

Addressing COVID-19's Impact on Health Centers' Finance and Operations and Response Planning for Future COVID-19 Outbreaks and Other Emergencies

Session 2: Cost Issues



April 7, 2022

Housekeeping

- All participants muted upon entry
- Cameras on (if possible)
- Engage in chat
- Participate in Poll Questions on Mentimeter
- Raise hand if you would like to unmute
- Session is being recorded
- Slides and recording link will be sent via email within a week after session



National Center for Health in Public Housing

- The National Center for Health in Public Housing (NCHPH), a project of North American Management, is supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under grant number U30CS09734, a National Training and Technical Assistance Partner (NTTAP) for \$2,006,400, and is 100% financed by this grant. This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by HRSA, HHS or the U.S. Government.
- The mission of the National Center for Health in Public Housing (NCHPH) is to strengthen the capacity of federally funded Public Housing Primary Care (PHPC) health centers and other health center grantees by providing training and a range of technical assistance.



Moderators & Panelists



José León, MD
*Chief Medical Officer,
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Addressing COVID-19's Impact on Health Centers' Finance and Operations



Addressing COVID-19's Impact on Health Centers' Finance and Operations: Cost Issues



What Will We Explore In This Series?

- ▶ Survey the effects of COVID-19 on Finance, Operations, and Staffing in FQHCs and RHCs
- ▶ Identify factors experienced by member health center
- ▶ Formulate a response plan to any future COVID-19 outbreaks and other emergencies



Take-Aways for This Series...

- ▶ I will understand how COVID-19 affected health centers across finance, operations, and staffing.
- ▶ I will know how to identify the impacts of COVID-19 in these areas on my health center
- ▶ I will start to formulate a response plan so my health center can weather a future COVID-19 outbreak and other emergencies



What Will We Explore In Today's Session?

Cost Issues

- ▶ Survey the effects of COVID-19 on costs in FQHCs and RHCs
- ▶ Identify factors experienced by member health center
- ▶ Formulate a response plan to any future COVID-19 outbreaks and other emergencies



What Take-Aways Will I have today?

Cost Issues

- ▶ I will understand how COVID-19 affected health center costs
- ▶ I will know how to identify the cost impacts of COVID-19 in on my health center
- ▶ I will start to formulate the cost section of my response plan so my health center can weather a future COVID-19 outbreak and other emergencies



Cost General Definition

Financial Cost is the Subject

Merriam-Webster defines cost as “*1a:*

the amount or equivalent paid or

charged for something: PRICE”

“disbursement, expenditure, outlay”



Costs: HRSA UDS Categories

Table 8A

Line 1: Medical personnel salary and benefits

- Includes costs for all personnel directly attributable to medical department including providers and assistants
- Includes medical personnel under contract
- Does not include value of volunteers



Costs: HRSA UDS Categories

Table 8A

Line 2: Medical Lab and X-Ray Direct Costs

- Includes medical lab and x-ray provided directly by the health center and those paid to a referred provider (HRSA EHB Form 5A, columns I and II)
- Does NOT include costs that a lab/radiologist bills to the patient (column III) or dental lab/x-ray

Costs: HRSA UDS Categories

Table 8A

Line 3: Other than personnel direct medical costs

- Includes costs for anything else directly attributable to the medical department
- **Do not include** value of donated goods*
- **Do not include** pharmacy or medication costs

**these will be captured on Line 18, Value of donated Facilities, Services, and Supplies, but it is useful for us to know which were directly COVID related*

Costs: HRSA UDS Categories

Table 8A

Line 5: Dental

- Includes dental personnel costs, supplies, medications specific to dental, injections, lab and x-rays, dentures (*if the health center pays for them and then gives/sells them to patients*), contracted dental care (column II), and electronic dental record costs

Costs: HRSA UDS Categories

Table 8A

Line 6: Mental Health

- Includes mental health personnel, supplies, and software used specifically by the mental health department, if applicable.

Line 7: Substance Use Disorder

- Same but only for substance use disorder cases/visits

Costs: HRSA UDS Categories

Table 8A

Line 8a: Pharmacy (cost of running the pharmacy)

- Includes pharmacy personnel and the dispensing and administrative fees for 340b contractors
- Does not include the costs of drugs



Costs: HRSA UDS Categories

Table 8A

Line 8b: Pharmaceuticals (actual cost of drugs)

- Includes the cost of medications administered in-house or via contract pharmacy (including dispensed medications)
- Does not include the value of donated drugs or dispensing/admin fees of contract pharmacy



Costs: HRSA UDS Categories

Table 8A

Line 9: Other Professional

- Includes everything else (except vision)

Line 9a: Vision

- Includes vision personnel, supplies, software, glasses (if paid for by the health center - column I)
- Does not include donated time of vision specialists



Costs: HRSA UDS Categories

Table 8A

Line 11a-h, Line 11: Enabling Services

- Includes enabling personnel, supplies/costs such as education materials, transportation vouchers, translation/interpretation services.

Costs: HRSA UDS Categories

Table 8A

Line 12: Other Program Related

- Includes costs such as WIC, childcare centers, housing, clinical trials, employment training, space leased to others, and retail pharmacy services provided to non-health-center patients.

Costs: HRSA UDS Categories

Table 8A

Line 12a: Quality Improvement

- Includes costs of personnel dedicated to the QI program and/or HIT/EHR system development.



Costs: HRSA UDS Categories

Table 8A

Line 14: Facility-related expenses

- Includes facility personnel costs, rent, depreciation, mortgage interest payments (not principal), utilities, security, grounds keeping, janitorial, maintenance.



Costs: HRSA UDS Categories

Table 8A

Line 15: Non-clinical support services expenses

- Includes personnel such as corporate administration, billing, revenue cycle, medical records and intake personnel, facility and liability insurance, legal fees, practice management system, and direct non-clinical support costs (e.g. general travel, supplies, etc.)

Costs: HRSA UDS Categories

Allocation of Line 14 - Facility (Step 1)

- First to each cost center (e.g. each line)
- Use actual facility costs OR a proration based on percentage of total square footage the cost center uses (% of sq. ft. of clinical space is line 1 column b).
- Any facility costs that are specific to non-clinical support services are allocated to Line 15.



Costs: HRSA UDS Categories

Allocation of Line 15 - Non-Clinical (Step 2)

- First to each cost center (e.g. each line)
- (example is the area occupied specifically by front desk staff for medical only would be Line 3 column b)
- Should be that this allocation to contracted services and enabling services is lower.



Costs: HRSA UDS Categories

Allocation of Line 15 - Remaining (Step 3)

- Allocate using a consistent approach such as proportion of direct costs (column A ratios) or visits (Table counts)



