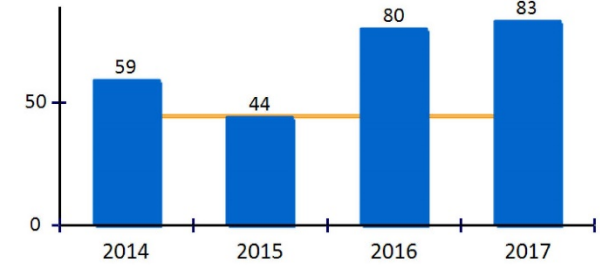
XYZ Community Health Center  
2014 - 2017

Capital Link Benchmark

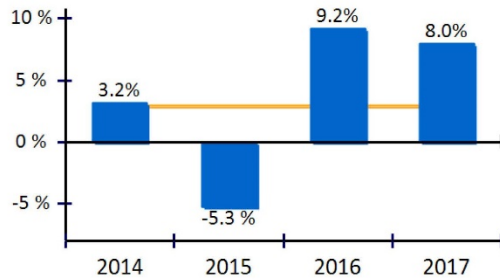
Operating Margin



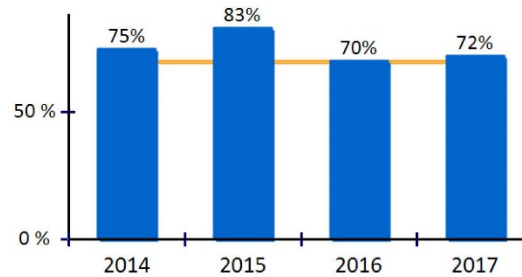
Days Cash On Hand



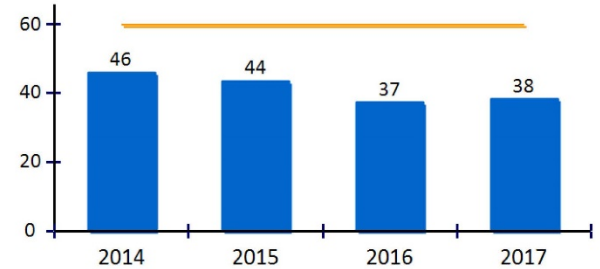
Bottom Line Margin



Personnel-Related Expense as a % of Operating Revenue



Days in Net Patient Receivables



Key Financial Metrics	Target	2014	2015	2016	2017	Peer Group 1 Median 2017	Peer Group 2 Median 2017
Operating Margin	> 3%	2.1%	-8.7%	5.8%	3.4%	-0.9%	3.5%
Bottom Line Margin	> 3%	3.2%	-5.3%	9.2%	8.0%	1.0%	4.4%
Personnel-Related Expense as Percentage of Operating Revenue	< 70%	74.6%	82.8%	70.0%	71.9%	73.4%	71.7%
Days Cash on Hand	> 45 Days	59	44	80	83	34	67
Days in Net Patient Receivables	< 60 Days	46	44	37	38	39	39

