

Florida Health Care Association 2013 Annual Conference

The Westin Diplomat Resort & Spa

Session #7 – Strategic Capital Planning

Monday, August 5 – 9:30 to 10:30 a.m.

Regency 3

Upon completion of this presentation, the learner will be able to:

- explain strategic capital planning;
- identify key goals to work toward achieving capital planning; and
- demonstrate needs for implementing strategic capital planning.

Seminar Description:


Strategic capital planning is the process of identifying opportunities for operational and organizational efficiencies, cost savings and revenue enhancements without compromising quality and/or compliance. This session will identify some key benchmarking standards for assisted living, review success-based financial performance targets and discuss how to prepare a capital planning model.

Presenter Bio(s):

Sue Bunevich is a health care principal with CliftonLarsonAllen, specializing in prospective financial reporting and operational consulting for senior housing providers and other healthcare providers. She guides clients through all of the financial aspects involved in the research, development and construction of new or expansion facilities by first developing strategic plans, annual budgets and multi-year financial projections. Sue prepares short and long term feasibility projections for development or expansion, prior to their submission to credit committees. Additionally, she assists clients in estimating the cost of sales and establishing sale prices for new housing units by performing analyses of construction and development costs.


Strategic Capital Planning

CE Session #7
Monday August 5th – 9:30 am

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What the Brochure said

- Strategic capital planning is the process of identifying opportunities for operational and organizational efficiencies, cost savings and revenue enhancements without compromising quality and/or compliance. This session will identify some key benchmarking standards for assisted living, review success-based financial performance targets and discuss how to prepare a capital planning model.

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Let's break that down

- Strategic capital planning is the process of identifying:
 - opportunities for operational and organizational
 - ◊ efficiencies,
 - ◊ cost savings, and
 - ◊ revenue enhancements
 Without compromising quality and/or compliance.

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Why is Strategic Planning Different

- How is this different from what you and everyone else has been doing over the last few years – cutting costs/doing more with less?
- Developing a comprehensive detailed plan to meet the long term objective that you and your staff decide are important.
- The results or goals are focused on long term improvements – residents, employee, operations.
- There may or may not be a direct positive impact on the financial results

Strategic Planning

What do you want to accomplish?

- Fulfilling mission and vision
- Achieving growth goals and strengthening market share
- Developing effective physician relationships
- Recruiting and retaining physicians
- Accessing capital
- Evaluating options for collaborative relationships
- Preparing for expansion or consolidation
- Defining and measuring success
- Managing change and directing long-term activities
- Utilizing existing and emerging technology
- Developing leadership and planning for succession

Strategic Planning

- A planning approach should be highly interactive;
- Use a dynamic process that integrates the perceptions of front-line staff, residents, managers, executive leaders, and the board;
- Developing objective, yet realistic priorities to create a road map for future strategic, financial, and operational success.

Strategic Planning

You should focus on...
what you can control:



Internal
Skills,
Capacities and
Realities

Opportunity to Better Define

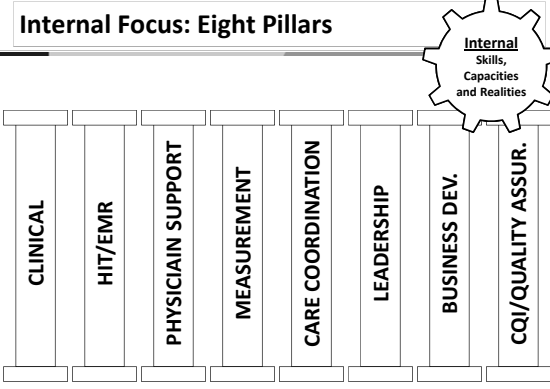



External
Market
Forces, Other
Providers

Opportunity to Better Understand

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Internal Focus: Eight Pillars





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Clinical

CLINICAL

You Must Consider or Evaluate:

- What are the current core skills or in-house expertise
- Patient types that are "In" or "Out" ?
- How are you using evidence-based practice?
- Staff training and education practices?
- Existing written clinical pathways or needed clinical pathways?
- What are the clinical decision support tools?
- Communication tools (staff & patient)?
- Structure and scope of clinical department?
- Tools/practices for patient risk assessment or evaluation?
- Process/practices for patient engagement or care management?
- Team processes related to reporting?