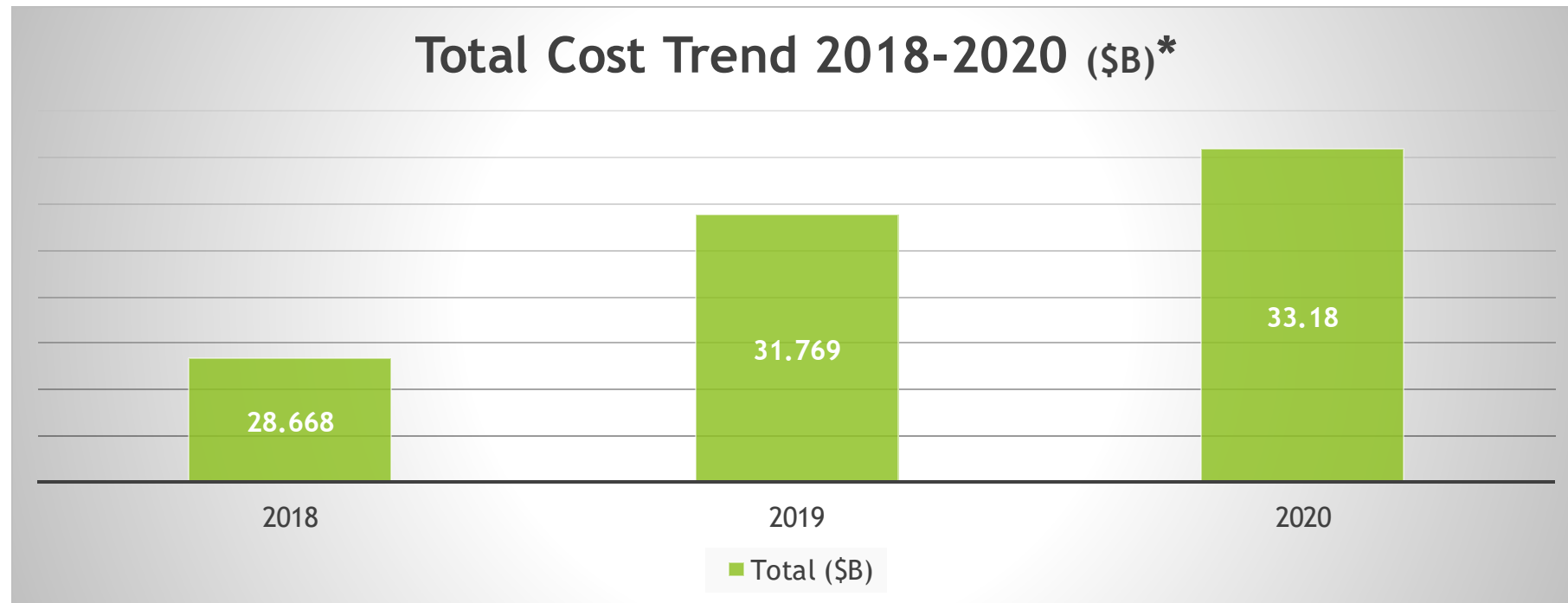
Costs: HRSA UDS Categories

Allocation of Line 18 - Value of Donated Facilities, Services, and Supplies

- Anything given to the health center during the year “in kind” or actual supplies (not cash donations)
- It is helpful to know which of these were directly COVID related (masks, vaccine, test kits)



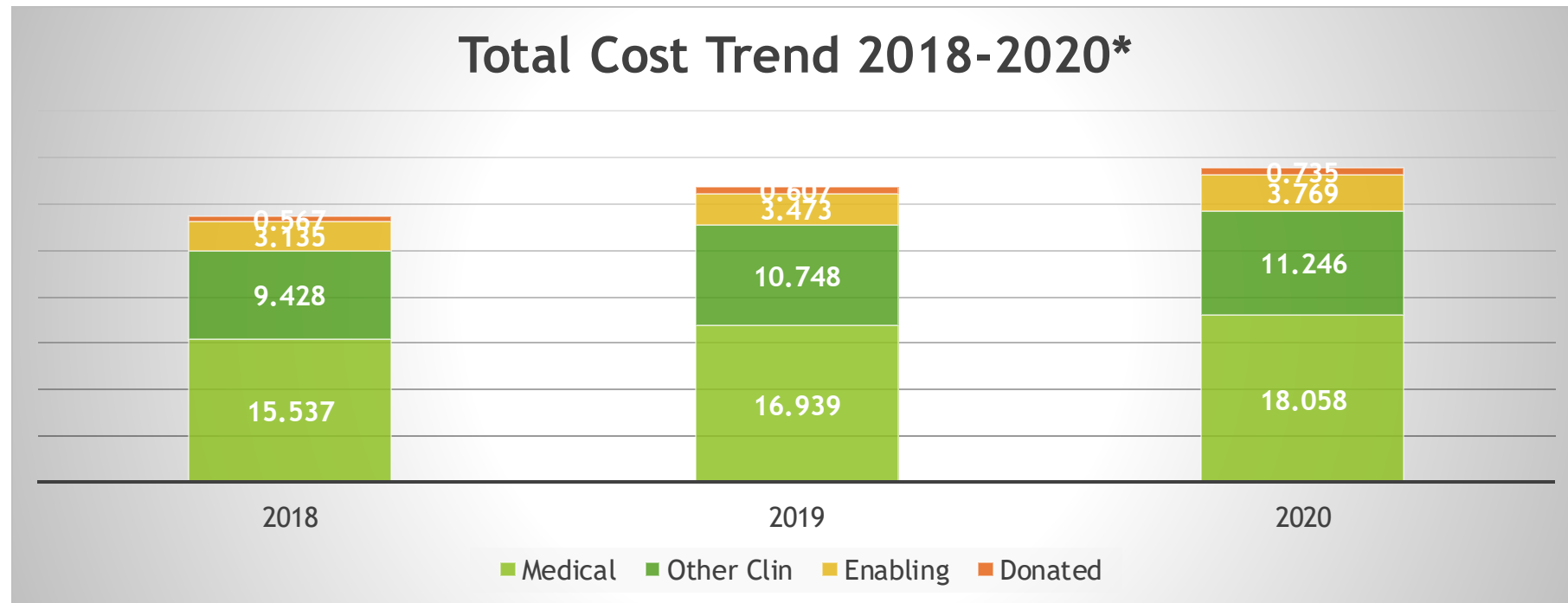
Total Cost (\$B) Trends 2018-2020



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* NOTE: capital grants were removed from this analysis of Operating Revenue