■ Benchmark Unmet

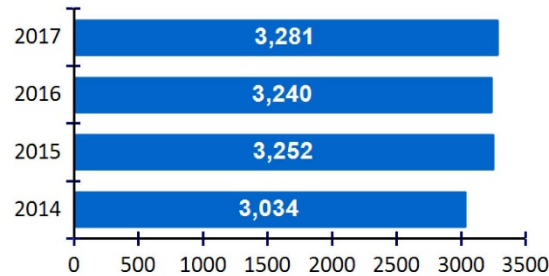


# Productivity Dashboard

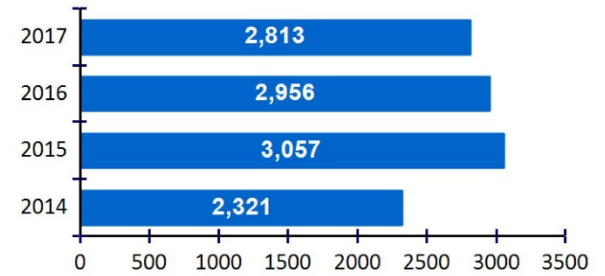
XYZ Community Health Center

2014 - 2017

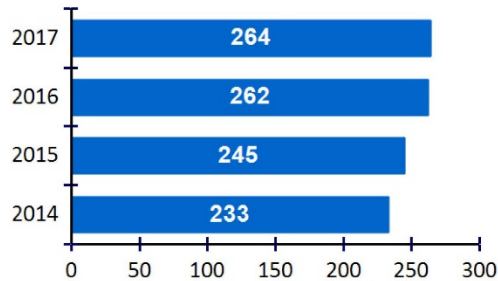
Physician Visits per Physician FTEs



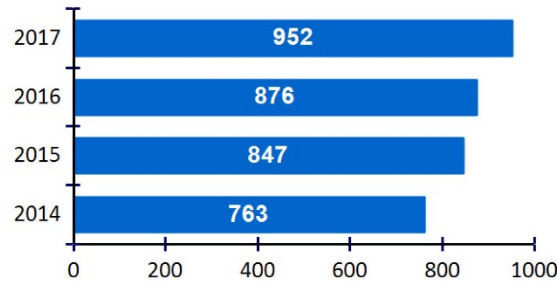
Mid-Level Visits per Mid-Level FTEs



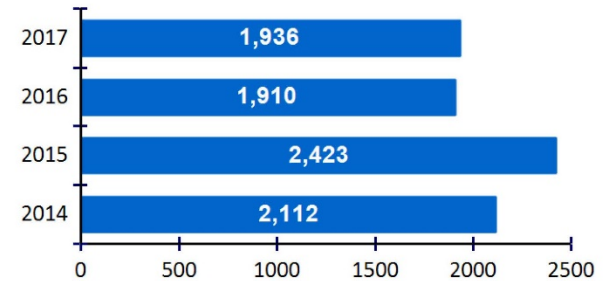
Medical Patients per Medical FTE



Medical Patients per Medical Provider FTEs



Dental Visits per Dental Provider FTEs



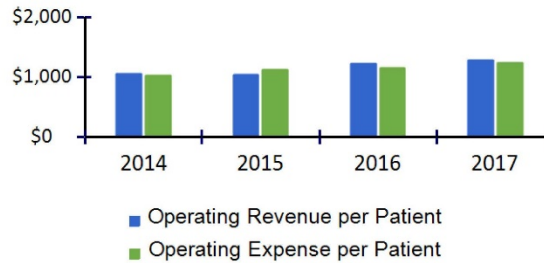
Key Productivity Metrics	2014	2015	2016	2017	Peer Group 1 Median 2017	Peer Group 2 Median 2017
Physician Visits per Physician FTE	3,034	3,252	3,240	3,281	2,343	2,780
Mid-Level Visits per Mid-Level FTE	2,321	3,057	2,956	2,813	2,025	2,401
Medical Patients per Medical Staff FTE	233	245	262	264	240	295
Medical Patients per Medical Provider FTE	763	847	876	952	668	864
Dental Visits per Dental Provider FTE	2,112	2,423	1,910	1,936	1,867	1,772

