



# Hallmarks of High Performance at America's Health Centers

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*Exploring the Relationship between Clinical, Financial  
and Operational Excellence*



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*HRSA Webinar Series*

*12-10-15*

# HRSA-Supported High Performance Study: Purpose

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- Seek to shed light on 2 key questions:
  1. Do health centers that receive HRSA recognition for providing high quality patient care do better or worse than other health centers financially?
  2. What do health centers that achieve high quality and the strongest financial results look like? What do they do differently / better than their peers?

# HRSA-Supported High Performance Study: Analytic Approach

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- We studied a cohort of HRSA 2013 Quality Leader Awardees
  - 180 health centers for which we have 4 years of audits
- Control Group: Health centers that did not receive a Quality Leader award
  - 360 health centers for which we have 4 years of audits
- Study time period: 2010 - 2013

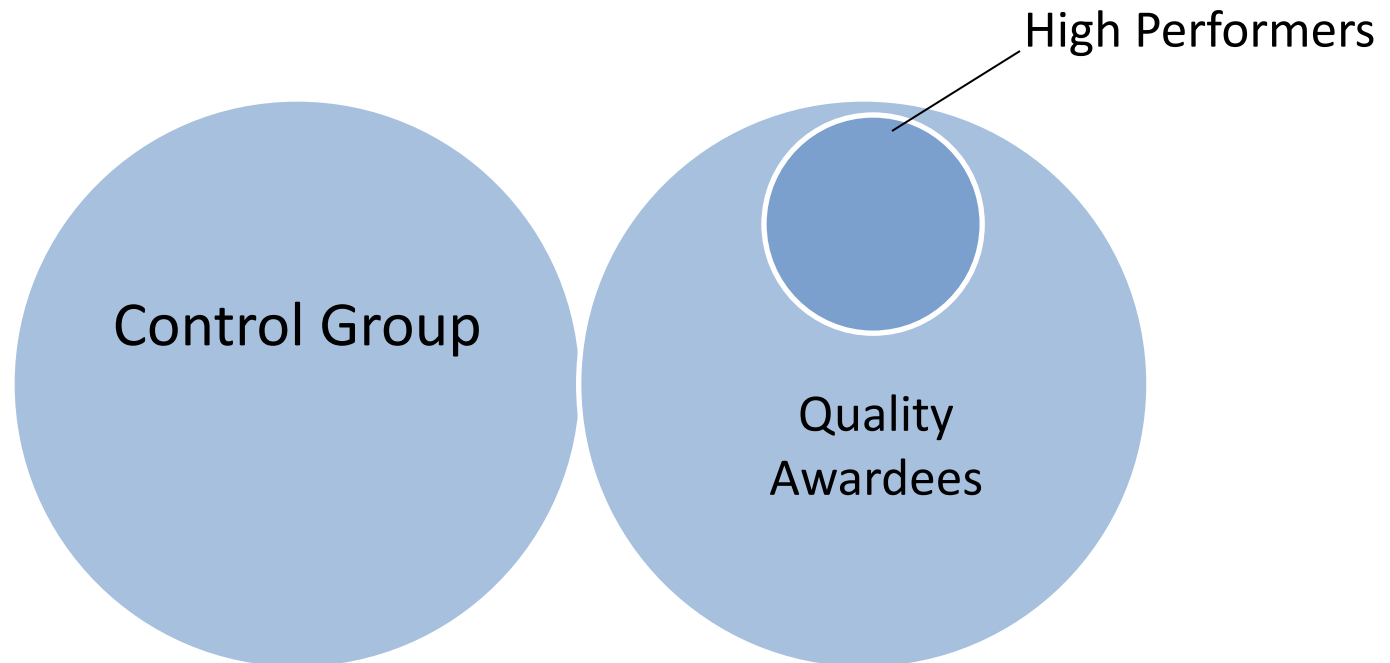
# HRSA High Performance Study: Analytic Approach



- Phase 1: Studied financial and operational trends of Quality Awardees and compared to Control health centers
- Phase 2: Created “High Performer” category, subset of Quality Awardees with strong financial performance (44 health centers)

# Relationship between Study Groups

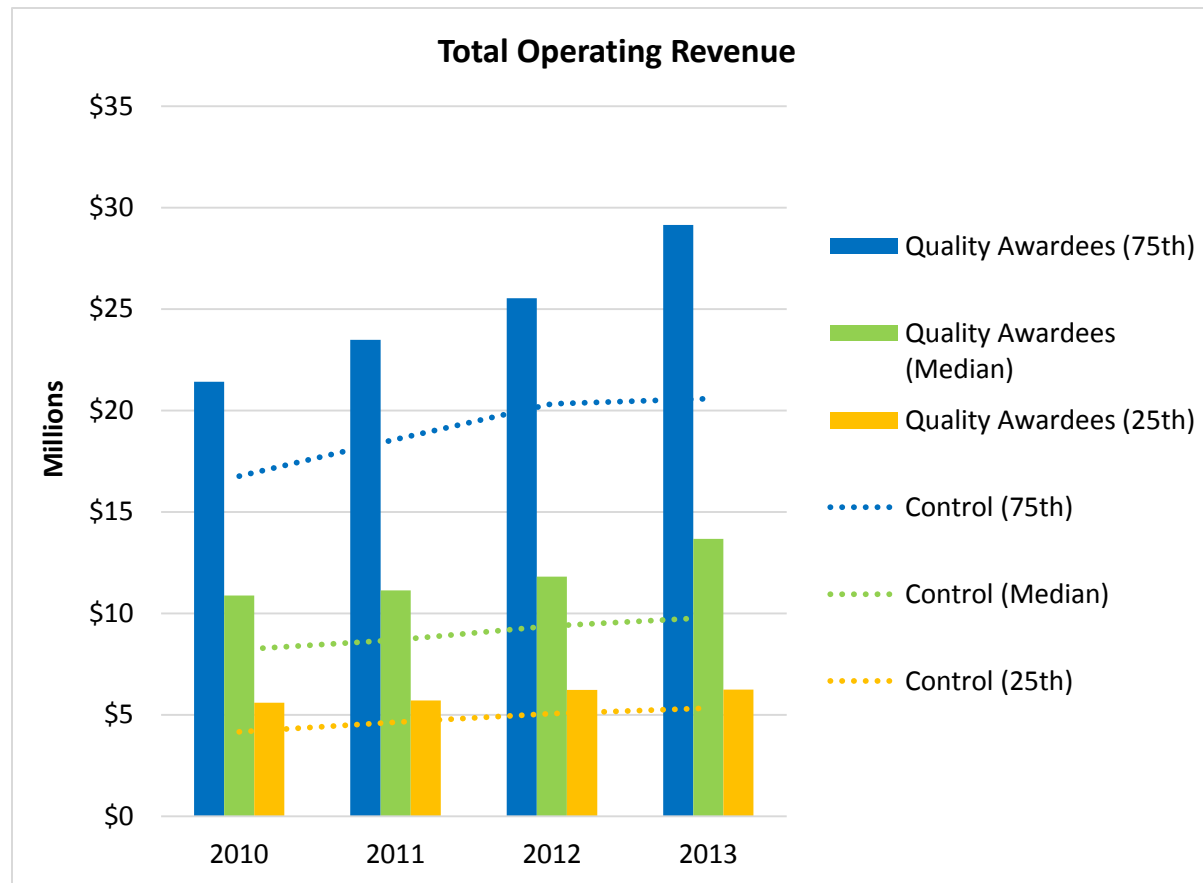
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# Similarities/Differences in the Data Sets: Quality Awardees and Control

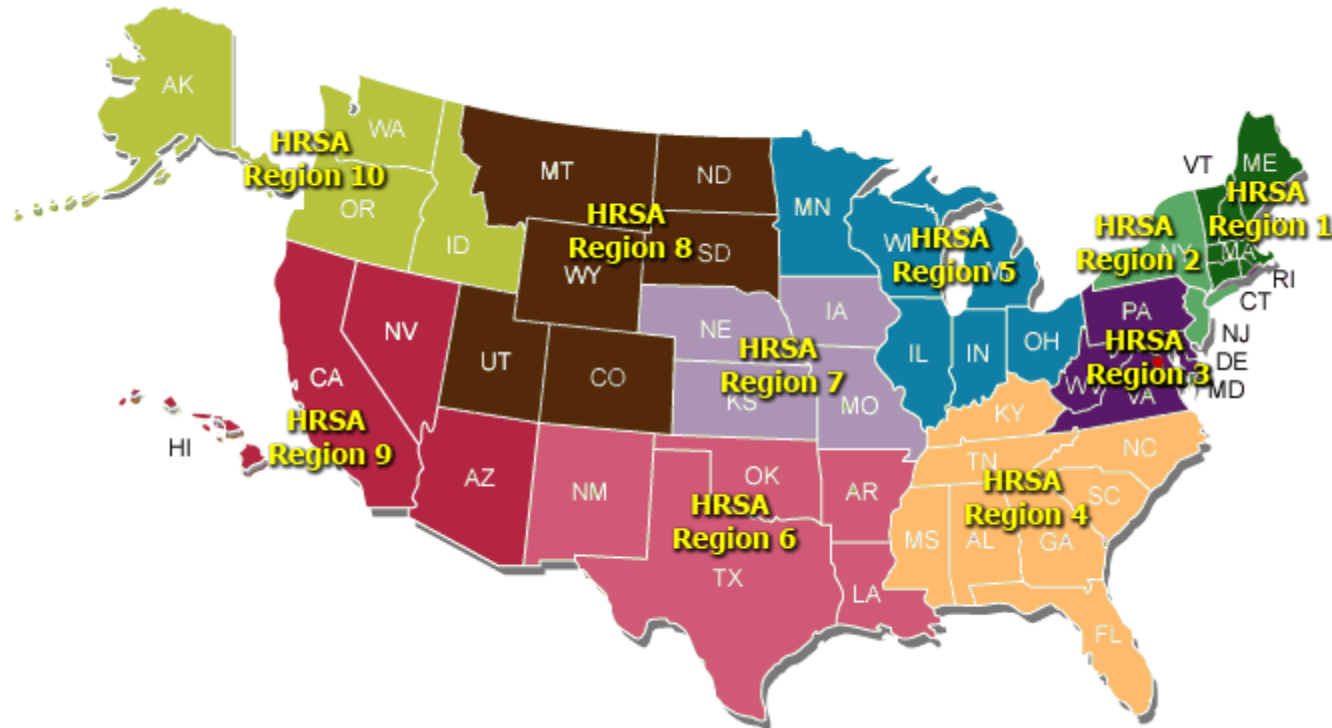
- Patients
  - 70% below poverty, 96% below 200% FPL
- Urban / rural location
  - nearly identical (65% control urban, 64% QA group)
- Medicaid expansion state (or not)
  - 76% control in Medicaid Expansion state, 77% QA group
- Budget size and regional location
  - First finding – budget size and region do appear to make modest differences

# Similarities/Differences in the Data Set: Quality Awardees and Control



# Regional Differences: Quality Awardees and Control

- Quality Awardees more likely to be from Northeast (HRSA Regions 1 & 2) and less likely to be from the Southeast (Region 4) or Southwest (Region 6)



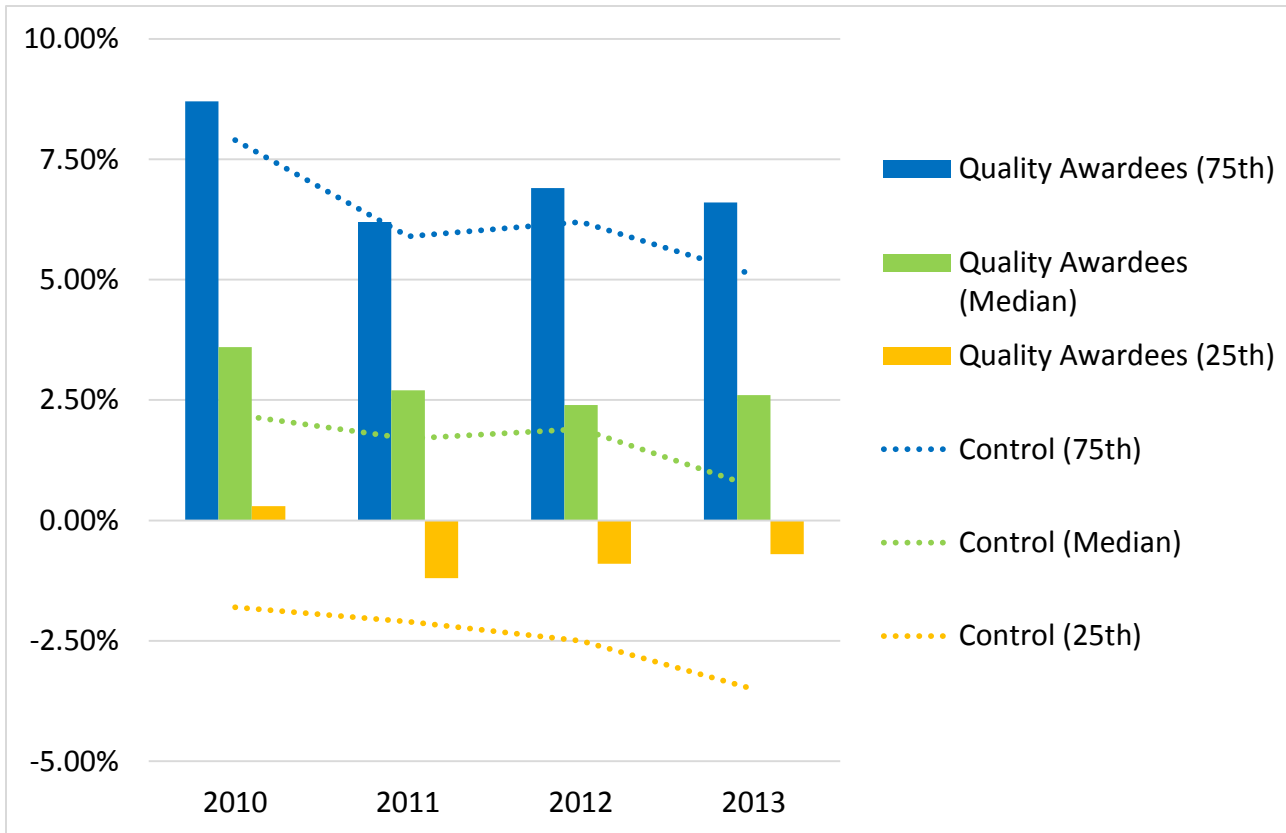


## Key Findings: Quality Awardees

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- Clinical quality and strong financial performance go hand in hand!
  - Quality Awardees perform better on key financial ratios
- Quality Awardees maximize revenue through:
  - Higher utilization
  - Higher productivity
  - Better collections
- Quality Awardees invest more in enabling services
  - Higher patient engagement → higher utilization