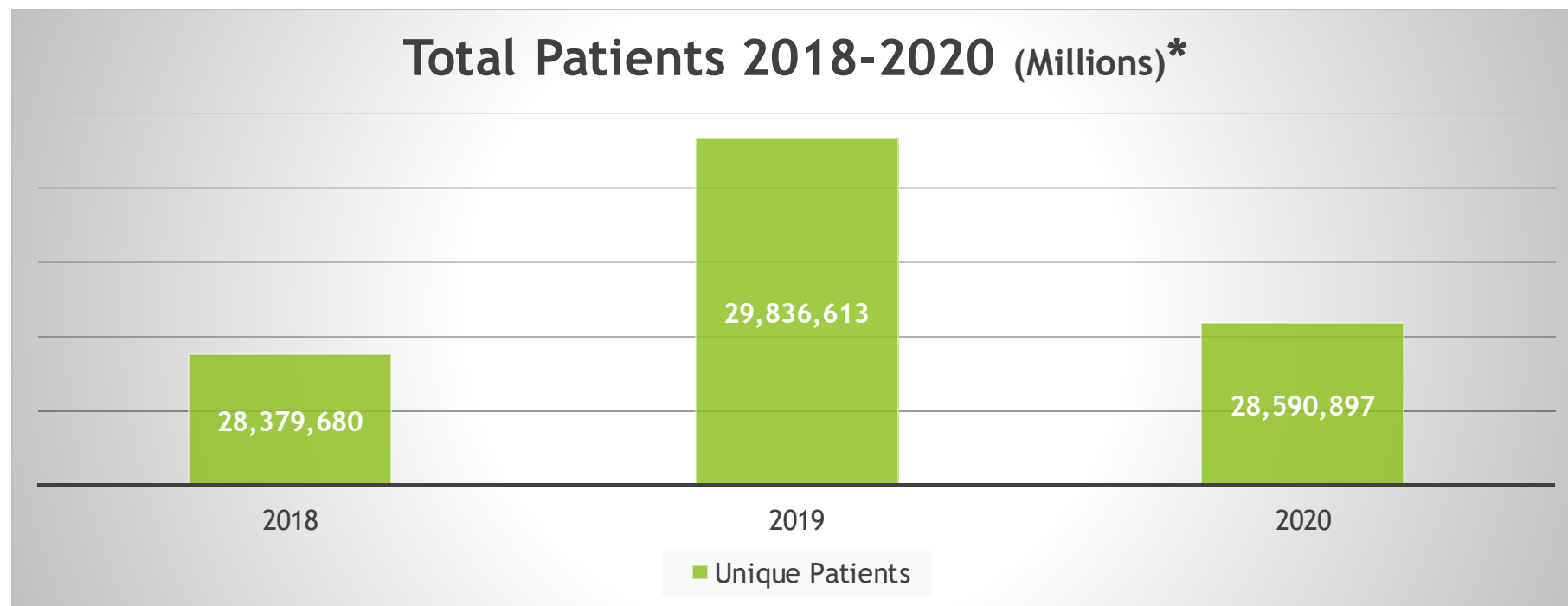
Total Cost (\$B) Trends 2018-2020



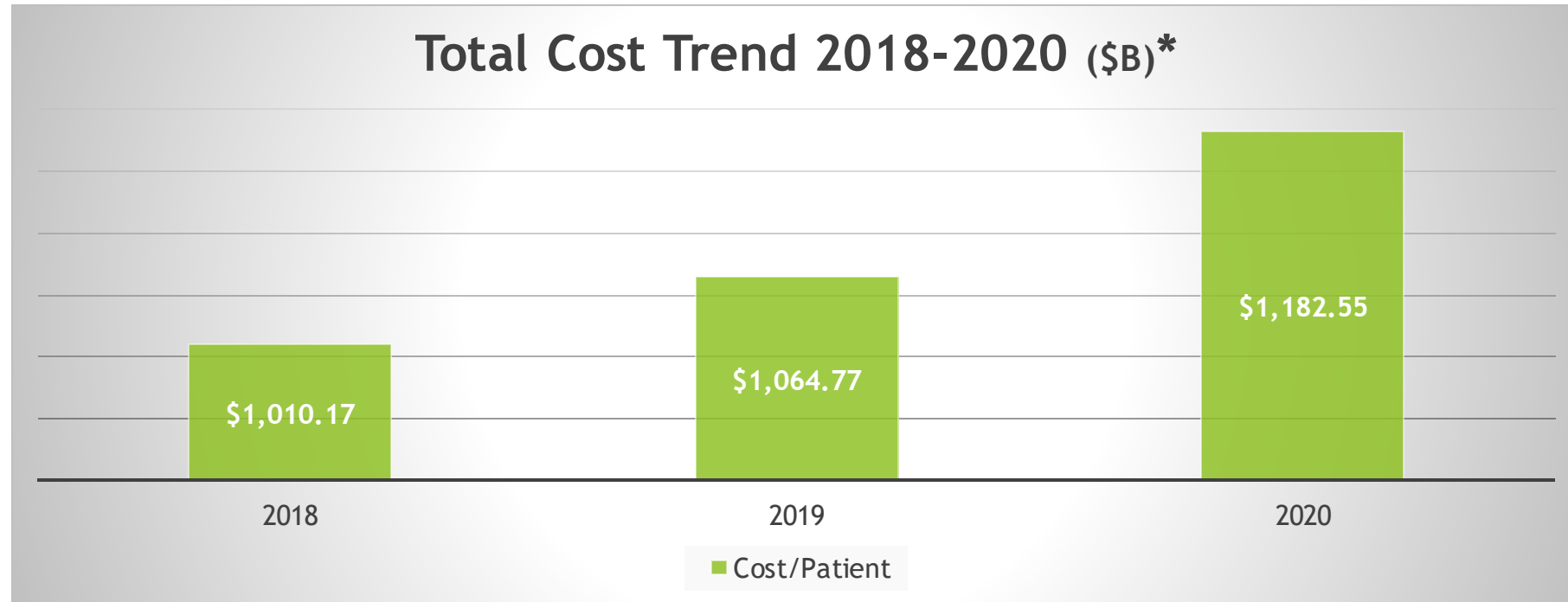
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* NOTE: capital grants were removed from this analysis of Operating Revenue

Total Patient Trends 2018-2020



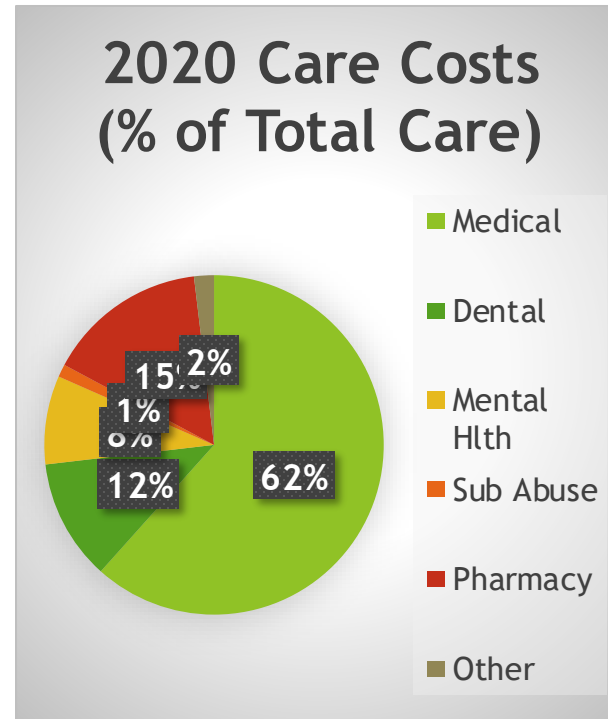
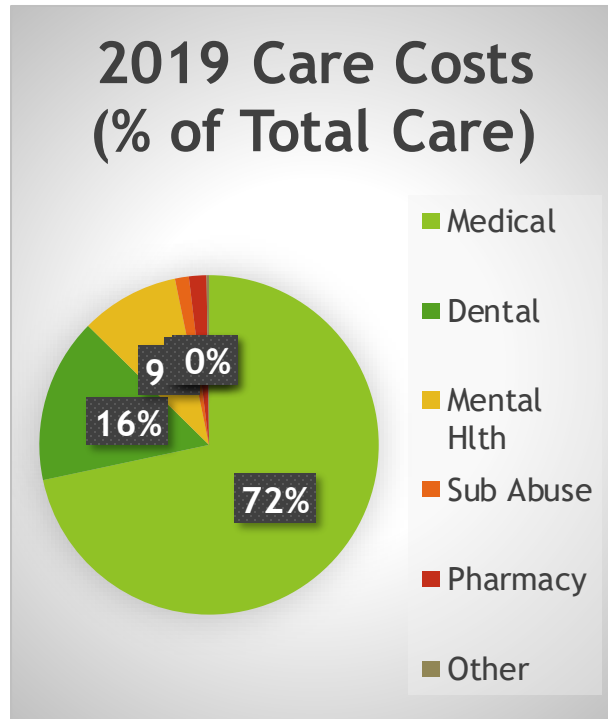
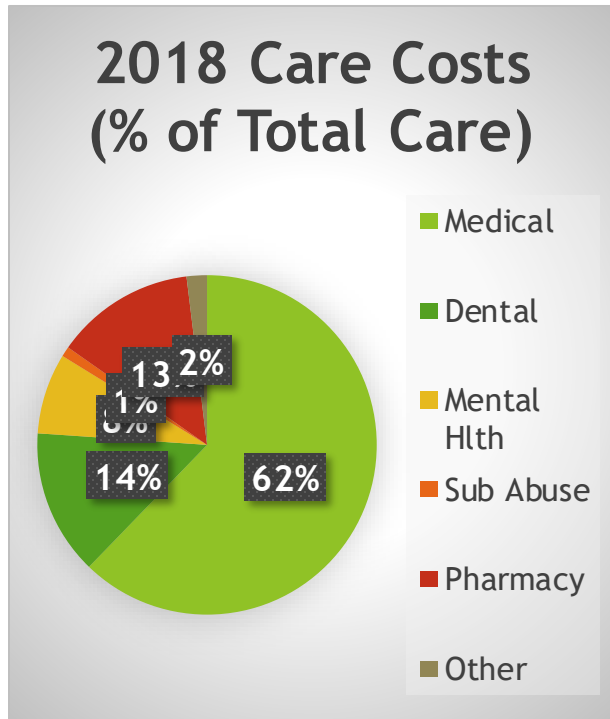
Total Cost per Patient Trends 2018-2020



