



STAR² CENTER TALKS COMPENSATION PLANNING

MAY 8, 2019

IPM EASTERN



www.chcworkforce.org

Curt Degenfelder Consulting, Inc.



ASSOCIATION OF CLINICIANS FOR THE UNDERSERVED

Access to Care & Clinician Support

Recruitment & Retention

National
Health
Service Corps

Resources

Training

Networking



WHO WE ARE

Association of Clinicians for the Underserved



Funded by HRSA's Bureau of Primary Health Care



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WEBINAR HOUSEKEEPING

We are
Recording

Ask
Questions

Have Fun

FINANCE OF RECRUITMENT & RETENTION

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THE KEYS TO HEALTH CENTER BOTTOM LINE

1. Maximizing organizational service capacity
2. Regularly filling that capacity
3. Getting paid for services delivered



WHAT PHYSICS TEACHES US ABOUT COMMUNITY HEALTH CENTERS

Newton's First Law

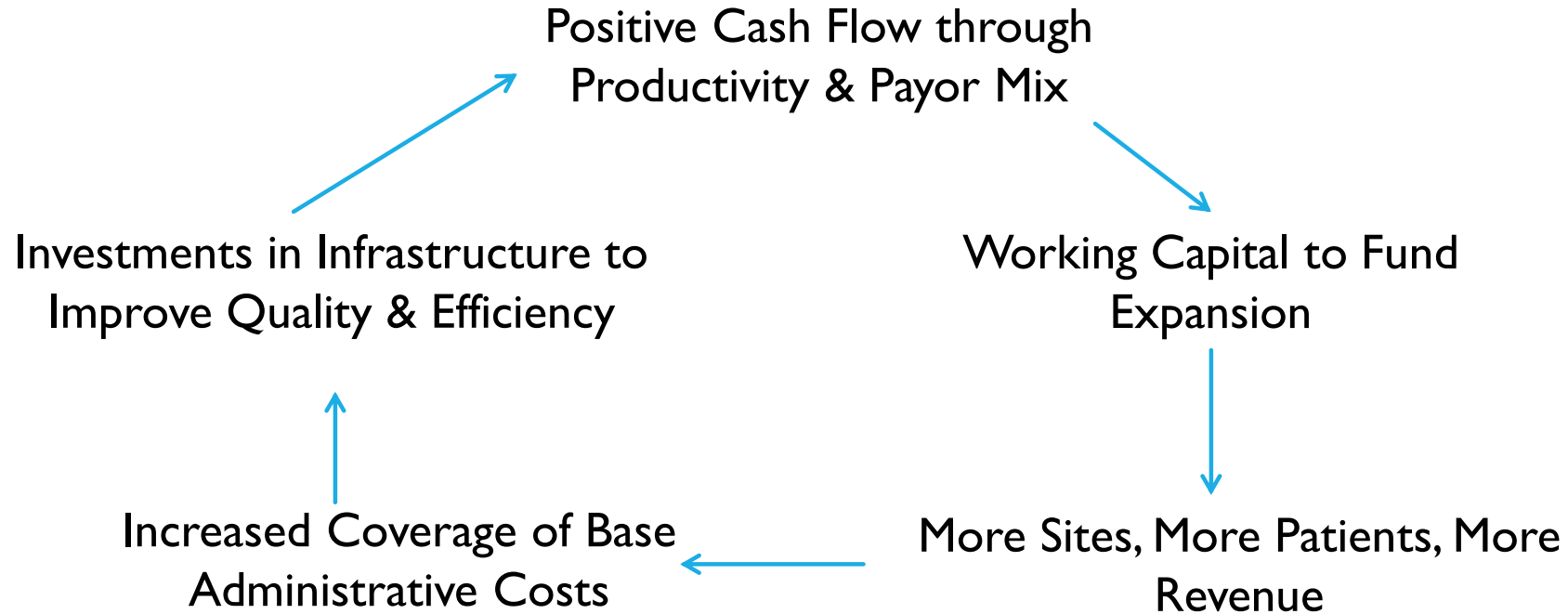
A body in motion tends to stay in motion, unless acted upon by an outside force. A body at rest tends to stay at rest