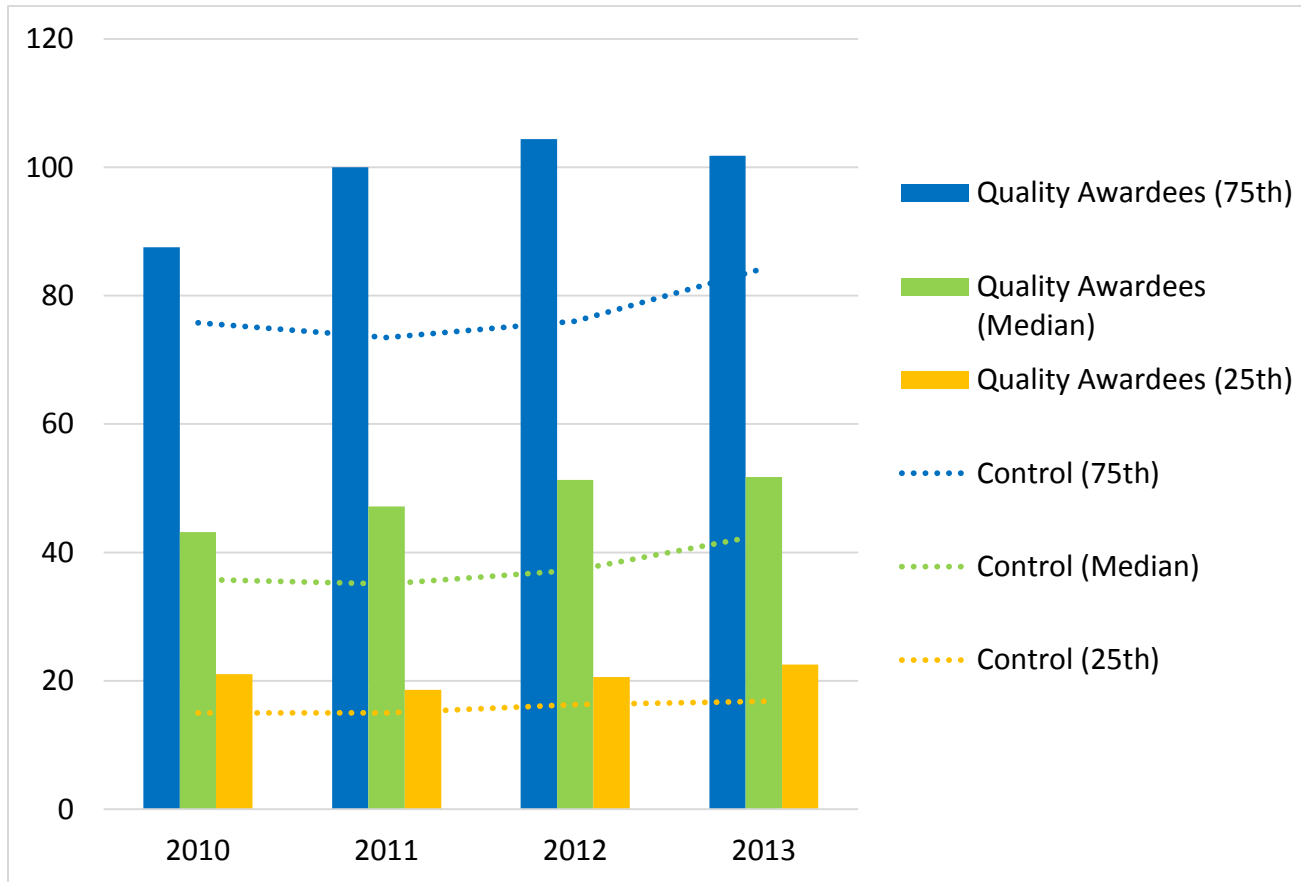
# Operating Margin



4-year average performance at Median:

- Quality Awardees: 2.8%
- Control health centers: 1.6%

# Days Cash on Hand



4-year average performance at Median:

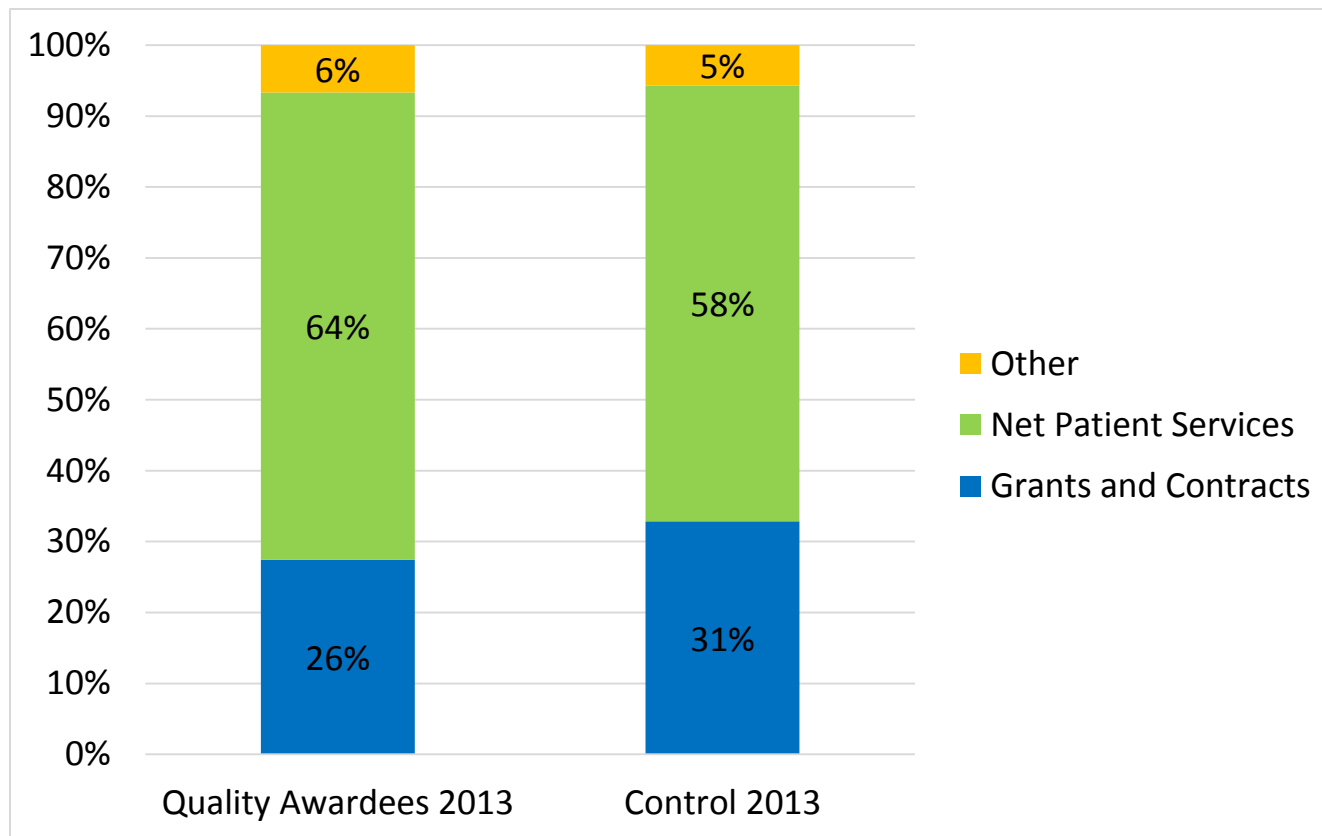
- Quality Awardees: 48 days
- Control health centers: 38 days

# Quality Awardees Achieve Stronger Overall Results, Despite ...

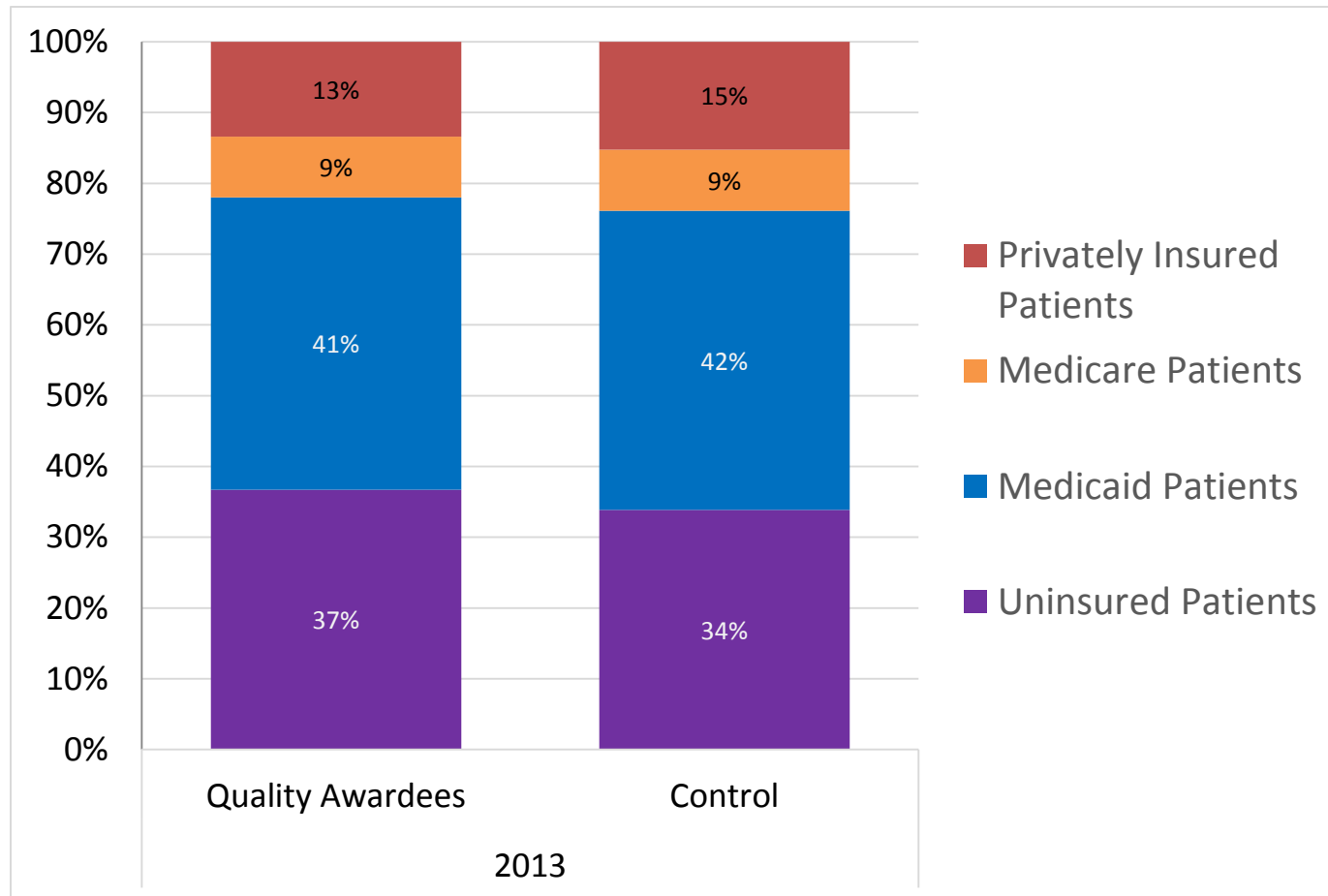
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- Proportionally less grant funding
- Slightly less favorable payer mix