[Data.hrsa.gov/tools/data-reporting/program-data/national/table?tableName=8A&year=xxxx](https://data.hrsa.gov/tools/data-reporting/program-data/national/table?tableName=8A&year=xxxx) 32

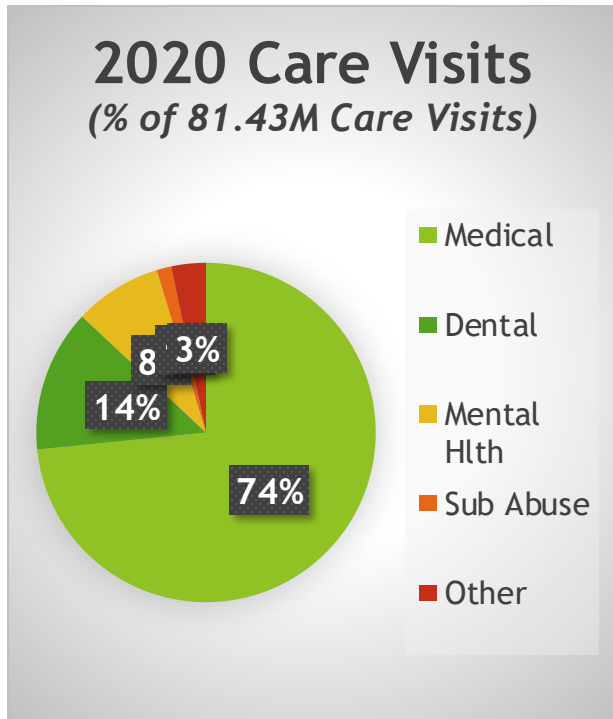
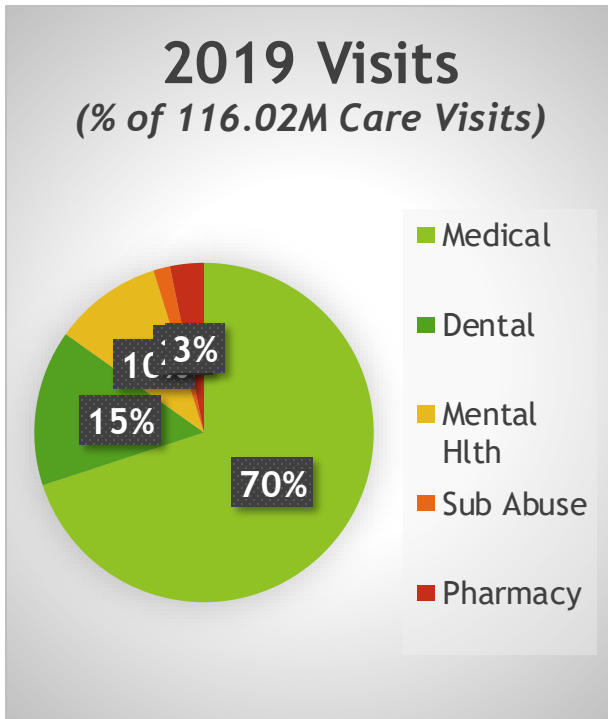
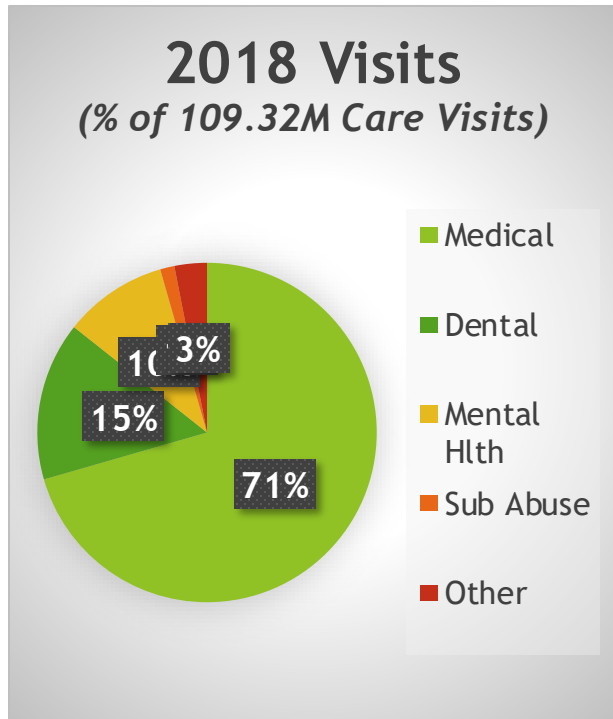
* NOTE: capital grants were removed from this analysis of Operating Revenue

Care Cost Trends (% of Total Care) 2018-2020



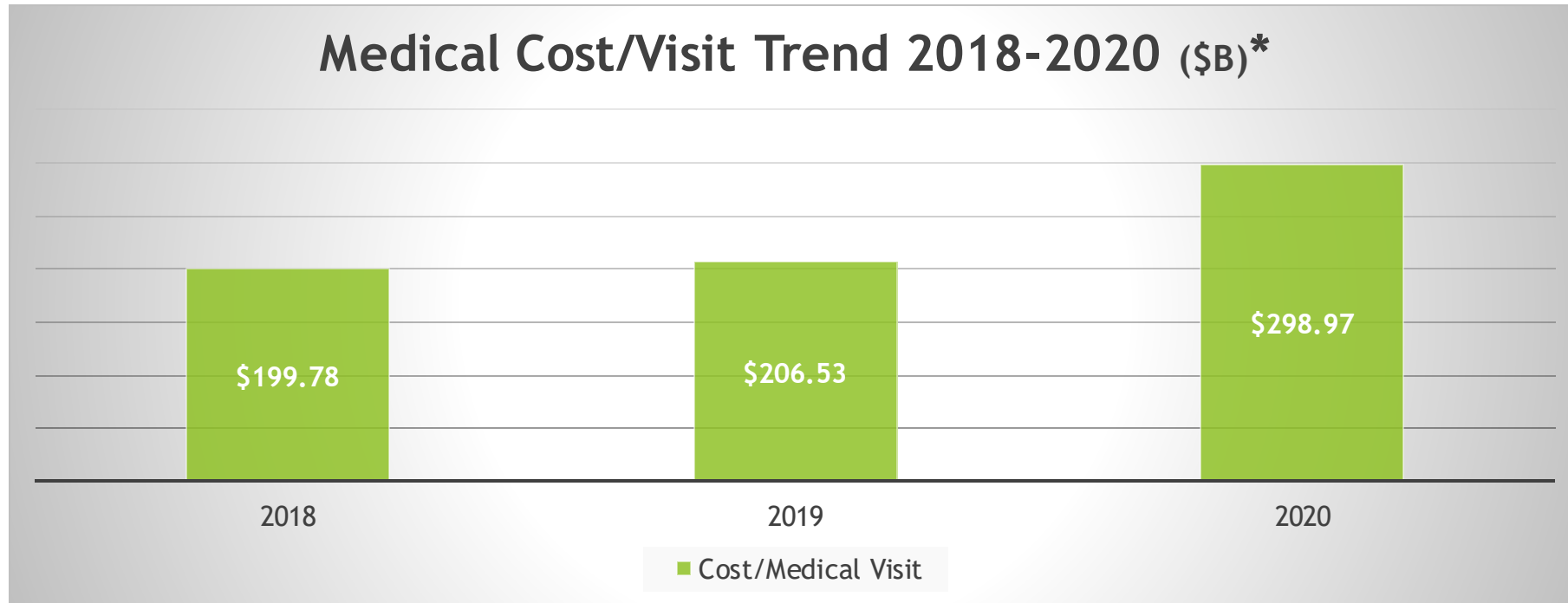
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Visit Type Trends (% of Total Care Visits) 2018-2020