Second Law of Thermodynamics

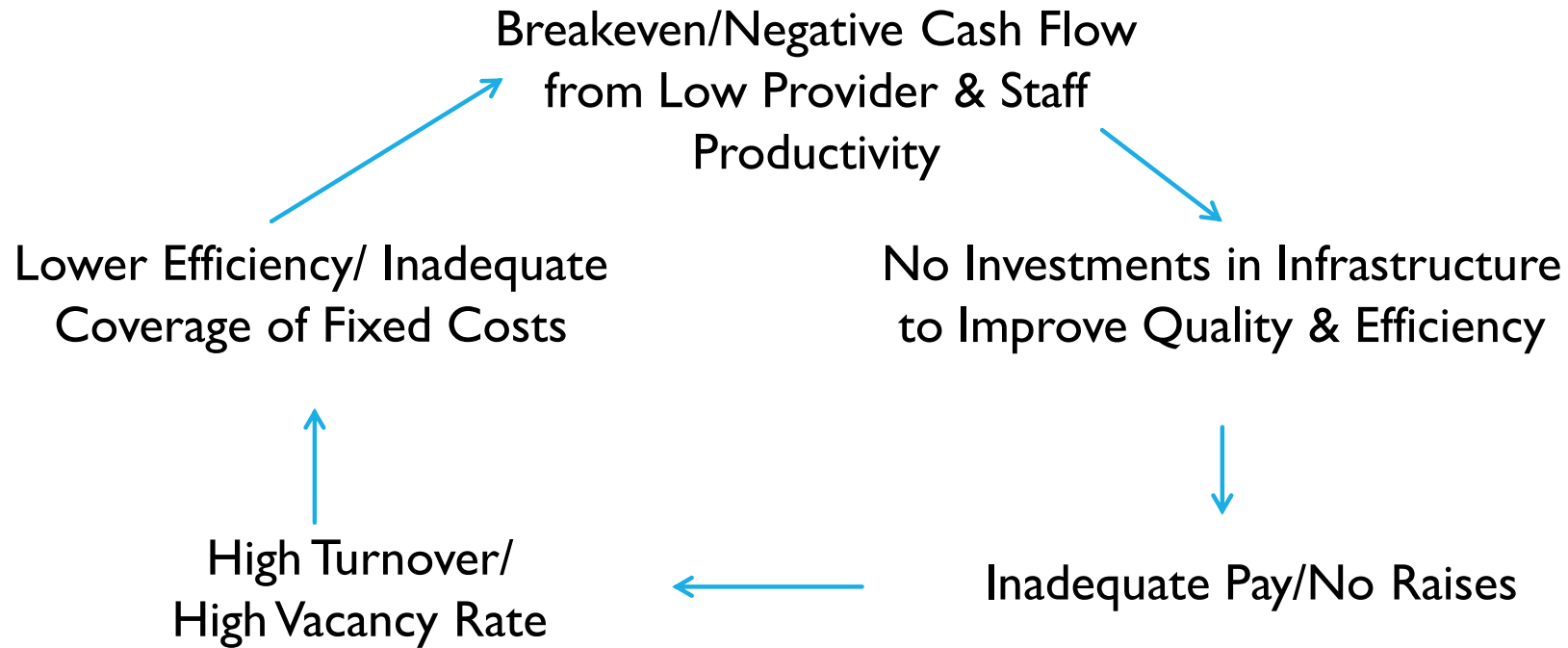
The total entropy (disorder) of an isolated system always increases over time



THE VIRTUOUS CYCLE



THE VICIOUS CYCLE



SOURCES OF CHC REVENUE

- Patient service revenue: 55 – 80% (increases with health center size)
- Grant revenue: 15 – 40%
- Other revenue: 5 – 15%
- Health centers get the majority of their revenue from seeing patients, recording the service, billing & collecting. Grant revenue is generally fixed, used to cover priorities (uninsured, certain services, activities)