# Revenue Mix



# Payer Mix

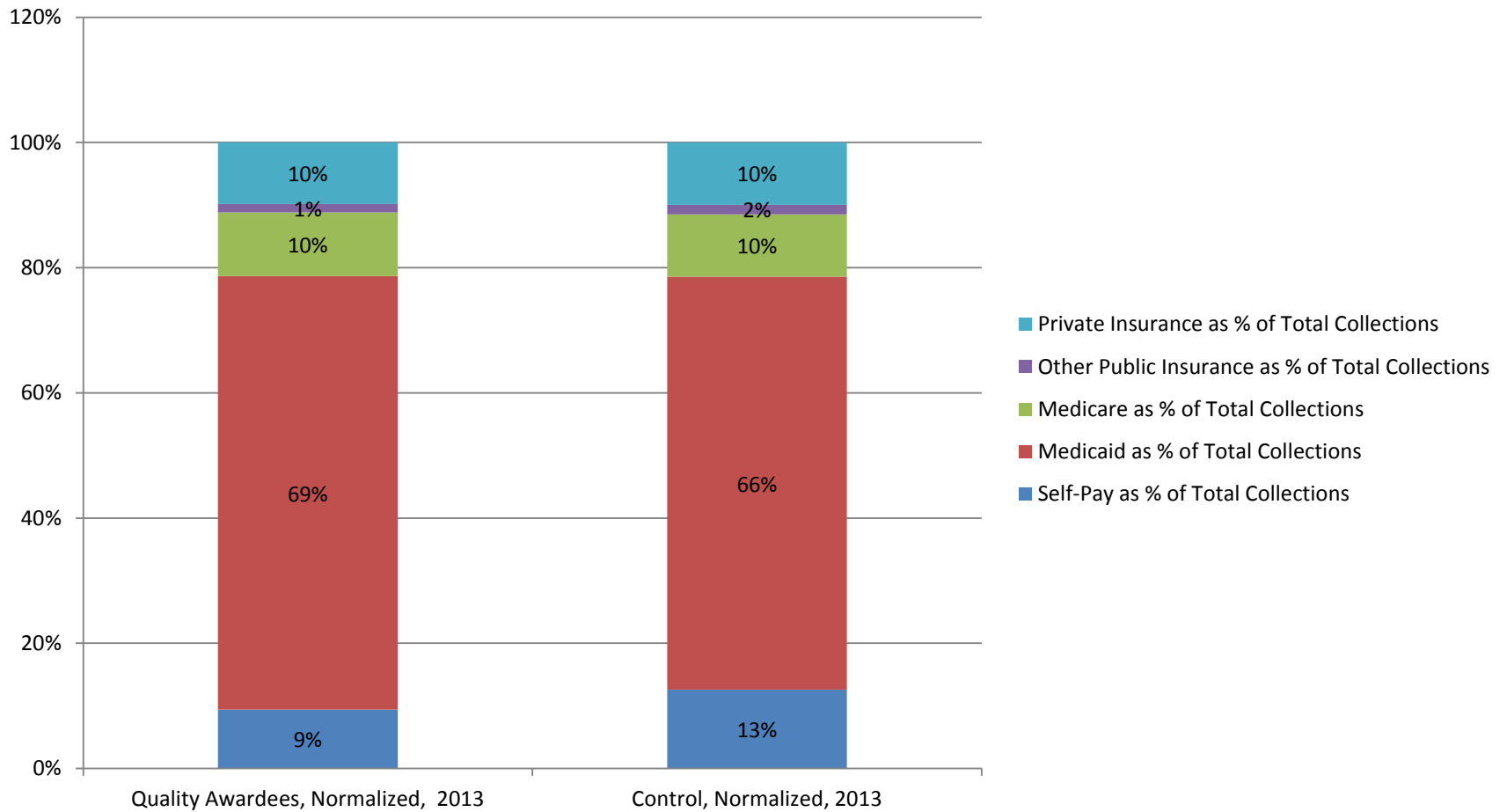


# How Do Quality Awardees Achieve Stronger Overall Results?

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- Better collections
- Higher utilization
- Higher productivity
- Slightly different service and staffing mix

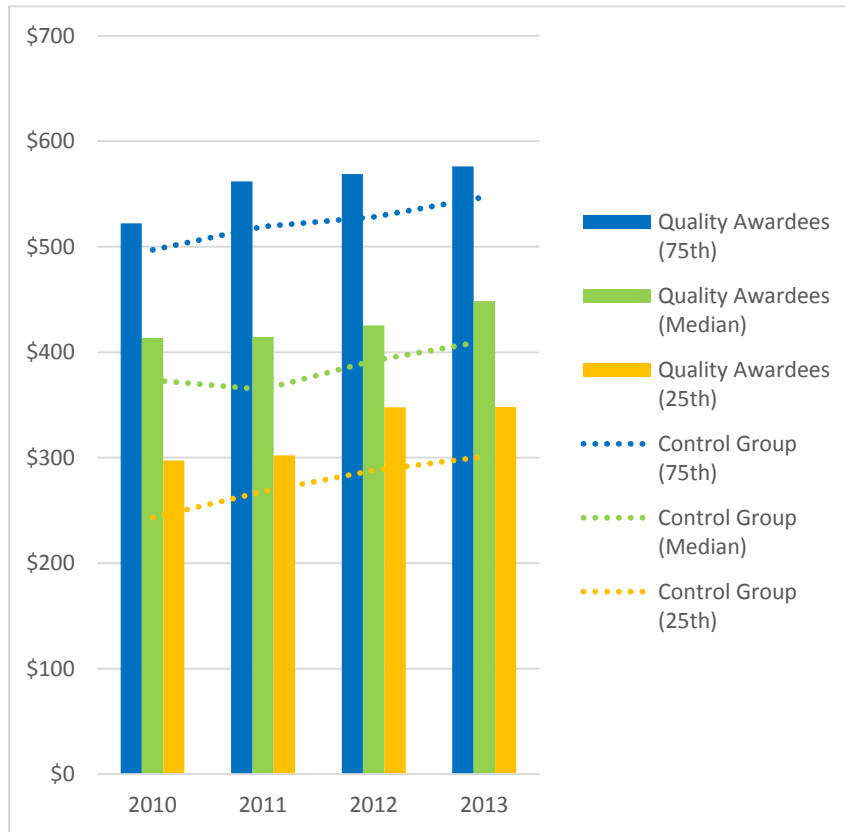
# Collections



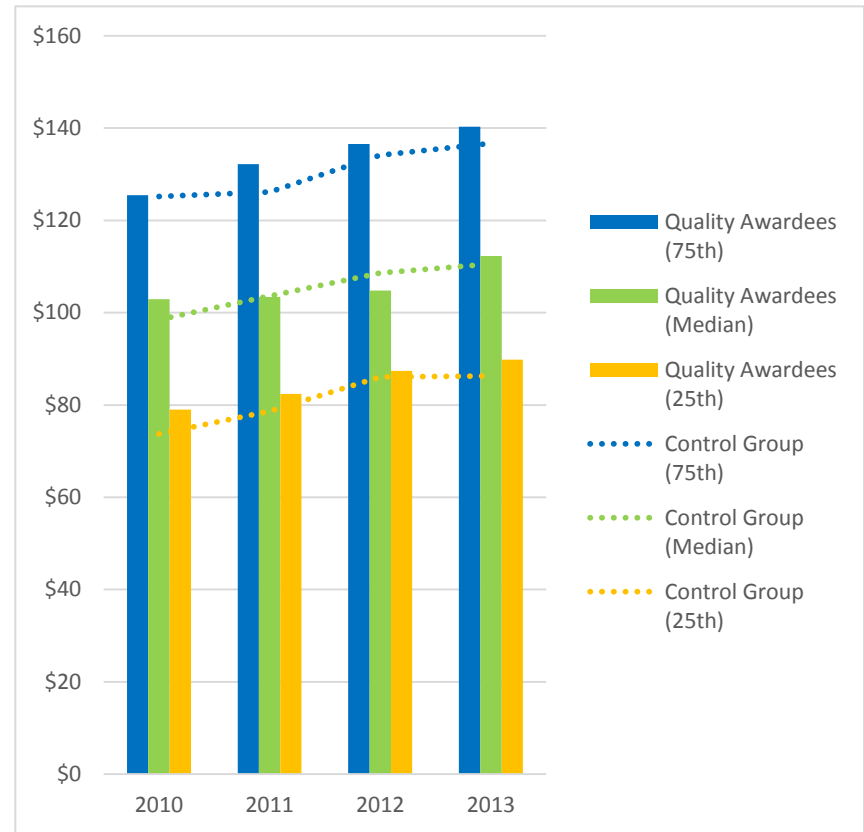


# Net Patient Service Revenue per Patient and per Visit

## NPSR per Patient

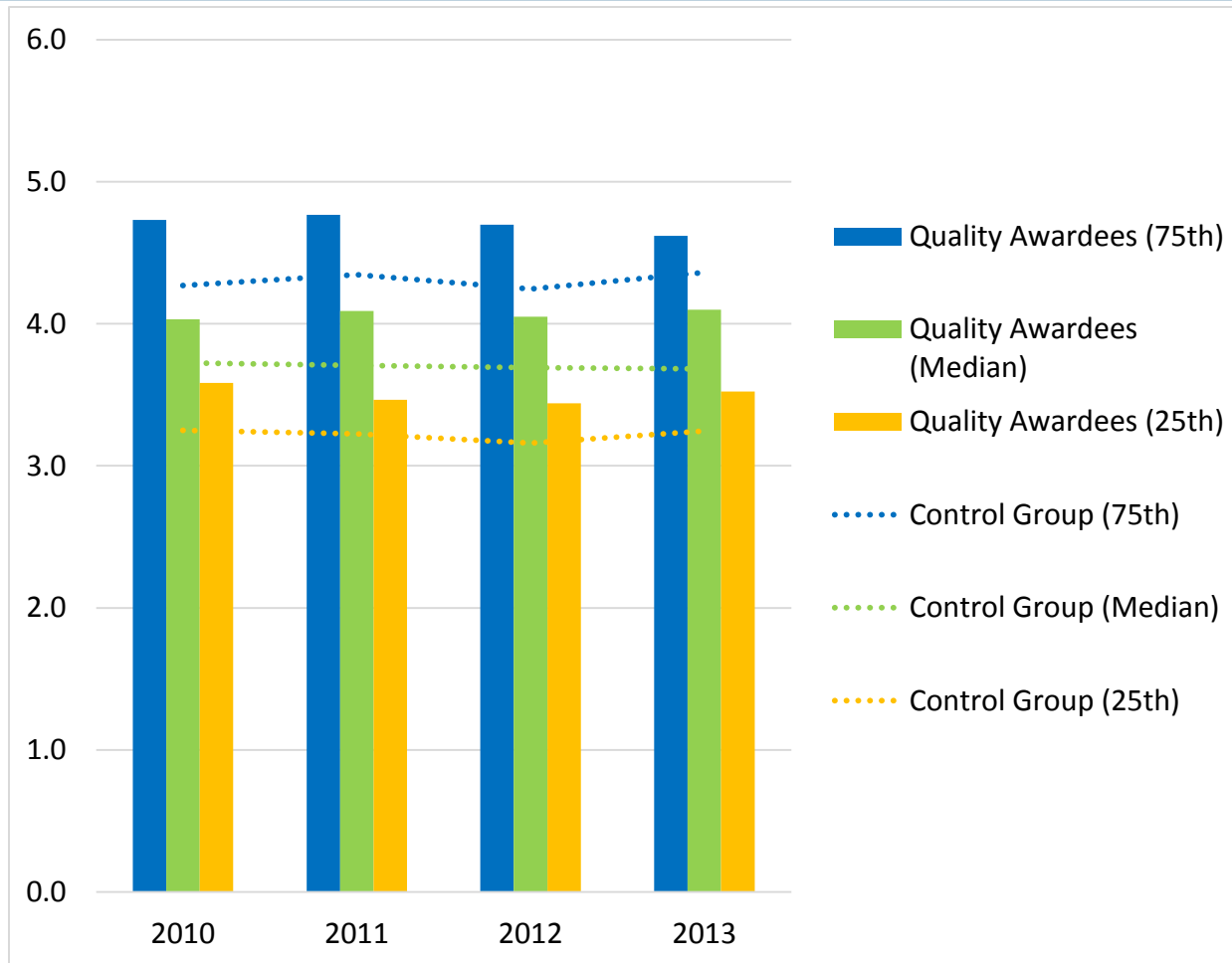


## NPSR per Visit



- Virtually identical NPSR per visit, but more per patient – relates to visits per user