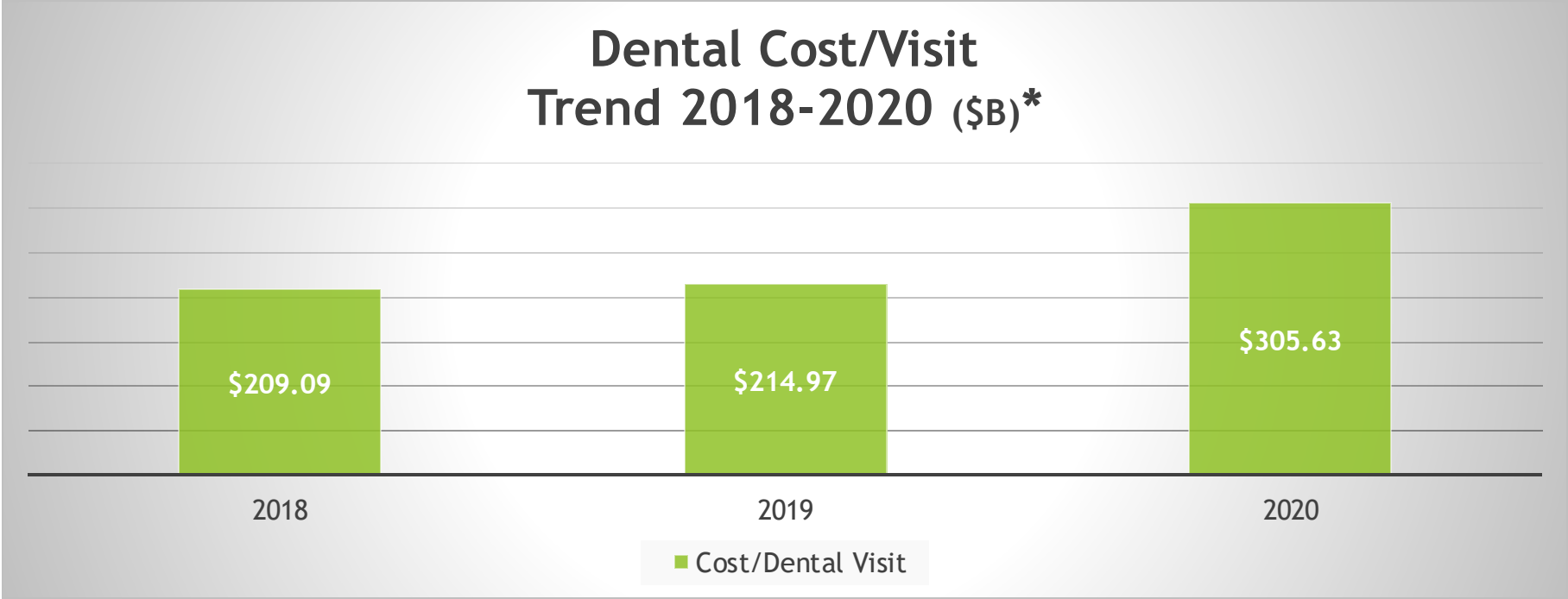


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Medical Cost/Visit Trends 2018-2020



Dental Cost/Visit Trends 2018-2020

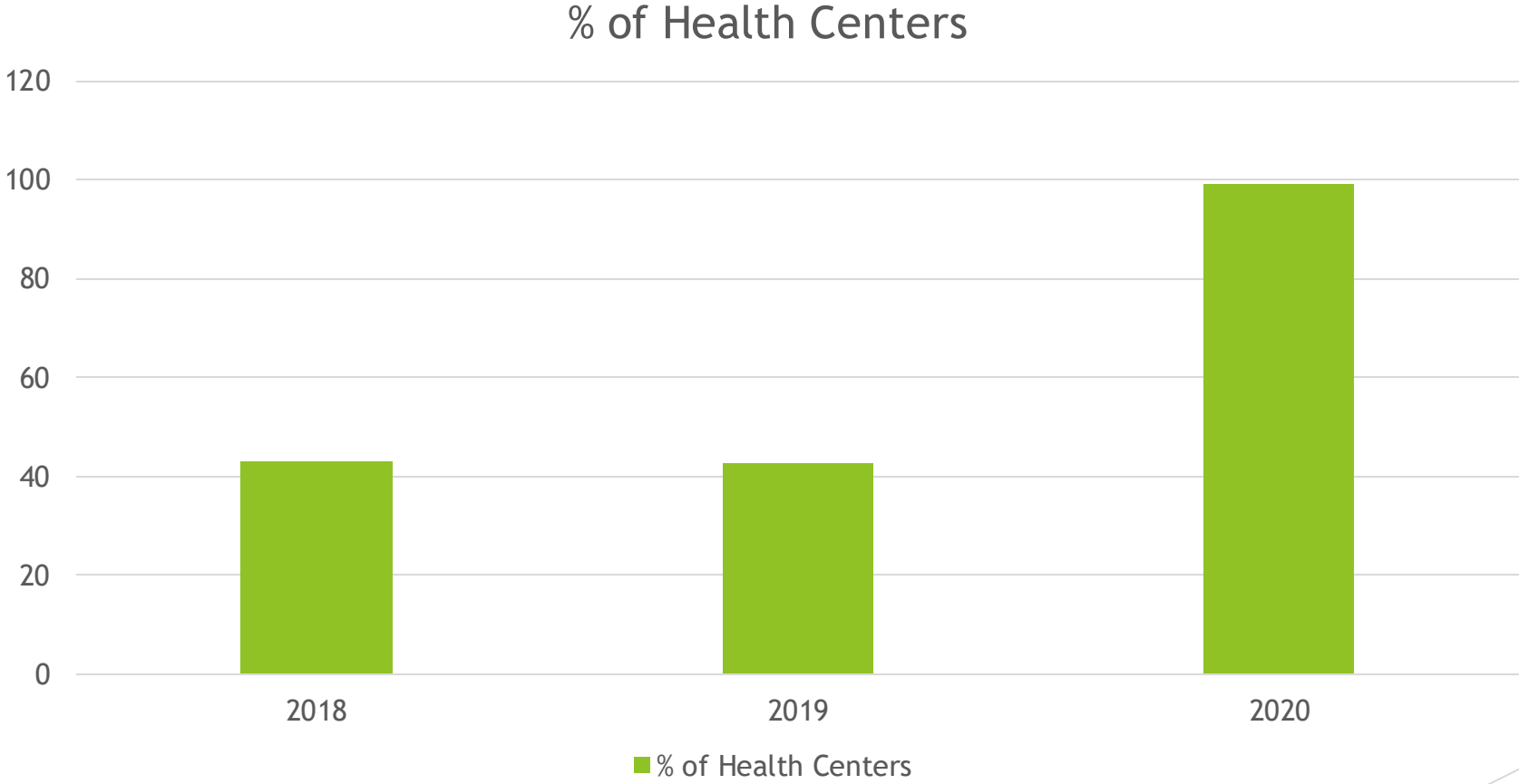


Impacts of COVID on Health Center Costs:

