

#### **EXECUTIVE MEMO**

**TO:** Executive Directors & CEOs with Case Management

**Supervisor Case Managers** 

**Financial Managers** 

**FROM:** Deputy Director Pat Maley

SUBJECT: CM Market Rate Issue: DRAFT Financial Break-Even Spreadsheets

**DATE:** March 8, 2019

Attached are two <u>DRAFT</u> Excel spreadsheets titled, "<u>EXAMPLE</u> CM Billing Efficiency and Break-Even Spreadsheets," and "BLANK CM Billing Efficiency and Break-Even Spreadsheets."

The purpose of this email is to follow-up from Tuesday's (3/5) Finance Meeting at DDSN with providers regarding **DRAFT** Excel templates to calculate a provider's financial breakeven point, as well as identify billing efficiency for individual CMs and overall provider.

The "EXAMPLE" spreadsheet's data can be changed to illustrate how the spreadsheet's cells auto-calculate.

The "BLANK" spreadsheet is the same as the EXAMPLE except all data fields have been cleared.

The goal of providing these <u>DRAFTS</u> is to have providers "test drive" the drafts and give DDSN feedback through Director Ben Orner at <u>BOrner@ddsn.sc.gov</u> or hard line phone (803) 898-3520. The spreadsheets locked calculation and narrative cells, but there are many cells open to add/modify data for a "test drive." Please provide feedback, both good and bad, by Friday, March 15, 2019.

After finalizing the spreadsheets with provider input, we will have a standard methodology for all CM providers to estimate their breakeven point <u>before</u> the July 1st start date & a standard methodology to measure the financial impact for the entire CM delivery system <u>after</u> the July 1st implementation. Given the narrow revenue/cost margins as we start CM market rates, we need to closely monitor the post-July 1st actual results to ensure problems are identified early & addressed to avoid destabilizing the overall delivery system.

Later in March, DDSN will send another Executive Memo with the finalized CM Billing Efficiency & Break Even Spreadsheets populated with each CM provider's unique data. This will provide a common methodology and consistent data to assist in analyzing each provider's CM Program's financial break even point, individual CM efficiency, and overall CM Program efficiency.

Thanks in advance for everyone's patience and partnership as we work through another system-wide issue.

## Monthly CM Provider Billing Efficiency Spreadsheet

<u>Directions</u>: The vast majority of the below data fields have been pre-populated by DDSN to assist your analysis or will auto-calculate after the provider inputs requested data. A provider only needs to add each billing CM's "on-duty" time in hours for the month; identify employee billing as CM or Supervisor; and Supervisor's % of time working billable cases (3 yellow columns). The billing efficiency cell will auto-calculate. Three data points from this spreadsheet will self-populate the "Monthly Break Even Calculation" spreadsheet also in this excel book. After completing the "Monthly Break Even Calculation" spreadsheet, the provider's break even billing efficiency percent will then be used to auto-calculate the last column on this "Monthly Billing Efficienty" spreadsheet. This last column calculates the monthly billable units required by each CM for the provider's overall operation to break even using each CM's unique weighted average billing rate (face-to-face/office). The billing efficiency data is from CDSS, so any discrepancies need to be addressed with Ben Orner (803/898-3520).

Provider: ABC DSN Board Billing Mo/Yr: January 2019 Waiver Billing: \$ 25,128.30 MTCM Billing: \$ 2,725.00 Total Billings: \$ 27,853.30 Waiver Unit: 1,481 MTCM Units: 170 Total Units: 1,651 Pending Waiver Cases: Maximum Workdays in Month: 21 Maximum Work Hours in Month: 157.5 2018 CM Overhead %: \$ 67.48			
Waiver Billing:         \$ 25,128.30           MTCM Billing:         \$ 2,725.00           Total Billings:         \$ 27,853.30           Waiver Unit:         1,481           MTCM Units:         170           Total Units:         1,651           Pending Waiver Cases:         Maximum Workdays in Month:         21           Maximum Work Hours in Month:         157.5           2018 CM Overhead %:         25%	Provider:	ABC DSN Board	
MTCM Billing:         \$ 2,725.00           Total Billings:         \$ 27,853.30           Waiver Unit:         1,481           MTCM Units:         170           Total Units:         1,651           Pending Waiver Cases:         Maximum Workdays in Month:         21           Maximum Work Hours in Month:         157.5           2018 CM Overhead %:         25%	Billing Mo/Yr:	Jan	uary 2019
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Waiver Unit:         1,481           MTCM Units:         170           Total Units:         1,651           Pending Waiver Cases:         Maximum Workdays in Month:         21           Maximum Work Hours in Month:         157.5           2018 CM Overhead %:         25%	MTCM Billing:	\$	2,725.00
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Maximum Workdays in Month:21Maximum Work Hours in Month:157.52018 CM Overhead %:25%	Total Units:		1,651
Maximum Work Hours in Month: 157.5 2018 CM Overhead %: 25%	Pending Waiver Cases:		
2018 CM Overhead %: 25%	Maximum Workdays in Month:		21
	Maximum Work Hours in Month:		157.5
Weighted Avg. Hourly Bill Rate: \$ 67.48	2018 CM Overhead %:		25%
	Weighted Avg. Hourly Bill Rate:		67.48