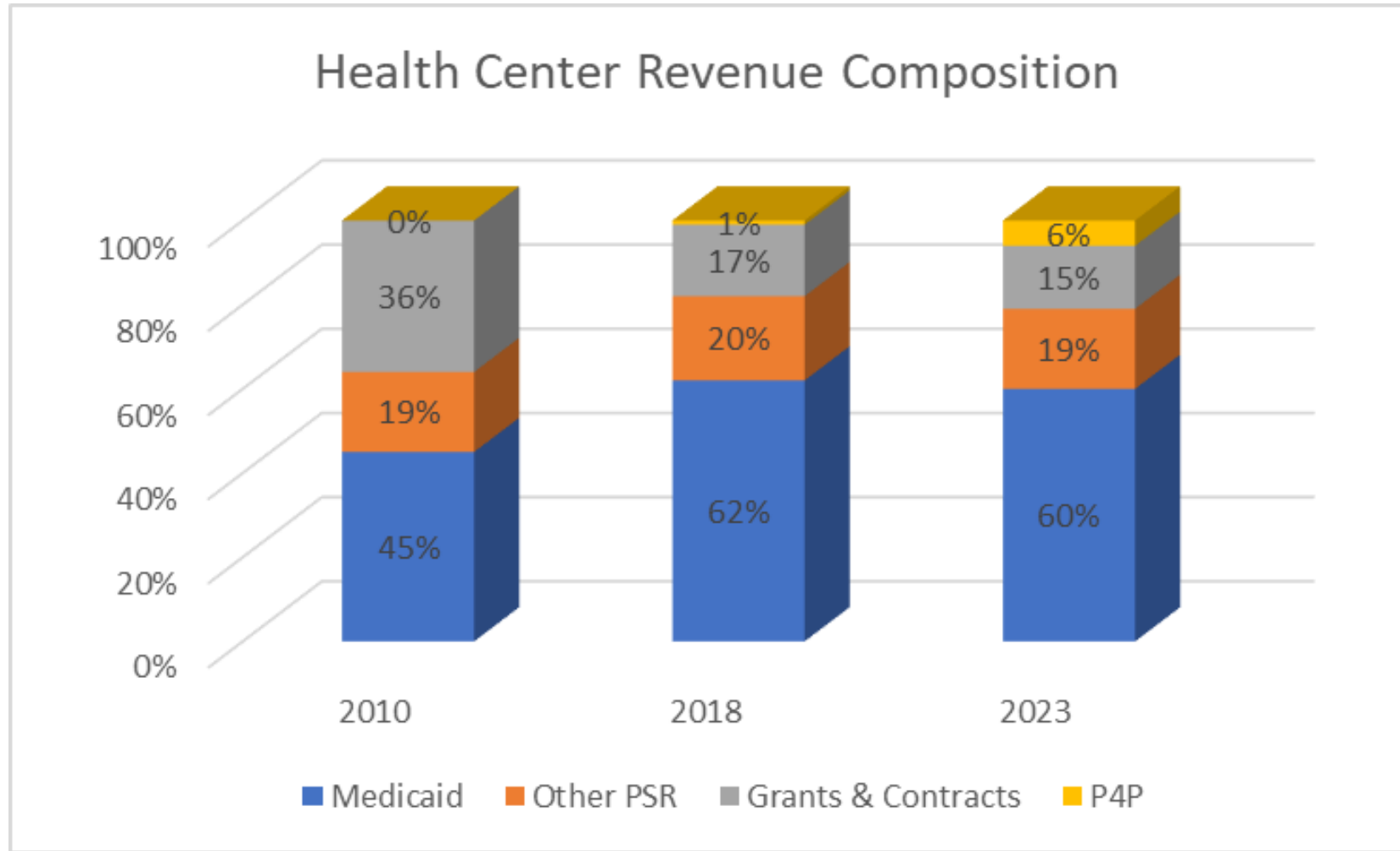


CHC REVENUE

Patient Service Revenue	
Medicaid FFS	\$ 913,581
Medicaid MC	\$ 3,268,697
Medicare	\$ 731,571
Commercial	\$ 60,492
Self-Pay	\$ 243,604
Family Planning	<u>\$ 154,239</u>
Total PSR	\$ 5,372,184
340b	\$ 1,001,978
330 Grant	\$ 842,956
Other Grants	\$ 93,169
Other Revenue	\$ 91,991
Total Revenue	\$ 7,402,278