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HIT/EMR

HIT/EMR

You Must Consider or Evaluate:

- Current system
- Degree of deployment or “use”
- Capacity and scalability
- CPOE (computerized physician order entry)
- Patient portal
- Actual practice
- Portability/deploy ability
- Currently available measures
- Other extractable measures
- Patient cost accounting
- Real time-“ness”

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Physician Support

PHYSICIAN SUPPORT

You Must Consider or Evaluate:

- Current model
- Access – 24/7/365
- Standing protocols/orders
- Contact practice and protocol
- CPOE/EMR/HIT use
- Payment model
- Contracts
- Internal physical plant to support
- Education and training provided by MD support
- Use of extenders
- Reporting and monitoring of physician involvement
- Communication tools

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Measurement

MEASUREMENT

You Must Consider or Evaluate:

- Current process or practice
- “Systemness” – overall degree of systems integration/interoperability
- Human resource to manage, support and implement
- Benchmarking
- Dashboards (present use if applicable, desired state)
- Frequency of measurement and related reporting
- EMR/HIT integration
- Internal measurement set; externally reportable measurement set
- Practices related to PDSA (Plan, Do, Study, Act)

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Care Coordination

CARE COORDINATION

You Must Consider or Evaluate:

- Admission coordination or practice
- Discharge practices
- Discharge planning
- Patient follow-up practices
- Degree of continuum management
- Community partnerships
- Measures/contacts at 30, 60 and 90-days post discharge
- Patient and family education efforts
- Emergency response effort
- Resources for patients and partners
- Communication tools
- Human resource

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Leadership

LEADERSHIP

You Must Consider or Evaluate:

- Organizational structure
- Relationships
- Functional roles
- Accountability
- Incentive structure
- Compensation structure
- Goal setting
- Entrepreneurial mindset
- Risk-tolerance

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Business Development

BUSINESS DEVELOPMENT

You Must Consider or Evaluate:

- Current focus
- Contracting expertise
- Specialty sales focus with non-traditional customers
- Partnering/joint ventures
- Multiple payor environments
- Data-driven selling
- Due diligence/partner evaluation

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CQI/Quality Assurance

CQI/QUALITY ASSURANCE

You Must Consider or Evaluate:

- Current practice or system
- Structure or tools
- Evolution of new tools
- New measurement sets
- Communication tools
- Human resource
- EMR/HIT integration

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External Focus: Four Quadrants

External Market Forces, Other Providers

Volume Suppliers
Hospitals & Systems
ACOs
Payers
Bundlers

Potential Partners
Other Aging Services Orgs.
Community Organizations
Physicians
Sole Practitioners

YOU

Distinct Competitors
Other Providers
Emerging Services
Family Caregivers

Change Forces
State & Federal Govt.
Economies
Baby Boomers

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Bringing Them Together

There are gears for a reason


The process is not sequential – it’s concurrent.
External and internal will impact each other.

How you mesh the gears becomes the strategic implementation plan.
And they keep turning the whole while.

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Steps to an Effective Strategic Plan

- Creating the strategic framework – establishing “success” based financial performance targets and sizing of economic opportunity
- Financial and operational benchmarking and third party reimbursement analysis
- On-site operations and performance improvement assessment
- Strategic action register - implementation plan

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Creating a Strategic Framework

- Establishing “success” based on financial performance targets and sizing of economic opportunity
- The unique aspect of this phase is that it allows the Organization to establish a targeted level of financial performance based upon management’s short and long-term targeted level of financial performance (health) given future strategic capital needs.

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Creating a Strategic Framework

- Brings a discipline to the operations and performance improvement process in that it is designed to create long-term impact to the community, provide a measurement of the effectiveness of the operational review and provide accountability for future operating results.
- Develop and evaluate “success-based” financial targets for Community to help you develop consensus around what financial success looks like given your long-term strategic financial and capital considerations.

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Creating a Strategic Framework

- Create a base financial and capital capacity modeling tool, which will include the following capabilities:
 - Five to ten year capital capacity analysis based on key assumptions and targeted financial performance parameters to evaluate the effects of ‘status quo’ operations on long-term financial health and capital capacity.
 - Key investor driven financial ratios resulting from the five to ten year ratio capability analysis such as the Operating, Net Operating Margin, Days Cash on Hand, Cushion, Debt Service Coverage Ratio, Debt Service Coverage Ratio-Revenue Basis, and Unrestricted Cash and Investments to Long-Term Debt Ratio.

