What are Your True Operating Costs?

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Presented By -

Scott Lloyd
President of MTM Services, Lead SPQM Data Consultant and Senior National Council for Mental Wellbeing Consultant
- 10 years in a private-for-profit industry
- 24 years in the CBHO, CSB, CCBHC environment (Since 1998)
- Has worked with more than 1,000 organizations in 48 states, Washington, DC, and 2 foreign countries in all service disciplines
- The data in this presentation is tied to that experience working to help teams make substantive change every day

Experience – Improving Quality in the Face of Healthcare Reform
“Working to help organizations deliver the highest quality care possible, while improving the quality of life for those delivering the care”

- MTM Services has delivered consultation to over 1,000 providers (MH/SA/DD/Residential) in 49 states, Washington, DC, and 2 foreign countries since 1995.
- MTM Services’ Access Redesign Experience (Excluding individual clients):
  - 5 National Council Funded Access Redesign grants with 200 organizations across 25 states
  - 10 Statewide efforts with 216 organizations
  - Over 15,000 individualized flow charts created
  - Leading CCBHC Set up and/or TA efforts in more than over 30 states across the country since the program’s inception.

Asha Patel, BS, Director of Business Operations -
Joined Labette Center for Mental Health Services in 2006.
Became the Office Manager in fall of 2015.
Director of Business Operations in July of 2017.
Bachelors of Business Administration (BBA) degree in Management and Accounting.
Using the Value of Care Equation for Good

Resetting our Reality...
Most Teams Already Know What To Do...
Why do some organizations achieve success while others continue to struggle?

We Need STAFF!!

1. Current labor market is the worst I have seen in my 24 years
   some of the teams we are working with have 35% of their spots open, including
   administrative positions
   losing staff to places that we have never had to compete with!

   The great assumption...

2. Primary factors for burn out:
   • Paperwork, Paperwork, Paperwork!! – Post session in particular
   • Unrealistic productivity expectations (Don’t eradicate Productivity Guidelines)
   • Overbearing non-billable duties
   • Don’t like their leaders
   • Low pay/lack of opportunities for growth/bonuses

3. What To Do About it?
   • Documentation Redesign/Data Mapping/Collaborative Documentation
   • Stay plugged in – (When is the last time you did an assessment?)
   • Realistic productivity expectations
   • Remove other areas of system noise

Picture Source –
http://org.osu.edu/cpnposu/2019/10/31/burnout/
Resetting our Reality...

As We Move to CCBHCs / Higher Funding Environments

Hiring more low producing staff without fixing the issues that cause your current staff to struggle is NOT a sound strategy...

Productivity is not a measure of how hard our staff are working....

It is a measure of how well our systems are supporting our staff!

Breaking down cost versus revenue by modified code –

Crucial for CCBHC rate setting versus the CMS Tool that gives a system wide cost.

Making the Value of Care Equation Work –

How did we get to here?!

System Noise –

Anything that keeps staff from being able to do the job they want to do: Helping consumers in need!

More Importantly, what do you do about it!?
Change - (Verb) - Alter, vary, modify. To make or become different. Change implies making either an essential difference often amounting to a loss of original identity or a substitution of one thing for another.

Why the “Value” of Care Equation Came About

Quality Is Often Confused With How Much Narrative We Write...

- That’s how and why the value of care equation came to be as is everybody kept trying to out quality everyone else (a.k.a. writing more), the result is that we started serving the system/our paperwork more than we were serving our consumers.
- This often leads to staff members taking personal ownership in the processes and/or forms that they create.

Resetting our Reality...

The #1 Reason that Change Efforts Fail -

Teams come into the change process looking to alter what they are doing now instead of looking at what it will take to actually make a substantive change....

Partial Implementation or Cherry Picking the Change...

The best way to overcome this is to tie to a solid change reason with a solid change target....
The “Value” of Care Equation

**Services Provided/Quality** – Timely access to clinical and medical services, service array, duration and density of services through Level of Care/Benefit Design Criteria and/or EBPs that focuses on population-based service needs.

**Cost of Services** provided based on current service delivery processes by CPT/HCPCS code and staff type.

**Outcomes Achieved** (i.e., how do we demonstrate that people are getting “better” such as with the DLA-20 Activities of Daily Living).