FQHC REVENUE TODAY & IN THE FUTURE



Note that this graphic excludes consideration of 340b, which varies by health center but may decline in the future



CHC EXPENSES

- Salaries/contracted staff: 55 – 68%
 - Clinicians: 22 – 30%
 - Fringe benefits: 10 – 19%
 - Other than personnel: 18 – 35%
- Health centers are a service business. As such, the majority of expenses are people-related



CHC EXPENSES

Provider Salaries & Wages	\$ 1,213,774
Non- Provider Salaries & Wages	\$ 1,846,300
Payroll Taxes	\$ 240,151
Employee Benefits	\$ 131,802
Medical consultants	\$ 286,025
Otusize Services - Staff	\$ 314,588
Total Compensation	\$ 4,032,640
Outreach	\$ 57,535
Conferences & travel	\$ 72,039
Depreciation	\$ 193,903
Insurance	\$ 79,555
Interest	\$ 2,284
Laboratory	\$ 67,114
Medical supplies	\$ 290,727
Office expenses	\$ 169,555
Outside services	\$ 338,779
Professional services	\$ 237,315
Rent	\$ 548,285
Repairs and maintenance	\$ 72,290
Taxes, license & fees	\$ 18,564
Telephone	\$ 39,757
Utilities	\$ 94,077
Total Non-Compensation	\$ 2,281,779
Total Expense	\$ 6,314,419



IMPACT OF PROVIDER TURNOVER ON HEALTH CENTER BOTTOM LINE

When health center loses a provider:

- There is a loss of revenue from an open provider slot
- There is a cost to recruiting a new provider
- Access to visits may be limited
- Provider continuity with staff is interrupted
- Patient continuity with their provider is interrupted
- New providers take time to learn CHC EHR and operational setup, lowering productivity
- The health center may lose patients loyal to that provider



IMPACT OF PROVIDER VACANCIES SCENARIO I

	Current	PPS Provider Vacancies
Provider FTEs	10	8
Visits/FTE	3,900	3,900
Total Visits	39,000	31,200
Patients	13,000	10,400
Visits PPPY	3.0	3.0
Provider Panel Size	1,300	1,300
Net Revenue/Visit	\$ 120.00	\$ 120.00
Patient Service Revenue	\$ 4,680,000	\$ 3,744,000
P4P Revenue		
Grant & Other Revenue	\$ 1,300,000	\$ 1,300,000
Total Revenue	\$ 5,980,000	\$ 5,044,000
Provider Compensation	\$ 1,750,000	\$ 1,400,000
Variable Staff Compensation	\$ 1,200,000	\$ 960,000
Fixed Staff Compensation	\$ 1,600,000	\$ 1,600,000
Total Compensation	\$ 4,550,000	\$ 3,960,000
Variable OTPS	\$ 600,000	480,000
Fixed OTPS	\$ 780,000	\$ 780,000
Total OTPS	\$ 1,380,000	\$ 1,260,000
Total Expense	\$ 5,930,000	\$ 5,220,000
Net Income	\$ 50,000	\$ (176,000)



MARGIN ANALYSIS OF PRODUCTIVITY INCREASE

Revenue

- Net revenue per visit $\$120 \times 100 = \$12,000$

Expense

- Provider and staff salary - \$0
- Provider incentive compensation - $\$40 \times 100 = \$4,000$
- Medical supplies - $\$6 \times 100 = \600
- Office supplies - $\$3 \times 100 = \300

Margin – Change in Profit/(Loss)