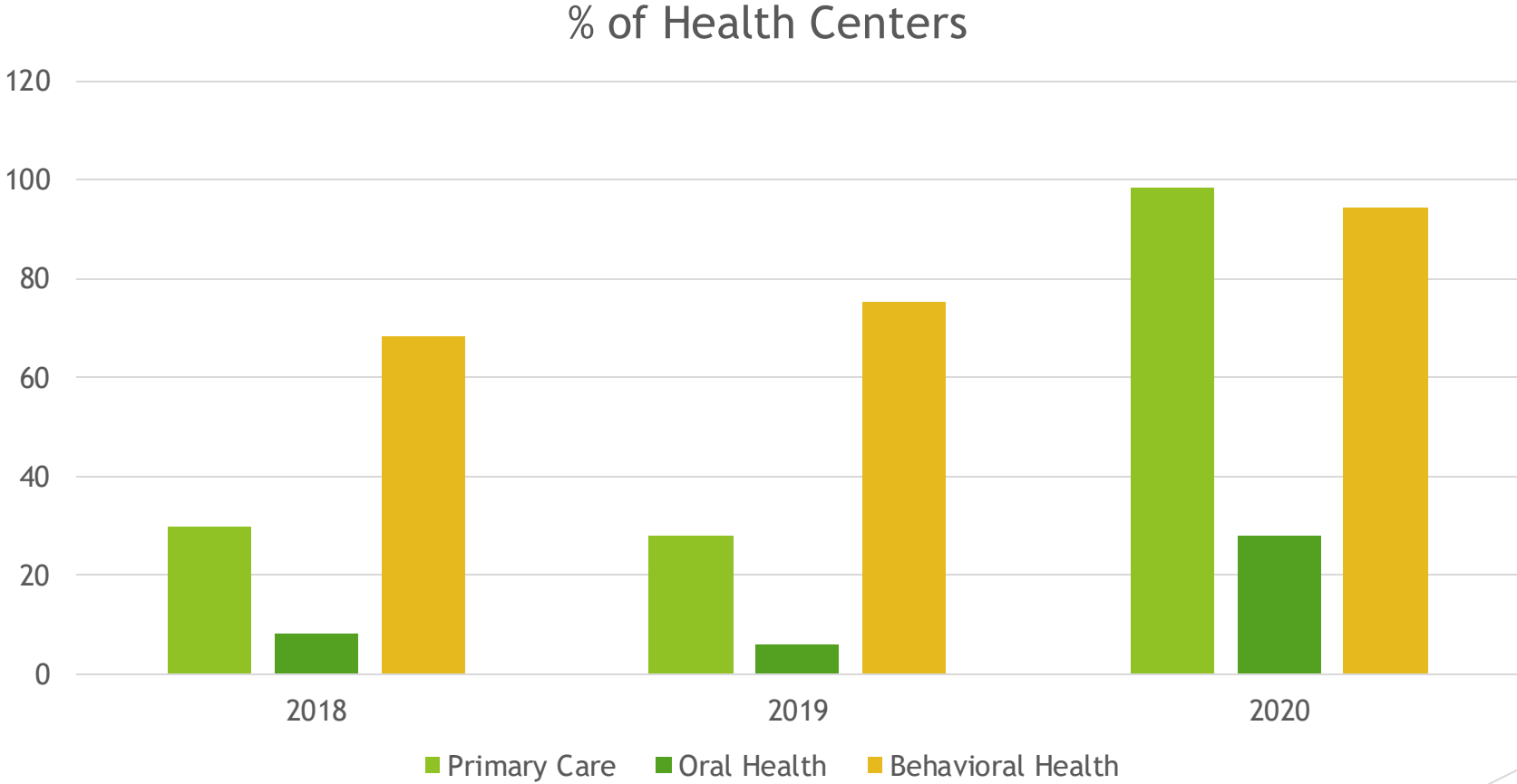
- ▶ Overall, Costs Increased
 - ▶ Fixed Costs Rose
 - ▶ Variable Costs Rose (PPE likely cause)
 - ▶ Visits Dropped
- ▶ Cost per patient rose significantly
- ▶ Cost per visit rose sharply



Telehealth Visits



Type of Visits - Telehealth



An illustration depicting a telemedicine session. A female doctor in a white lab coat and a blue head-mounted display (HMD) is pointing at a large screen. A male patient in an orange shirt and blue pants is also pointing at the screen. The screen displays a central blue circle with three lines connecting to three icons: a stethoscope with a plus sign, a microscope, and a heart with an ECG line. The background is a light pink circle with a white grid of small diamonds. The overall scene is set against a white background with green geometric shapes on the right side.

Cost Of Telemedicine

- ▶ Technology (Both Ends)
- ▶ Service Contracts
- ▶ Maintenance/Support
- ▶ Productivity/Patient Satisfaction

Measure, Monitor, Maneuver, Maintain

<i>System Rollup</i>	Month Actual	Month Budget	Month Prior Year	Current Month Projection	Month Variance From Budget**	Fiscal YTD Actual	Fiscal YTD Budget/Goals	Month Pr Yr Fiscal YTD	Fiscal YTD Variance**
Encounters									
Medical	0	3067	0	0	(3067)	23014	30667	0	(7653)
Dental	0	108	0	0	(108)	547	1083	0	(536)
Behavioral Health	0	10	0	0	(10)	535	104	0	431
Revenue/Expenditures									
Net Revenue	\$ -	\$ 1,330,309.00		+	\$ (1,330,309.00)	\$ -	\$ 18,944,870.00	\$ -	#####
Labor Cost	\$ -	\$ 473,524.00		-	\$ (473,524.00)	\$ -	\$ 9,819,380.00	\$ -	\$ (9,819,380.00)
Direct Cost	\$ -	\$ 601,934.00		-	\$ (601,934.00)	\$ -	\$ 12,395,894.00	\$ -	#####
Net Operating Gain	\$ -	\$ 728,375.00		+	\$ (728,375.00)	\$ -	\$ 6,548,975.00	\$ -	\$ (6,548,975.00)
Operating Metrics									
FTE Count	0.00	0.00		-	0.00	0.00	0.00		0.00
Labor Cost per Visit	#DIV/0!	\$ 154.41		-	#DIV/0!	\$ -	\$ 320.20		\$ (320.20)
Operating Costs per Visit	#DIV/0!	\$ 196.28		-	#DIV/0!	\$ -	\$ 404.21		\$ (404.21)
Reimbursement/Visit	#DIV/0!	\$ 433.80				\$ -	\$ 617.77		
Accounts Receivable Metrics									
Days in A/R	128	45		-	83				
Collection Ratio	38%	50%		+	-12%				
Collectible Collx Ratio	73%	85%		+	-12%				
Days to Post	0.7	3		-	(2.3)				
Days to Bill	12	10		-	2				
Days to Adjudicate	22.4	30		-	(8)				
% A/R over 60	7%	7%		-	0%				
% A/R over 90	16%	23%		-	-7%				
% A/R over 120	47%	0%		-	47%				

What happened to your health center?

- ▶ Look at UDS Tables 5, 8A - Comparisons
 - ▶ By Month if Possible
 - ▶ Compare to Budget
 - ▶ Compare to Last Year
 - ▶ Compare to Nation
 - ▶ Compare to State/Local



What happened to your health center?

- ▶ Look at UDS Table 5 - Counts
 - ▶ Patient Visits
 - ▶ Specific Visit Types
 - ▶ Service Lines
 - ▶ Locations



What happened to your health center?

