

Financial & Operational Benchmarking

Trends & Techniques

January 19, 2023

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Project Consultant



www.caplink.org

Our Vision: Stronger health centers, actively building healthy communities

Our Mission: Capital Link works to strengthen community health centers—financially and operationally—in a rapidly changing marketplace. We help health centers:



Nearly
30 years
of experience

Worked with
50+
PCAs/HCCNs
and regional
consortia

ASSISTED **2/3rds** OF HEALTH CENTERS NATIONALLY

LEVERAGED **\$1.4 billion**

FOR **246+** HEALTH CENTER PROJECTS

TOTALING OVER **\$1.7 billion**

- Performance Benchmarking
- National FQHC Financial and Operational Performance Trends
 - Growth & Expansion
 - Patient & Payer Mix
 - Revenue Growth & Mix
 - Staffing & Productivity
 - Financial & Operational Trends
- Performance Evaluation Dashboard



Goal: Financial Sustainability & Access to High Quality Care

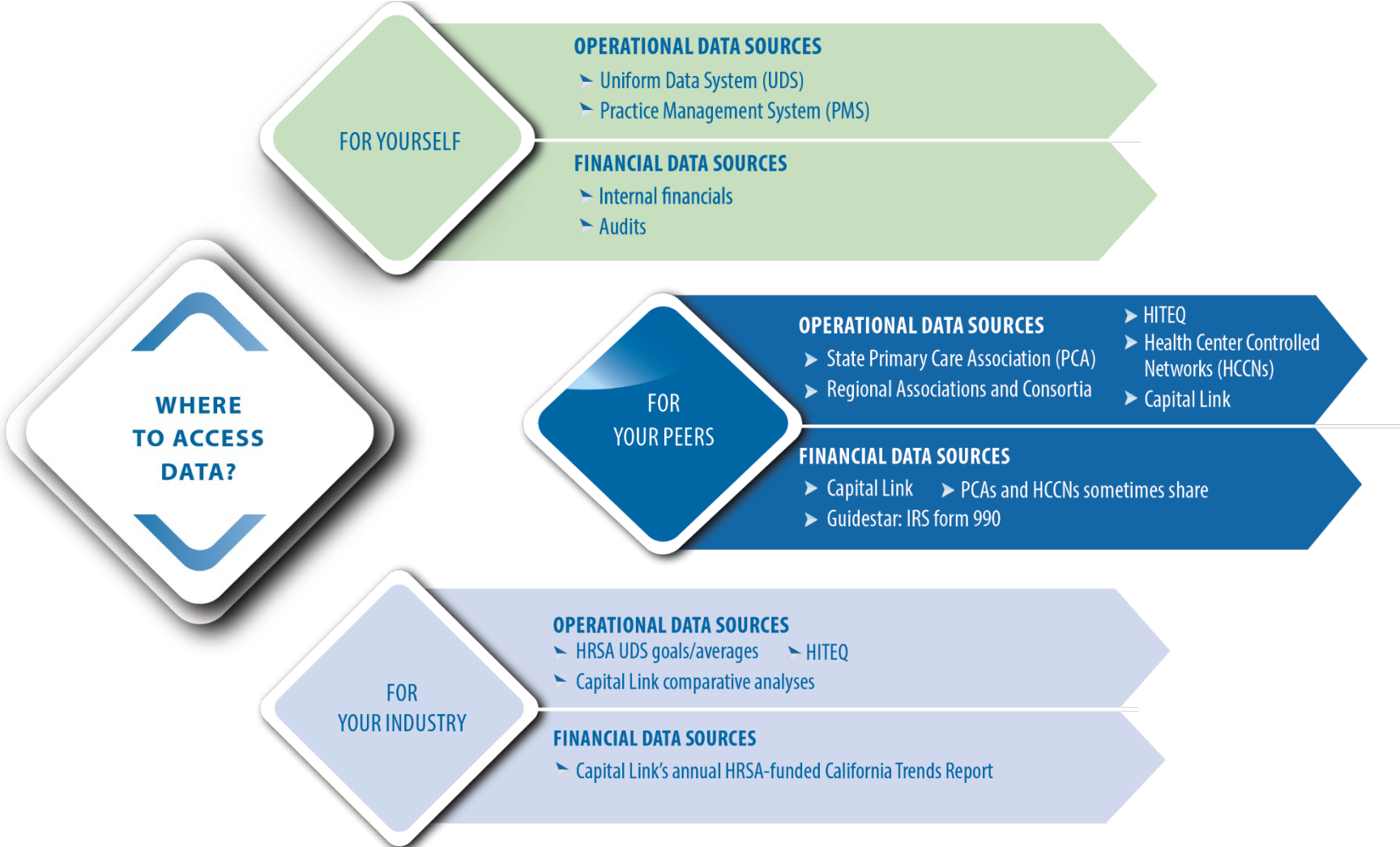


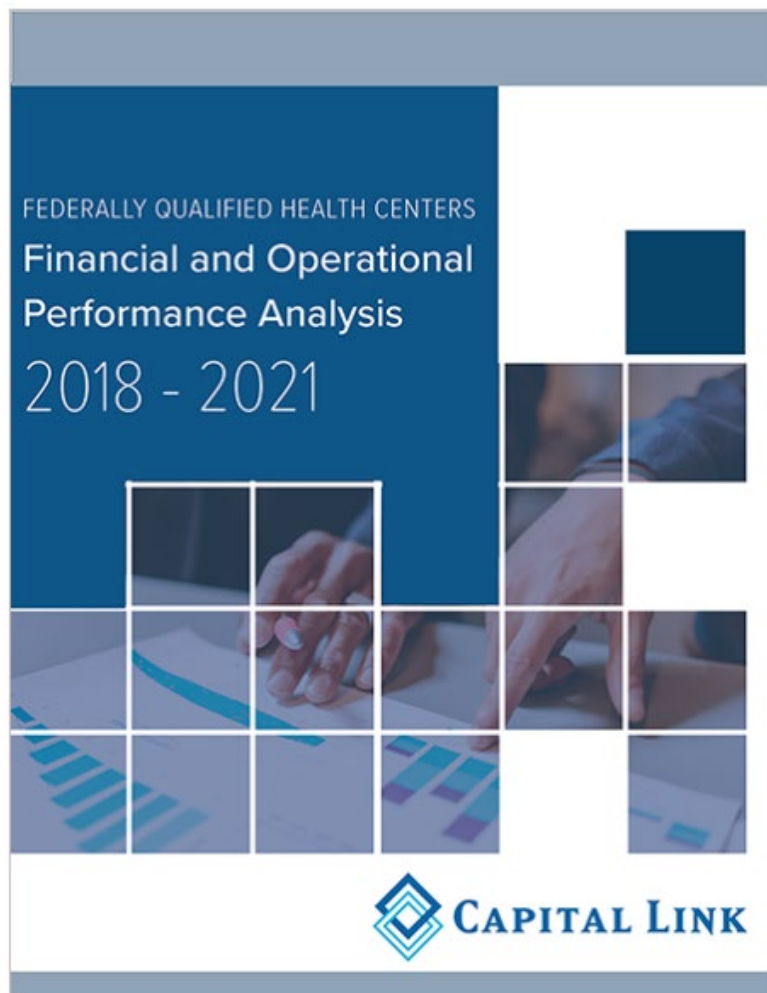
- A standard or point of reference against which things may be compared or assessed.





<http://caplink.org/benchmarking-toolkit>



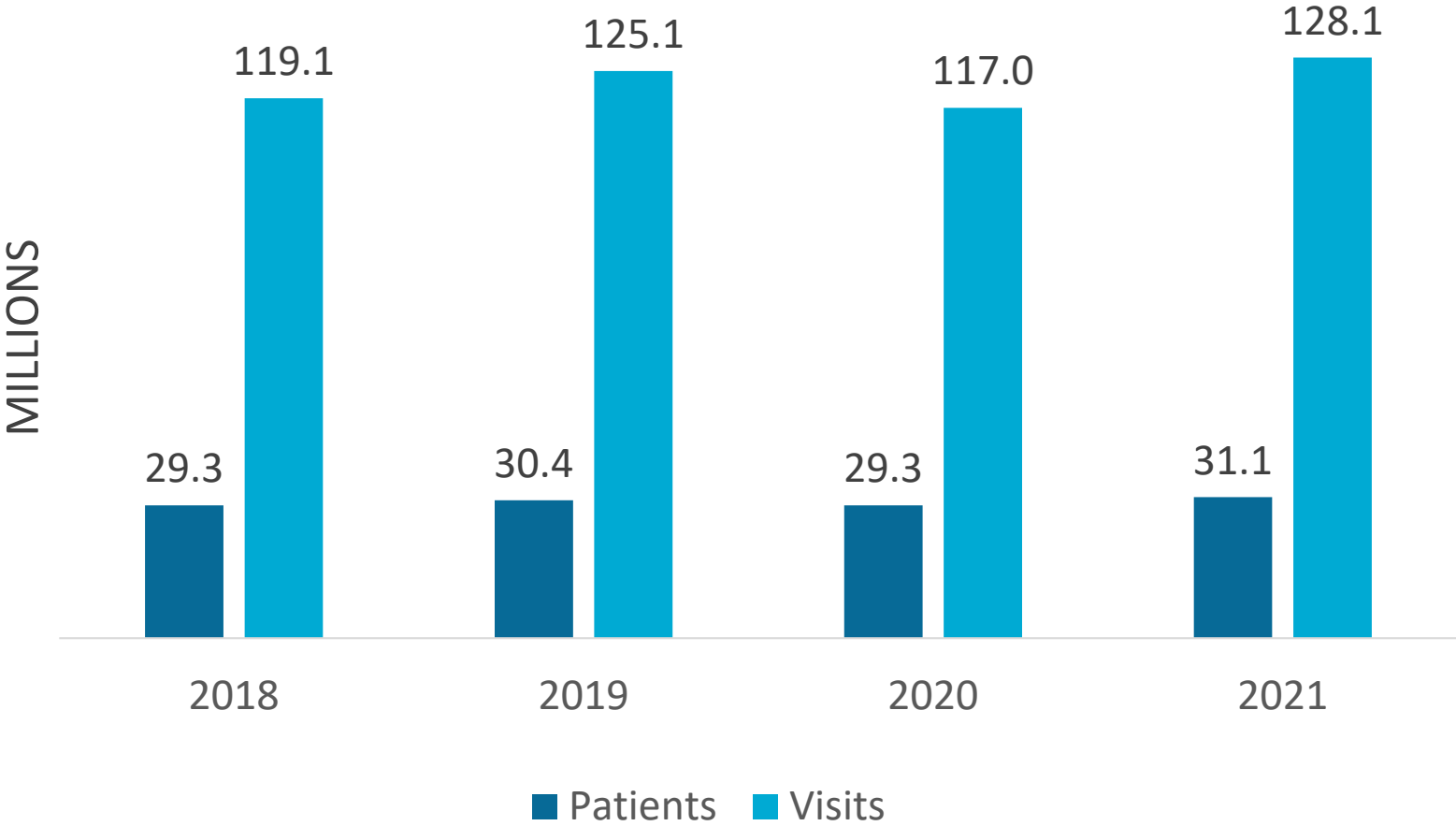


[Capital Link - Federally Qualified Health Centers Financial and Operational Performance Analysis 2018-2021 \(caplink.org\)](https://www.caplink.org)