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Overall Benchmarking

- The operational benchmarking analysis of current operations would include an assessment of revenue projections, net income analyses, benchmarking of component costs (labor and non-labor), staffing ratios, FTEs, ancillary usage, and other key indicators. The operational benchmarking analyses will also include a review of current resident contracts to determine if they support the revenue objectives of the organization.

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Overall Benchmarking

- The analysis should provide data by department:
 - General and administrative
 - Marketing
 - Fundraising and Development
 - Security
 - Nursing
 - Therapy
 - Resident Services (social services, activities, chaplaincy)
 - Dietary
 - Housekeeping
 - Laundry
 - Plant Operations


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Overall Benchmarking

- The labor benchmarking will provide multiple levels of analysis, including:
 - Salaries per resident day
 - Compensated hours per resident day
 - Salaries per compensated hour
 - Nursing skill mix comparison
 - Payroll taxes and employee benefits per day and as a percentage of wages
- Compare to industry benchmarking information.
 - State of Seniors Housing
 - 2009 Overview of Assisted Living

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Management Expectation Session

- Get a broad perspective of what the benchmarking information tells us;
- Establish a “target” for the operational assessment process.
 - The target is established to keep focus on the long-term impact and as a way to measure the success of the process.

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Management Expectation Session

- It should not be construed as centered on just financial outcomes. Operational, clinical, cultural, community, strategic, and marketing impacts of any opportunity may be identified.
- The target is simply a way for us to measure the potential impacts of strategic decisions.
- Eye toward moving strategically. Knowing the strategic direction allows recommendation and observations to be made in context.

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Operations Practices

- The review of operating practices is designed to gather the knowledge of individuals working day-to-day in the operations.
- Provides educational benefit, draws out operational issues, and provides real solutions as individuals feel empowered to effect change and are subsequently accountable for that change.

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Clinical Practices

- Identify revenue opportunities,
- Identify potential staffing inefficiencies, and
- Evaluate the use of ancillary services.

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Clinical Practices

- Include a benchmarking comparison of staffing based upon the acuity of residents to allow for flexibility concerning staffing levels and quality of care.
- Review of the layout of the nursing area,
- Resident acuity and intensity of service, and
- Staffing patterns within the context of your mission. Staffing review would include clinical and non-clinical positions. An understanding of your care delivery model is essential.

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Clinical Practices

- Key staff will be interviewed to determine
 - their span of control,
 - goals for their departments, and
 - to elicit feedback on opportunities they may see for efficiencies within the organization.
- The analysis would also evaluate the revenue generated from clinical services based upon the above factors. All clinical evaluation and interviews should be performed by an RN who has extensive experience working in a facility setting as well as consulting to senior living providers.

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Example Analysis

- Rebrand roles to enhance the value to the community in order to:
 - Better define the vision for the community and its strategic position in the local health care market
 - ◊ Establish each community's programmatic focus and strategic positioning imperatives
 - Build a more collaborative organization to enhance sharing of best practices and resources
 - Change the focus of oversight from monitoring compliance with financial, operational and clinical outcomes, to supporting them by monitoring their progression towards stated goals

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Example Analysis (continued)

- Further the benefit resources and geographic reach
 - ◊ Consider creating "centers of excellence" depending upon the need as the communities are repositioned
 - ◊ Design more consistent and efficient policies and procedures around admissions, human resources, quality assurance
- Recognize opportunities and support creative variations in delivering quality care to maximize business opportunities

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Example Analysis (continued)

Spectrum of Residents to be Served	Services to meet Residents' Needs
<ul style="list-style-type: none"> • Those needing socialization and supportive services • Those requiring rehabilitation services • Those with long-term chronic needs • Those with cognitive impairment • Those nearing end-of-life 	<ul style="list-style-type: none"> • Independent/Assisted Living • Home Health Care • Private-Duty Services • Hospice Care • Skilled Nursing • Adult Day Health • Care Management • Multitude of Home and Community Based Service Options

Where are Your Strengths and Focus?

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Implementation is the Key to Success

- Inclusive
- Specific plans
- Acceptance
- Documentation
- Baby steps/small victory
- Long term commitment

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Questions/Thoughts

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