#### Case Manager Billing Efficiency:

Case Manager	Non-waiver in- person units		Waiver in- person units	Waiver office units	Total units	CM Weighted Ave Bill Rate (p/unit)	Total billed in hours	Total Billing in \$	Hours on-duty in month (Supervision and CM)	Supervisor or CM? (Select one)	If Supervisor, % time spent doing CM	Billing efficiency	Units needed billed at each CM's weighted avg. rate for provider to break-even
Total	35	135	224	1257	1651	\$ 16.87	412.75	\$ 27,853.30	868	N/A	N/A	47.5%	n/a
Supervisor	19	39	39	225	322	\$ 16.88	80.5	\$ 5,435.30	157.5	Supervisor	75%	68.1%	212
CM1	3	7	40	238	288	\$ 16.88	72		157.5			45.7%	283
CM2			44	189	233	\$ 17.33	58.25	\$ 4,038.30	157.5			37.0%	276
CM3			19	264	283	\$ 16.15	70.75	\$ 4,570.80	157.5			44.9%	296
CM4	9		48	97	185	\$ 18.15	46.25	\$ 3,358.10	120			38.5%	
CM5	4	58	34	244	340	\$ 16.44	85	\$ 5,588.80	157.5			54.0%	291

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## CM Program Break-Even Calculations from Monthly CM Provider Billing Efficiency Spreadsheet

<u>Directions</u>: The provider must complete the below white lines with business expense data for the month. The below yellow lines have been self-populated from the Monthly CM Provider Billing Efficiency Spreadsheet. The below orange lines will be auto-calculate once the provider has entered all its data in the white lines.

Expense or Calculation	E	Break-Even Calculation: January
CM salaries for the given month	\$	14,583
Supervisor salaries for the given month	\$	4,000
Other salaries for the given month		
Business FICA & Medicare Tax	\$	500
Business Retirement Contribution	\$	500
Business Health Contribution	\$	500
Worker's Compensation Insurance	\$	500
Unemployment Insurance	\$	500
Other Costs (Please Identify)		
Total Monthly CM Personnel Costs	\$	21,083
Multiply by Overhead % (18 Cost Report)	\$	5,271
Total Monthly CM Program Costs	\$	26,354
Divide by Weighted Avg. Unit Billed		\$ 67.48 Per Hour
Monthly Billed Hours to Break-Even		391
Divide by Month On-Duty Billable Hours		868.1 hours
Monthly Billing Efficiency to Break-Even		45.0%

## Monthly CM Provider Billing Efficiency Spreadsheet

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Provider:		
Billing Mo/Yr:	Ja	nuary 2019
Waiver Billing:		
MTCM Billing:		
Total Billings:		
Waiver Unit:		-
MTCM Units:		-
Total Units:		-
Pending Waiver Cases:		
Workdays in Month:		21
Work Hours in Month:		157.5
2018 CM Overhead %:		
Woighted Aug. Hourly Bill Bater		

### This is a draft form

Cells highlighted in pink are formula based and should not be written over

Case Manager Billing Efficiency:

Case Manager	non-waiver in- person units		waiver in- person units	waiver office units	total units	CM Weighted Ave Bill Rate (p/unit)	total billed in hours	Total Billing in \$	hours on-duty in month (Supervision and CM)	Supervisor or CM? (Select one)	If Supervisor, % time spent doing CM	Billing efficiency	Units needed to be billed at CM weighted Ave Rate for Break-Even
Total	0	0	0	0	0	\$ -	0	\$ -	0	N/A	N/A		n/a

# DRAFT CM Program Break-Even Calculations from Monthly CM Provider Billing Efficiency Spreadsheet

<u>Directions</u>: The provider must complete the below white lines with business expense data for the month. The below yellow lines have been self-populated from the Monthly CM Provider Billing Efficiency Spreadsheet. The below orange lines will be auto-calculate once the provider has entered all its data in the white lines.

Expense or Calculation	Break-Even Calculation: January
CM salaries for the given month	
Supervisor salaries for the given month	
Other salaries for the given month	
Business FICA & Medicare Tax	
Business Retirement Contribution	
Business Health Contribution	
Worker's Compensation Insurance	
Unemployment Insurance	
Other Costs (Please Identify)	
Total Monthly CM Personnel Costs	
Multiply by Overhead % (18 Cost Report)*	
Total Monthly CM Program Costs	
Divide by Weighted Avg. Unit Billed*	
Monthly Billed Hours to Break-Even	
Divide by Month On-Duty Billable Hours*	
Monthly Billing Efficiency to Break-Even	

This is a draft form