- ▶ Look at UDS Tables 5, 8A - Cost/Efficiency
 - ▶ Visit Type / UDS Table 8A Column C
 - ▶ Visit Type / Provider Time
 - ▶ Visit Type / Quality Measures
 - ▶ Visit Type / Clinical Outcome

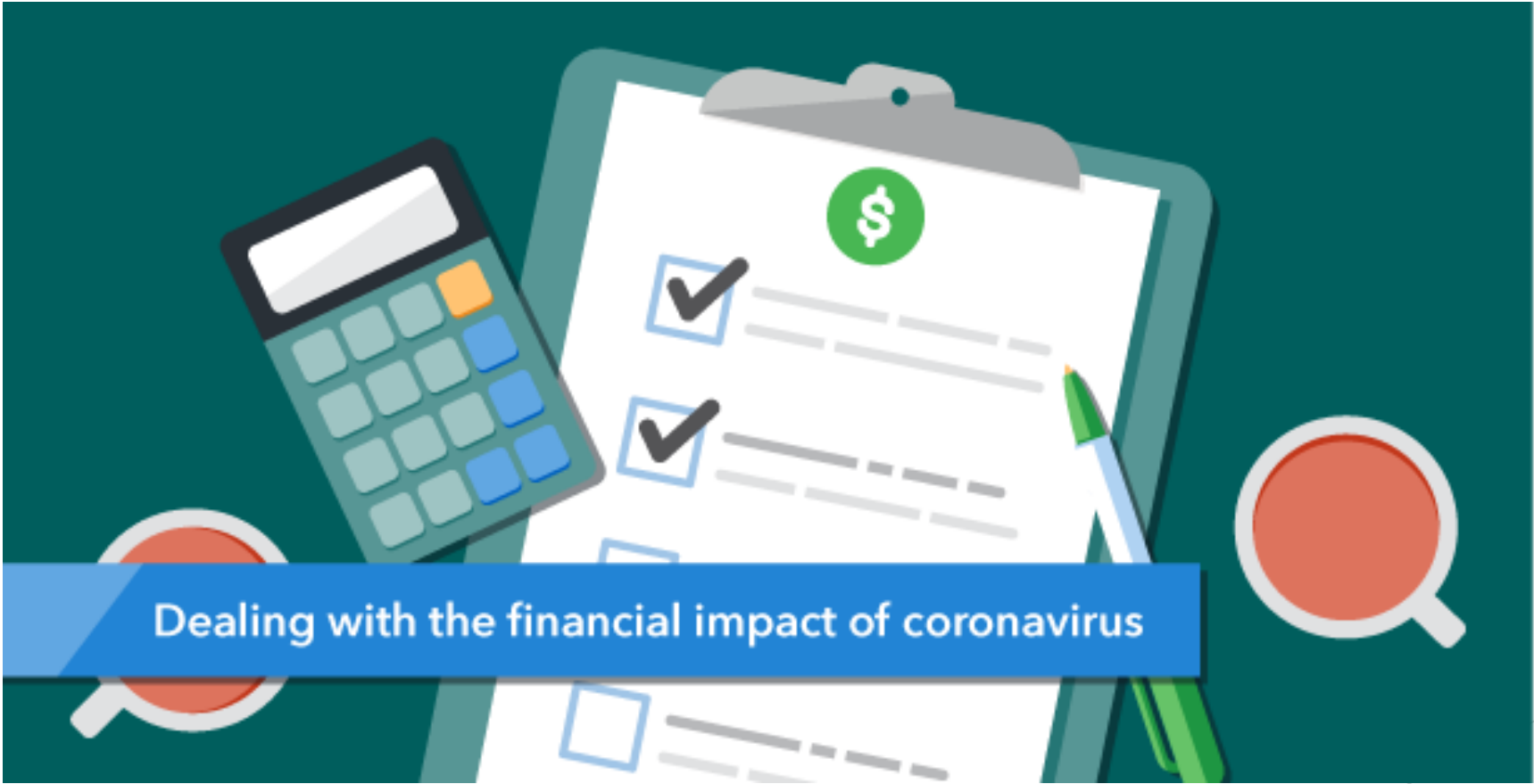


What happened to your health center?

- ▶ Look at UDS Tables 5, 8A - Variances
 - ▶ Trend - a movement over time in a particular direction (a trend can reverse and can be non-linear)
 - ▶ Shift - a sudden significant movement (can be part of a trend)



How to Prepare for The Next One..



Understand Cost per Visit Type

- ▶ Understand costs per visit type.
- ▶ Extremely large cost shifts may indicate a service to be furloughed.



Which Services Were Loss Drivers



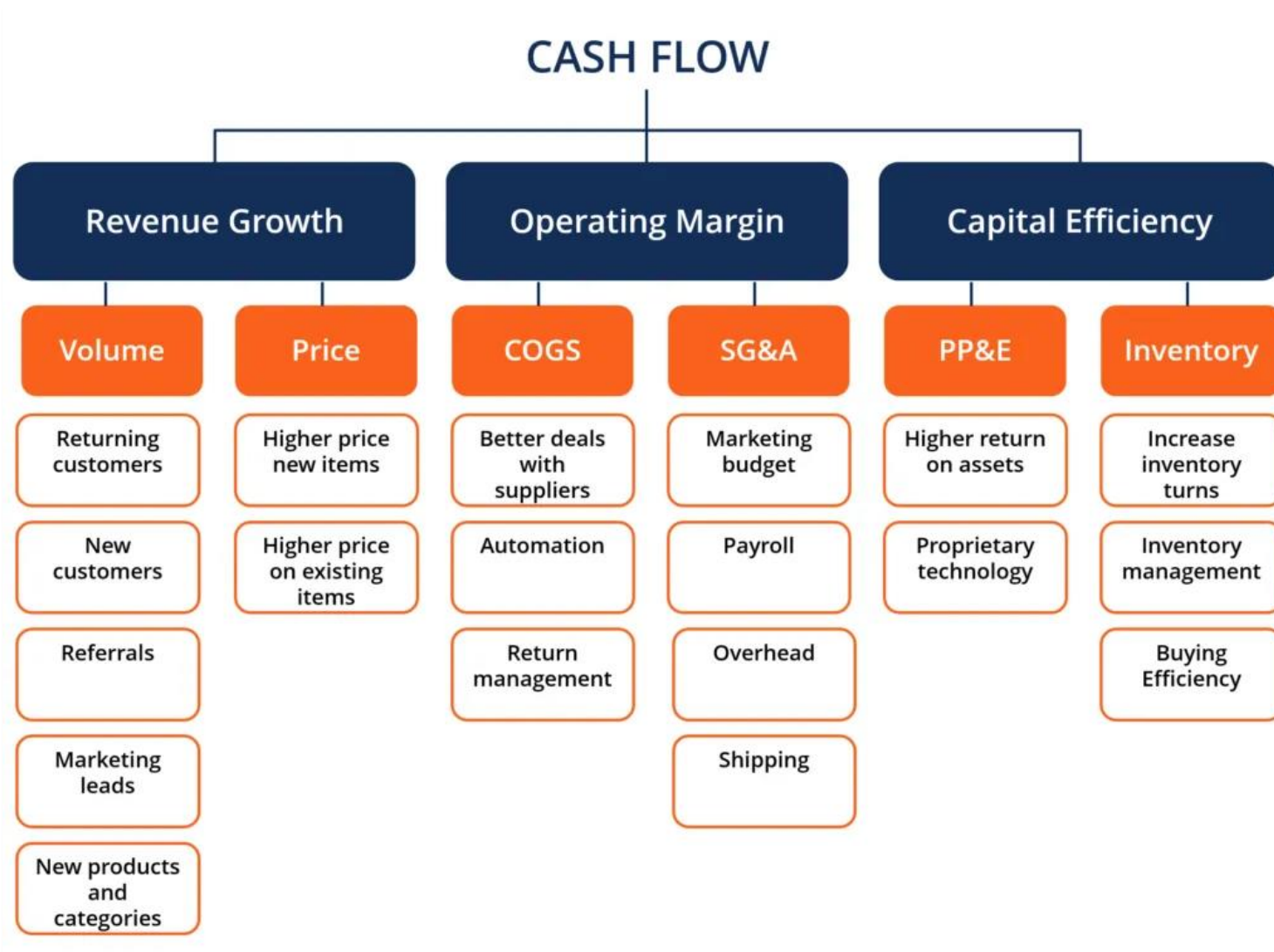
- ▶ Primary Care always needed
- ▶ Consider clinical care needs

