



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 **DRAFT** Excel spreadsheets titled, "**EXAMPLE** 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 **DRAFTS** is to have providers "test drive" the drafts and give DDSN feedback through Director Ben Orner at BOrner@ddsn.sc.gov 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 before the July 1st start date & a standard methodology to measure the financial impact for the entire CM delivery system after 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.

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

Directions: 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	\$ 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%

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

Directions: 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](#)