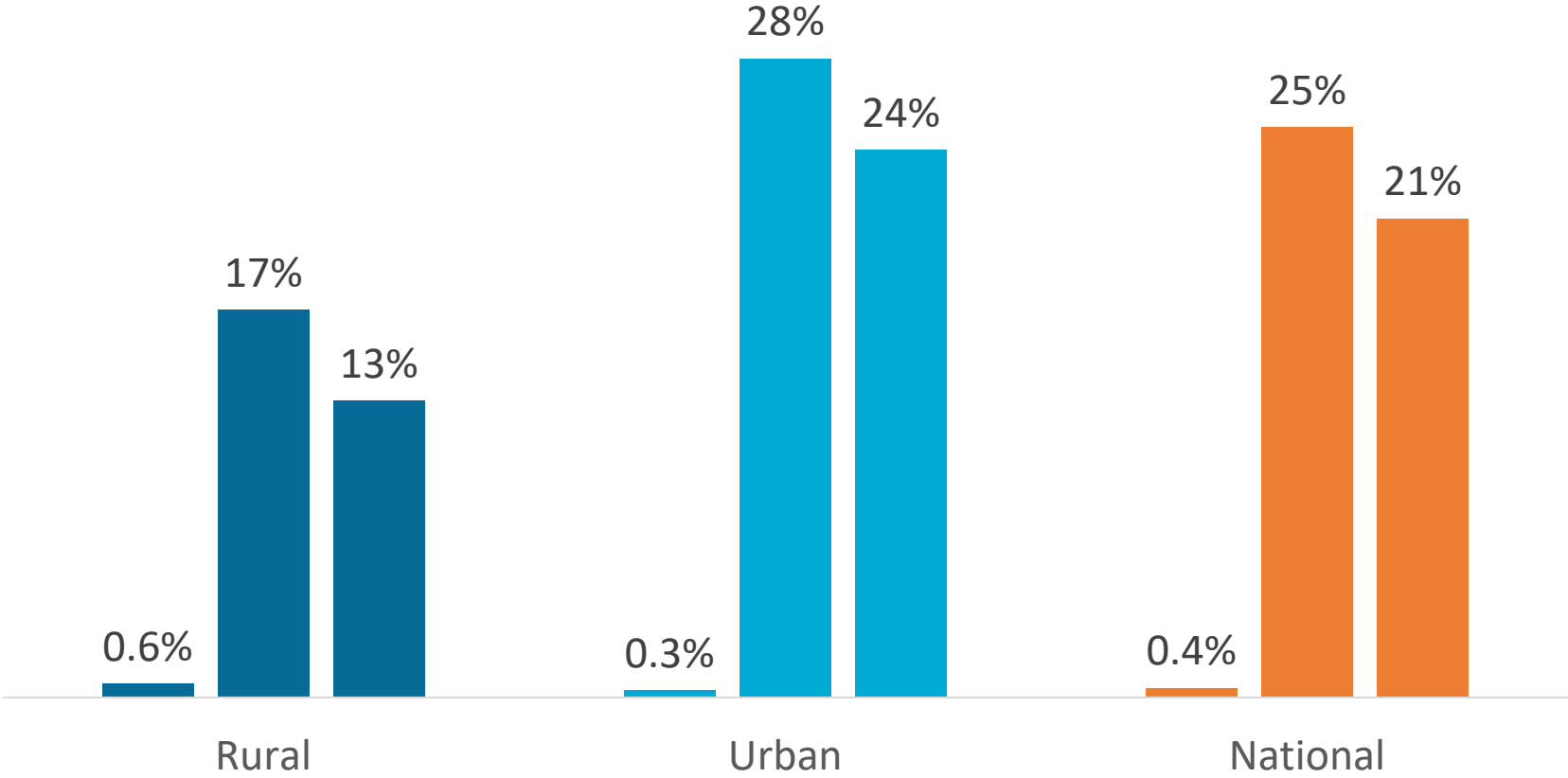
National FQHCs (Section 330s & LALs)

Data	2018	2019	2020	2021
Financial Audits	1,319	1,322	1,275	1,039
UDS Data	1,446	1,457	1,462	1,481

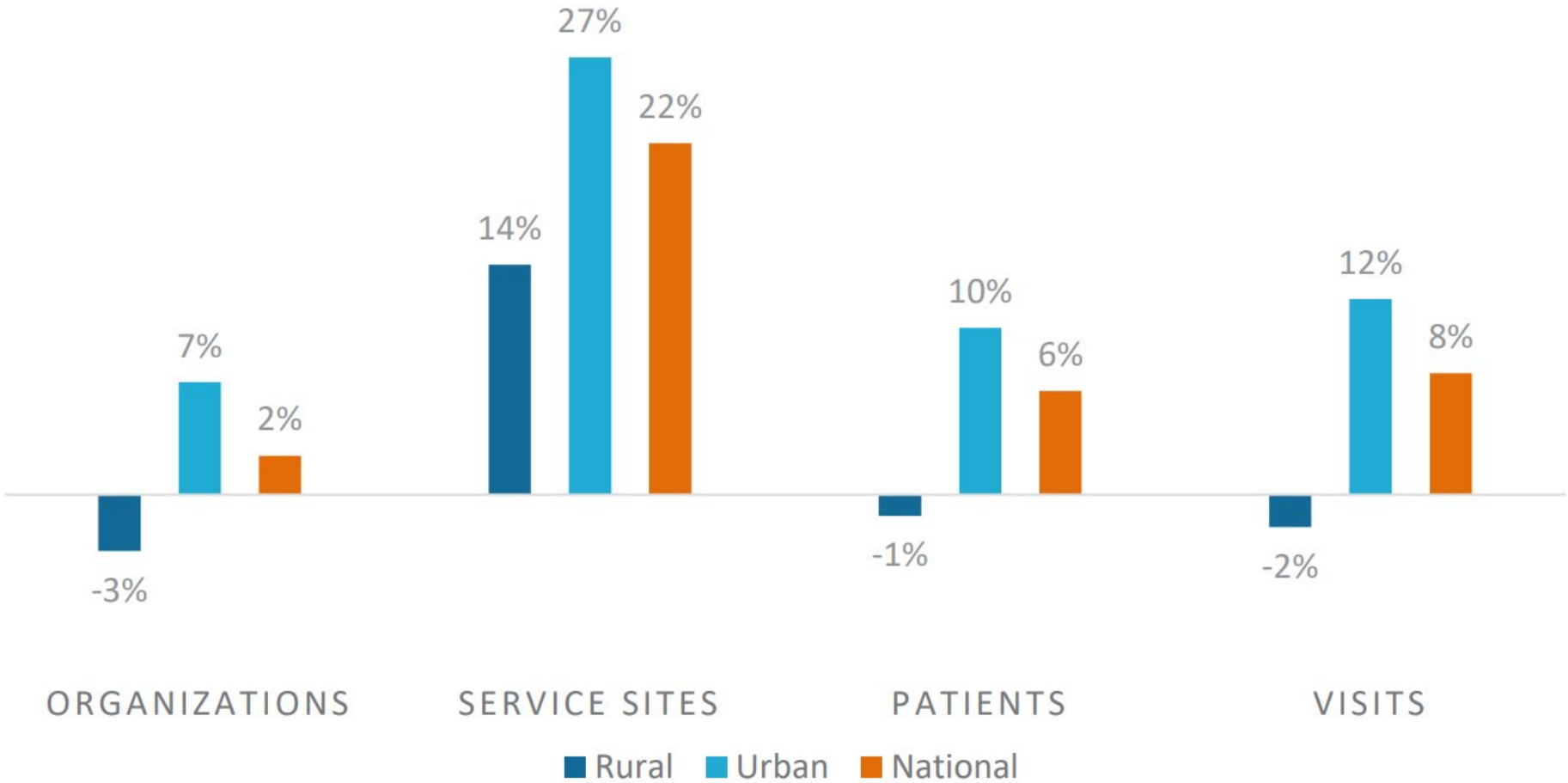
Growth & Expansion



Telehealth Visits as a Percent of Total Visits 2019-2021

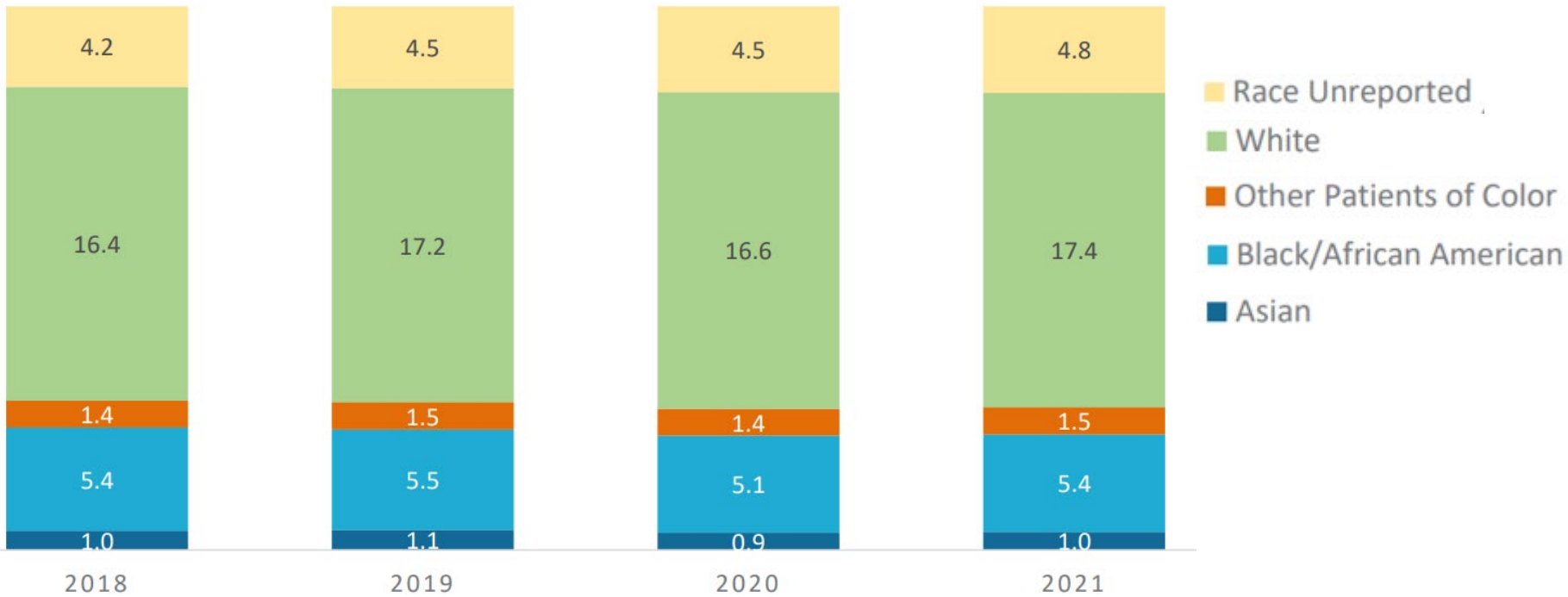


Organizational Growth Rates 2018-2021

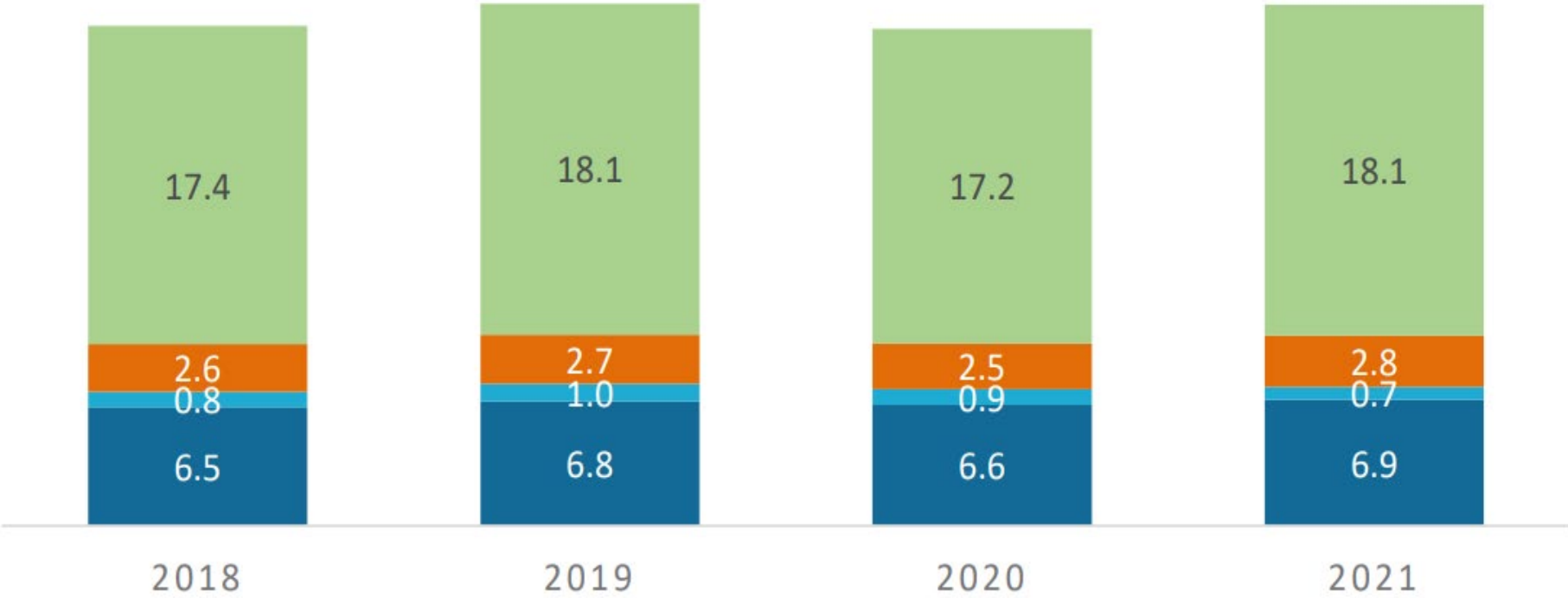


Patient & Payer Mix

Patients By Race 2018-2021 (In Millions)

