Health Center Strong:

Demonstrating Health Care for the Homeless Value Through Health Center Performance and Growth Trends
Capital Link - Overview

• Launched in 1995, nonprofit, HRSA national cooperative agreement partner

• Offices in CA, CO, MA, ME, MO, SC and WV

• **Over $1.1 billion** in financing for **over 225** capital projects
  
  - **Direct assistance** to health centers and complementary nonprofit organizations in planning for and financing operational growth and capital needs

  - **Industry vision and leadership** in the development of strategies for organizational, facilities, operational and financial improvements

  - **Metrics and analytical services** for measuring health center impact, evaluating financial and operating trends and promoting performance improvement
What Does Success Look Like?

- Time and Resources to Plan
- Productive Teams
- Improved and Stable Operations
- Staff and Patient Satisfaction
- Improved Patient Outcomes
- Financial Sustainability
What Does Success Look Like?

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

You can’t know what you don’t measure
## Key Performance Metrics

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

*Capital Link Performance Benchmarking Toolkit*
Assessing Performance

- TRACK
- TREND
- BENCHMARK
- EVALUATE
- ACT
- MONITOR

Review → Revise → Reward → Review
HRSA – Sponsored High Performers Study
HRSA-Supported High Performance Study: Purpose

Seek to shed light on 2 key questions:

1. Do health centers that excel in providing high quality patient care do better or worse than other health centers financially?

2. What do health centers that achieve high quality and the strongest financial results look like? What do they do differently / better than their peers?
• We studied a cohort of HRSA 2014 Quality Leader Awardees
  - 180 health centers for which we have 4 years of audits

• Control Group: Health centers that did not receive a Quality Leader award
  - 360 health centers for which we have 4 years of audits

• Study time period: 2010 - 2013
Similarities/Differences in the Data Set

- Patients
- Urban / rural location
- Medicaid expansion state (or not)
- Budget size and regional location
Similarities/Differences in the Data Set

- Size and Location

Quality Awardees more likely to be from Northeast (HRSA Regions 1 & 2) and less likely to be from the Southeast (Region 4) or Southwest (Region 6).
Total Operating Revenue

- **High Performers 75th**
- **High Performers Median**
- **High Performers 25th**

![Graph showing operating revenue trends from 2012 to 2014](image-url)
Data
Overall Finding

Clinical quality and strong financial performance go hand in hand!

Quality Awardees perform better on key financial ratios!!
Operating Margin
Days Cash on Hand

<table>
<thead>
<tr>
<th>Year</th>
<th>HCH Grantees - Median</th>
<th>National Median</th>
<th>High Performers Median</th>
<th>Benchmark Min</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>25</td>
<td>50</td>
<td>75</td>
<td>100</td>
</tr>
<tr>
<td>2013</td>
<td>50</td>
<td>75</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>2014</td>
<td>75</td>
<td>100</td>
<td>125</td>
<td>150</td>
</tr>
<tr>
<td>2015</td>
<td>100</td>
<td>125</td>
<td>150</td>
<td>175</td>
</tr>
<tr>
<td>2016</td>
<td>150</td>
<td>175</td>
<td>175</td>
<td>200</td>
</tr>
</tbody>
</table>

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Personnel-Related Expenses As Percent of Operating Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>HCH Grantees - Median</th>
<th>National Median</th>
<th>High Performers Median</th>
<th>Benchmark Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Days in Net Patient Receivables

- HCH Grantees - Median
- National Median
- High Performers Median
- Benchmark Max
HCH Grantees - Operating Revenue & Expense Per Patient

2016 National Medians: Revenue $904; Expense $842
HCH Grantees - Operating Revenue & Expense Per Visit

2016 National Medians: Revenue $230; Expense $214
330 Grant Dollars per Uninsured Patient

- 2013
- 2014
- 2015

- HCH Grantee 75%
- National 75%
- HCH Grantee Median
- National Median
- HCH Grantee 25%
- National 25%

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Information
Quality Awardees Achieve Stronger Overall Results, Despite ...

- Proportionally less grant funding
- Slightly less favorable payer mix
How Do Quality Awardees Achieve Stronger Overall Results?

• Slightly different service and staffing mix
• Better collections
• Higher utilization
• Higher productivity
Payer Mix: Patients per Payer as a Percentage of Total Patients

- HCH Grantee Median Medicare
- HCH Grantee Median Medicaid
- HCH Grantee Median Private
- HCH Grantee Median Self-Pay
- National Median Medicare
- National Median Medicaid
- National Median Private
- National Median Self-Pay
Payer Mix: Collections per Payer as a Percent of Total Collections

- HCH Grantee Median Medicare
- HCH Grantee Median Medicaid
- HCH Grantee Median Private
- HCH Grantee Median Self-Pay
- National Median Medicare
- National Median Medicaid
- National Median Private
- National Median Self-Pay
HCH Grantees - Median Growth