Consolidate by Collaboration



- ▶ Hospitals
- ▶ Fellow
FQHC/RHC/LAL
- ▶ Private Offices

Understand Cost Efficiency



Staffing Cost Reduction Considerations

Staffing Costs

- ▶ Layoff, Hiring Freeze, Early Retire
- ▶ Furlough/Hours Reduction
- ▶ Reduce/Freeze Wages
- ▶ Voluntary Unpaid Time Off
- ▶ Freeze/Reduce Incentive Compensation Plans
- ▶ Suspend Employer 401K Match
- ▶ Reduce/Suspend Merit Increases

Other Related Costs

- ▶ Shift Health Care Premiums to Employees
- ▶ Suspend Mileage, Cell and Meal Expense Reimbursements
- ▶ Suspend Travel, Conferences
- ▶ Suspend Paid CME time, courses, paid subscriptions
- ▶ Remove Pay Premiums (stipends, shift differentials)

Other Cost Reduction Considerations

- ▶ Reduce online sponsored posts and advertisements
- ▶ Adjust or shorten business hours to save on operating expenses
- ▶ Cancel unnecessary third-party services or bring in-house (e.g. courier services, office supply deliveries, etc.)
- ▶ Eliminate large meetings requiring food service and change to remote
- ▶ Consider suspending expensive procedures where patient health is not impacted severely
- ▶ Review vendor contracts and reduce, suspend, cancel to reduce unnecessary costs
- ▶ Evaluate investment activities and curtail to preserve cash flow/reduce costs
- ▶ Refinance mortgages and long-term debt if interest savings are possible
- ▶ Centralize supplies to reduce waste and over-spending
- ▶ Negotiate discounts with vendors - use prepayment tactics

Other Cost Reduction Considerations

- ▶ Negotiate with vendors for new contracts and lower cost
- ▶ Consider using cloud services instead of on-site server-based systems (often less expensive)
- ▶ Share equipment amongst sites
- ▶ Share information on expiring supplies across the system so they can be used and not wasted - especially injectibles
- ▶ Consolidate medical and office supply vendors
- ▶ Eliminate mailings to patients - get their cell for SMS, email
- ▶ Consolidate vaccine supply purchasing with collaborators (consider outsourcing vaccine supply altogether)
- ▶ Turn off the lights! Turn down the thermostat! Reduce water usage!
- ▶ Reduce Red-Bag Waste - decrease incorrect usage, ensure bags are completely full when picked up.
- ▶ Institute purchase order system - stop reimbursement process (require pre-approved spending)
- ▶ Restructure professional liability insurance - use GPO contacts

Apply Your Quality Infrastructure to Finance



<http://www.ihl.org/resources/Pages/HowtoImprove/default.aspx>

Formal Financial PDSA

QI ESSENTIALS TOOLKIT: Project Planning Form

Example: Project Planning Form

Team: John, Sally, Mark, Dave, Laura, and Beth		Project: Lowering Depression Scores: Achieve a 15-point decrease in PHQ-9 scores for 50% of depressed patients by May 1.																							
Driver – list the drivers you'll be working on	Process Measure	Goal																							
1. Patient education	% of patients in depressed population receiving education materials before leaving office will have documented use of education materials	90% of patients in depressed population will have documented use of educational materials before leaving office																							
2. Follow-up assessment	% of patients in depressed population that have a follow-up assessment within the first eight weeks of their initial diagnosis	75% of patients in depressed population have a follow-up assessment within the first eight weeks of their initial diagnosis																							
3.																									
4.																									
5.																									
6.																									
Driver Number (from above)	Change Idea	Tasks to Prepare for Tests	PDSA	Person Responsible	Timeline (T = Test; I = Implement; S = Spread)																				
					Week																				
					1	2	3	4	5	6	7	8	9	10	11	12	13	14							
1	Provide pamphlet and link to short video at time of patient discharge	Need to make sure we have enough pamphlets on site; need to ensure link to video works	Nurse will hand materials to patient before leaving the exam room with all patients scoring high on the PHQ-9	Beth and Mark	T	T																			
2	Patients will come back to the office for a follow-up assessment within eight weeks of depression diagnosis	Need to schedule appointments within timeframe and get patients to attend follow-up appointment; need to make sure secretaries are aware of this test	Have secretaries write down the date and time of the follow-up appointment on the back of the clinic's business card	Laura	T	T																			

<http://www.ihl.org/resources/Pages/HowtoImprove/default.aspx>

Your Response Plan



INITIATE

- Ensure proper financial policies, procedures, and systems are in place and that staff have been trained on proper recording, submission, and/or reporting of awarded finances.
- **Benefit:** Increases the ability to detect and deter fraud, waste, and abuse.



PLAN

- Identify existing resources and capability gaps for threats and hazards and the available financial resources to fill those gaps.
- **Benefit:** Improves a jurisdiction's ability to project disaster financial needs and influence its budget.



EXECUTE

- Effectively and promptly allocate funds among disaster project activities.
- **Benefit:** Ensures that adequate monetary resources are available for a jurisdiction to complete its recovery mission.



MONITOR & CONTROL

- Monitor and track the status of recovery financial resources against stringent requirements to ensure that resources are being used accurately and judiciously.
- **Benefit:** Supports achievement of the program's desired return on investment.



CLOSE

- Close out the project by concluding procurements, archiving documents, and participating in audits.
- **Benefit:** When properly conducted, eases the burden of the audit process.

<https://www.fema.gov/sites/default/files/2020-07/disaster-financial-management-guide.pdf>



Resources

HRSA Tables/Forms/Presentations

<https://bphc.hrsa.gov/sites/default/files/bphc/datareporting/pdf/2021-uds-manual-tables.pdf>

<https://bphc.hrsa.gov/sites/default/files/bphc/datareporting/reporting/2021-uds-financial-operational-tables-webinar.pdf>

Center for Connected Health Policy

<https://www.cchpca.org/about/national-telehealth-resource-center-partners>

FEMA Disaster Financial Management

<https://www.fema.gov/sites/default/files/2020-07/disaster-financial-management-guide.pdf>



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Addressing COVID-19's Impact on Health Centers' Finance and Operations and Response Planning for Future COVID-19 Outbreaks and Other Emergencies



Next Session Reminder: April 21, 2022

About This Learning Collaborative:

This learning collaborative guides participants through the challenges and solutions for addressing the financial and operational impacts of COVID-19 on health centers serving residents of public housing and other underserved communities, with an emphasis on applied response planning for future emergencies.

Learning Objectives:

After completing the entire program, participants will be able to:

1. Survey the effect of COVID 19 on revenue, cost, productivity, and staffing.
2. Formulate response plans to any future COVID-19 outbreak and/or future emergencies.

Panelists

David Wagner, MHCM, CHC, CMPE
Consultant, National Center for Health in Public Housing

Bob Burns, MPA
Program Director, National Center for Health in Public Housing

Target Audience

Administrative and clinical managers and staff, particularly those responsible for finance, workforce management and operations for health centers that serve residents of public housing and other underserved communities.

Dates:

Session 1:
Revenue Issues
March 24, 2022
1:00-2:00 PM EDT

Session 2:
Cost Issues
April 7, 2022
1:00-2:00 PM EDT

Session 3:
Productivity Issues
April 21, 2022
1:00-2:00 PM EDT

Session 4:
Staffing Issues
May 5, 2022
1:00 -2:00 PM EDT

To register,
click the link below:

[Register here](#)

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in Public Housing
visit us at: www.nchph.org

Complete Post – Evaluation Survey



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Thank you!