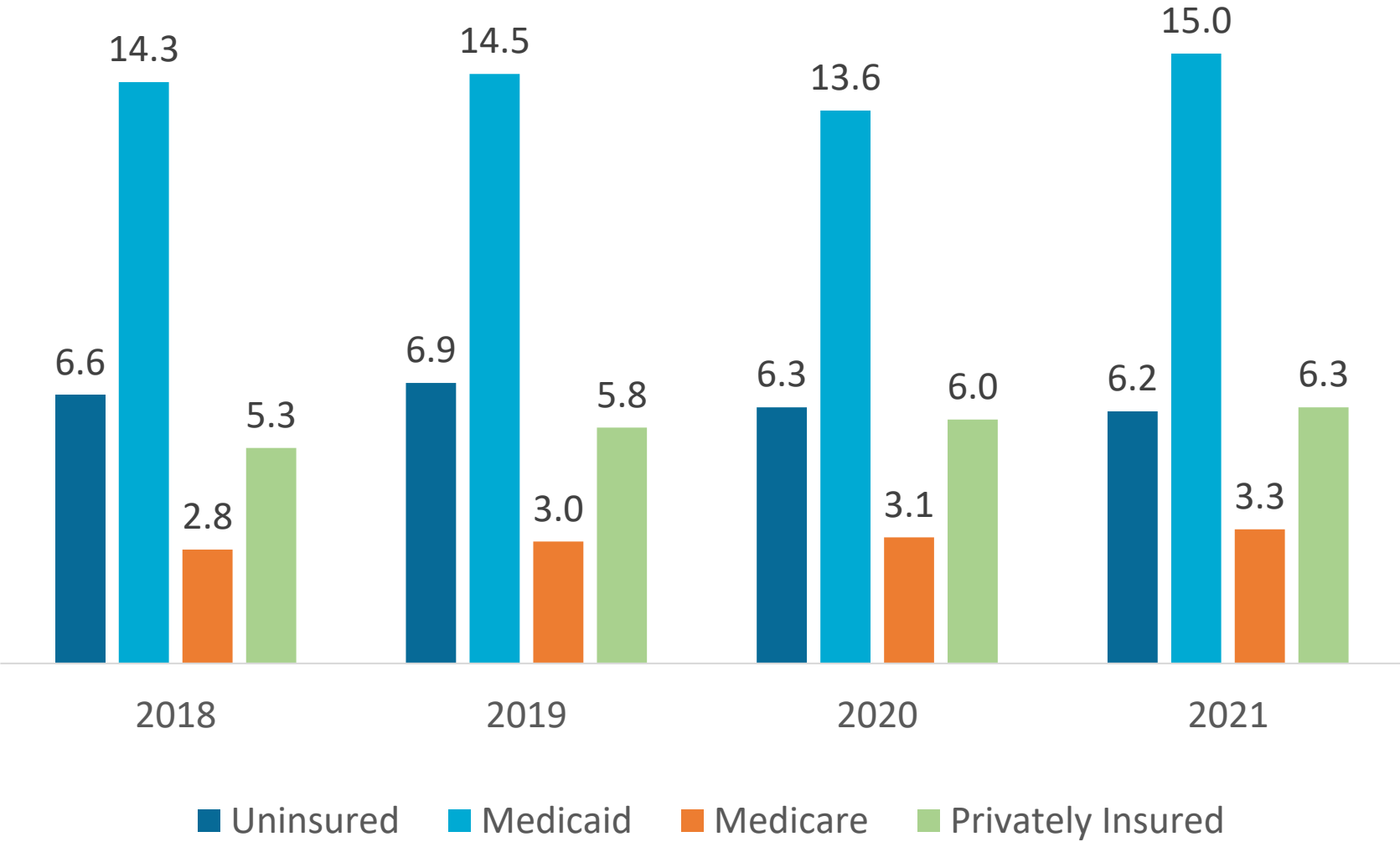


Patients By Ethnicity 2018-2021 (In Millions)

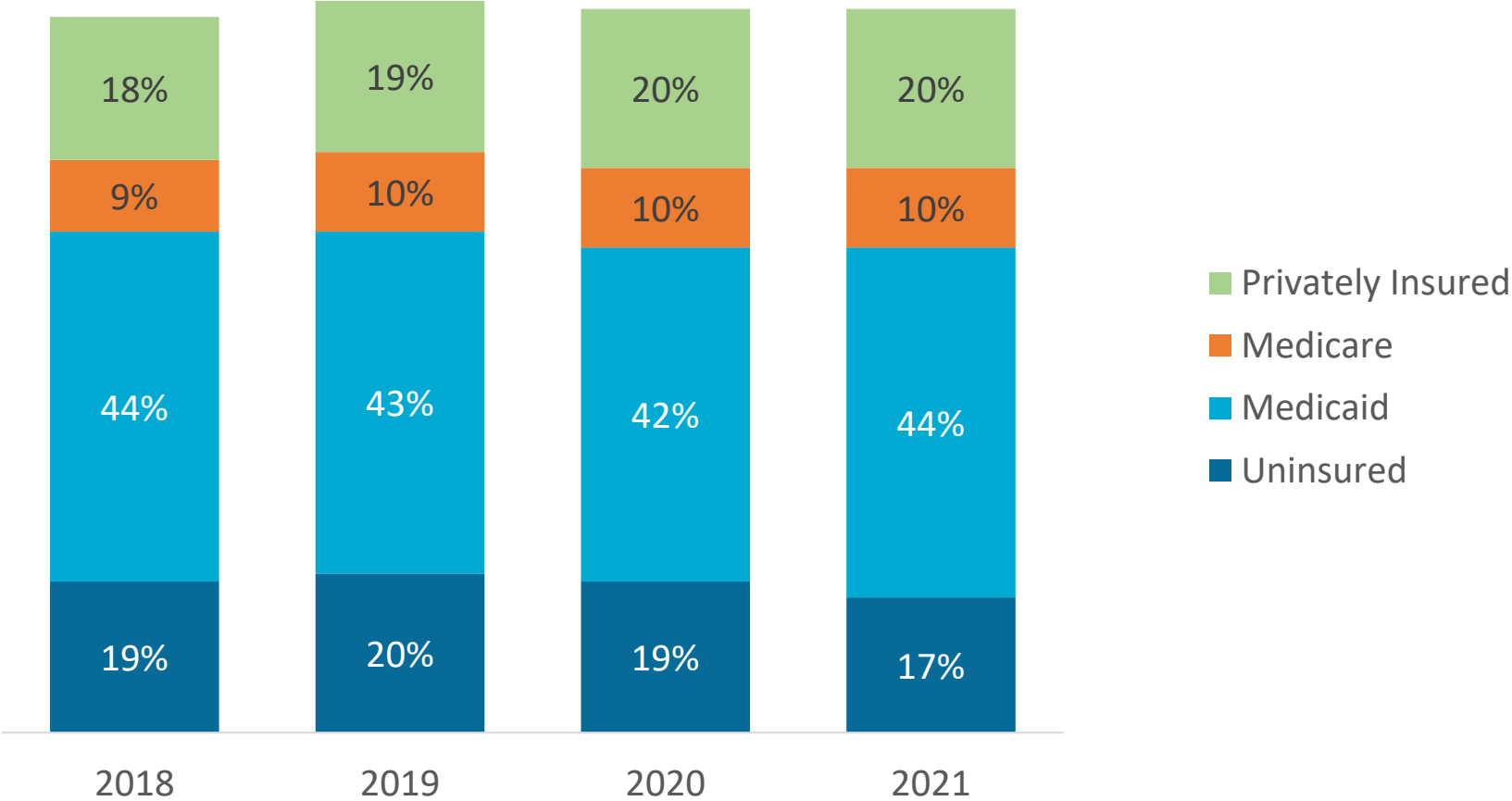


- White Hispanic/Latino(a)
 Hispanic/Latino(a) - all other Races
- Hispanic/Latino(a) - Unreported Race
 Non-Hispanic/Latino(a)

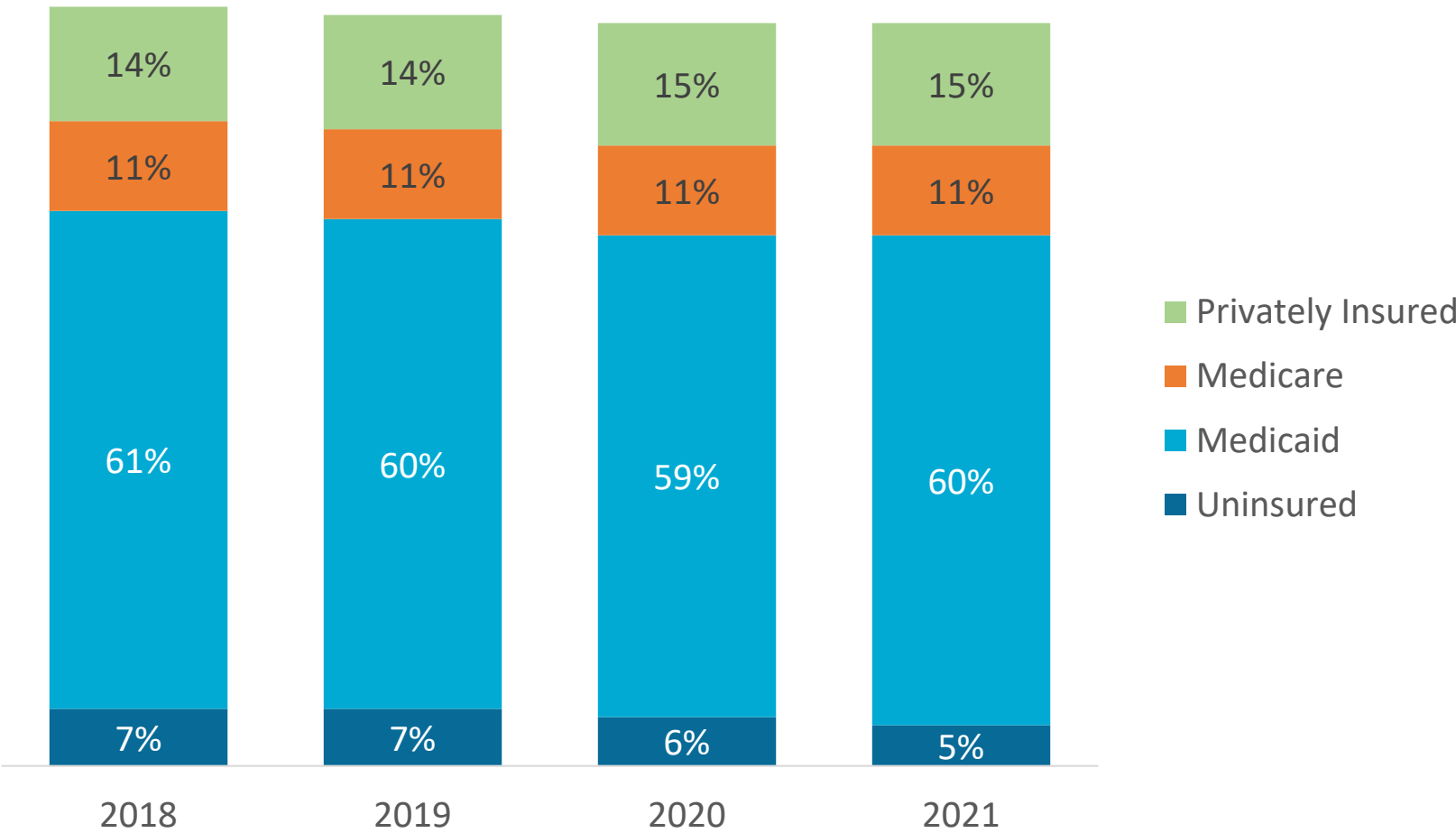
Patient Mix: Number Of Patients By Insurance Category 2018-2021 (In Millions)

