



# 2019-20 FINANCIAL FORECAST AND ORGANIZATIONAL PERFORMANCE IMPROVEMENT PLAN

Presented to the Board of Directors  
Monday, February 25, 2019

# What brought us to this point?

- Decrease in patient volume resulting in revenue below projections
- Increase in expenses due to budgeted growth in volume and services

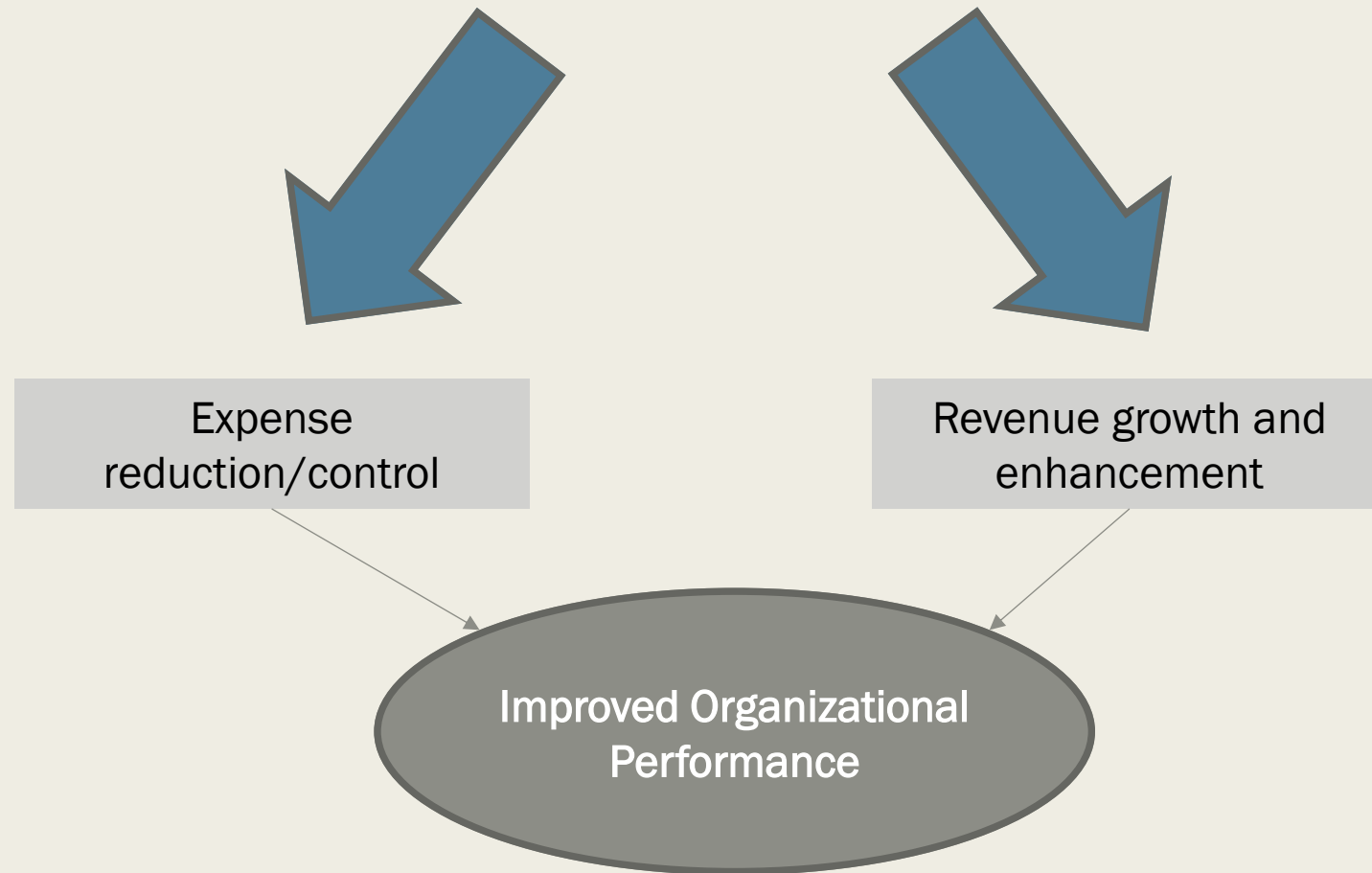
Reduced revenue  
+  
Increased expenses  
=  
Operating losses and  
decreased cash on hand

# Important Talking Points

- CHC has experienced downturns in financial performance in the past and rebounded to achieve strong performance.
- Financial analysis and forecasting have served as an early warning system.
- We have the knowledge, expertise, creativity and commitment to reverse this trend; however,
- It is critical that we act quickly and definitely.
- To that end, leadership and management have begun developing a plan that includes both performance improvement strategies and guidelines for employee communication.

# Organizational Performance Improvement Plan (PIP)

\* By necessity must address both sides of the equation



## Expense Reduction/Control

Goal: to reduce expenses while making every effort to maintain optimal access for our patients and minimize negative consequences on our workforce.

- Identify and reduce services and hours of operation that are underutilized and/or undercompensated in proportion to their associated cost
  - Migrant Clinic - reduction in hours and premium pay
    - Potential savings = \$106,000
  - LC4 –reduction in staffing and operating hours
    - Potential savings = \$420,000
- Convert marketing and PR approach to no-cost/low-cost vehicles – i.e. social media
  - Potential savings = \$20,000
- Employee benefits
  - Convert short term disability to employee funded option
    - Potential savings = \$65,000

# Revenue Enhancement

Goal: Maximize existing sources of revenue while identifying and developing new business models and additional revenue streams.

- Increase efficiency enabling providers with capacity to see more patients per day
- Increase outreach to Medicare and Medicaid recipients
- Uptown Family Practice
  - Improve mid-level to physician ratio
  - Improve staffing to provider ratio
  - Reduce overtime costs
  - True-up cost allocation to improve analysis
- Grow services in optimal service lines:
  - Pharmacy
    - Improve capture rate to our in-house pharmacies (currently <40%)
    - Expand target population for contract home delivery option
    - Add additional retail contract pharmacy options
    - Potential upside gain = \$500,000 to \$1,000,000
  - Pediatrics
    - Workflow modifications
    - Capacity to meet increased demand contingent upon space and staffing
      - Billing Department move scheduled for Spring 2019

# Employee Communication Plan

- Briefing and engagement of 2<sup>nd</sup> tier management team beginning February 6, 2019
- All staff email briefing sent on February 14, 2019

## Key Talking Points

- We have been engaged in open and honest discussions since first recognizing the impending loss for FY19.
- This is not a “crisis” but a reversible downturn.
- Our discussions have been positively focused on finding effective strategies for improving our financial performance.
- We are able to project significant opportunities to increase revenue; however, the impact of acting on those opportunities will not be immediately felt.
- It is truly our goal to maintain optimal access for our patients and minimize the negative impact on our workforce; however, the reality is that we must reduce expenses in order to feel any immediate impact.
- The ideas being put on the table are grounded in data and being carefully analyzed.
- Employees will be notified as early as possible of any changes being considered that may directly impact them in any way.
- This information is being provided to staff because we are all working together for the good of CHC and ultimately the patients and communities we serve. It would serve no purpose to alarm our patients or the community with unnecessary – and unfounded concern about the stability of this organization. In fact, it would be counterproductive if rumors and gossip are spread to patient and the community, raising doubt about our stability and perhaps even causing some established patients to go elsewhere for their care.
- We welcome input and ideas from everyone.