# Utilization: Total Visits per Patient

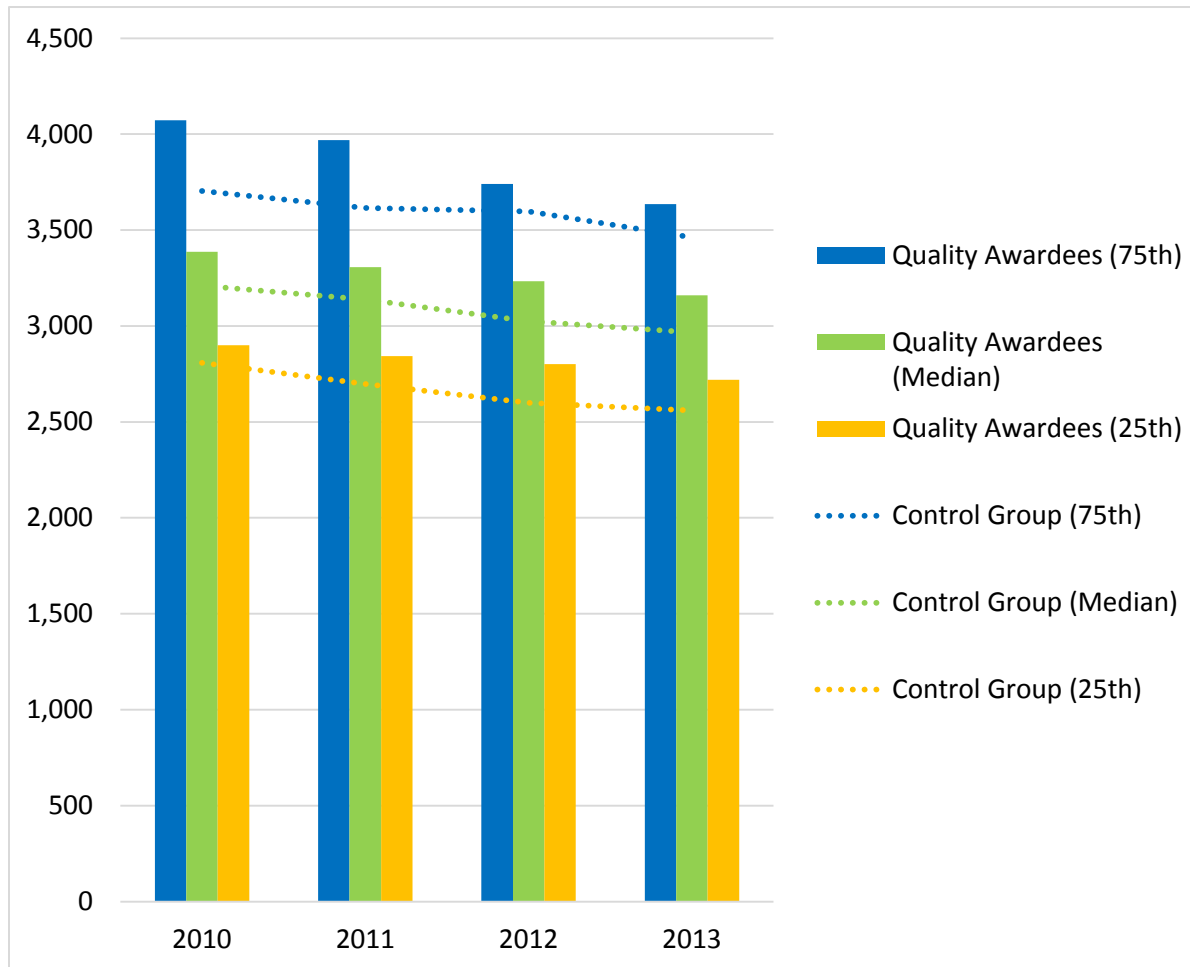


4-year average performance at Median:

- Quality Awardees: 4.1 total visits per patient, 3.4 medical visits/patient
- Control health centers: 3.7 total visits per patient, 3.2 medical visits/patient

# Medical Visits per Medical Provider

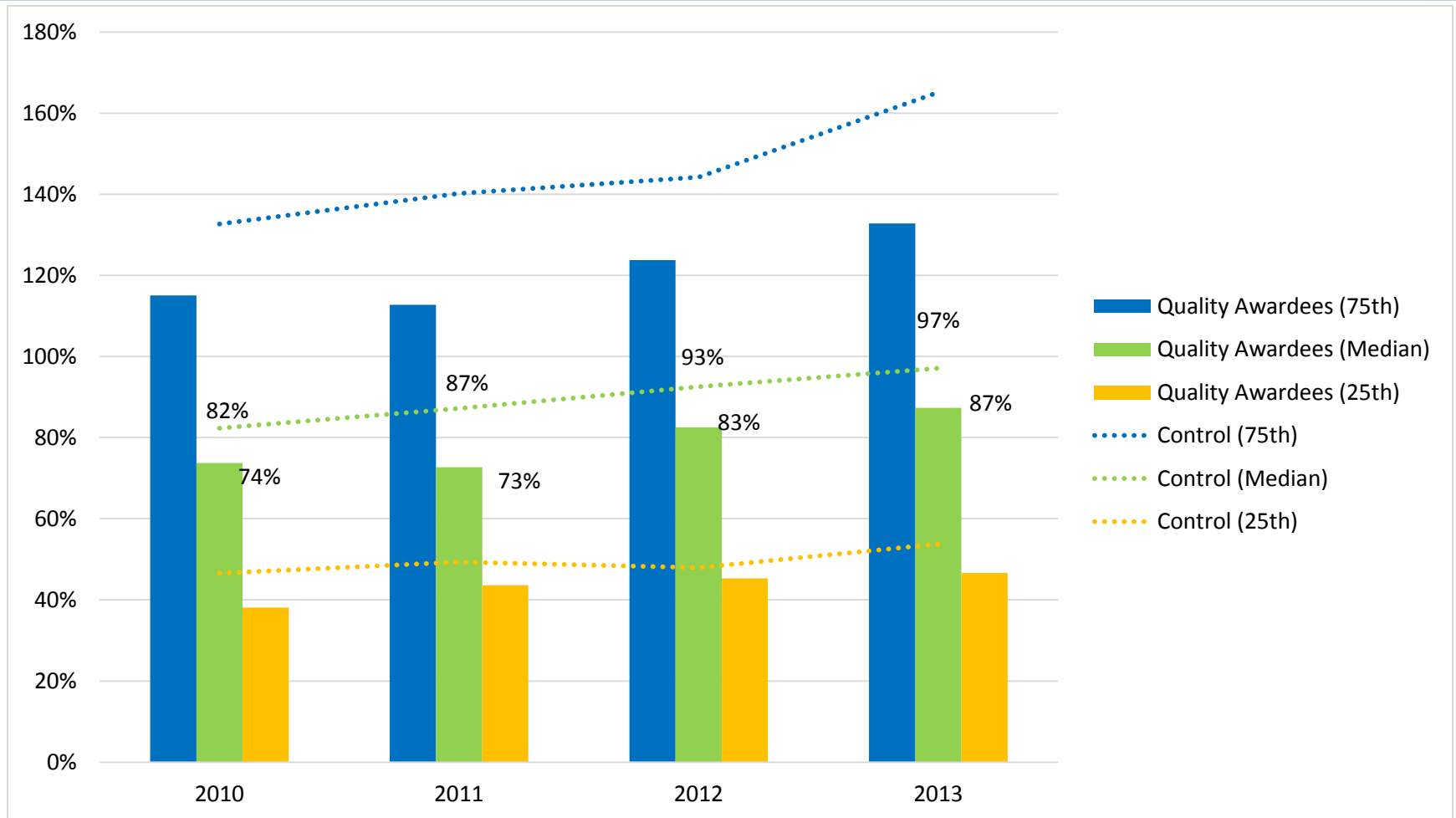
## *Physicians and Mid-Levels*



4-year average performance at Median:

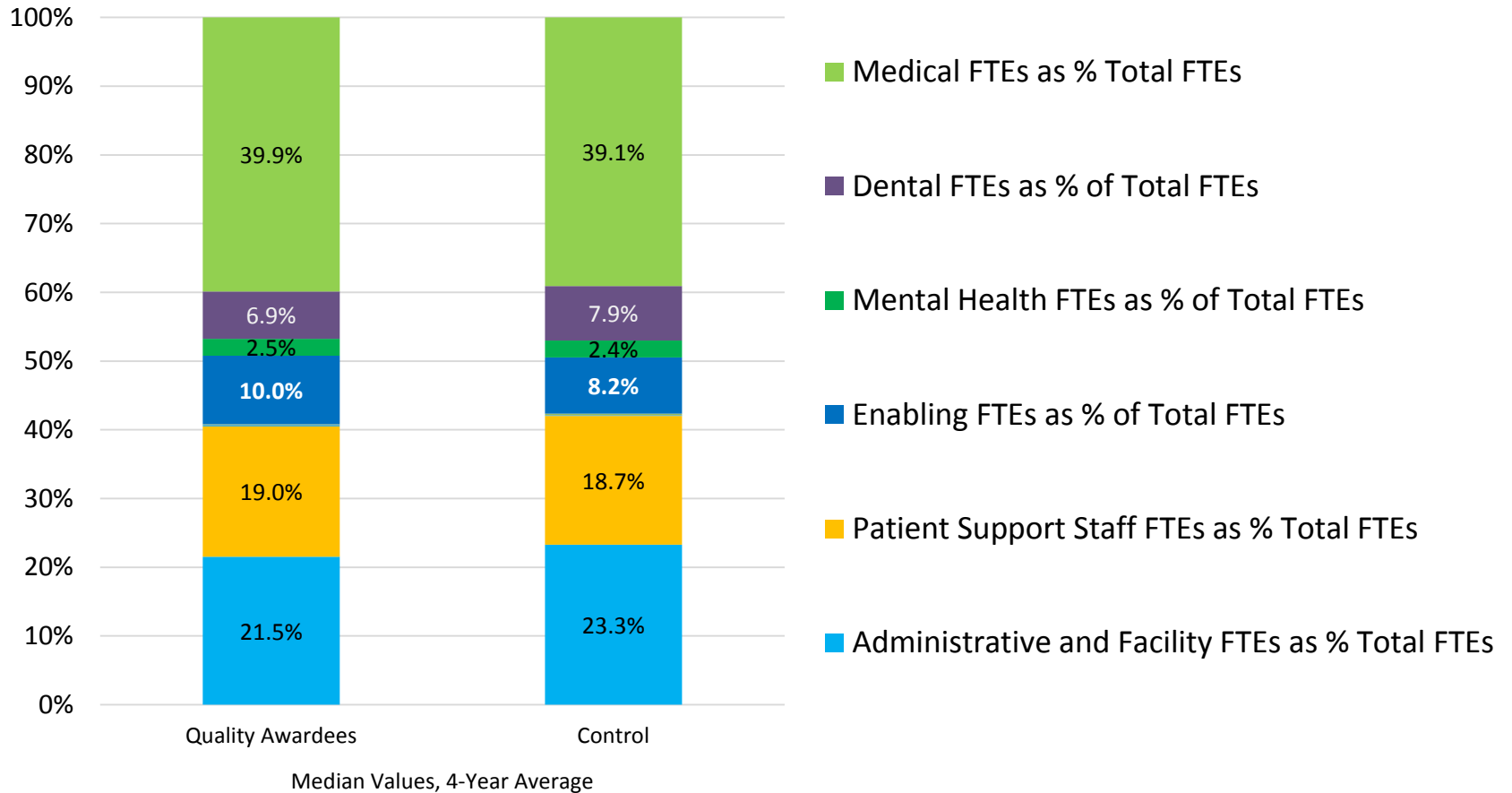
- Quality Awardees: 3,270 total visits per provider
- Control health centers: 3,084 total visits per provider