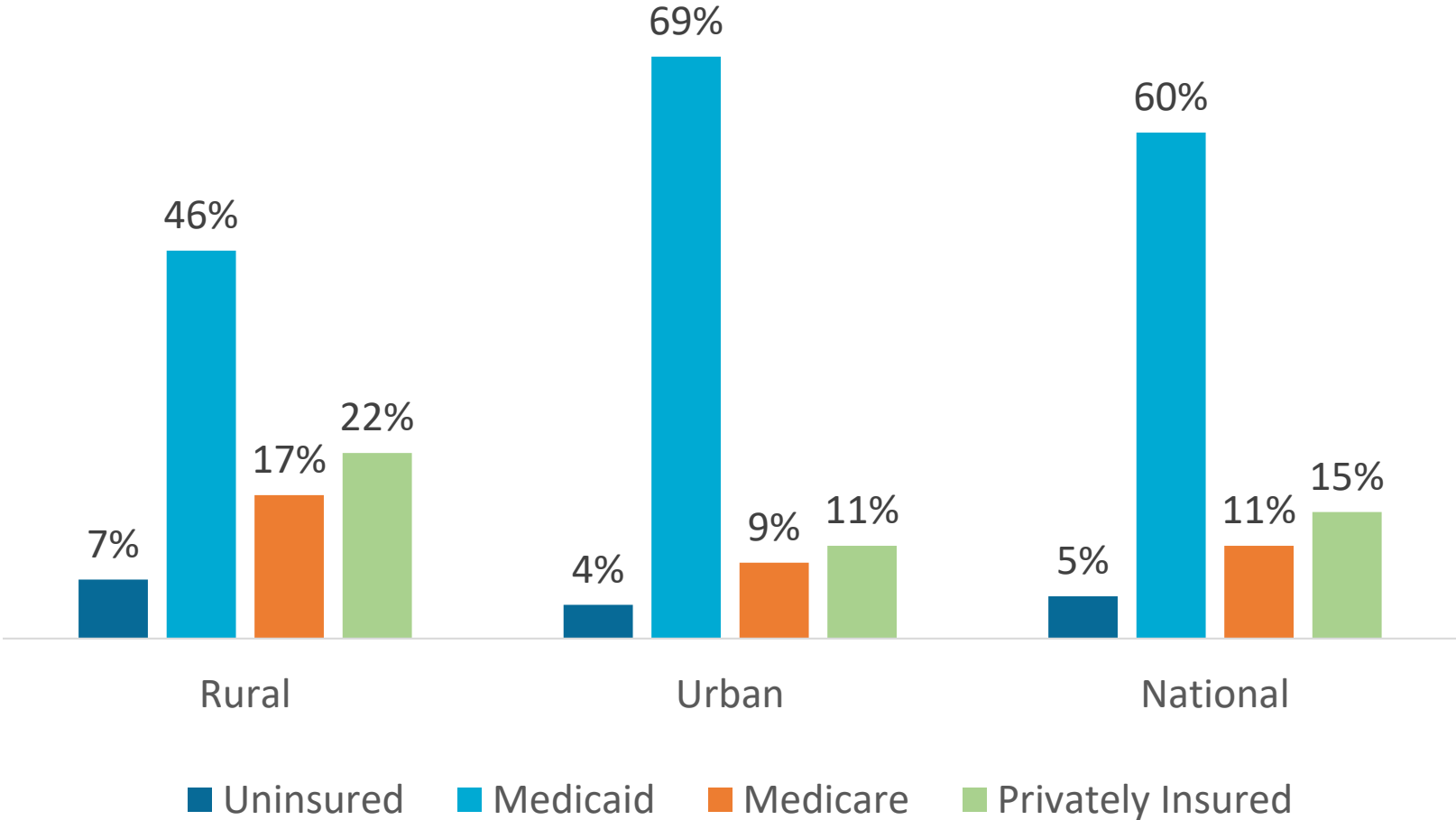


Patient Mix: Median Patient Mix 2018-2021



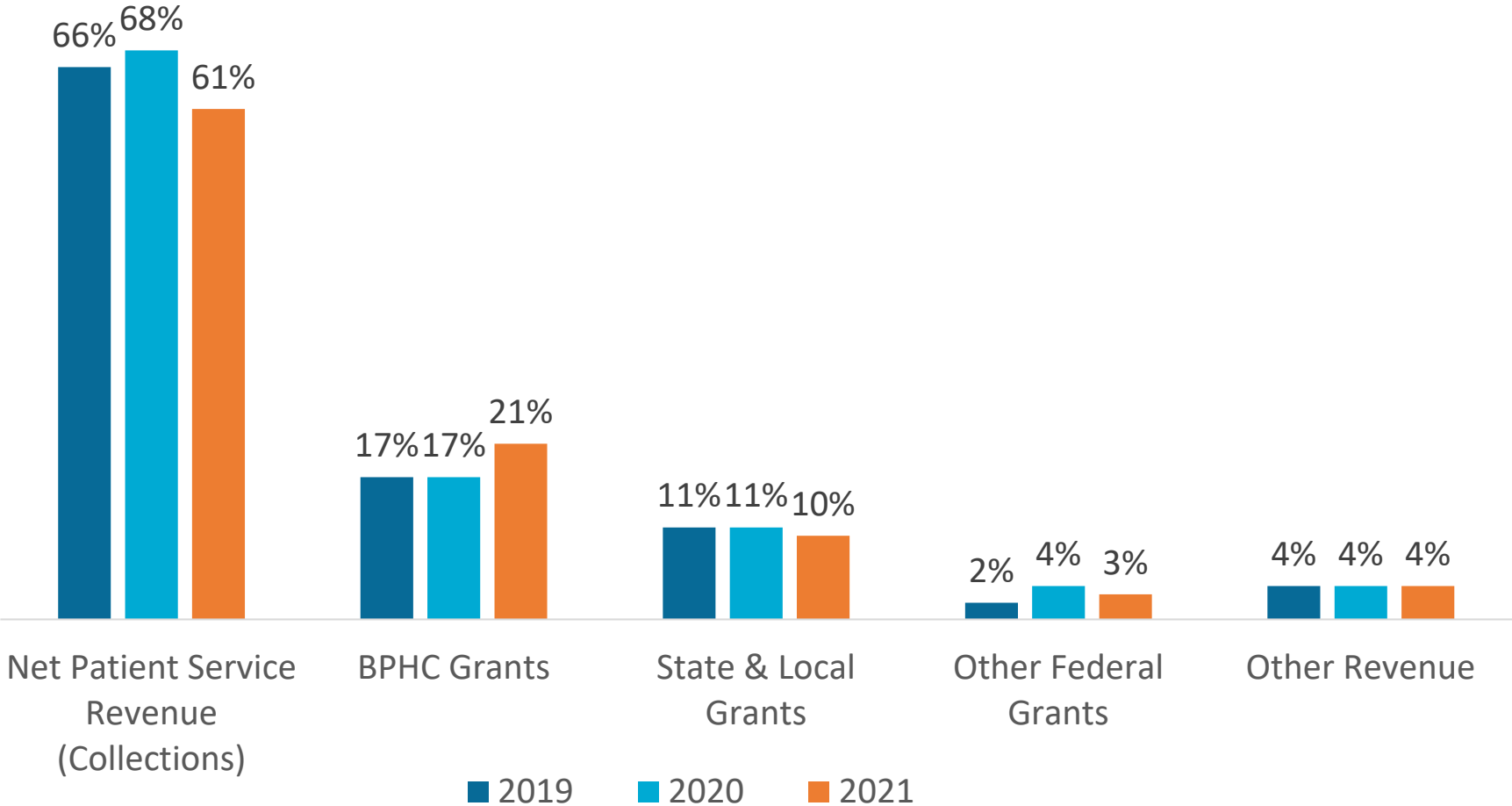
Payer Mix: Median Percentage Of Collections By Payer 2018-2021