- $\$12,000 - 4,900 = \$7,100$



CAPACITY – COST OF REPLACING A PROVIDER - CDCI

	NACHC	CHC	
Recruitment Cost	\$ 10,000	\$ 25,000	
Average length of vacancy	3.5 months	3.5 months	
Annual Productivity	3,600	3,500	
Lost visits in 3.5 months	1,050	1,021	
Net Revenue per visit	\$ 120.00	\$ 134.60	
Lost Revenue = 1,050 X \$120	\$ 126,000	\$ 137,404	
Provider Salary saved at \$180,000 + 22% benefits	\$ 64,050	\$ 69,686	(\$195,840 + 25% fringe)
Marginal Cost (revenue lost)	\$ 61,950	\$ 67,718	
Months to full ramp up	6	6	
Lost visits in 6 months (incl credentialling)	864	864	
Lost Revenue (\$120 X 180 visits)	\$ 103,680	\$ 116,294	
Total Cost for one provider turnover	\$ 175,630	\$ 209,012	



CAPACITY – COST OF REPLACING A PROVIDER - ACU

Physician Data Input Table			
Description	Input Value	National Estimate	Select Estimate
Salary Information			Click to Use All Estimates
Business Office (Patient Accounts/Billing) Salary and Benefits per hour		\$ 33.66	<input type="radio"/> Business Office
CEO/Administrator Salary and Benefits per hour		\$ 54.53	<input type="radio"/> CEO/Admin
Chief Medical Officer Salary and Benefits per hour		\$ 125.30	<input type="radio"/> CMO
Human Resources Salary and Benefits per hour		\$ 33.66	<input type="radio"/> HR
IT Hourly Rate plus benefits		\$ 21.40	<input type="radio"/> IT
Leaving Provider Annual Salary plus benefits		\$ 160,000	<input type="radio"/> Leaving Provider
Nurse/MA Hourly Rate plus benefits		\$ 31.45	<input type="radio"/> Nurse/MA
Other Providers Average Hourly Rate plus benefits		\$ 92.30	<input type="radio"/> Other Providers
Support Staff Salary and Benefits per hour		\$ 23.23	<input type="radio"/> Support Staff
Outside Recruiting Expenses			
Recruiting Service		\$ 26,000	<input type="radio"/> Recruiting Service
Advertising Costs (2 national journal print ads, 1 national online service x 3 mths)		\$ 4,200	<input type="radio"/> Advertising
Leaving Provider Practice Information			
Average patient visits per day by leaving provider		14	<input type="radio"/> Patient Visits
Average revenue/collections per visit with leaving provider		\$ 116	<input type="radio"/> Revenue per Visit
Malpractice Tail Coverage (if any)		\$ 12,000	<input type="radio"/> Malpractice

<https://chcworkforce.org/star%C2%B2-center-financial-assessment-tool>



TOTAL PROVIDER CAPACITY

- When should we/do we hire a new provider? Given how long it takes to recruit, should we build an inventory of excess provider FTEs?
- May result in only incremental costs, and help cover fixed costs
- Track other items that decrease provider capacity:
 - Provider absences (and what are the number of the visits done at a site when one provider isn't there)
 - Vacation/CME/sick time/FMLA
 - Moving providers around sites
 - Vacancies



PROVIDER CONSISTENCY

- Same provider, same exam rooms, same support staff
- Also same patients (patients not new to the health center, but new to the provider, take 5 – 8 minutes longer)
- Need to rethink use of part-time and locum providers
- Needed for continuity of care as driver of clinical quality and patient management

Provider compensation, and its relation to provider turnover, has a large impact on this consistency



COST OF NEW PATIENT VS. ESTABLISHED VISIT

	99203	99213
Health Center Cost Per RVU	\$ 60.00	\$ 60.00
RVU for CPT Code	3.14	2.11
Cost per Procedure	\$ 188.40	\$ 126.60
Addl Registration/Enrollment Effort (3 hrs @ \$20/hr comp cost)	\$ 60.00	
Total Cost Per Service	\$ 248.40	\$ 126.60