# Mid-Level to Physician Ratio

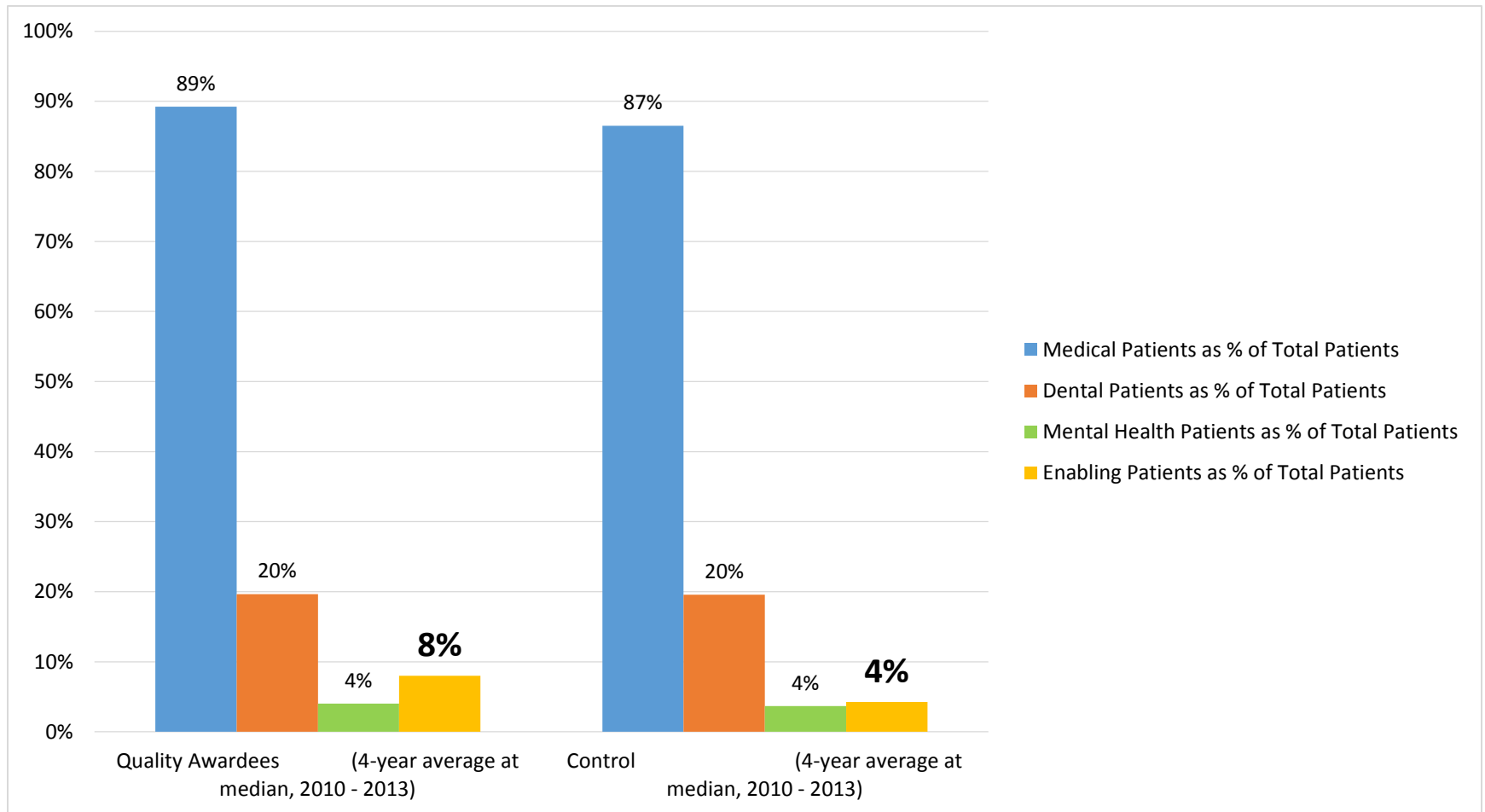


# Staffing Mix

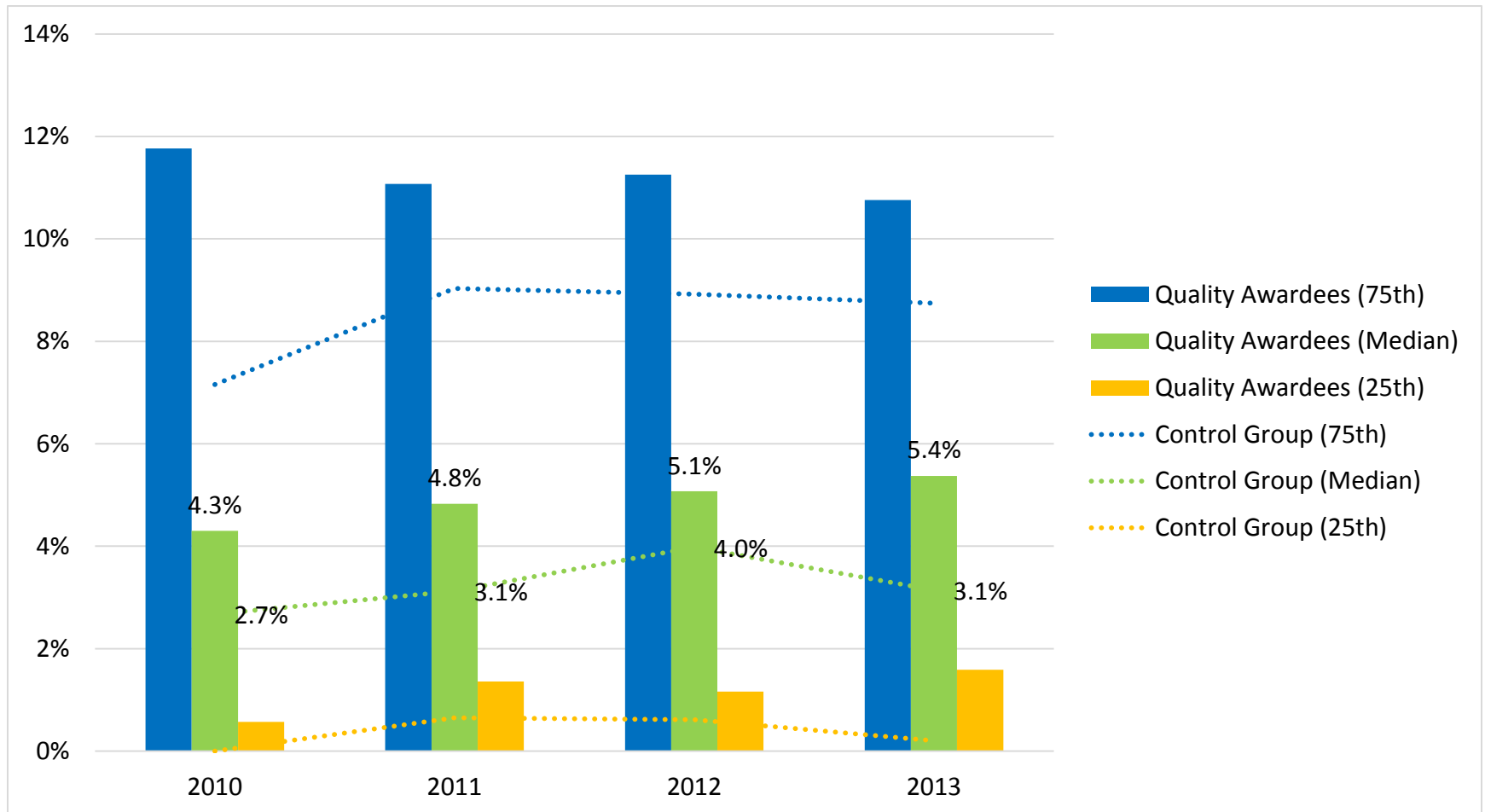
**Staffing Mix**



# Patient Mix



# Enabling Visits as % Total Visits



# In Summary: A Virtuous Cycle

**Quality Awardees achieved strong results by maximizing revenues** through higher provider productivity, higher patient utilization and better collections, particularly of Medicaid revenue, all while also **investing double the amount of the control centers in enabling services.**





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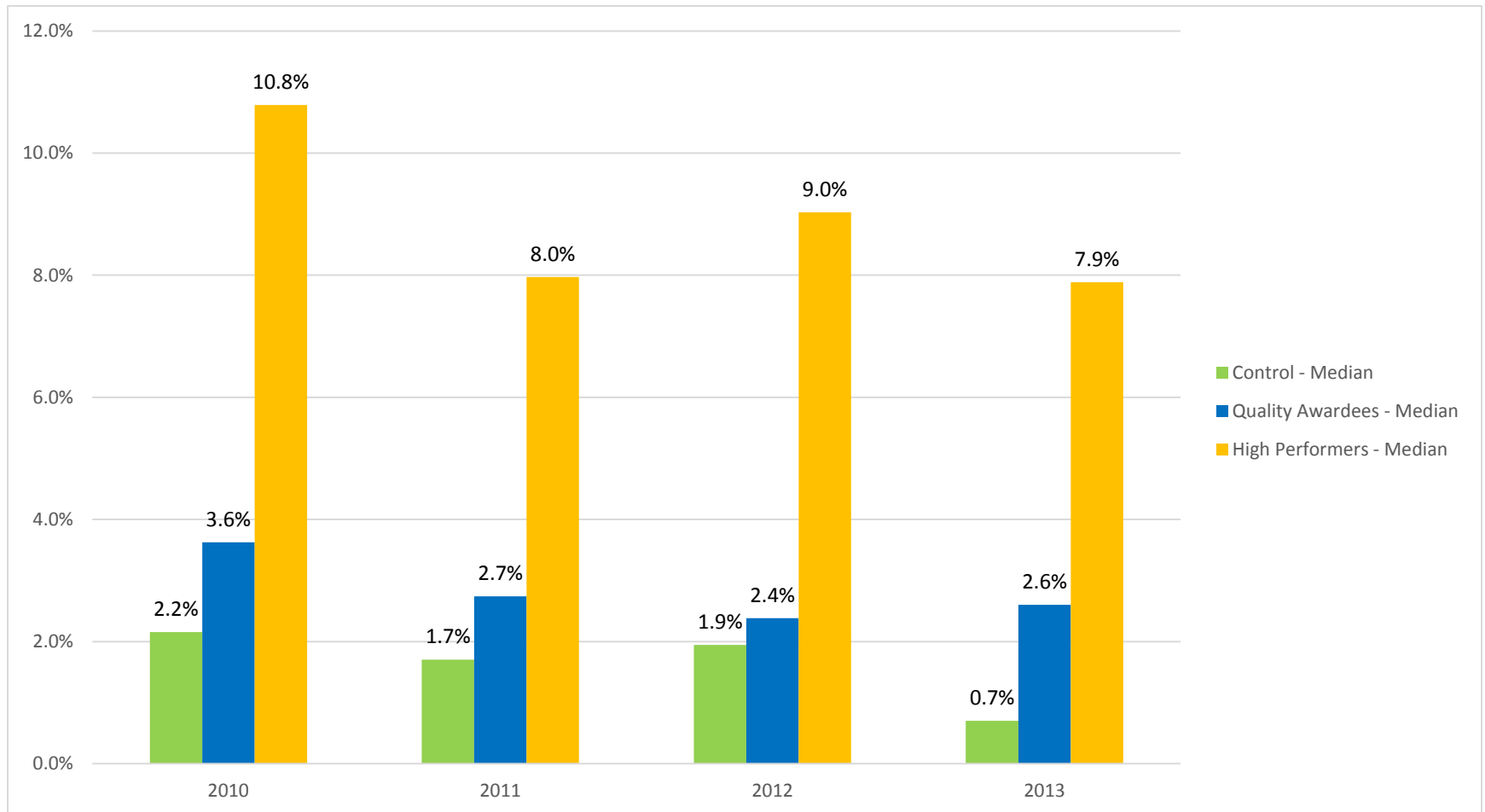
*Questions?*

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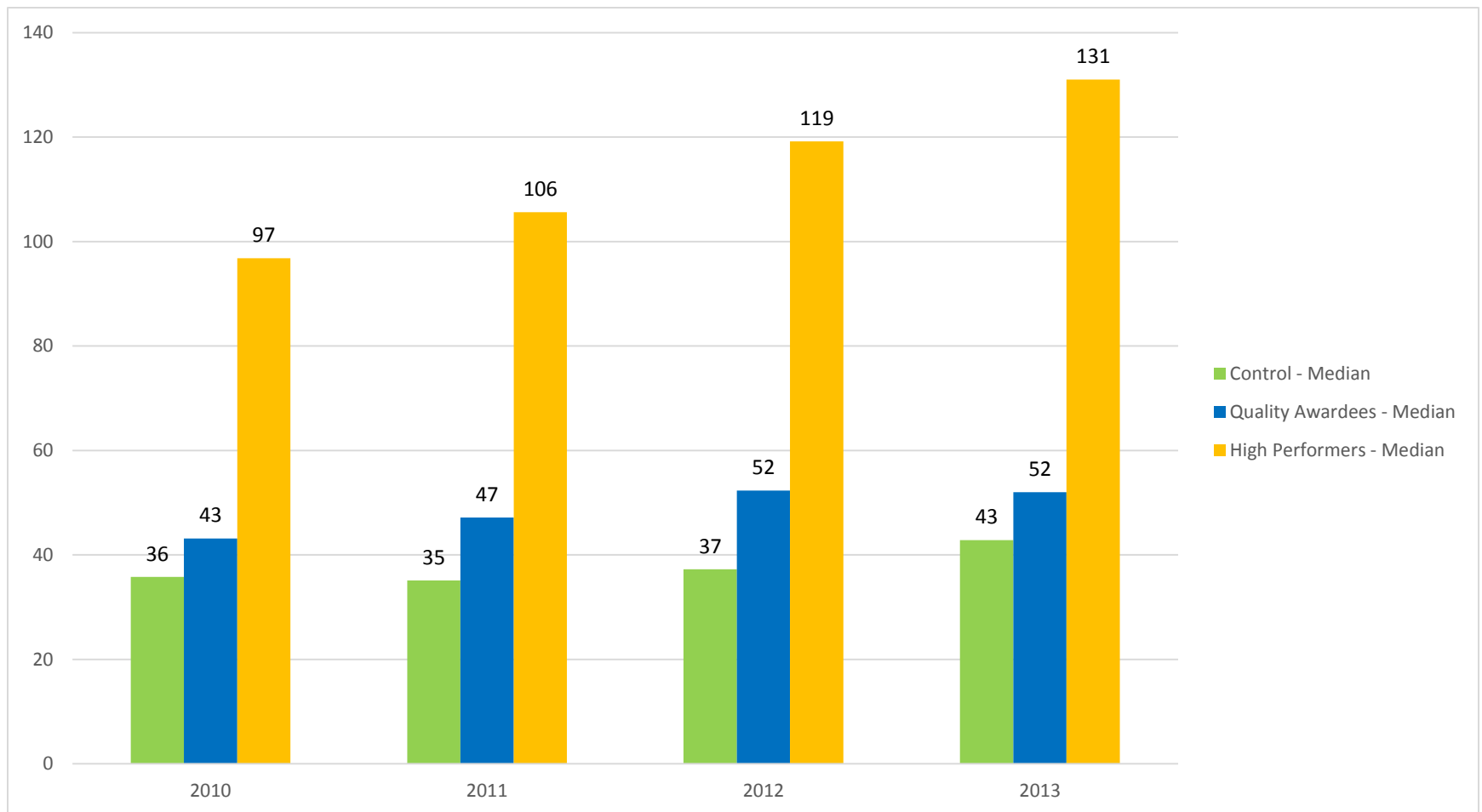
# How do “High Performers” Differ from Their Peers?

- What are the key differentiators?
  - Size
    - High Performers had median total revenue of \$14.3 million vs. \$13.7 million for all Quality Awardees and \$9.9 million for the control group
  - Location
    - More likely to be in lower cost-of-living states
  - A little better at everything!