# Operations & Utilization Dashboard

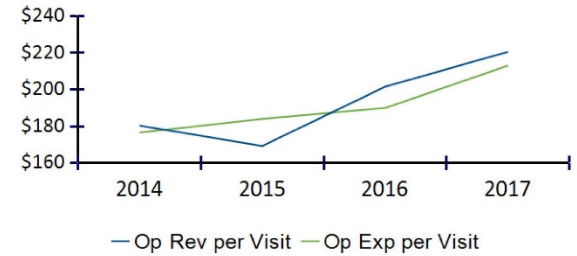
XYZ Community Health Center

2014 - 2017

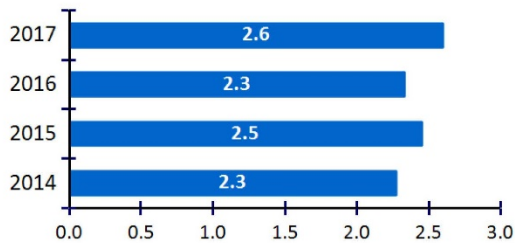
Operating Revenue & Expense per Patient



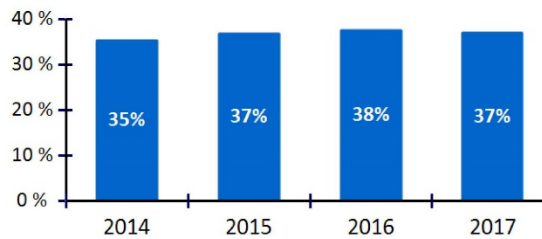
Operating Revenue & Expense per Visit



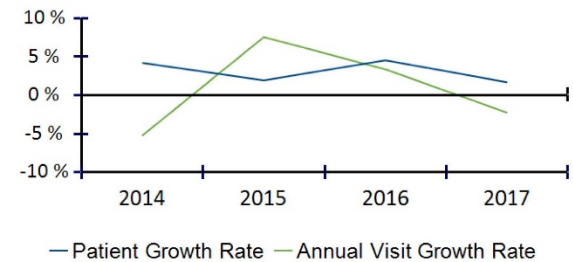
Medical Support Staff FTEs per Medical Provider FTEs



Administrative, Facilities & Patient Support FTEs as a % of Total FTEs



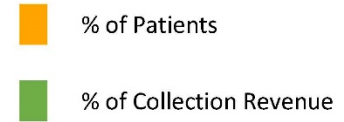
Annual Visits & Patient Growth Rates



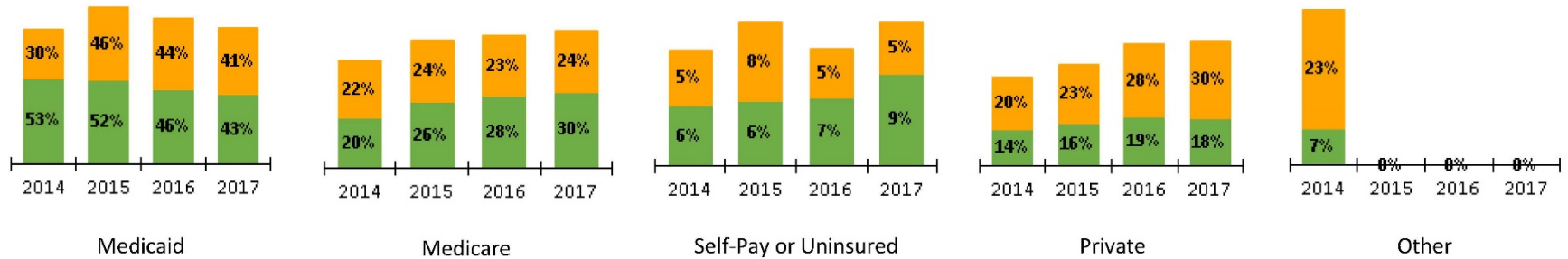
Key Operations & Utilization Metrics	2014	2015	2016	2017	Peer Group 1 Median 2017	Peer Group 2 Median 2017
Operating Revenue per Patient	\$1,049	\$1,039	\$1,224	\$1,287	\$1,242	\$931
Operating Expense per Patient	\$1,027	\$1,130	\$1,153	\$1,244	\$1,245	\$873
Operating Revenue per Patient Visit	\$180	\$169	\$202	\$221	\$262	\$246
Operating Expense per Patient Visit	\$177	\$184	\$190	\$213	\$262	\$233
Non-Provider Medical Staff per Medical Provider	2.3	2.5	2.3	2.6	2.0	1.9
Administrative, Facilities, and Patient Support FTEs as Percent of Total FTEs	35%	37%	38%	37%	34%	37%
Patient Growth Rate	4%	2%	5%	2%	2%	5%
Visit Growth Rate	-5%	8%	3%	-2%	3%	6%