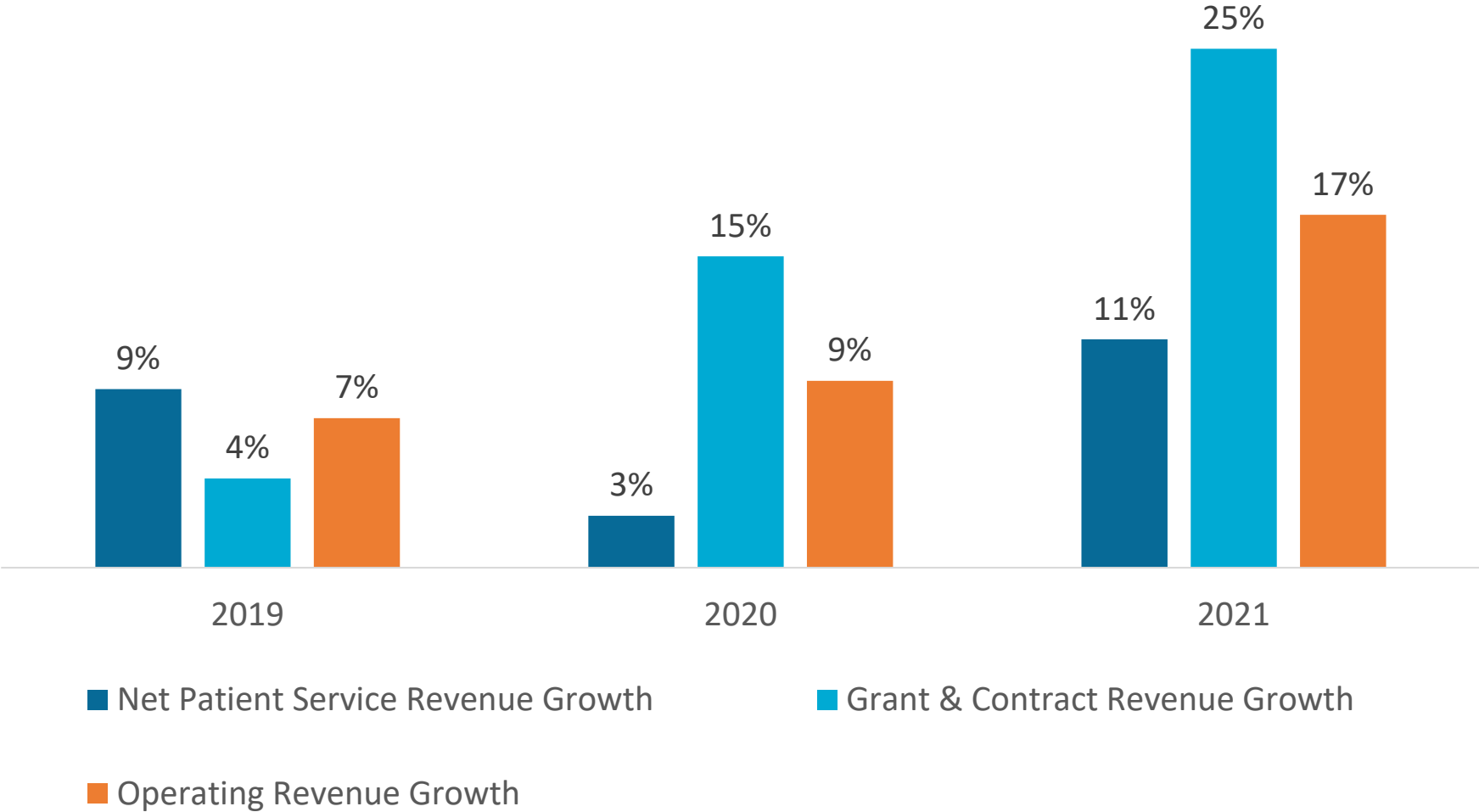


Revenue Mix

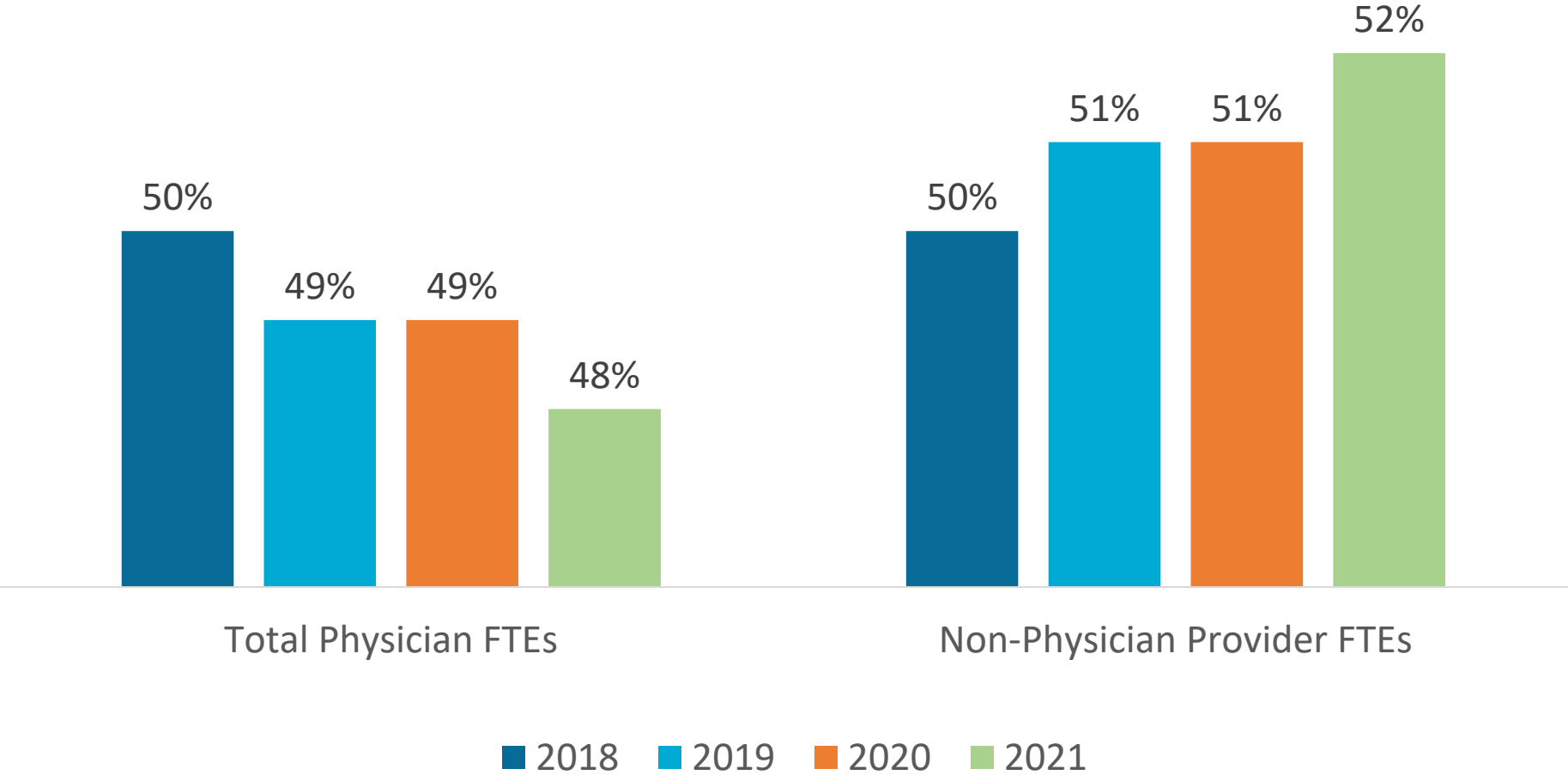
Total Revenue Mix 2019-2021



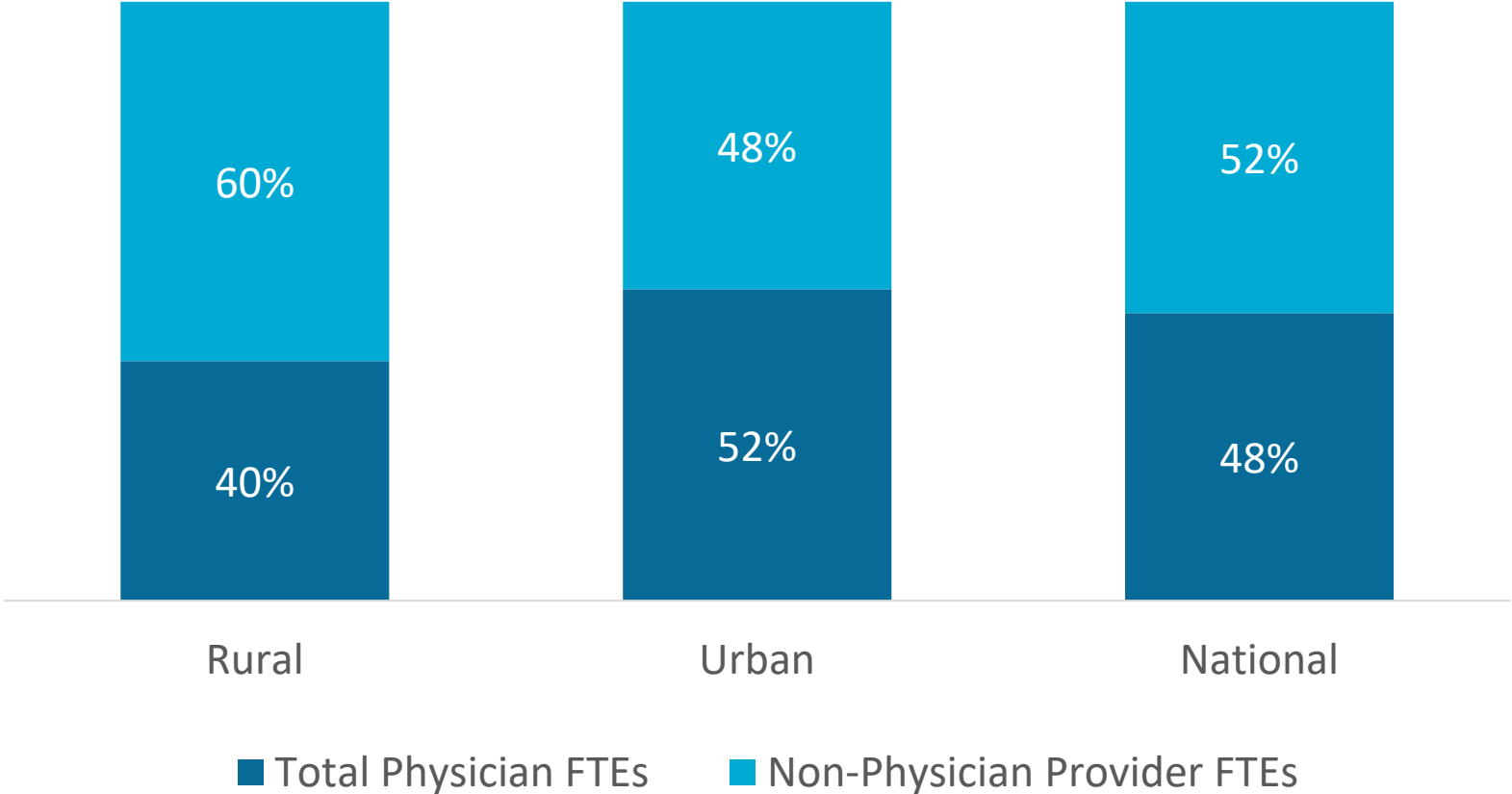
Revenue Growth by Source 2019-2021



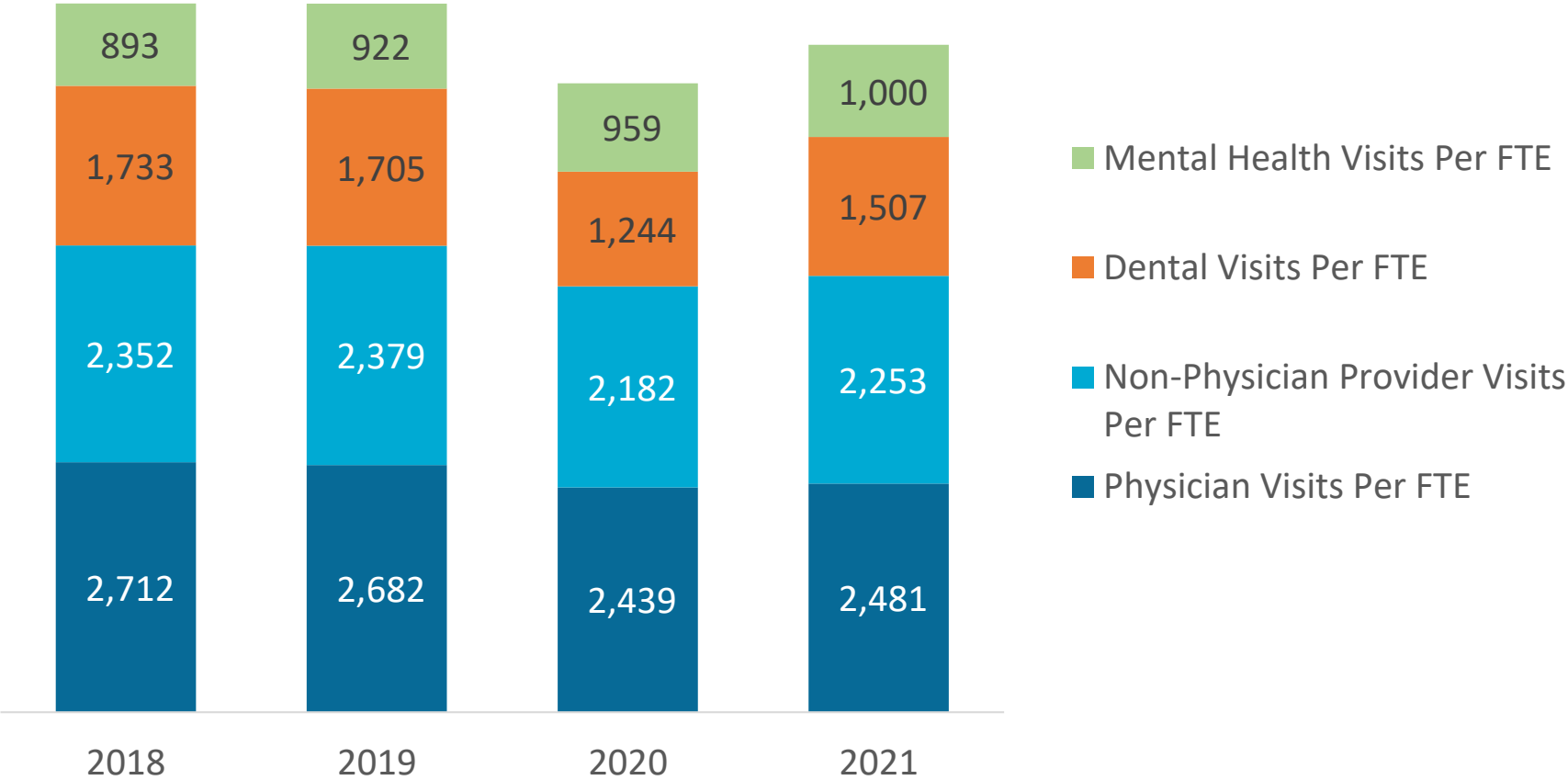
Staffing & Productivity



Median Medical Staffing Trends By Location 2021



Median Productivity Trends: Visits Per FTE 2018-2021



Financial & Operational Trends

FINANCIAL HEALTH (CORPORATE LEVEL)

Operating Margin	Assesses overall strength of business model; margins are typically small but need to be positive	$\frac{\text{Change in Operating Net Assets}}{\text{Total Operating Revenue}}$
Bottom Line Margin	Shows whether performance is dependent upon large capital grants and/or other sources of non-operating revenue	$\frac{\text{Change in Net Assets}}{\text{Total Operating Revenue}}$
Personnel-Related Expense as Percent of Revenue	Consumes 70-75% of revenues; key driver of financial performance	$\frac{(\text{Salaries and Related Expenses} + \text{Fringes and Payroll Taxes} + \text{Professional/Contracted/Consultant Fees})}{\text{Total Operating Revenue}}$
Days in Net Patient Accounts Receivable	Reflects effectiveness of financial management, which starts with collecting money efficiently	$\frac{\text{Net Patient Accounts Receivable}}{\text{Net Patient Service Revenue} / 360}$
Days Cash on Hand	Measures cash management and whether there is enough liquidity to keep operations running smoothly	$\frac{(\text{Unrestricted Cash} + \text{Investments})}{(\text{Total Operating Expenses} - \text{Depreciation}) / 360}$

PRODUCTIVITY AND FINANCIAL OPERATIONS (PRODUCE FOR EACH SERVICE AREA)		
Provider Productivity (Visits)	Visit productivity is the basis for revenue generation [in a fee-for-service environment]	$\frac{\text{Provider Visits}}{\text{Provider FTEs}}$
Mid-level Productivity (Visits)	Visit productivity is the basis for revenue generation [in a fee-for-service environment]	$\frac{\text{Mid-Level Visits}}{\text{Mid-Level FTEs}}$
Cost (and Revenues) per Visit	Understand how your visit costs and revenues are changing over time. Do your revenues exceed cost?	$\frac{\text{Total Expenses (or Revenues)}}{\text{Total Visits}}$
Visit Growth Rates	Assess how quickly visits are growing. More visits drive higher revenues in a fee-for-service environment	$\frac{(\text{Total Visits Current Period}) - (\text{Total Visits in Prior Period})}{\text{Total Visits in Prior Period}}$

- **Operating Margin =**

Change in Net Operating Assets / Total Operating Revenue

- **Personnel-Related Expenses as a % of Total Revenues =**

*Salaries & Related Expenses + Fringes & Payroll Taxes +
Professional/Contracted/Consultant Fees
Total Operating Revenues*

