Value-Based Organization Self Assessment and Unit Cost

Commonwealth of Pennsylvania
Office of Mental Health and Substance Abuse Services (OMHSAS)

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Amanda Roth, OMHSAS, Director of the Bureau of Quality Management & Data Review
Christine Bayuk, OMHSAS, Quality Assurance/Risk Management Coordinator
Charlotte Carito, LMHC, BC-DMT, Mercer Government Human Services Consulting (Mercer), Principal
Ashley A. Fuss, LMSW, PhD, McSilver Institute for Poverty Policy and Research (McSilver), Assistant Director of Evaluation
Boris Vilgorin, MPA, McSilver, Health Care Strategy Officer
Meaghan Baier, LMSW, McSilver, Assistant Director
Agenda

- Introductions and Framing
- Organizational Self Assessment (OSA)
- Q & A
- Revenue Cycle Management and Unit Cost
- Q & A
Introductions and Framing

Stakeholders

- Managed Care Organizations
- Trade/Advocacy Organizations
- Government (state and local)
- Independent Physician Associations, Managed Services Organizations and Administrative Services Organizations
- Provider Agency Representatives
Organizational Self Assessment
What is OSA?

Tool developed by the team at McSilver in partnership with Mercer and approved by OMHSAS.

It is designed to support providers understand their level of readiness and to assess strengths and opportunities that need increased capacity and attention across multiple domains, in order to thrive in a value-based environment.

This tool is designed to be completed by agency leadership and management team members.
The OSA is completed via Qualtrics®, an online platform.

The link to complete the OSA will be sent out via email from OMHSAS.

A PDF of the OSA will also be included in the email so agencies can review the questions prior to starting the online version:

- Once the online version is started, it must be completed in one sitting as responses will not be saved if the survey is exited.

It is recommended that the OSA is completed by a team within the agency made up of individuals who represent different areas of the agency (e.g., finance, program, Information Technology (IT), data/reporting, quality assurance and leadership).
Prior to starting the assessment, there are a set of demographic questions/contact information that will be asked in order for the response to be linked to the corresponding agency:

- Agency Name
- Agency Website
- Name
- Title
- Email
- When writing in the agency name, please do not abbreviate or use acronyms, and write in the full/official name

Each agency should only submit ONE online assessment.

It is recommended that the agency’s team meets to discuss the questions and completes the OSA on paper (using the PDF provided).
Once all answers are finalized one person should be designated to submit/transfer the data from paper into the online survey using the link.

Please double check the answers before submitting, as once they are submitted, the assessment cannot be modified without re-doing the entire assessment.

There is no save option on the assessment so please make sure enough time is allocated to enter all responses in one sitting.

If you have questions about the assessment or how to submit responses please email: c-nngatta@pa.gov
The OSA is to be completed on the agency/organization level.

Once completed, the OSA identifies areas of strengths and opportunities across agencies.

Questions are multiple choice with a combination of Yes/No, check all that apply, and 1–5 ability rating responses.

The OSA has nine Domains:
- Value-Based Purchasing Introduction
- Operations/Organizational Structure
- IT
- Interoperability
- Data Management and Analytics
- Quality Assurance, Monitoring and Management
- Contracting
- Finance
- Interface with Physical Health, Social Support and Care Management
The purpose of the Value Based Organizational Self Assessment (OSA) is to assess organizational readiness in a value based environment across a number of critical domains. Completion of the assessment tool will help each provider understand where their strengths lie and where they need to concentrate their readiness efforts in order to thrive in a value based environment.

Please write your Organization/Agency name in the text box.

Please fill in your contact details.

Your name
Phone Number
Email

Please provide a link to your agency/organization's website.

Did you complete this OSA as an individual or with a team from your organization?

I completed this OSA on my own

I completed this OSA with a team from my organization
Timeline

OSA distributed: June 25, 2020 by OMHSAS

All survey data due by close of business: July 15, 2020

Agencies Receive Individual Reports: September/October 2020

Results Webinar: Fall/Winter 2020-2021
Q & A: OSA
Revenue Cycle Management and Unit Cost
What are Components of Financial Management?

- Financial Planning
- Budgeting Process
- Grants Management
- Insurance Contracts/Billing
- Accounts Receivable/Payable
- Payroll
- Key Performance Indicators
- Purchasing and Fixed Assets
- Unit Cost
- Revenue Cycle
- Accounting System
- Reporting
What is Revenue Cycle Management?

This describes the life cycle of a client account from creation to payment collection and resolution.

Revenue cycle management is supported by a number of additional activities necessary to assure that all encounters are billable, meet regulatory requirements and revenue collection is maximized.

All administrative and clinical functions contribute to the capture, management, and collection of revenue.
What is Revenue Cycle Management?

