

**Your Health Center – City, State
Sample - Financial Recovery Plan**

Prepared By:

Board Approved: (Date)

Objective	Action Steps	Expected Completion Date	Responsible Staff	Status Report
Cost Cuts and Cost Controls	1. Implemented a series of Reduction in Force (RIF) for primarily administrative/support personnel and rollback of administrative salaries.	Completed	CEO	The RIFs included eliminating 2 administrative FTE in the summer of 2006 for \$160,000 annual savings, 16 administrative and support FTE and 0.75 provider FTE in Feb 2007 for savings of \$800,000, 2 administrative FTE and 1 position downgrade in the summer of 2007 for savings of \$140,000, 1 maintenance FTE in December 2007 for savings of \$41,000, transfer of 2/3 of Development Director salary to the foundation for savings of \$24,000, and salary rollback savings of \$65,000. Total RIF and Salary Cuts = \$1,230,000.
	2. Ended contract to provide medical services for the County Jail, which was operating at a loss for SAMPLE CHC.	Completed 12/31/07	CEO and COO (close/transition)	The close out has been completed. Over time the contract resulted in increasing costs without requisite increases in contract revenue. In 2007 total operating costs exceeded the contract by \$60,000.
	3. Closed the satellite site located in rental property owned by Area Hospital, which was operating at a loss for SAMPLE CHC when Area Hospital pulled funding to assist in operating the site. Transfer patients to State St.	Completed 1/31/08	CEO and COO (close/transition)	The site officially closed 1/31/08 and the transition of records, equipment, supplies, etc. is in process. Initially, Area Hospital provided a \$350,000 grant to SAMPLE CHC to operate the site (2005). However, this amount was reduced to just over \$200,000 in 2006 and no funding was provided in 2007. SAMPLE CHC incurred operational losses in all three years with, 2007 projected to be \$240,000.
	4. Freeze all non-essential purchases, implement purchasing controls, and monitor operating expenses closely to control costs.	Ongoing Controls and Monitoring	CEO and CFO	Implemented purchasing controls and monitoring of costs.
	5. Review all contractual services and negotiate with vendors.	Initiated and Ongoing	CEO and CFO	Ended the contract for public relations and marketing saving \$24,000 annually. Negotiating with vendors for payment terms, recently resolved \$12,000 in late fees.
	6. Continue to evaluate all staffing for other potential reductions, including improving operating efficiencies to reduce staffing needs.	January – April 2008 and Ongoing	CEO, CMO, CFO, and COO	Based on encounter volume and productivity rates the provider staffing has been reduced to bring staffing levels in line with patient volume assuming minimum productivity standards. This resulted in a decrease of 2.2 FTE (part-time providers) for savings of \$205,000.

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Increase Patient Volume, Patient Satisfaction, Provider Productivity, and Cost Efficiency	7. Reengineer patient processing to improve patient flow, reduce wait times, increase patient satisfaction, and increase patient volume.	In Progress Complete by March 2008	COO and CMO	Duties for front desk, medical assistants, and billing staff are being realigned for patient scheduling duties and having billing staff oversee the checkout desk and charge entry. Previously, the front desk staff handled scheduling, check in/out, and charge entry.
	8. Change scheduling practices for providers to increase access, improve patient flow, reduce patient appointment cancellations, and increase provider productivity.	Completed January 2008	CEO, CMO, and COO	Policies and procedures for provider leave have been updated to require 90-day advance scheduling of leave except in case of emergency in order to effectively maintain patient appointment schedules, improve patient return visit rate, and avoid canceling appointed patients due to provider absence.
	9. Reengineer patient scheduling practices to increase access, improve patient flow, reduce wait times, and increase provider productivity.	Complete by March 2008	CMO and COO	Complete an analysis to determine the times of the day and week that peak volumes of walk-ins occur (scatter-gram analysis) in order to realign scheduling practices to even-out the patient flow, reduce wait times, improve patient satisfaction, and improve productivity. Consideration is being given to moving towards a “same-day appointment/open access” system to further reduce wait times.
	10. Realign the duties of the Chief Medical Officer and Chief Dental Officer to increase time for direct patient services.	Completed CDO July 2007 & CMO Dec 2007	CEO, CMO, CDO	The CDO and CMO positions have been realigned to include 80% of hours serving patients versus the former 50% administrative, thereby increasing patient volume and revenues.
	11. Increase provider time available for direct patient srvs, increasing work hours 40/wk, with the goal of 36/wk full-time provider.	Over next year as contract need to be renewed	CEO, CMO, COO	Review provider contracts and policies and procedures to bring direct patient service hours from 28 to 32 hours per week per full-time provider to 36 hours per week, which will increase patient access and improve provider productivity.
	12. Establish productivity goals to increase productivity for each practice area and as a team.	Over next year as contracts are renewed	CEO and CMO	The FRP budget establishes a baseline for minimum patient volume and productivity goals based on historical performance. Contract negotiations with provider staff will serve to establish individual and team goals above the FRP minimums by 10%. Medical providers are currently performing at 85% of the minimum industry expectation.
	13. Review the current incentive system.	Complete by July 2008	CEO, CMO, CDO, CFO, and COO	The incentive systems first parameter is profitability, as such no staff has qualified for incentive pay. While SAMPLE CHC has limited resources for incentives, the current system is not producing the expected results for improved performance.