- **Days Cash on Hand =**

*Unrestricted Cash
(Total Operating Expenses – Depreciation) / 360 days)*

25th Percentile



- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9

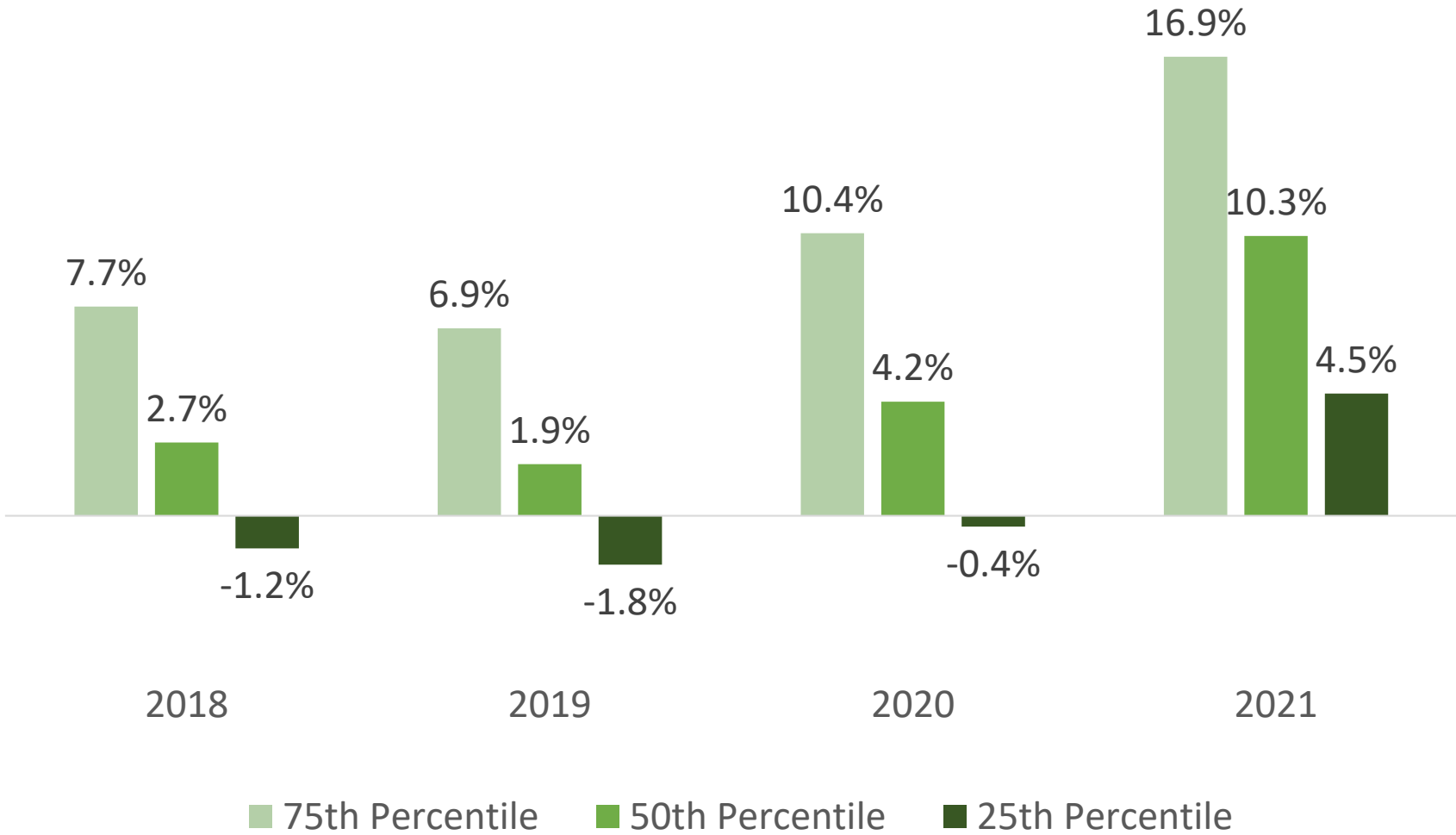
**50th Percentile
(Median)**



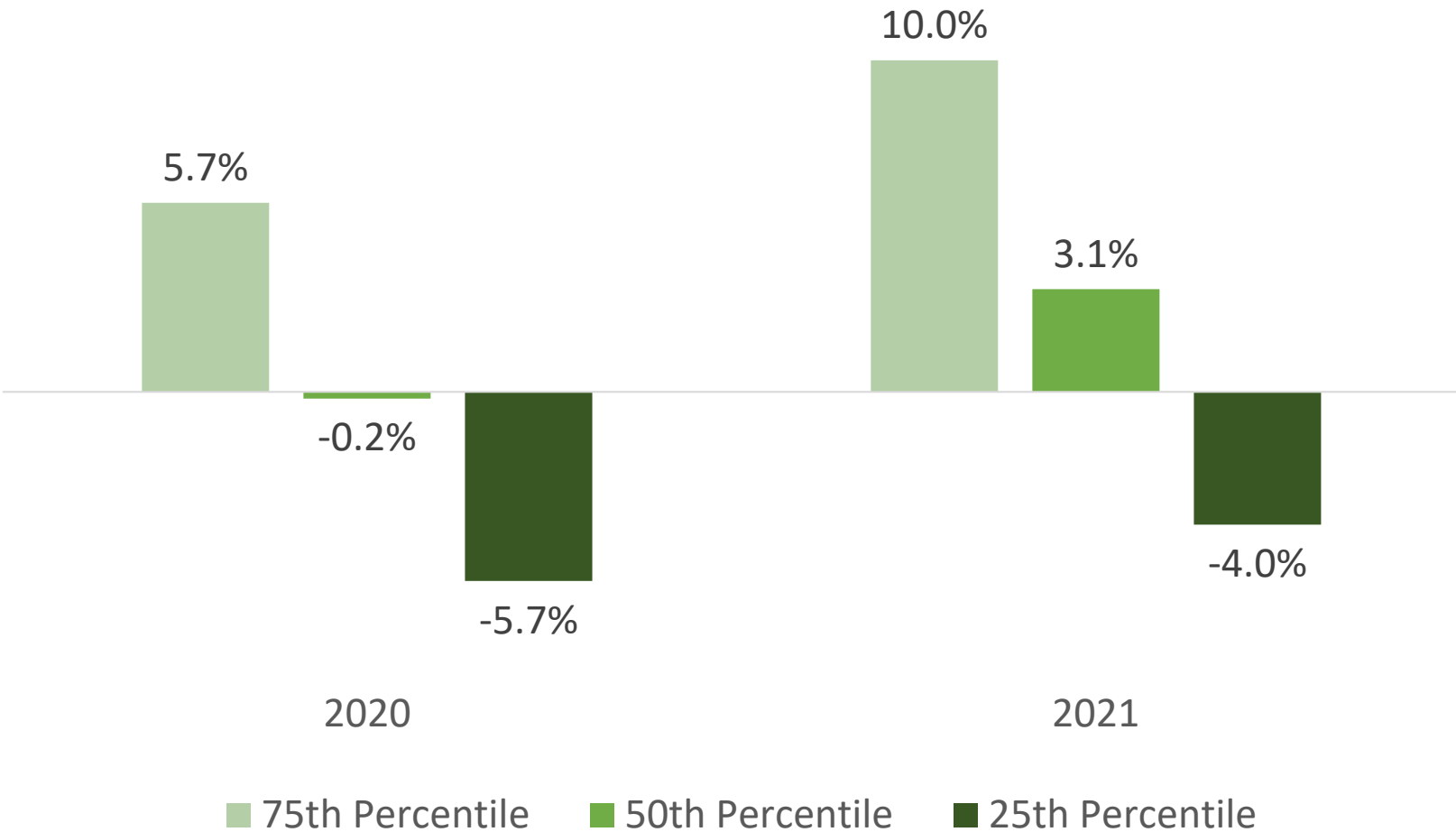
**75th
Percentile**



Operating Margin 2018-2021



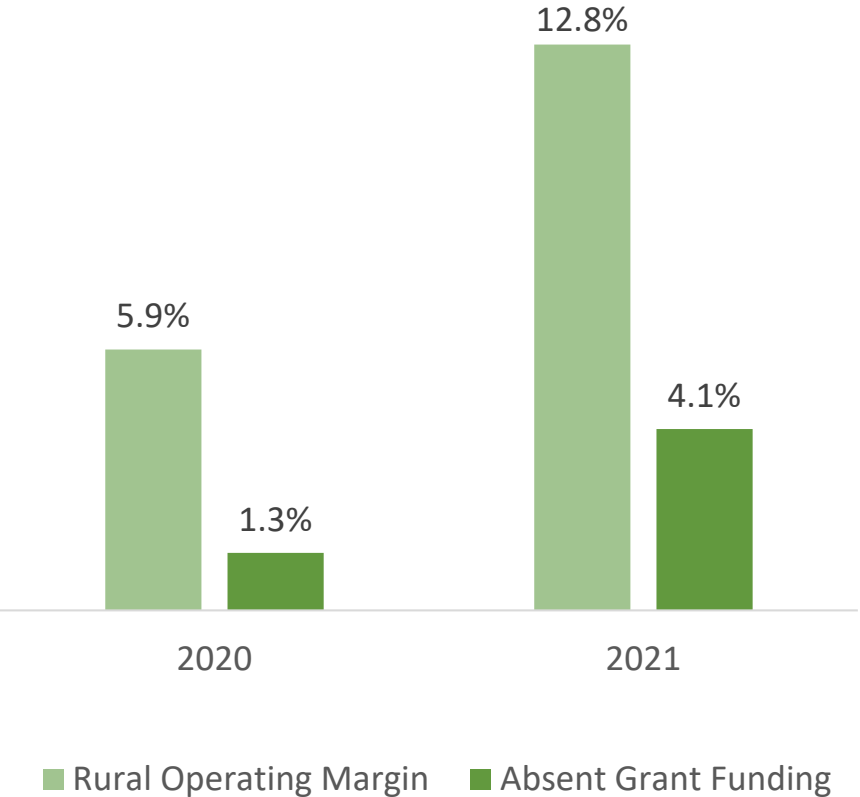
Projected Operating Margins Absent Increases in Grant Funding From Prior Year 2020 - 2021



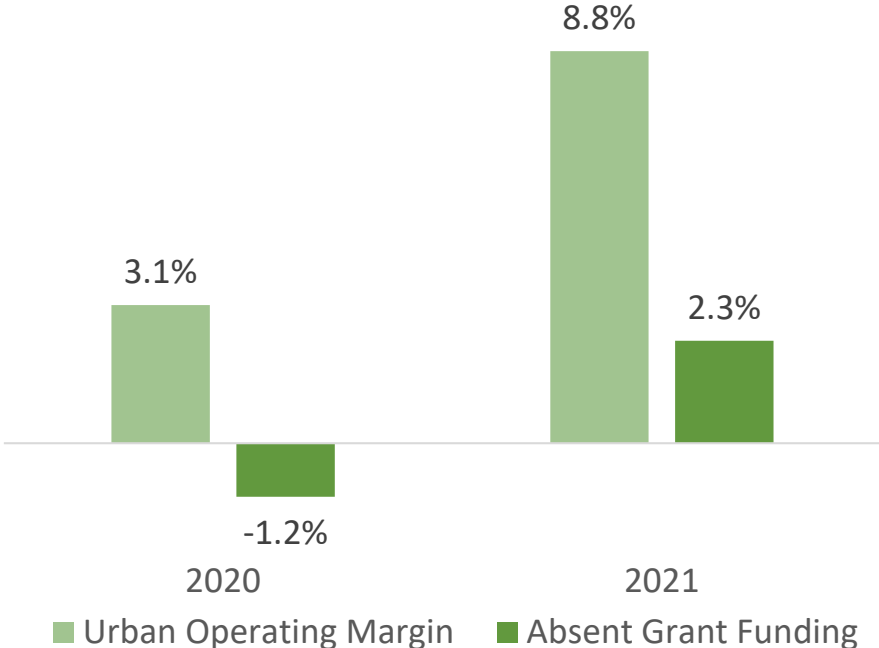
Operating Margin by Location: Absent Grant Funding 2020 - 2021