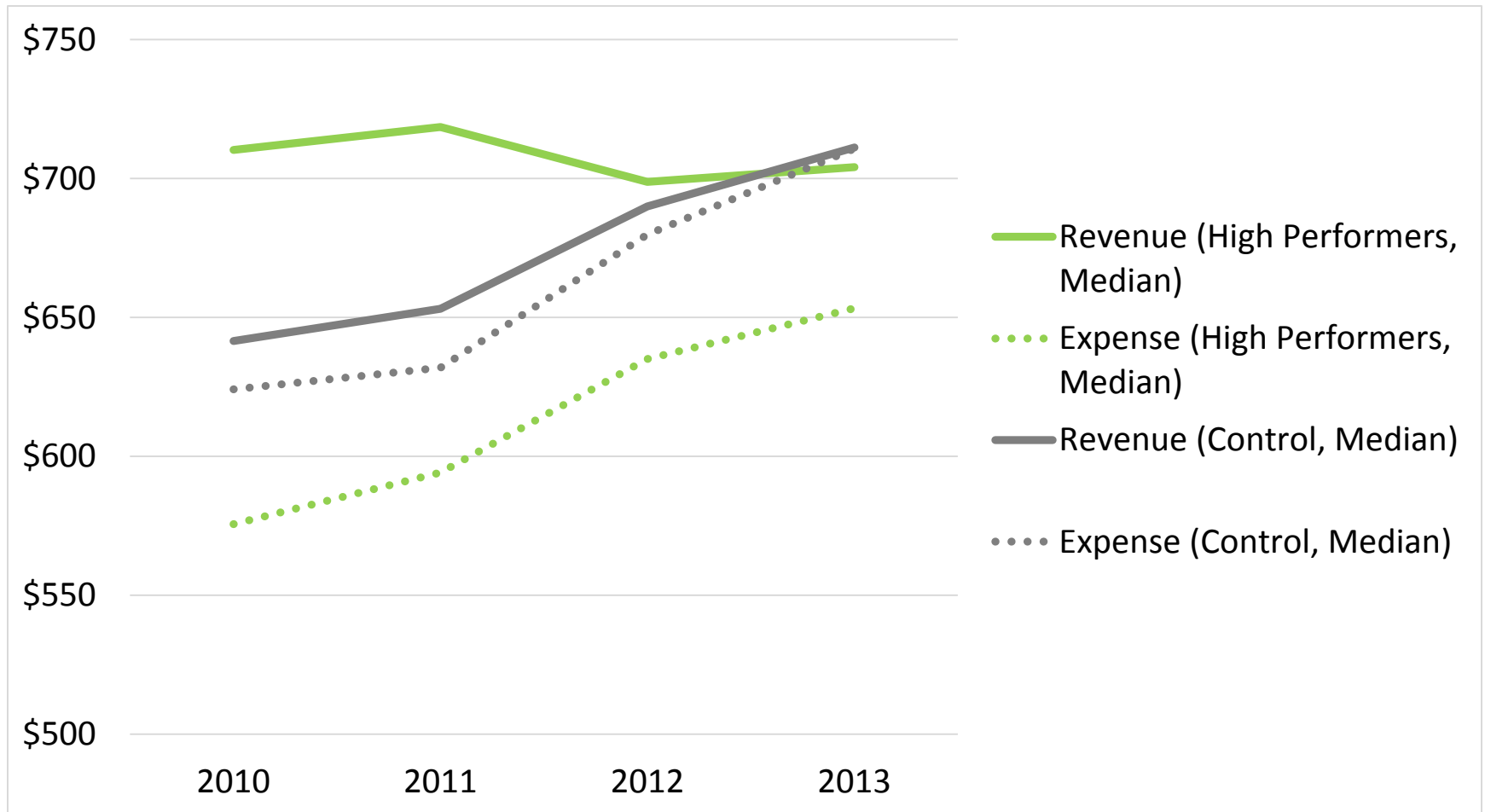
# Operating Margin



# Days Cash on Hand



# Revenue and Expense Per Patient

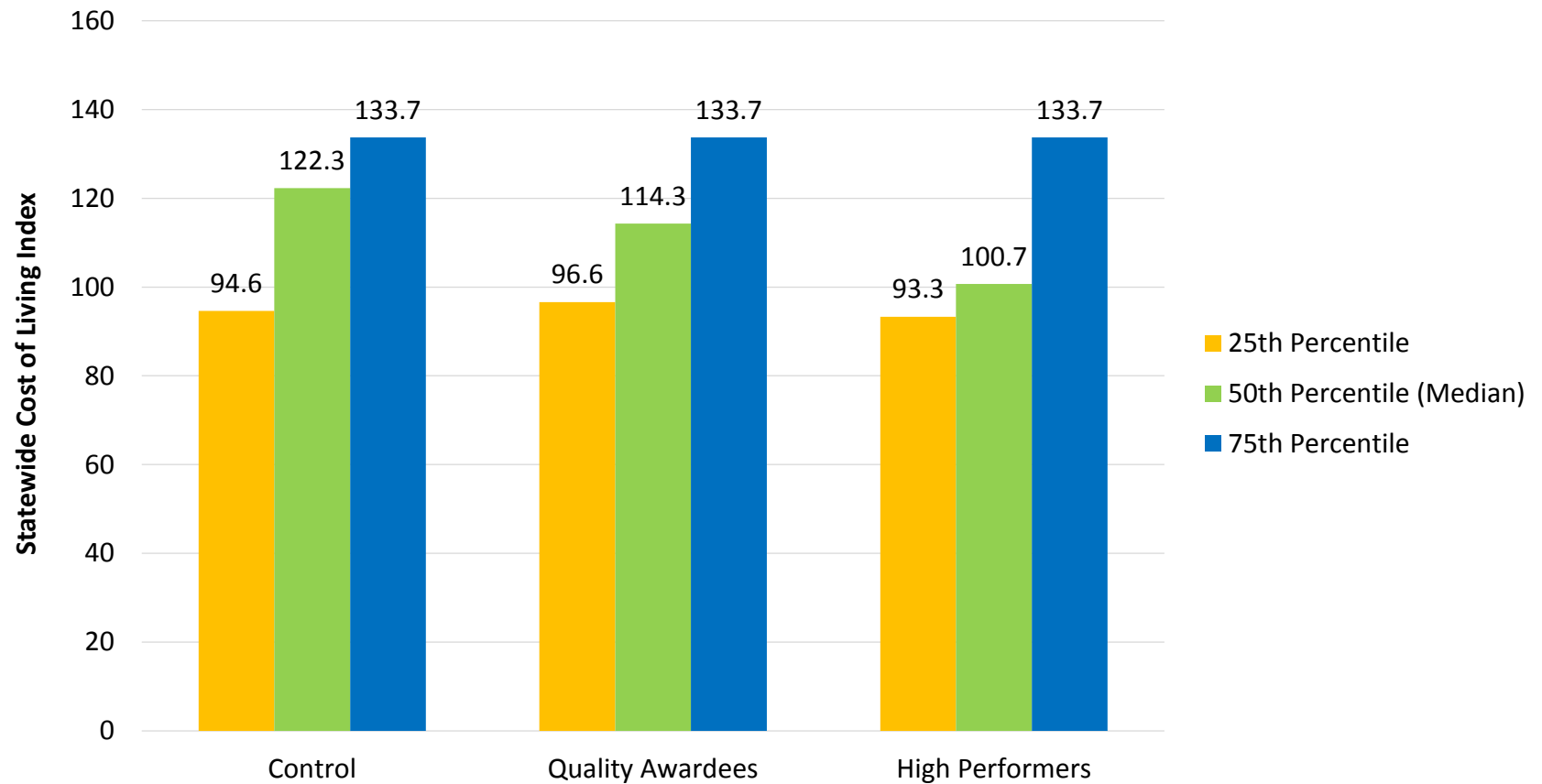


# Operating Revenue and Expense for All Three Groups:

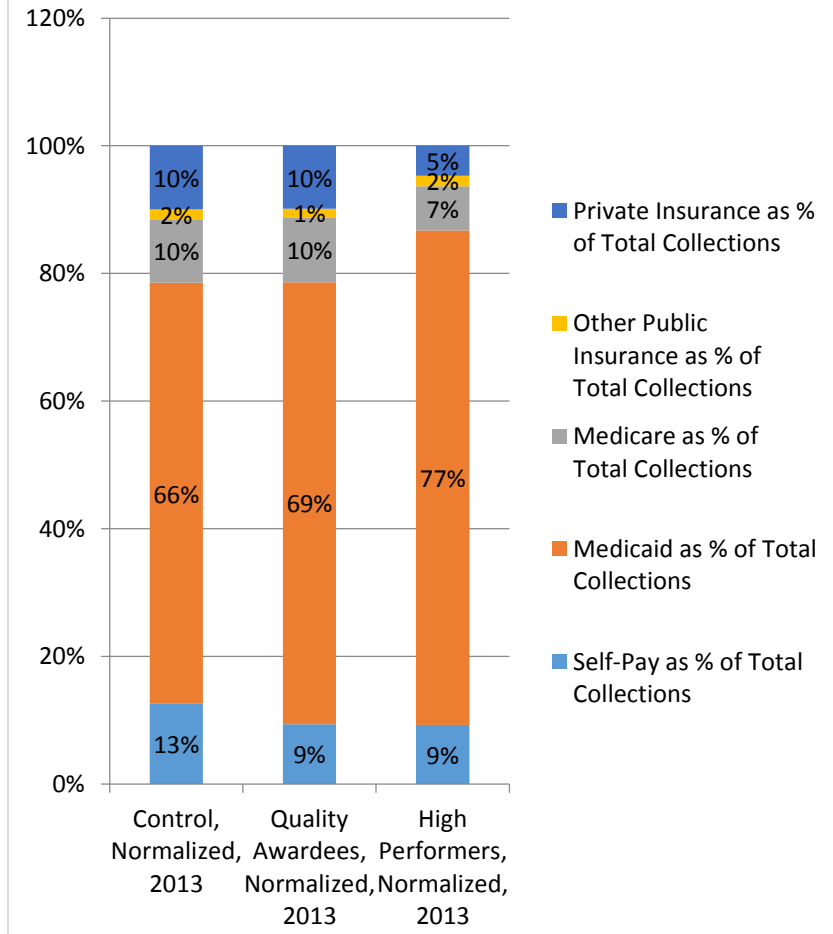
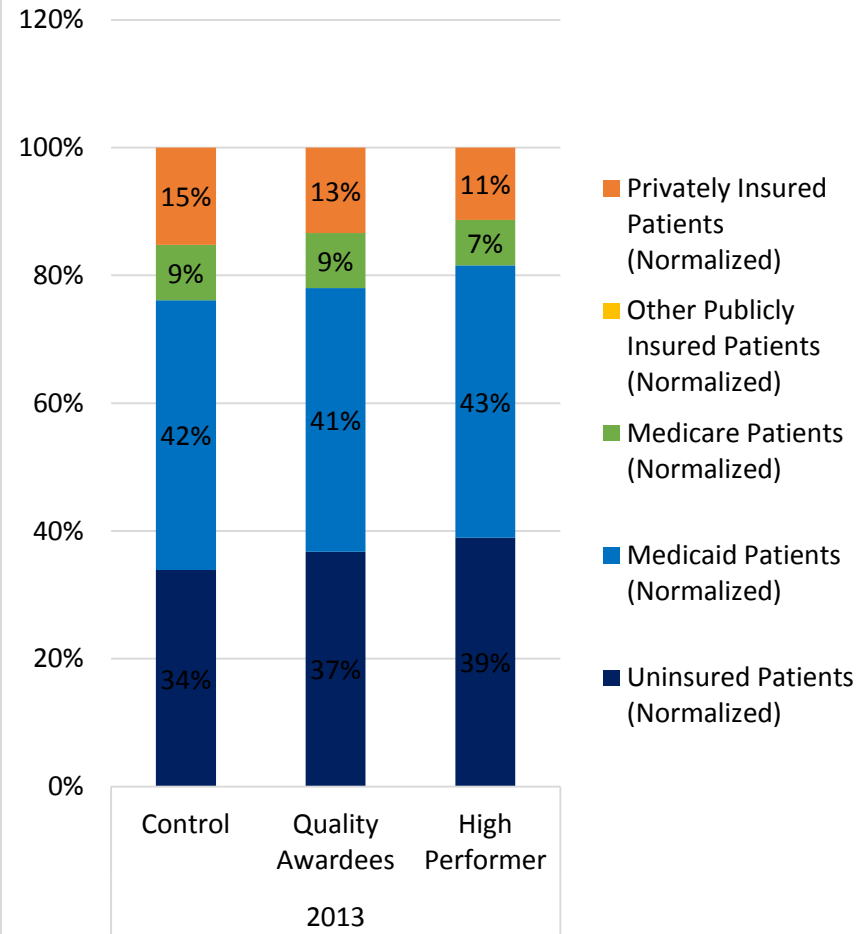