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Increase Capacity to Provide Services, Patient Volume, and Cost Efficiency	14. Consolidate administrative staff to just the second floor of the current space utilized, thereby freeing up space for other purposes.	Completed January 2008	CEO, COO, Facilities Staff	Administrative space on the first floor is in the process of being renovated to accommodate WIC space needs. WIC currently rents a suite on the second floor that they have outgrown. Rental income from WIC will increase by \$16,200 per year.
	15. Renovate the former WIC suite to provide patient medical services.	Complete by Summer 2008	CEO, COO, Facility Staff	This will result in 6 additional exam rooms and waiting area allowing SAMPLE CHC to increase capacity to serve, sufficient to accommodate at least 2 and up to 3 additional providers.
Increase Patient Service Revenue, Collection Rates, and Other Revenue Sources	16. Apply for Medical Capacity Expansion Grant to serve 3,000 additional patients per year.	Application Completed February 2008	CEO, CFO, and Dir of Dev	If successful, the MCE grant will allow for SAMPLE CHC to serve 3,000 additional patients per year including approximately 1,000 homeless patients. This will also allow for SAMPLE CHC to improve cost efficiency by reducing overhead costs per visit, as well as increase patient services revenue for patients with third party sources of funds.
	17. Review and update the fee schedule to bring all fees in line with market rates and industry standards.	Complete by April 2008	CFO and Billing Manager	The average charge per billable encounter was \$127 for 2006, which was 81% of the national average of \$156. Coding norms can also impact the average charge rate (see #18).
	18. Complete an analysis of provider coding trends to identify areas for improvement and training.	Complete Analysis by 4/08, Training by 6/08 On-going	COO, Quality Assurance Committee, and Billing Manager	SAMPLE CHC will seek assistance from HRSA for technical assistance to develop the review protocol and provide training. This will be an on-going process of review and training updates as the reviews warrant.
	19. Review all outstanding patient services claims over 120 days old to determine reason(s) for non-payment, take steps to resolve, and re-bill. Consider need for temporary staffing to complete process.	Immediate and On-going	CFO, Billing Manager, Analysis from Financial Consultant	SAMPLE CHC will seek assistance from PCDC for technical assistance from Financial Consultant. This will be an on-going process. Any additional revenue collected will be above the FRP projections.
	20. Reengineer patient self-pay collections to collect all co-pays, deductibles, and minimum fees prior to the patient visit.	Implement by March 2008	COO and Billing Manager	It is expected this step will improve collections and reduce overhead costs. Any additional revenue collected will be above the FRP projections.

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Increase Patient Service Revenue, Collection Rates, and Other Revenue Sources <i>Continued</i>	21. Applied to the State Department of Health for interim grant assistance as part of the Berger Commission activities. Apply for additional funding as opportunities present.	Completed Initial Request December 2008 and Ongoing	CEO	The CEO applied to the State Department of Health for interim grant assistance as part of the Berger Commission activities. SAMPLE CHC received a grant for \$400,000 in January 2008 to fund the payrolls in January. The CEO will continue to work with the State Department of Health to secure additional funding as it may become available. The initial \$400,000 is in the FRP projections, and additional amounts would be above the FRP projections. All indications are that SAMPLE CHC will receive additional support.
	22. Apply for funding under the State HEAL 6 Program for 2008.	Based on Application Due Date(s)	CEO, CFO, and Dir of Dev	Preliminary Stages
	23. Expanded the number of State certified Medicaid Facilitated Enrollers on-site.	Completed in 2007	CFO and Billing Manager	The facilitated enrollers have helped uninsured patients with Medicaid applications, thereby increasing the number of patients served with Medicaid. However, it is noted that uninsured patients continue to increase, with SAMPLE CHC having a 40% increase in the number of uninsured patient encounters in 2007 over 2006.
	24. Become the selected site for presumptive eligibility for the S-CHIP Program.	Completed and Effective March 2008	CFO, COO, and Billing Manager	SAMPLE CHC will be the Schenectady County site for completing presumptive eligibility screening for children eligible for the S-CHIP Program, which should help to increase and maintain these enrollments.
	25. Increase marketing and outreach efforts to increase patient volume. Increasing patient volume will result in increased patient revenues to cover operating costs.	Immediate and Ongoing	Dir of Dev	Activities will include advertising new providers and existing provider staff, developing an outreach program using volunteers, apprising patients formerly seen at the Area Hospital site that their care has been transferred to the Site A site, fielding media inquiries, etc.
	26. Evaluate the sliding fee scale and minimum fees to determine if increasing the minimums would be appropriate for medical and dental services	Complete by March 2008	CEO and CFO	