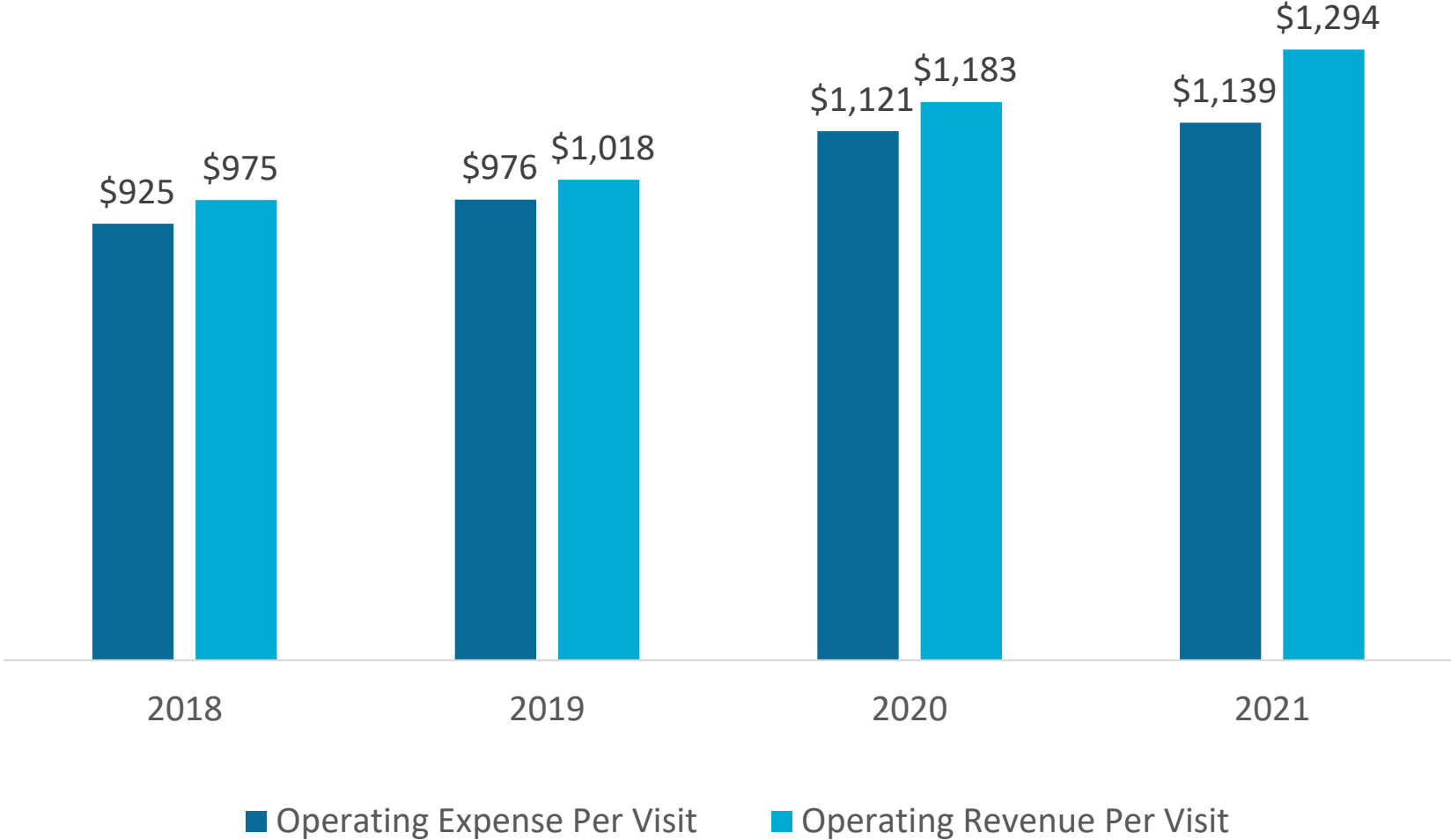
RURAL



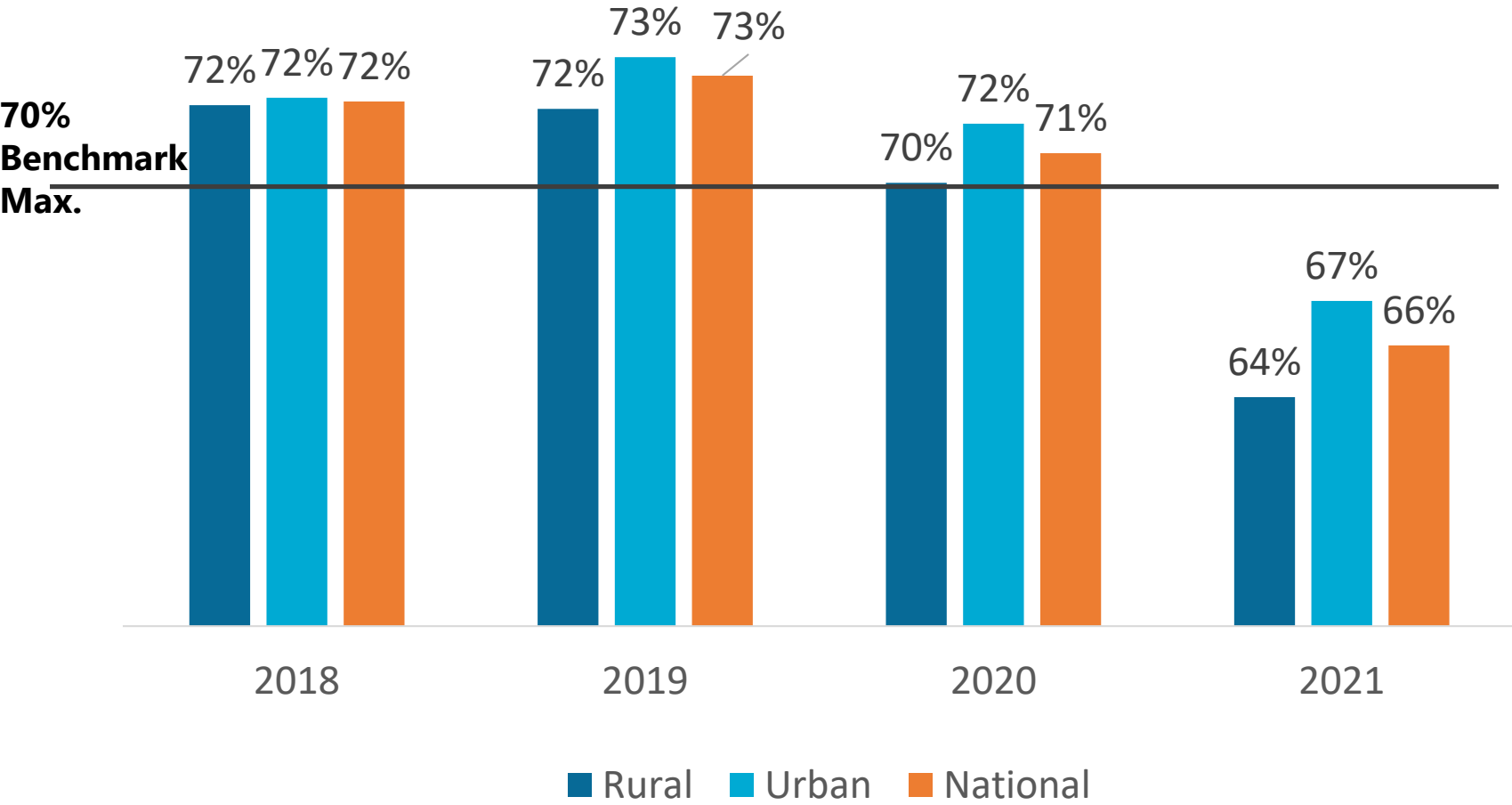
URBAN



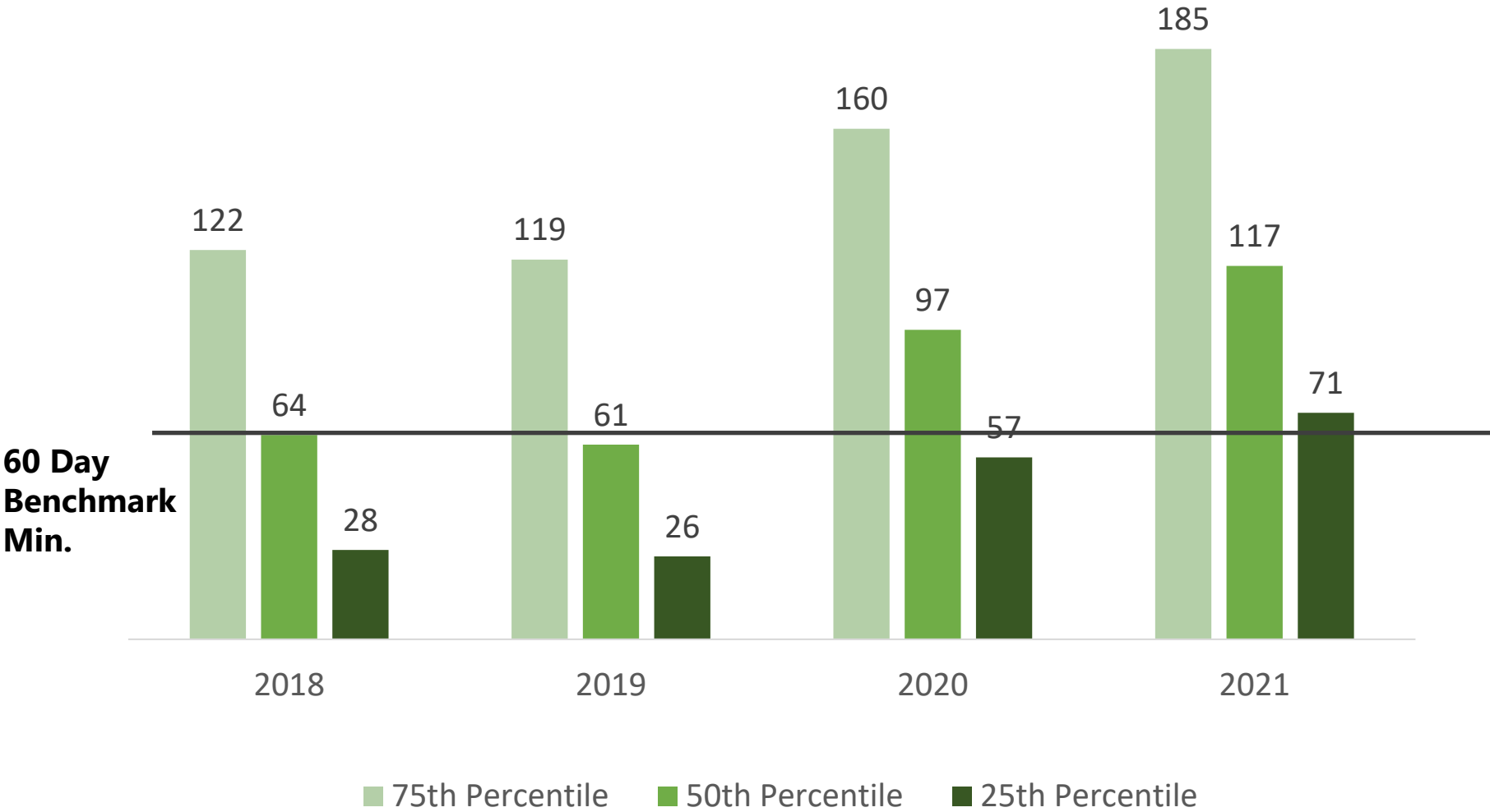
Median Operating Revenue & Expense Per Patient 2018-2021



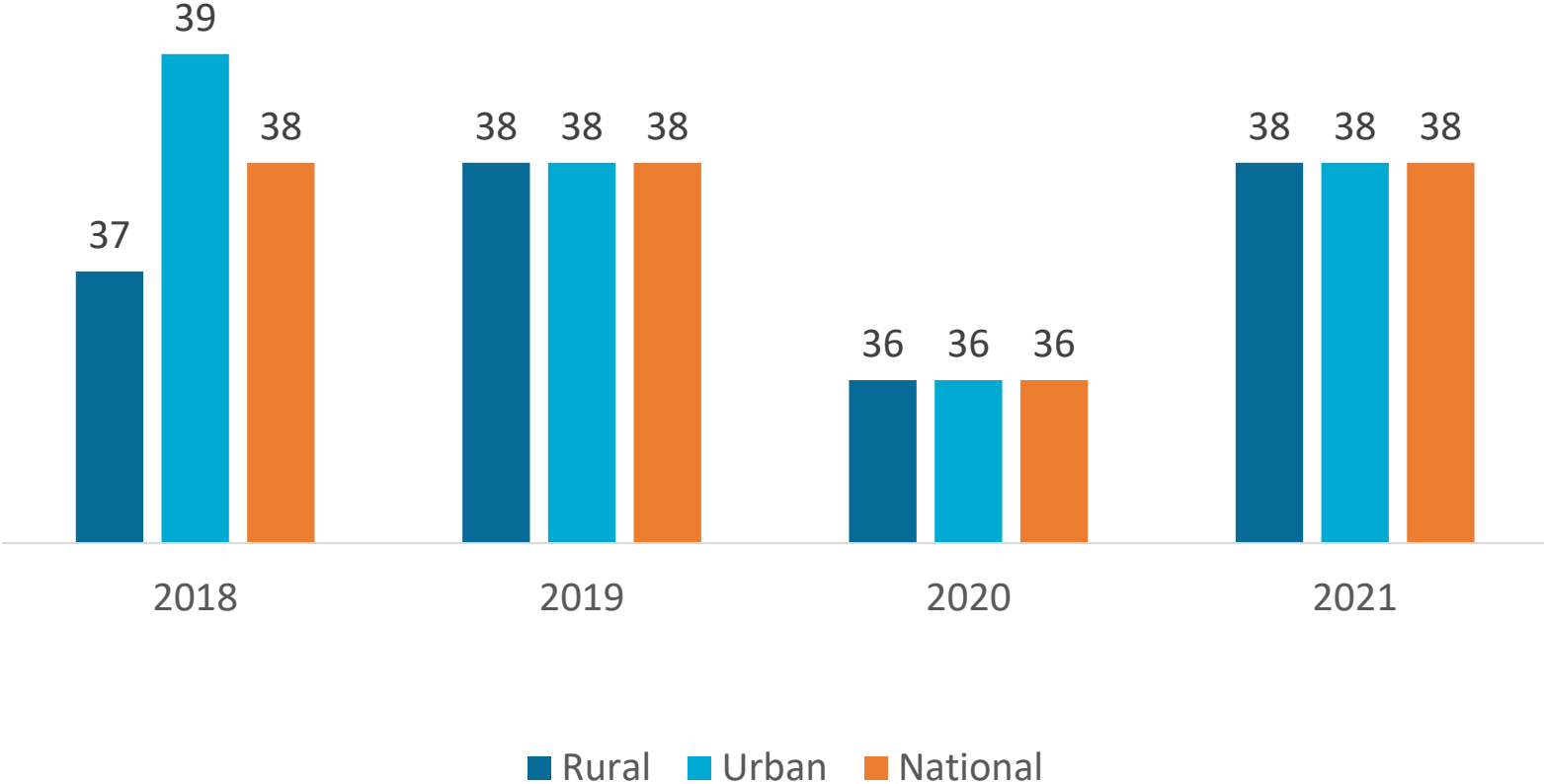
Median Personnel-Related Expenses As A Percent of Operating Revenue 2018-2021