**Value is Determined** based on can you achieve the same or better outcomes with a change of services delivered or change in service process costs which makes the outcomes under the new clinical model a better value for the payer.

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**Bedrock Change Principle…**

The 2 Main Measurable Components Encompass A Lot!

- **Quality**
  - Access to care/Wait times
  - Engagement/Show rates
  - Adherence to treatment
  - Appropriate length of stay
  - Outcomes measured with a validated outcomes tool
  - Staff’s job satisfaction
  - Staff turnover rates

- **Cost**
  - Seems easy to measure, but most teams are using a flawed methodology
  - Is not a popular topic with clinical staff so is often not addressed
  - Because flawed methodologies are used, costing number often do not make sense to staff then they so discuss it
  - If you focus on the cost of care, you are often seen as the enemy of Quality

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**Resetting our Reality…**

We Need Accurate Data!

1. Anecdotal data versus accurate data
   - Most teams rely on data based upon their impressions/gut feel
   - Gut feel data often leads to the wrong emphasis points and/or overreactions
   - As David Swann points out – “You should have the same data that your MCOs have about you!”

2. Why use anecdotal data? – On average, 30% of the data in medical records across all medical fields has been deemed inaccurate
   - Who can fix this/Who is entering the data?
Resetting our Reality…

We Need Accurate Data!

Anecdotal/Self Assessment vs. Real Data

You Need to Know Your Starting Point!!

Qualities that Support Leadership Based Empowered Team Development

1. A leader has a Mission that matters
2. A leader is Committed
3. A leader has High Ethics
4. A leader is a Change Master
5. A Leader is a Risk Taker
6. A leader is a Decision Maker
7. A leader uses Power Wisely
8. A leader Communicates Effectively
9. A leader is a Team Builder
10. A leader is Courageous/Exudes Strength – A Panic Filled Leader….
Back to our original question, do you actually know your costs?!

Top Costing Challenge Points -
• Dividing costs by 2080 hours
• Not including all of your costs
• Using overhead percentages instead of actual costs
• Thinking that your P&L Data is Enough!
• Looking at expected revenue instead of actual revenue
• Including monies outside of At Risk Funding

Costing Methodology Review:  
Actually Understanding your Costs!
Let’s Do the Math!

$\textbf{40,000} / 2080 \text{ Hours} = \textbf{19.23} \text{ An Hour}$

$30 = \textbf{10.77} \text{ Margin Per Hour}??$

$30 \times 1200 \text{ Hours} = \textbf{36,000}$
Resetting our Reality…

Key Take Aways for Labette Center

How Labette Center makes the costing report work in the best way possible.
- The importance of Providers Meeting Productivity.
- Making sure all services/cost/revenue is included in the calculator.
- Separating direct and indirect costs.

What Labette Center gets from having an effective and accurate costing report.
- Being able to view results down to individual providers.
- Having the ability to break down the impacts of all funding sources.
- The True Cost of being a Community Mental Health Center in Labette County.

The CMS Costing Tool was Designed to Estimate Costs

- Estimates can hide a lot of things!
- Can you see your cost per hour/event by staff?
- Can you see your cost per hour/event by code?
- If not, then how will you know if the PPS rate is going to work?
- Majority of teams have had to rebase their costs at the end of their first year as a CCBHC.

The CMS Costing Tool was Designed to Estimate Costs
The CMS Costing Tool was Designed to Estimate Costs

Margin Comparisons by Center / National

ACMHCK – Establishing a Solid Costing Reality

| Break down cost versus revenue by modified code – Crucial for CCBHC rate setting versus the CMS Tool that gives a system wide cost. |

The CMS Costing Tool was Designed to Estimate Costs
Resetting our Reality...

A Successful Change Should Benefit You, Your Consumers and Your Staff!

Changes Should...
- Reduce Repetition / Extraneous Data Capture
- Reduce Time to Care
- Reduce Documentation Time
- Reduce Staff Turnover
- Reduce Billing Errors
- Reduce Miscommunications
- Reduce Management’s Time in Decision Making by Building Leadership
- Reduce Costs

All of these changes will converge to Increase the Quality of Care and your Staff’s Job Satisfaction.

The easiest way to know if you have made a successful change is when the care you are delivering meets with the expectations of what you would want for yourself and/or your loved ones!

Thank You

See our outcomes, resources and more...

www.mtmservices.org