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Increase Patient Service Revenue, Collection Rates, and Other Revenue Sources <i>Continued</i> Improve Financial Management and Monitoring Systems	27. Continue to seek new funding opportunities and maintain current funding sources.	Ongoing	CEO, CFO, and Dir of Dev	<p>A detailed monthly budget has been established as part of the Financial Recovery Plan through Dec 2009. SAMPLE CHC will need to monitor actual operations in comparison to FRP projections. This includes costs, revenues, actual collections, and productivity targets. Any negative variances will be analyzed and action taken to correct the deficiency. Positive trends above projections should be identified and used as opportunities to further financial recovery.</p> <p>A detailed monthly cash flow analysis was prepared as part of the FRP. Actual cash flow results need to be compared to the monthly projections to identify any variances.</p> <p>Update the chart of accounts to provide full detail on the balance sheet accounts receivable and revenue accounts to be able to discreetly track all revenue sources and receivable balances particularly for revenues streams that involve periodic settlements. Record all revenue sources as earned using conservative estimating techniques to achieve full accrual accounting. SAMPLE CHC will seek assistance from PCDC for technical assistance from Financial Consultant.</p> <p>SAMPLE CHC will seek assistance from PCDC for technical assistance from Financial Consultant to conduct an initial analysis of the Dec 31, 2007 accrual.</p> <p>SAMPLE CHC will seek assistance from PCDC for technical assistance from Financial Consultant.</p> <p>SAMPLE CHC will seek assistance from PCDC for technical assistance from Financial Consultant.</p>
	28. Establish fund raising activities including establishing a fund raising committee of the BOD.	Developmental Stage and Ongoing	CEO, Dir of Dev, and Board of Directors	
	29. Establish a realistic budget and monitor actual result closely.	Completed February 2008	CEO, CFO, COO, and Board of Directors	
	30. Establish a realistic and detailed cash flow analysis, by month to effectively track cash flow needs.	Completed February 2008	CEO, CFO, COO, and Board of Directors	
	31. Update the Chart of Accounts and implement full accrual accounting on a monthly basis.	Complete by February 2008	CFO and Technical Assistance from Financial Consultant	
	32. Complete quarterly analysis of patient services receipts to validate accounts receivable G/L estimates.	Starting with Dec 2007 Balances	CFO, Billing Manager, Financial Consultant	
	33. Provide general health care financial management training for the accounting department staff.	Complete by April 2008	CFO and TA from Financial Consultant	
	34. Work on improving monthly, quarterly, and annual operational reports to monitor operations.	Complete by May 2008	CEO, CFO, COO, Board Fin Comm and Fin Consultant	

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Improve Financial Management and Monitoring Systems <i>Continued</i>	35. Provide Training on Microsoft Excel for management team and accounting staff.	Complete by April 2008	CEO	Utilize technical assistance funding from PCDC to provide Excel training, which will help in completing analysis of operations and development of reports.
	36. Upgrade practice mgmt system "Chorus" to Version 7.0.	Complete by May 2008	CFO, COO, IT, & Billing Manager	Installed as of Feb 2008. The upgrade is expected to improve scheduling, patient tracking, and billing functions.
Stabilize Cash Flow, Debt Mgmt, and Other Negotiations	37. Establish a goal to increase overall liquidity and reach a current ratio above 1.0, with a long-range goal of maintaining a ratio of 2.0.	As Feasible	CEO, CFO, and Board of Directors	
	38. Assure that all mortgage payments are made on time.	Immediate and Ongoing	CEO and CFO	The Site A facility mortgage was brought current in November 2007 and has been paid for December and January.
	39. Continue efforts to resolve/reduce OIG Medicaid Audit impact	Partially Completed	CFO, Billing Manager, Attorney	SAMPLE CHC expects to be able to reduce the liability by \$275,000 and reduce the offset rate from 15% to hopefully 5%.
	40. Work closely with other safety net providers in Schenectady County, particularly St. Clare's Hospital to provide a voice and representation during the Berger Commission planning and implementation.	Immediate and Ongoing	CEO, Dir of Dev, Board Chairman	
	41. Consider establishing an operating reserve and a capital reserve as improvements in cash flow permit.	As Feasible	CEO and Board of Directors	
Strategic Planning, Annual Business Plan, and Governance	42. Complete a comprehensive long-range Strategic Plan and a detailed Annual Business Plan.	Complete by Summer 2008	Management Team and Board of Directors	SAMPLE CHC will seek assistance from HRSA to provide a facilitator for the long-range strategic planning session and would like to do this after the Board Training is completed.
	43. Provide comprehensive Board Training on 330 Program Expectation, Board Roles and Responsibilities, and Monitoring Health Center Performance.	Complete by June 2008	CEO and Board of Directors	SAMPLE CHC will seek assistance from HRSA to provide comprehensive training for the Board of Directors, as there are several new members and a recent change in leadership.