# Cost of Living a Factor

**Statewide Cost of Living**

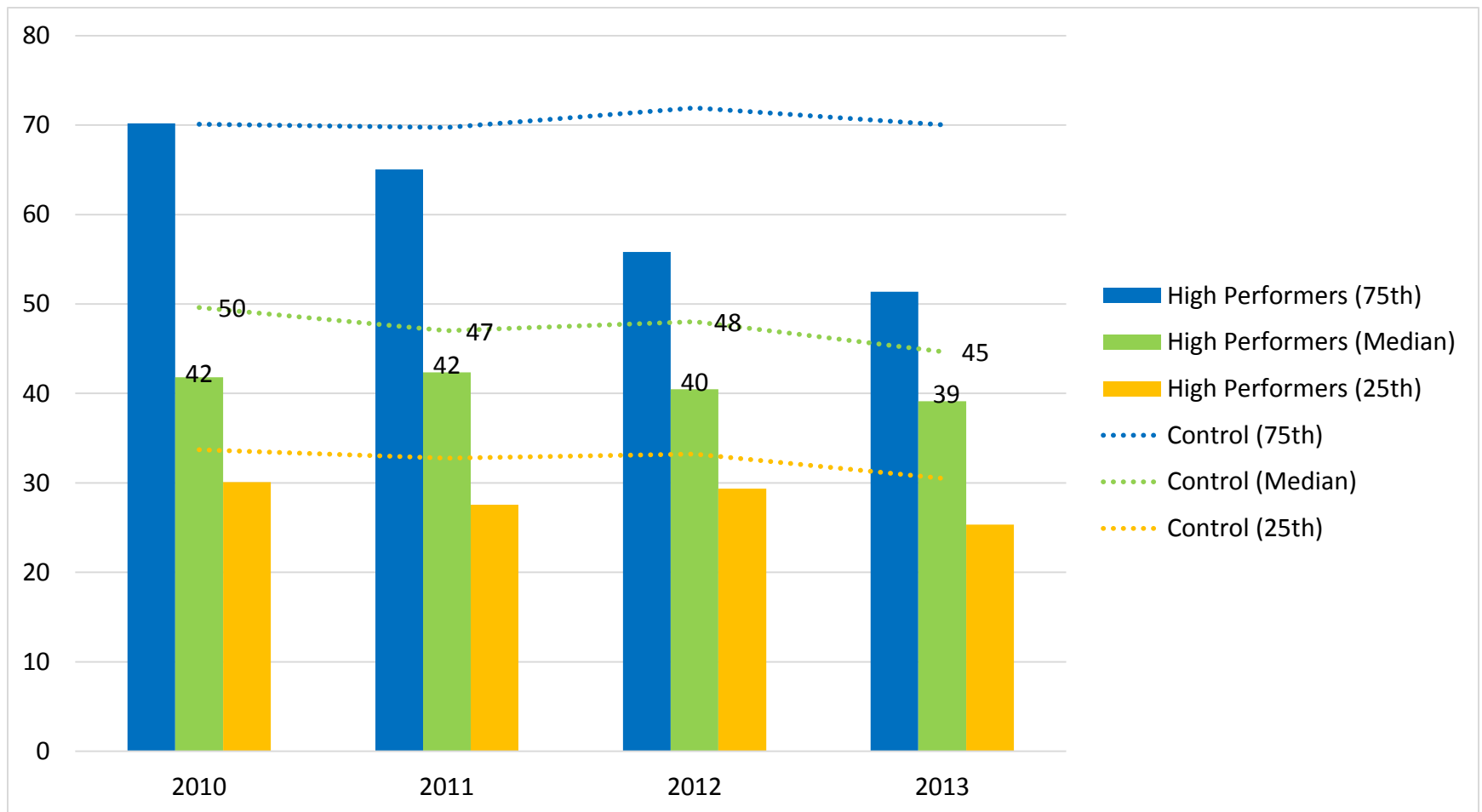


# Payer Mix and Collections

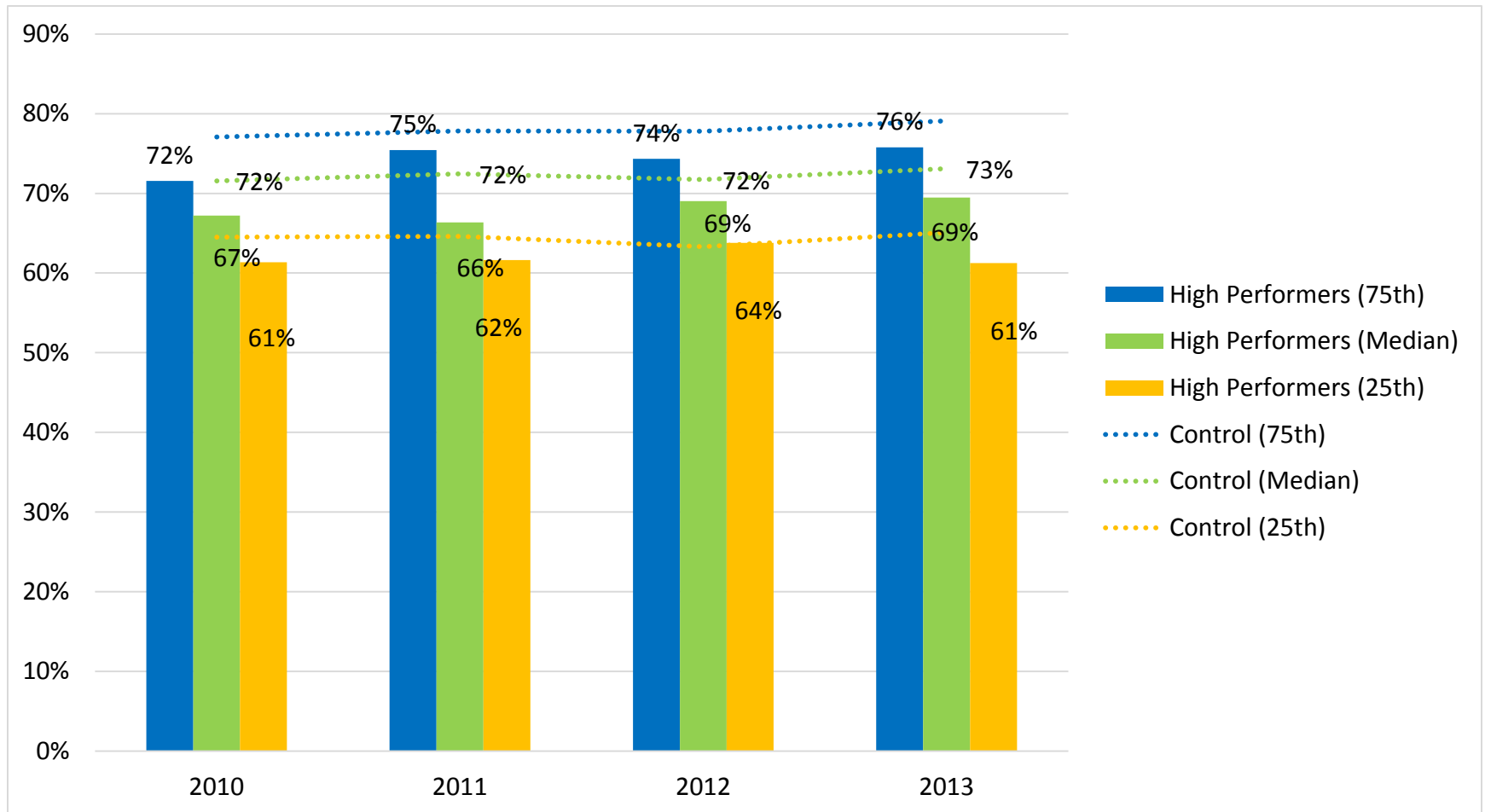




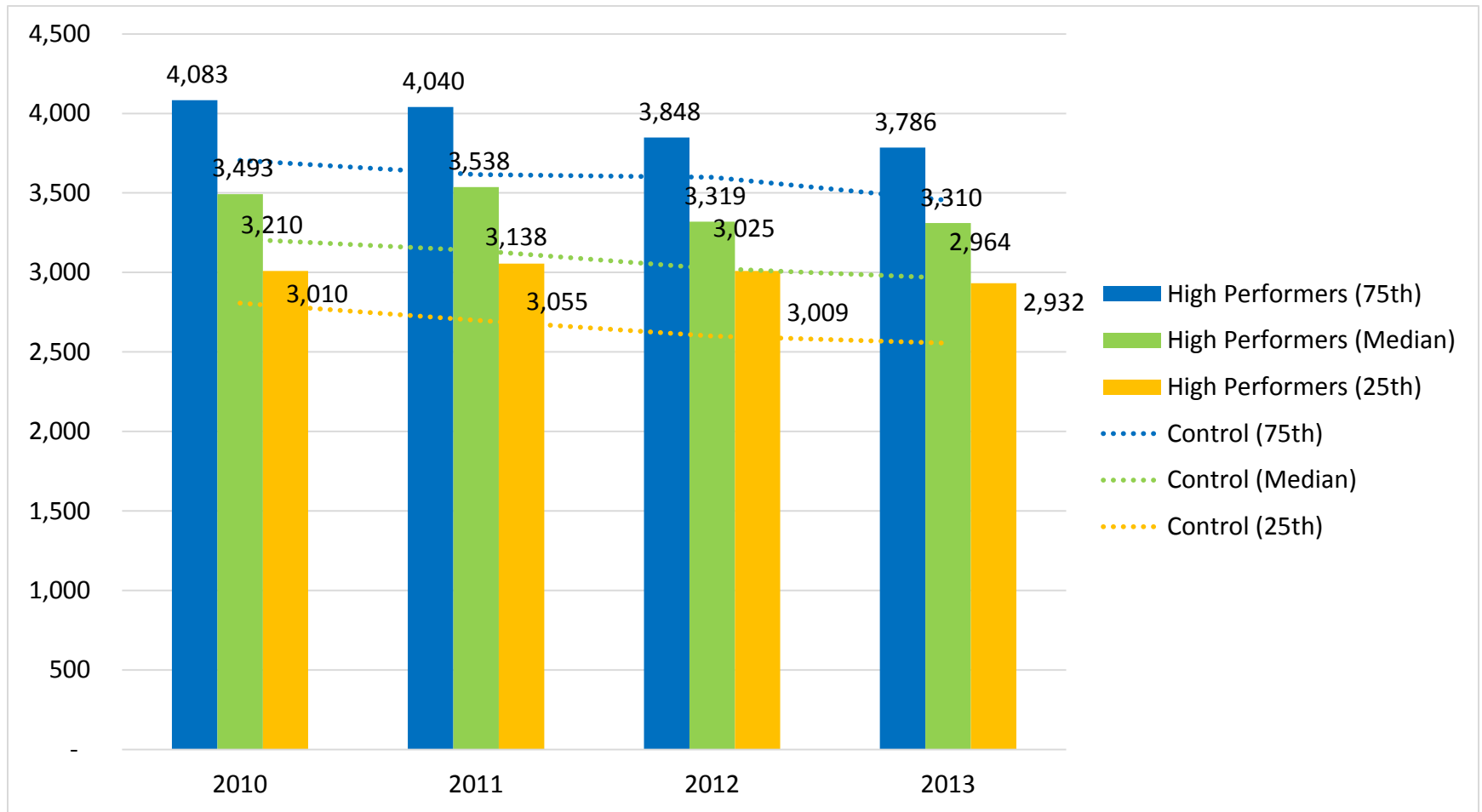
# Days in Net Patient Receivables



# Personnel Expense as a Percent of Total Operating Revenue



# Productivity



# Other Distinguishing Characteristics of High Performers

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- Even higher utilization
- Higher proportion of enabling services and staff
- Newer facilities
- Less Debt
- Lower Mid-Level-to-Physician ratio
- Heavier pediatric focus
- Longer average tenure of medical providers and management staff

## Conclusions

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- Quality Awardees appear to be stronger financially primarily due to:
  - Revenue maximization
  - Positive engagement with patients (e.g. greater investment in enabling services), which drives higher utilization
  - Productive teams
- High Performers are good at all the above AND are strong on cost control (particularly staffing costs)

# Hallmarks of Success



## Considerations and Implications

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- Financial performance and reaching quality benchmarks can occur together
- As payments shift to outcomes-based reimbursement and on a per-patient basis, visits become a driver of costs instead of revenue
  - High Performers best-situated because of ability to control costs
- Deeper analysis merited to understand how High Performer operating models differ from other Quality Awardees:
  - Leadership's role?
  - How is quality achieved without compromising on costs?
  - What is specific model of care?