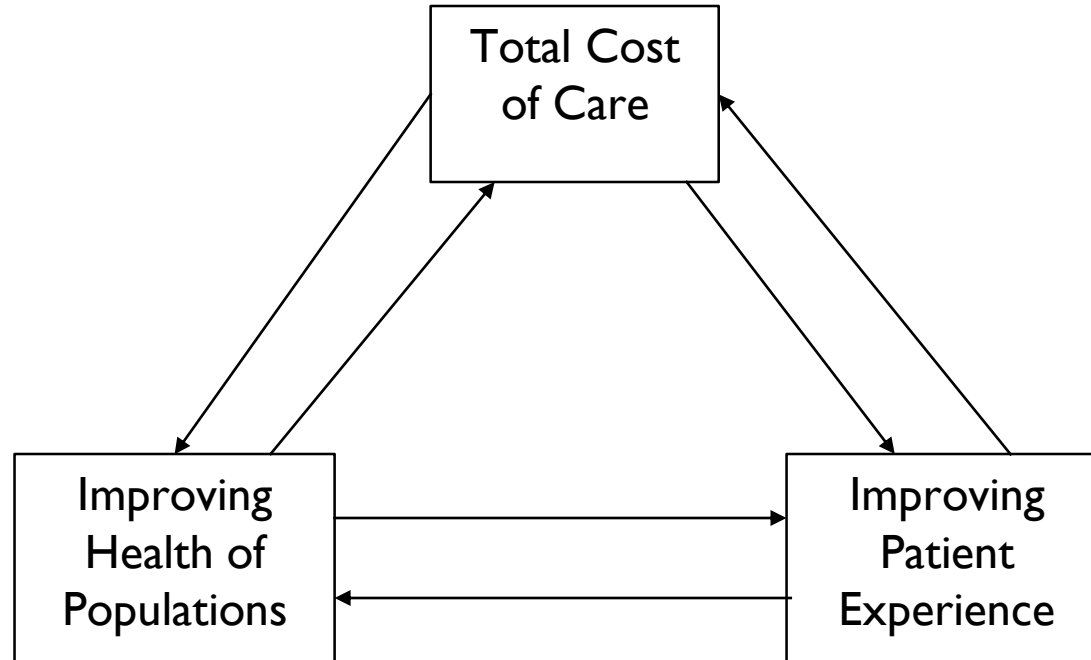


A DISCUSSION OF THE FUTURE

PROFITABILITY IN COMMUNITY HEALTH CENTERS



THE TRIPLE AIM



PRACTICE TRANSFORMATION/APM



THOUGHTS ON PROVIDER RECRUITMENT AND RETENTION IN 2019

1972 Chevy Impala



1973

1982 Ford Escort

1974



In 2019, what is expensive and in short supply in the future?