- Scheduling and Pre registration
- Point of Service Registration and Collection
- Charge Capture and Coding
- Claim Submission
- Payer Follow up
- Remittance Processing
- Appeals, Collections and Analysis
- Contract Management
- Quality Assurance
- Utilization Review
- Credentialing
- Regulatory Compliance
How is RCM Unique as an Organizational Process?

Brings together workgroups and staff who do not work together in any other context.

This includes, but is not limited to the following workgroups:

- Clinical
- Operations/Administrative
- Fiscal/Billing
- Quality/Compliance
- IT/Electronic Health Records
- Executive

Helps align clinical, operational and fiscal/billing priorities.
How Can RCM Address Operational Challenges?

- Clearly articulate, define, and measure client account and billing performance standards.
- Differentiate human error from system issues.
- Address problems quickly and effectively.
- Provide staff with the tools, information, and training they need to successfully carry out their task.
What is Unit Cost?

The simplest way to describe unit cost is the amount of money it takes to provide one service, regardless of reimbursement. To calculate unit cost you need total costs of providing services divided by total number of services for the time period.
Total cost includes all expenses associated with providing a service, including agency wide cost. Total cost is divided into three components:
Total Cost

**PERSONNEL**
Personnel expenses includes wages and salaries subject to withholding of tax and comparable expenses, as well as fringe benefits, such as social security contributions, statutory and voluntary personal insurance contributions, and pension expenses.

**OTPS**
Expenses other than wages and salaries and fringe benefits, such as supplies, equipment, rent, utilities and contractual services.

**OVERHEAD**
Overhead refers to the ongoing expenses not directly attributed to providing a service. It can be defined as any expense incurred to support the business while not being directly related to a specific service. Overhead can be fixed, variable, or a hybrid of both. Most common categories of overhead includes administrative and related areas that support management of a business.
Make sure you have a clear definition of unit of services.

Each program/service line should have its own unit of service definition.
What is a unit of service in clinic?

- One psychotherapy session/visit
- 15-minute increment
- Agency defined unit
Unit of Service: Example 2

What is the unit of service in a residential program?

- Daily/monthly bill
- Individual activities/services provided by staff
- Agency defined
Why is Unit Cost Important?

- It provides a benchmark for comparison.
- It provides for profit margin analysis.
- It provides useful information to identify waste, loss and inefficiencies.
- It acts as a guide to management and helps to formulate a productivity policy.
## Sample of Unit Cost Analysis

### Monthly Costs

<table>
<thead>
<tr>
<th>Personnel</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical Salaries</td>
<td>$ 7,000</td>
</tr>
<tr>
<td>Administrative/Support</td>
<td>$ 2,000</td>
</tr>
<tr>
<td>Fringe Benefits — 30%</td>
<td>$ 2,700</td>
</tr>
<tr>
<td><strong>Total Personnel</strong></td>
<td><strong>$ 11,700</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTPS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>$ 50</td>
</tr>
<tr>
<td>Travel</td>
<td>$ 25</td>
</tr>
<tr>
<td>Equipment and Supplies</td>
<td>$ 75</td>
</tr>
<tr>
<td>Utilities</td>
<td>$ 30</td>
</tr>
<tr>
<td>Rent</td>
<td>$ 100</td>
</tr>
<tr>
<td><strong>Total OTPS</strong></td>
<td><strong>$ 280</strong></td>
</tr>
</tbody>
</table>

| Overhead — 15%                   | $ 1,797|
| Total Cost:                      | **$ 13,777**|

### Services/Units

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total annual service hours</td>
<td>1,526</td>
</tr>
<tr>
<td>Average number of work days per month</td>
<td>18</td>
</tr>
<tr>
<td>Number of services provided per day</td>
<td>6</td>
</tr>
<tr>
<td>Maximum number of services per month</td>
<td>108</td>
</tr>
<tr>
<td>Discount for missed productivity target</td>
<td>10%</td>
</tr>
<tr>
<td>Estimated number of services/units per month</td>
<td>97</td>
</tr>
</tbody>
</table>

**Unit Cost = Total Cost/Number of Services**

<p>| | |</p>
<table>
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<tr>
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<tbody>
<tr>
<td><strong>$142.03</strong></td>
<td></td>
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</table>
Managing Unit Cost

Shifting from retrospective to prospective approach:
Prospective approach requires understanding of what factors impact your cost. This can include but not limited to census, no-show rates, staffing, etc.

Tracking unit cost in real time.

Compare your unit cost to reimbursement rates.
Managing Unit Cost: Activities/Policies

Review and update policies that increase cost. Usually related to agency policies that go beyond regulatory contractual and/or requirements.

Review and understand all activities within program/service line.

Determine and understand cost of each activity.

When possible develop metrics to track each activity.
Q & A