Days Cash On Hand 2018-2021



Median Days In Net Patient Accounts Receivable 2018-2021



Quality of Care

Quality Of Care Metrics 2020 vs. 2021

Quality of Care	2020	2021	2020 vs. 2021
Percentage of Children Receiving Appropriate Vaccinations by Age 2	34%	31%	3-point Decline
Percentage of Patients 3-17 with BMI, Nutrition & Physical Activity Documented	63%	68%	5-point Improvement
Percentage of Patients 18 and over with BMI & Follow Up Documented (If BMI outside normal)	67%	63%	4-point Decline
Percentage of Patients Screened for Colorectal Cancer	39%	40%	1-point Improvement
Percentage of Patients 12 and over Screened for Depression and Follow-up Plan Documented (If Positive)	67%	70%	3-point Improvement
Percentage of Patients 6-9 at Moderate to High Risk of Caries Receiving Sealant on First Permanent Molar	50%	52%	2-point Improvement
Percentage of Patients with Controlled High Blood Pressure	57%	60%	3-point Improvement
Percentage of Patients with Diabetes and Hemoglobin A1c Poor Control	35%	32%	3-point Improvement

*How Does Your Health Center Compare?
Dashboard Sample*



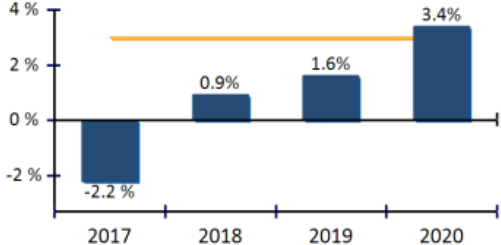
[Capital Link - Performance Evaluation Profile
\(caplink.org\)](http://caplink.org)

Financial Dashboard

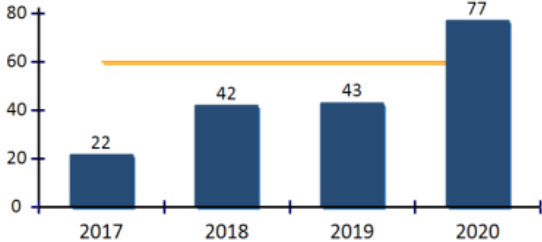
XYZ Health Center
2018 - 2021

Capital Link Benchmark

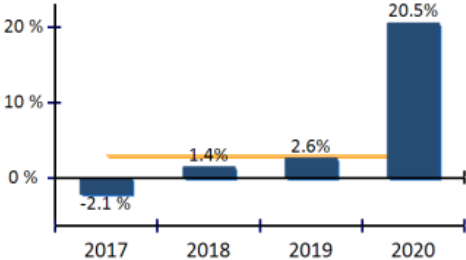
Operating Margin



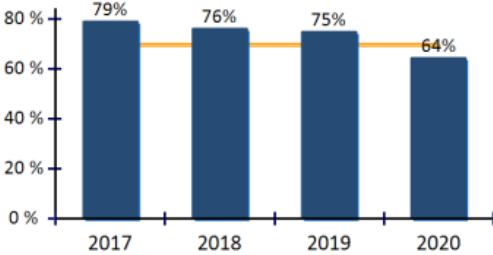
Days Cash on Hand



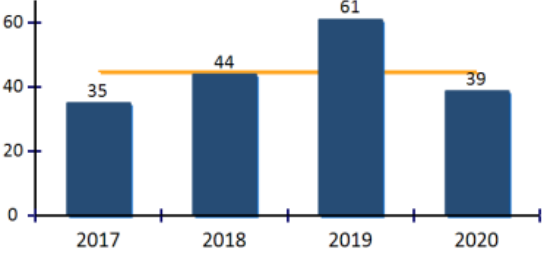
Bottom Line Margin



Personnel-Related Expense as a % of Operating Revenue



Days in Net Patient Receivables



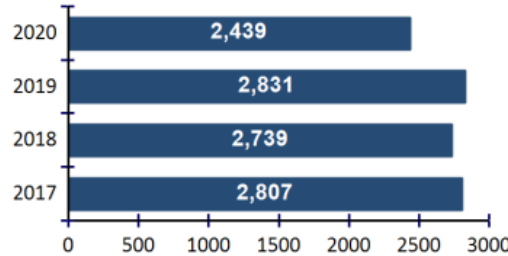
Key Financial Metrics	Target	2018	2019	2020	2021	State FQHCs Median 2021	National Median 2021
Operating Margin	> 3%	-2.2%	0.9%	1.6%	3.4%	1.4%	3.8%
Bottom Line Margin	> 3%	-2.1%	1.4%	2.6%	20.5%	3.6%	5.3%
Personnel-Related Expense as Percentage of Operating Revenue	< 70%	78.9%	76.2%	74.8%	64.2%	71.6%	71.1%
Days Cash on Hand	> 60 Days	22	42	43	77	110	98
Days in Net Patient Receivables	< 45 Days	35	44	61	39	28	36

■ Benchmark Unmet

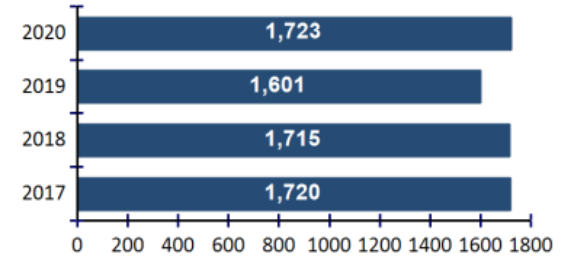
Productivity: Visits Dashboard

XYZ Health Center
2018 - 2021

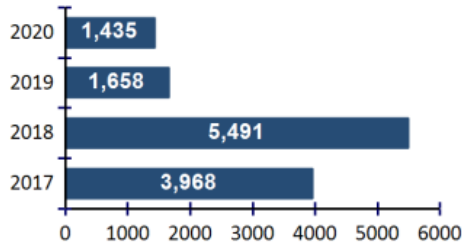
Physician Visits per Physician FTEs



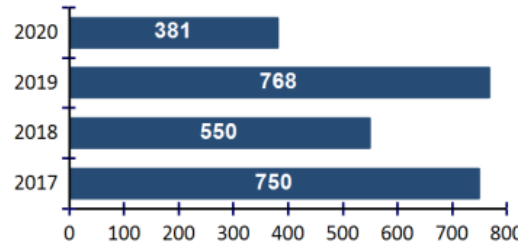
Non-Physician Visits per Non-Physician Provider FTEs



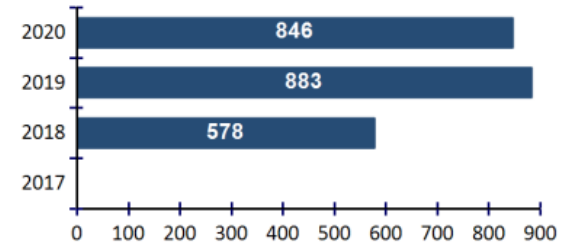
Dental Visits per Dental Provider FTEs



Mental Health Visits per MH FTE



Substance Use Disorder Visits per SUD FTEs

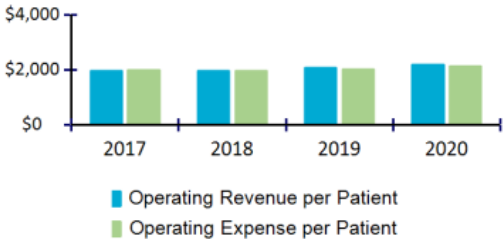


Key Productivity Metrics	2018	2019	2020	2021	State FQHCs Median 2021	National Median 2021
Physician Visits per Physician FTE	2,807	2,739	2,831	2,439	2,322	2,479
Non-Physician Provider Visits per Non-Physician Provider FTE	1,720	1,715	1,601	1,723	1,881	2,204
Dental Visits per Dental Provider FTE	3,968	5,491	1,658	1,435	1,166	1,250
Mental Health Visits per Mental Health Provider FTE	750	550	768	381	277	475
Substance Use Disorder Visits per Substance Use Disorder FTE	-	578	883	846	847	661

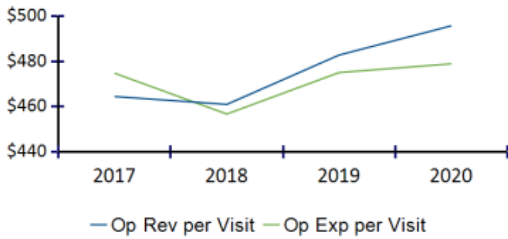
Operations & Utilization Dashboard

XYZ Health Center
2018 - 2021

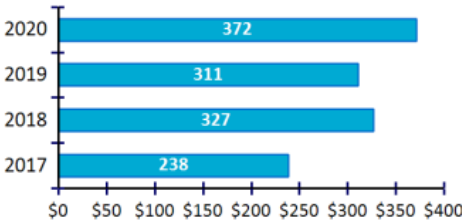
Operating Revenue & Expense per Patient



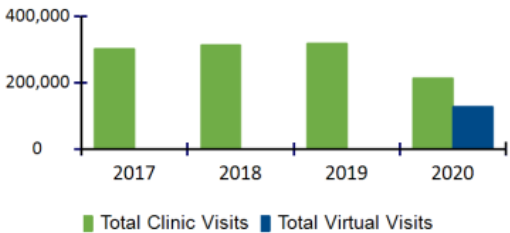
Operating Revenue & Expense per Visit



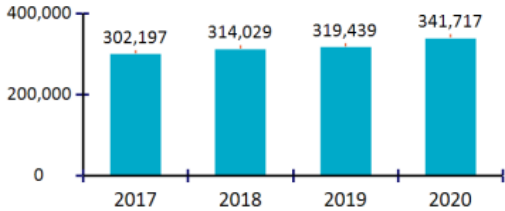
330 Grant Dollars per Uninsured Patient



Total Clinic and Virtual Visits



Total Visits



Key Operations & Utilization Metrics	2018	2019	2020	2021	State FQHCs Median 2021	National Median 2021
Operating Revenue per Patient	\$1,959	\$1,979	\$2,074	\$2,207	\$1,489	\$1,168
Operating Expense per Patient	\$2,002	\$1,961	\$2,041	\$2,132	\$1,410	\$1,119
Operating Revenue per Patient Visit	\$464	\$461	\$483	\$496	\$323	\$271
Operating Expense per Patient Visit	\$475	\$457	\$475	\$479	\$315	\$258
Total Clinic Visits	302,197	314,029	319,439	213,454	53,840	34,916
Total Virtual Visits*	-	-	-	128,263	30,298	6,912
Total Visits	302,197	314,029	319,439	341,717	80,078	45,606
330 Grant Dollars per Uninsured Patient	\$238	\$327	\$311	\$372	\$1,869	\$1,059

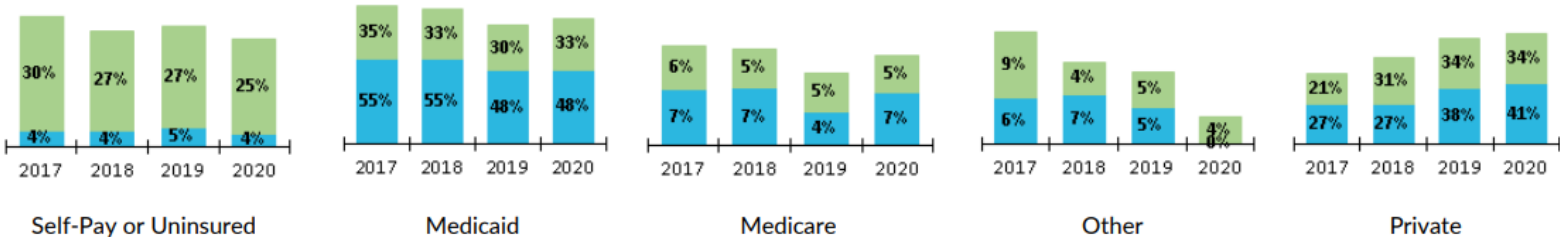
* Virtual Visits as defined by HRSA were not captured in the UDS until 2019

Payer Mix Dashboard

XYZ Health Center
2018 - 2021

■ % Of Patients
■ % Of Collection Revenue

Patient and Collection Revenue by Payer Service



Payer Mix	2018	2019	2020	2021	State FQHCs Median 2021	National Median 2021
Self-Pay Patients as Percentage of Total Patients	30%	27%	27%	25%	11%	18%
Self-Pay Collections as Percentage of Total Collections	4%	4%	5%	4%	4%	6%
Medicaid Patients as Percentage of Total Patients	35%	33%	30%	33%	42%	42%
Medicaid Collections as Percentage of Total Collections	55%	55%	48%	48%	51%	59%
Medicare Patients as Percentage of Total Patients	6%	5%	5%	5%	12%	10%
Medicare Collections as Percentage of Total Collections	7%	7%	4%	7%	15%	11%
Other Publicly Insured Patients as Percentage of Total Patients	9%	4%	5%	4%	0%	-
Other Public Collections as Percentage of Total Collections	6%	7%	5%	0%	1%	0%
Privately Insured Patients as Percentage of Total Patients	21%	32%	34%	34%	23%	21%
Private Insurance Collections as Percentage of Total Collections	27%	27%	38%	41%	22%	15%



- Data Informs the process
- What makes teams and operations more productive?
- What results in high satisfaction and quality of care?
- Always an ongoing process

- **Sustaining and Increasing Access to Care in Rural Communities Learning Collaborative**
- **HRSA Loan Guarantee Program Learning Collaborative**
- **Planning and Financing a Capital Project to Accommodate Integrated Care Learning Collaborative**



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