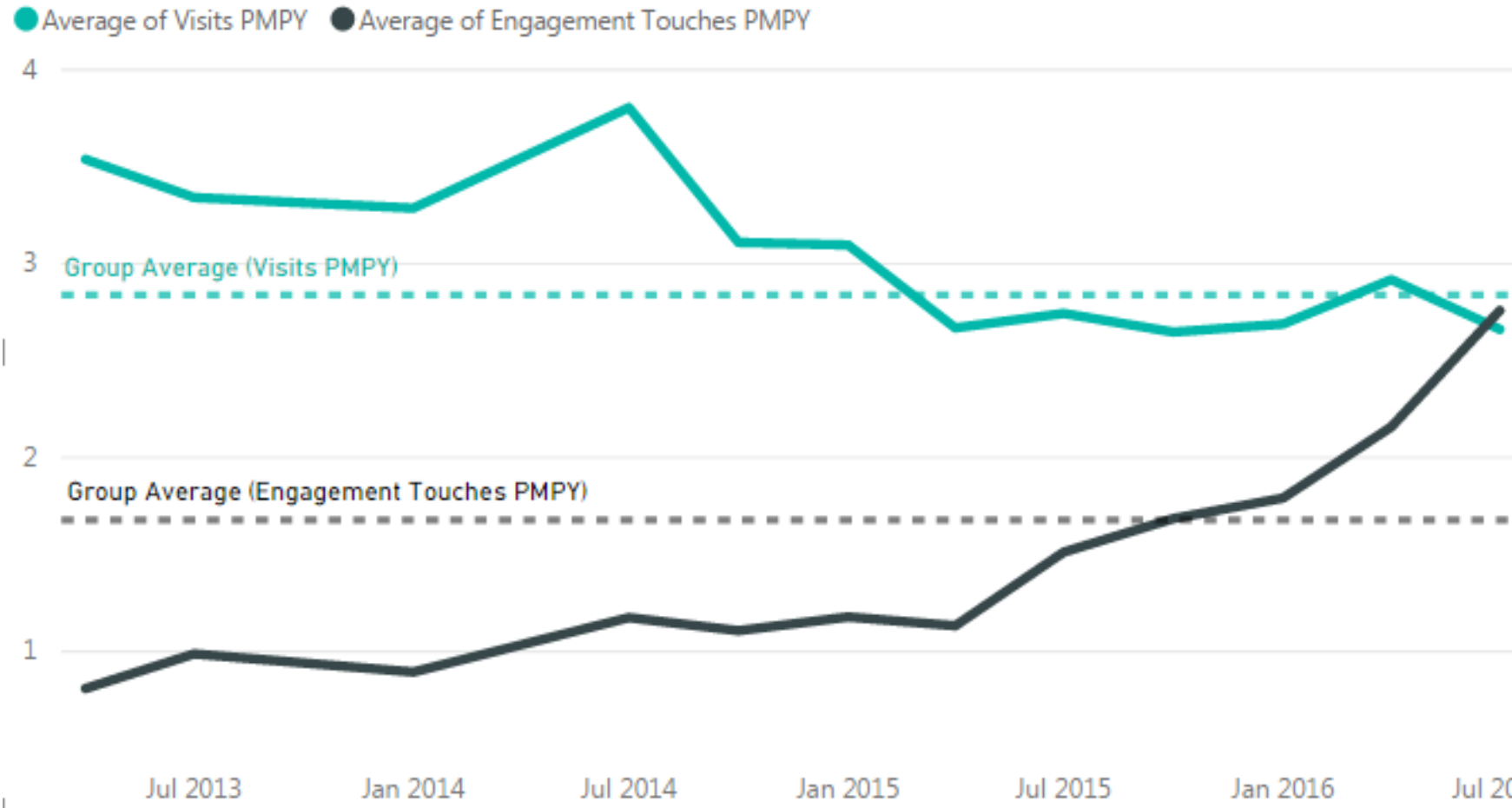
PCMH COST/BENEFIT ANALYSIS

- Physician: \$180,000 – 230,000
- Nurse practitioner: \$140,000 – 180,000
- RN: \$65,000 - \$75,000
- Medical assistant 1: \$12/hr
- Medical assistant 2: \$14/hr
- Medical assistant 3: \$20/hr
- Care coordinator: \$20/hr
- Front desk: \$13/hr
- Scribe: \$12 – 15/hr



APM— ACTUAL – VISITS TO TOUCHES

Average Visits PMPY and Average Engagement Touches PMPY



FUTURE FINANCIAL SCENARIOS SCENARIO 2 - PCMH

	Current	PPS PCMH
Provider FTEs	10	10
Visits/FTE	3,900	3,900
Total Visits	39,000	39,000
Patients	13,000	13,448
Visits PPPY	3.0	2.9
Provider Panel Size	1,300	1,345
Net Revenue/Visit	\$ 120.00	\$ 120.00
Patient Service Revenue	\$ 4,680,000	\$ 4,680,000
P4P Revenue		\$ 25,000
Grant & Other Revenue	\$ 1,300,000	\$ 1,300,000
Total Revenue	\$ 5,980,000	\$ 6,005,000
Provider Compensation	\$ 1,750,000	\$ 1,750,000
Variable Staff Compensation	\$ 1,200,000	\$ 1,400,000
Fixed Staff Compensation	\$ 1,600,000	\$ 1,600,000
Total Compensation	\$ 4,550,000	\$ 4,750,000
Variable OTPS	\$ 600,000	\$ 600,000
Fixed OTPS	\$ 780,000	\$ 780,000
Total OTPS	\$ 1,380,000	\$ 1,380,000
Total Expense	\$ 5,930,000	\$ 6,130,000
Net Income	\$ 50,000	\$ (125,000)



