Effectively Using Key Performance Indicators (KPIs) to Manage Your Center
EFFECTIVELY USING KPIS TO MANAGE YOUR CENTER

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OVERVIEW

- Key Performance Indicators
- Benchmarking
- Implementation of KPIs and Benchmarking
- Discussion and Collaboration
KEY PERFORMANCE INDICATORS
What are KPIs?

- KPI = Key Performance Indicators
- How to define KPIs
- Used in all aspects of life, not just business
- “What gets measured gets done” - Peter Drucker
- Winners use KPIs!!!!
Why do we use KPIs?

• Monitor an organization’s financial health
• Monitor debt covenant compliance
• Use as a basis for goal setting
• Clearly present successes and failures
• Motivate team members
• Aid in budget preparation
Ways FQHCs Can Use KPIs

- Identify provider utilization and productivity
- Assess staffing levels
- Simplify UDS reporting
- Allow Finance Committees and Boards of Directors to have additional information when making decisions
- Identify poor performing providers, sites or contracted pharmacies
- Detect incorrect or irregular billing
Types of KPIs

• Strategic
• Operational
• Functional Unit
• Leading vs Lagging
How to Develop KPIs

• Talk to people (management, Board, etc.)
• Understand the users
• Tie them to strategic goals
• SMART KPIs
• Clearly defined
• Can include layers - red, yellow, green
• Avoid KPI overload - dashboard
KPIs Can Be Analyzed at Different Levels

- Organization level
- Provider level
- Service line (medical, dental, behavioral health, etc.)
- Location (by site)
Common KPIs

• Current ratio
• Debt to net assets
• Debt service coverage ratio
• Days in receivables
• Days in cash on hand
• Gross margin
FQHC SPECIFIC KPIS - Financial

- Net patient revenue per visit ("Blended Encounter Rate")
- Cost per visit
- Health Center Grant as a percent of total revenue
- 340B gross margin
- Payor mix
- Contractual allowance percentage
- Functional expense allocation
FQHC SPECIFIC KPIS - OPERATIONAL

- Net patient revenue per provider
- Provider hours
- Encounters per provider
- Service mix
- Percentage of denied claims
- Visits by time of day
BENCHMARKING

• Type of benchmarking
  – Financial
  – Operational
  – Internal
  – External

• Measure against others or to a standard

• What is an appropriate peer group?
BENCHMARKING

• Benefits
  – Gain an independent perspective about how well you perform compared to other companies.
  – Adopt or improve upon competitors' practices
  – Enable a mindset and culture of continuous improvement.

• Challenges
  – If you know one health center, you know one health center
  – Difficulty collecting and aggregating the information
  – Getting the right level of data
  – How to act on the information
  – The “Cobra Effect”
4 PHASES OF BENCHMARKING

• Planning
• Analysis
• Integration
• Action
WHERE CAN I FIND BENCHMARKING INFORMATION?

- Primary Care Associations
- Third party benchmarking companies
- Informal peer groups
- Auditors
IMPLEMENTATION OF KPIS AND BENCHMARKING

• Determine data that the Board/Management requires to make good decisions.

• Identify KPIs and related goals for the next five years.

• Collect data for the previous 3-5 years.

• Present your KPIs clearly and concisely.

• Be able to define the information being benchmarked against
DISCUSSION AND COLLABORATION
DISCUSSION AND COLLABORATION

• What are the KPIs most useful to your organization?

• Are you benchmarking, and if so, where are you getting benchmarking info?

• Do the Boards and Finance Committees value KPIs?
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