# Questions?

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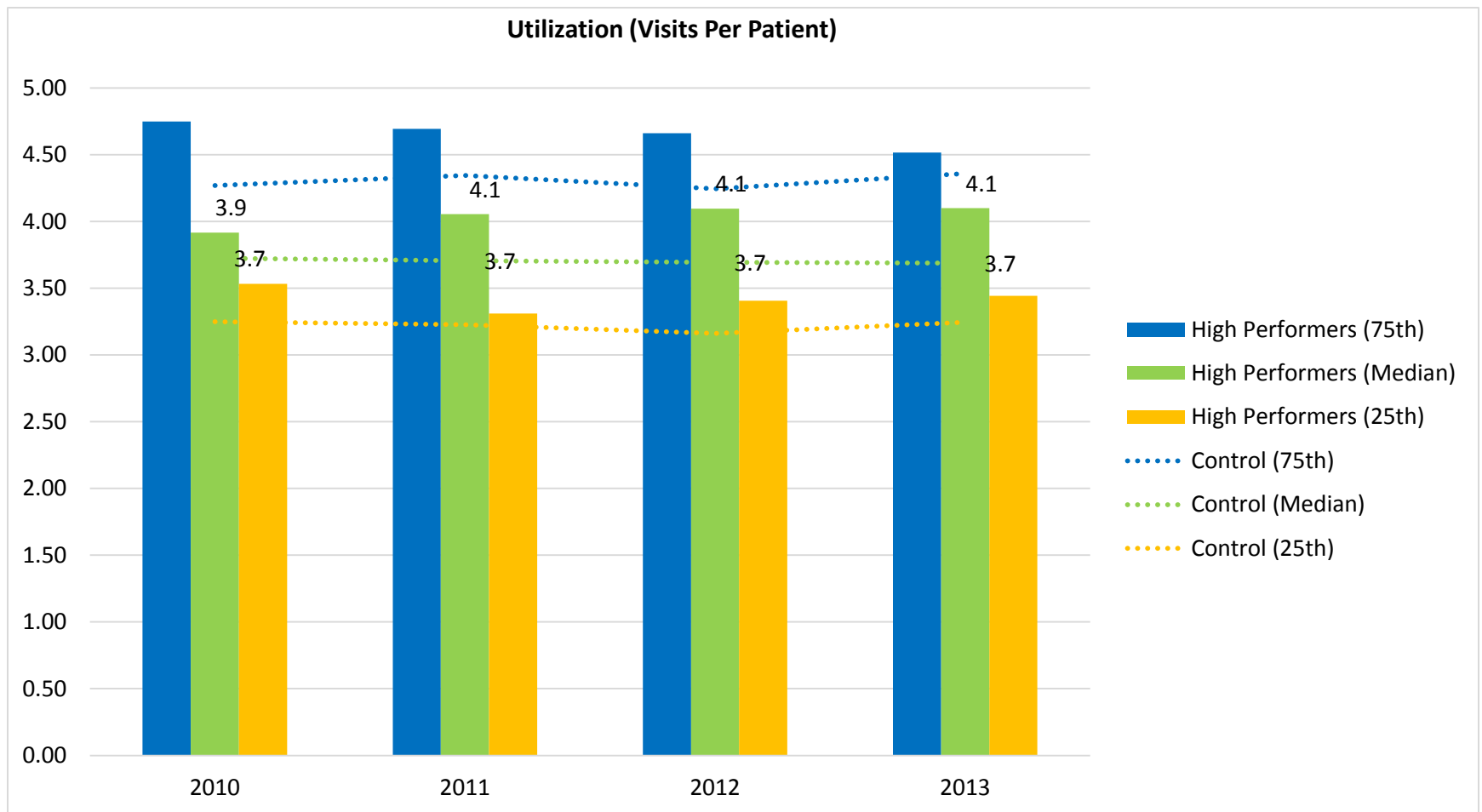
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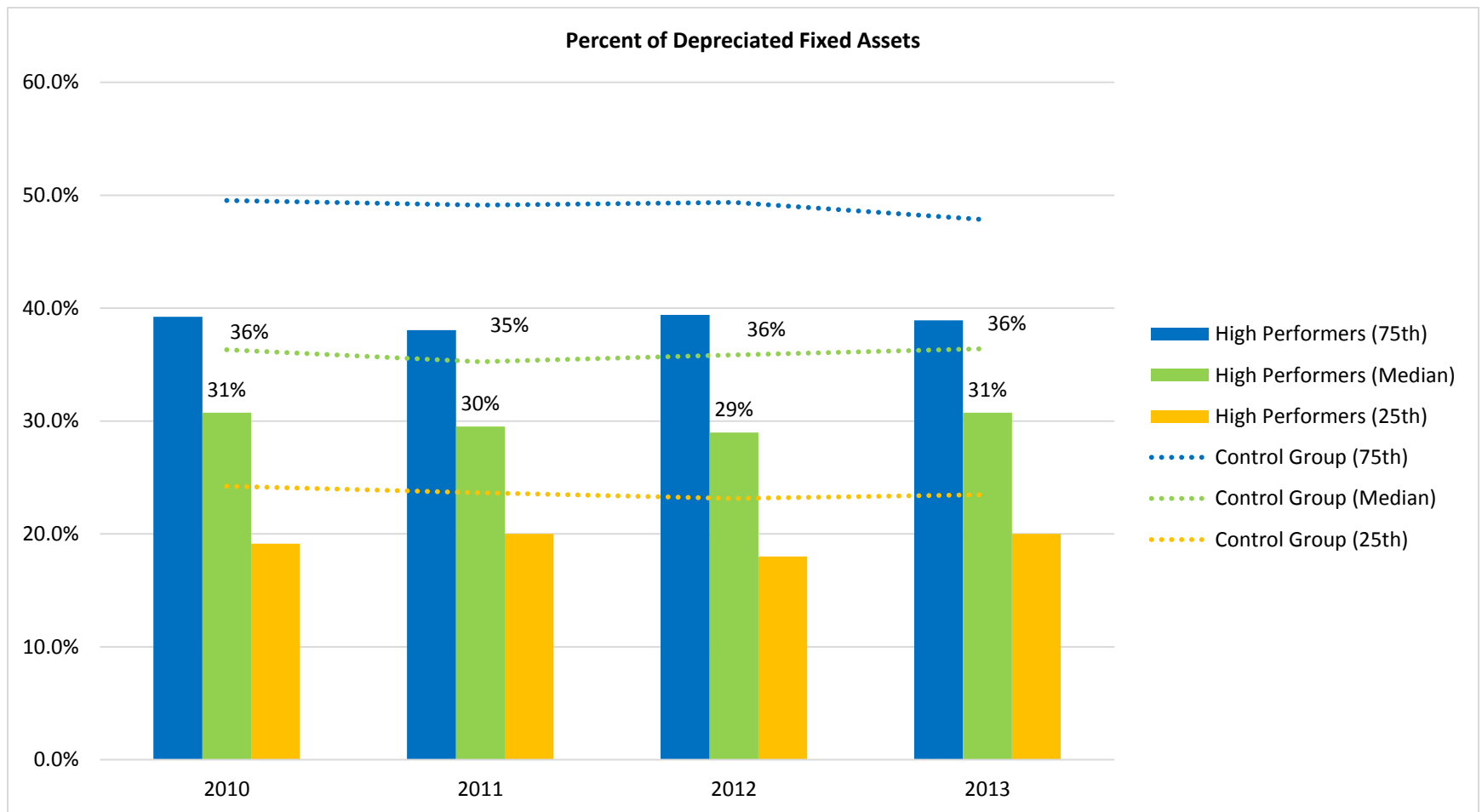
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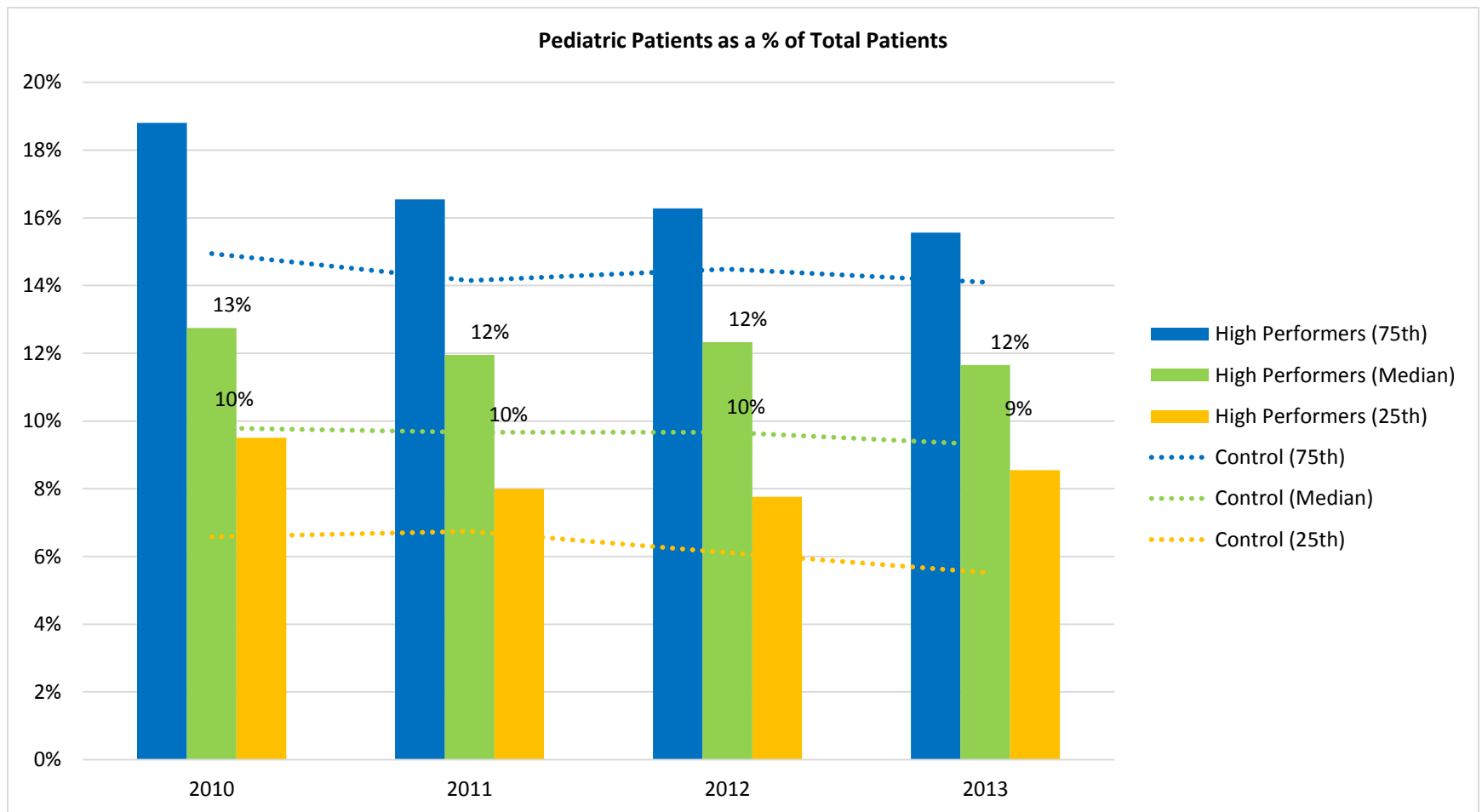
# Utilization



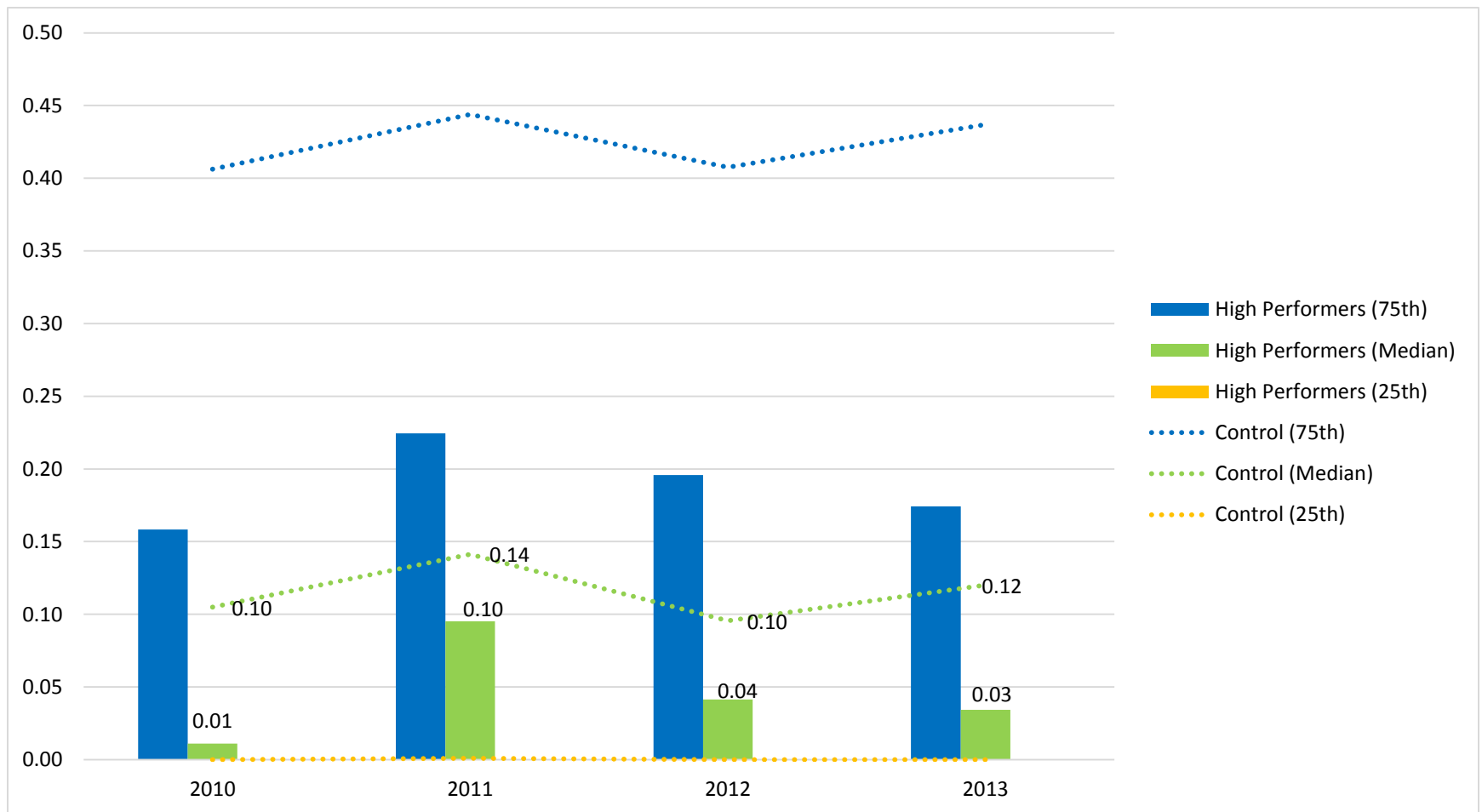
# Percent of Depreciated Fixed Assets



# Pediatric Patients as % Total Patients



# Long-Term Debt to Equity



# Management Tenure