FUTURE FINANCIAL SCENARIOS SCENARIO 3 – APM PCMH

	Current	PPS PCMH	APM PCMH
Provider FTEs	10	10	10
Visits/FTE	3,900	3,900	3,900
Total Visits	39,000	39,000	39,000
Patients	13,000	13,448	13,929
Visits PPPY	3.0	2.9	2.8
Provider Panel Size	1,300	1,345	1,393
Net Revenue/Visit PMPM	\$ 120.00	\$ 120.00	\$ 30.00
Patient Service Revenue	\$ 4,680,000	\$ 4,680,000	\$ 5,014,286
P4P Revenue		\$ 25,000	\$ 50,000
Grant & Other Revenue	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>
Total Revenue	\$ 5,980,000	\$ 6,005,000	\$ 6,364,286
Provider Compensation	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000
Variable Staff Compensation	\$ 1,200,000	\$ 1,400,000	\$ 1,500,000
Fixed Staff Compensation	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>
Total Compensation	\$ 4,550,000	\$ 4,750,000	\$ 4,850,000
Variable OTPS	\$ 600,000	\$ 600,000	\$ 600,000
Fixed OTPS	<u>\$ 780,000</u>	<u>\$ 780,000</u>	<u>\$ 780,000</u>
Total OTPS	\$ 1,380,000	\$ 1,380,000	\$ 1,380,000
Total Expense	\$ 5,930,000	\$ 6,130,000	\$ 6,230,000
Net Income	\$ 50,000	\$ (125,000)	\$ 134,286



FUTURE FINANCIAL SCENARIOS SCENARIO 4 – APM PCMH VACANCIES

	Current	PPS Provider Vacancies	APM PCMH	APM PCMH Vacancies
Provider FTEs	10	8	10	8
Visits/FTE	3,900	3,900	3,900	3,900
Total Visits	39,000	31,200	39,000	31,200
Patients	13,000	10,400	13,929	11,556
Visits PPPY	3.0	3.0	2.8	2.7
Provider Panel Size	1,300	1,300	1,393	1,444
Net Revenue/Visit <small>PMPM</small>	\$ 120.00	\$ 120.00	\$ 30.00	\$ 30.00
Patient Service Revenue	\$ 4,680,000	\$ 3,744,000	\$ 5,014,286	\$ 4,160,000
P4P Revenue			\$ 50,000	\$ 25,000
Grant & Other Revenue	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000
Total Revenue	\$ 5,980,000	\$ 5,044,000	\$ 6,364,286	\$ 5,485,000
Provider Compensation	\$ 1,750,000	\$ 1,400,000	\$ 1,750,000	\$ 1,400,000
Variable Staff Compensation	\$ 1,200,000	\$ 960,000	\$ 1,500,000	\$ 1,260,000
Fixed Staff Compensation	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Total Compensation	\$ 4,550,000	\$ 3,960,000	\$ 4,850,000	\$ 4,260,000
Variable OTPS	\$ 600,000	480,000	\$ 600,000	\$ 480,000
Fixed OTPS	\$ 780,000	\$ 780,000	\$ 780,000	\$ 780,000
Total OTPS	\$ 1,380,000	\$ 1,260,000	\$ 1,380,000	\$ 1,260,000
Total Expense	\$ 5,930,000	\$ 5,220,000	\$ 6,230,000	\$ 5,520,000
Net Income	\$ 50,000	\$ (176,000)	\$ 134,286	\$ (35,000)





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THANK YOU!



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