2016 National Median: Patients 5.0%; Visits 6.9%
Physician Visits per Physician FTE

<table>
<thead>
<tr>
<th>Year</th>
<th>HCH Grantee Median</th>
<th>National Median</th>
<th>High Performers Median</th>
</tr>
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<tbody>
<tr>
<td>2012</td>
<td>3,750</td>
<td>3,750</td>
<td>3,750</td>
</tr>
<tr>
<td>2013</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td>2014</td>
<td>3,250</td>
<td>3,250</td>
<td>3,250</td>
</tr>
<tr>
<td>2015</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>2016</td>
<td>2,750</td>
<td>2,750</td>
<td>2,750</td>
</tr>
</tbody>
</table>
Knowledge
Other Distinguishing Characteristics - High Performers

- Even higher utilization
- Higher proportion of enabling services and staff
- Newer facilities
- Lower mid-level to physician ratio
- Heavier pediatric focus
- Longer average tenure of management staff
Conclusions

• Quality Awardees appear to be stronger financially primarily due to:
  - Revenue maximization
  - Positive engagement with patients, which drives higher utilization
  - Productive teams

• High Performers are good at all the above AND are strong on cost control (particularly staffing costs)
Distinguishing Characteristics – HCH Grantees

• HCH Grantee Median is primarily following National median trends although doing better in Days in A/R
• Have reversed 2013 outcomes and now revenues exceed expenses on both patients and visits
• Medians rely on Medicaid more than National
• Similar downward trend as National in provider productivity
• Positive growth trends with visits having a greater increase than patients
Performance Evaluation Profiles (PEP)

Peer Comparison

2016

Array of Services 2016 (Percentage of Total Visits)

Patient Served 2016

Revenues 2016

**Key Metrics**

<table>
<thead>
<tr>
<th></th>
<th>Health Center 2016</th>
<th>State FQHCs Median 2016</th>
<th>National FQHCs Median 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Visits as a Percentage of Total Visits</td>
<td>47%</td>
<td>56%</td>
<td>72%</td>
</tr>
<tr>
<td>Dental Visits as a Percentage of Total Visits</td>
<td>6%</td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Mental Health Visits as a Percentage of Total Visits</td>
<td>11%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Enabling Visits as a Percentage of Total Visits</td>
<td>27%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Other Professional Visits as a Percentage of Total Visits</td>
<td>9%</td>
<td>6%</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Metrics</th>
<th>Health Center 2016</th>
<th>State FQHCs Median 2016</th>
<th>National FQHCs Median 2016</th>
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</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$44,640,423</td>
<td>$23,944,903</td>
<td>$13,413,364</td>
</tr>
<tr>
<td>Total Patients</td>
<td>11,655</td>
<td>17,846</td>
<td>11,750</td>
</tr>
<tr>
<td>Total Visits</td>
<td>134,146</td>
<td>86,329</td>
<td>42,572</td>
</tr>
<tr>
<td>Total FTEs</td>
<td>378</td>
<td>202</td>
<td>92</td>
</tr>
</tbody>
</table>
Value & Impact of Health Centers

**VALUE + IMPACT of HEALTH CENTERS**

**XYZ PCA**

Fifteen Federally Qualified Health Centers (FQHCs) and other safety-net clinics provide care to residents of [XYZ State]. They collectively provide tremendous value and impacts to their communities—from ACCESS to care for vulnerable populations; SAVINGS to the health care system; JOBS and ECONOMIC STIMULUS to local communities; STATE-OF-THE-ART, COMPREHENSIVE, COORDINATED CARE, with a focus on CHRONIC DISEASE MANAGEMENT and QUALITY HEALTH OUTCOMES. Highlights of their 2015 contributions are shown below.

**XYZ PCA Health Centers Provide...**

**JOBS**

- 1,500 TOTAL JOBS
- 600 HEALTH CENTER JOBS totaling 
  - 400 ENTRY LEVEL and SKILLED JOBS for community residents 
  - 900 OTHER JOBS in the community
- $150,000,000 TOTAL ECONOMIC IMPACT of current operations
- $60,000,000 DIRECT HEALTH CENTER SPENDING
- $90,000,000 COMMUNITY SPENDING
- $25 Million ANNUAL TAX REVENUES
- $8 Million STATE AND LOCAL TAX REVENUES
- $17 Million FEDERAL TAX REVENUES

**SAVINGS**

- 24% LOWER COSTS FOR FQHC/ MEDICAID PATIENTS
- $75 Million SAVINGS TO MEDIACID
- 20% LOWER COSTS FOR FQHC PATIENTS
- $100 Million SAVINGS TO THE OVERALL HEALTH SYSTEM

**ACCESS**

- 25,000 PATIENTS SERVED
- 20% FOUR-YEAR PATIENT GROWTH
- 100,000 PATIENT VISITS
- 10,000 patients are CHILDREN AND ADOLESCENTS
- 15,000 patients are ADULTS
- 96% of patients are LOW-INCOME (below 200% of the Federal Poverty Level)
- 74% of patients identify as ETHNIC OR RACIAL MINORITY
- 1 Million patients gained INSURANCE COVERAGE

**SAMPLE NUMBERS ONLY - NOT ACTUAL DATA**
What Does Success Look Like?

- Time and Resources to Plan
- Productive Teams
- Improved and Stable Operations
- Staff and Patient Satisfaction
- Improved Patient Outcomes
- Financial Sustainability
Wisdom
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