# Payer Mix Dashboard

XYZ Community Health Center  
2014 - 2017

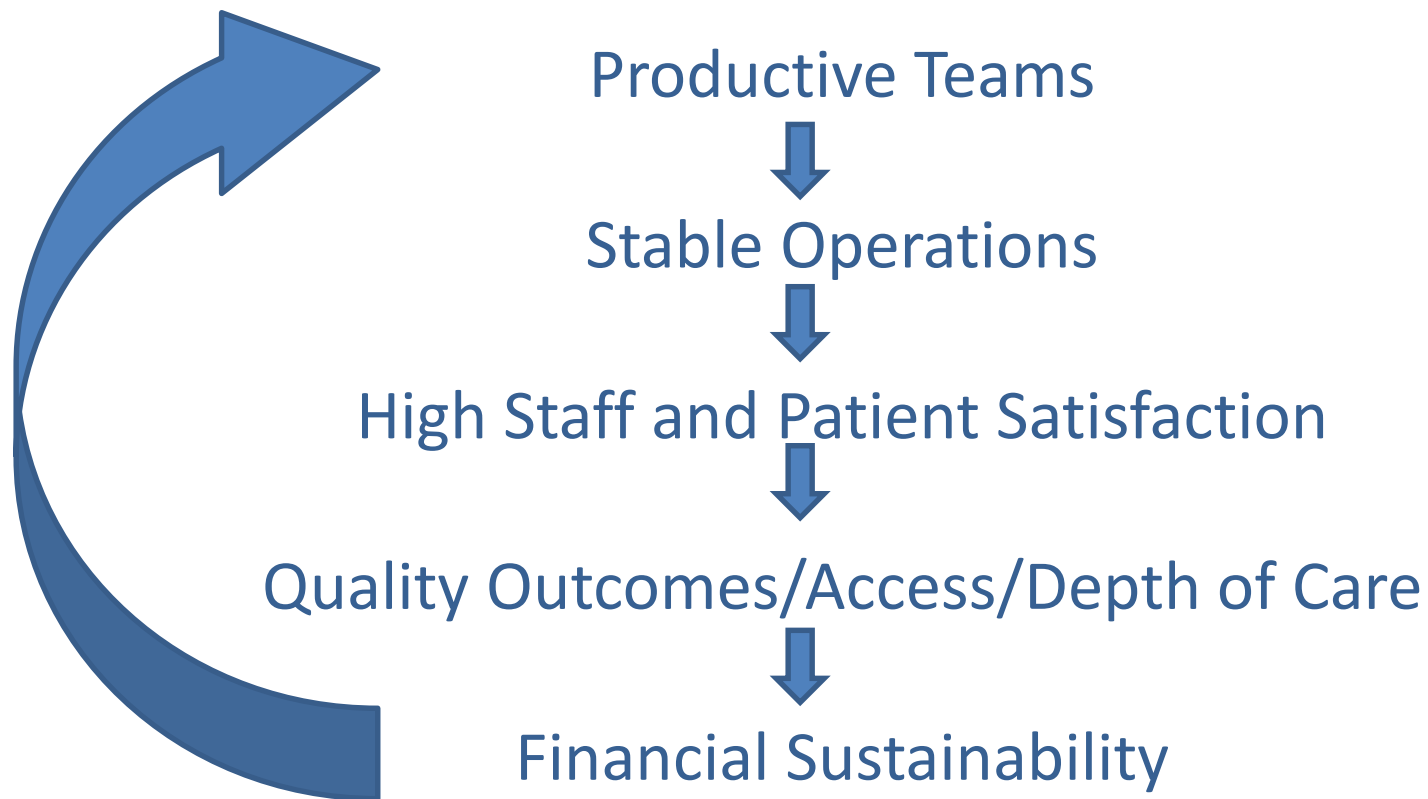


Patient and Collection Revenue by Payer Service



Payer Mix	2014	2015	2016	2017	Peer Group 1 Median 2017	Peer Group 2 Median 2017
Self-Pay Patients as Percentage of Total Patients	5%	8%	5%	5%	10%	20%
Self-Pay Collections as Percentage of Total Collections	6%	6%	7%	9%	3%	7%
Medicaid Patients as Percentage of Total Patients	30%	46%	44%	41%	51%	45%
Medicaid Collections as Percentage of Total Collections	53%	52%	46%	43%	57%	62%
Medicare Patients as Percentage of Total Patients	22%	24%	23%	24%	10%	9%
Medicare Collections as Percentage of Total Collections	20%	26%	28%	30%	16%	10%
Other Publicly Insured Patients as Percentage of Total Patients	23%	-	-	-	0%	-
Other Public Collections as Percentage of Total Collections	7%	-	-	-	1%	0%
Privately Insured Patients as Percentage of Total Patients	20%	23%	28%	30%	20%	18%
Private Insurance Collections as Percentage of Total Collections	14%	16%	19%	18%	19%	13%

# Benchmarking Benefits



# Questions?

## Contact

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