

Strategic Plan
Fiscal Management
Jul1, 2007- 2012
June 14, 2007

Introduction

This plan has been developed to guide the Mental Health Center of North Iowa in its actions over the coming years to address the long term goal of fiscal solvency and efficiency.

Summary

The Center has experienced a history of approving budgets with anticipated deficits. The actions set forth in this plan are intended to limit the gap between Center services and income needed for on-going operations.

A brief overview of the conditions impacting the Mental Health Center of North Iowa may help to place this fiscal management plan into perspective. Twenty five years ago nearly 90% of the Center's funding came from participating counties. Over time there has been a concerted effort to draw on other reimbursement sources. This has meant an active effort to bill third party payers. Insurance coverage increased. Medicaid and Medicare coverage today represents about 50% of the consumers served by the Center. Though this coverage has increased, the reimbursement is about half of the cost of services. Iowa for example is 50th amongst states in its Medicare reimbursement. Though other third party insurers did increase their portion of the Center's revenue, recent years has shown an increasing trend of consumers without any insurance – last year 28%.

While we sought to off set costs of operations form other sources, the amount asked from counties was static for about seven years. The Center in recent years also moved away from a traditional block grant funding process with counties to a modified fee for service and per capita arrangement which has resulted in its own special funding issues but was intended to be revenue neutral. The most recent revenue trends for the Center indicate an actual decrease in projected revenues from other sources. As a result a gap continues between costs and revenues.

Two primary directions are identified in this plan. The first are the steps appropriate to address larger system related issues relative to fees and revenue to support community based mental health services. The second is a more inward looking set of actions that are intended to support efficient service operations. Both directions are needed. This plan is set forth to focus on these issues in an organized and concerted effort over time.

One of the important steps at addressing the issues is to first come to grips with the extent of the deficit. The Center approved a budget for fiscal year 2007/08 with a minimum of a

200,000 deficit. We expect to close the 2006/07 fiscal year having a 100,000 deficit after also receiving a one time adjustment from counties of over 150,000 dollars, and a transfer of 260,000 from savings. Some of the latter funds were used for a large computer software conversion. What we can say is that the deficit is real, it is substantial and without active management is likely to grow. Steps were taken in the 2006/07 year to manage this issue and are reflected in this plan.

Service Initiatives

Develop an on-going cost savings committee of the board to work with staff

Actively track, monitor and address consumer no show and unused appointments

Charge for no show appointments

Require administrative contact with consumers having a pattern of no show visits

Provide for an urgent episode group for consumers not prepared for on-going out patient visits – who are unable to keep appointments.

Take an organization wide approach to maximizing kept appointments.

Clinical staff engage consumers in discussion of their appointments.

Maximize the use of satellite office time

Expand options in mobile counseling for consumers with recognized barriers to service visits.

Engage community support staff in out reach actions for high risk consumers

Implement options that remind consumers of their appointments including advance phone calls

Triage psychiatry referrals

Identify high risk no show situations at time of referral

Outcome: Increase the over all use of clinical time and decrease no show visits to under 25% across all staff.

Fiscal Management

Expect routinely payment at time of visit

30 day past due letter

60 day past due letter and response

90 – 120 past due letters and response including limiting services

Provide for the transfer and discharge of consumers with a sustained past due account

Develop written protocols for the out sources of bad debt to collections

Work with existing consumers with their existing accumulated balances through June 30, 2008.

Provide on going reports to the cost savings committee

Funding

The state of Iowa is in what is referred to today as “transformation”. No one knows with any degree of certainty where this will take us as a state or this mental health center. A dramatic shift in funding is known as a critical step in ensuring community based mental health services continue as we have known them over the past 50 years.

Iowa Medicaid Enterprise (IME) to fund Center’s of the basis of actual costs. There will still be a difference between what cost reports call for and actual expenses. Not all community mental health services are funded by Medicaid.

Core services identified by the State need to be fully funded

Evidence based practices identified by the state need to be fully funded

A funding balance be developed between counties and the state of Iowa

Block grant funds be deployed for non clinical services

“Real” mental health parity be enacted for consumers through third party payers.

Medicare rates be adjusted

Budgeting

Maintain Center lines based on historical actual expenses
Limit expansion of services to reliable funding sources
Adjust staffing patterns as needed to service demand
Increase fee income from consumers
Implement another year of the modified fee for service/per capita funding model and evaluate.

Outcomes

Maximize the use of available clinical service time and decrease no show visits

Steadily begin a process of decreasing the operating deficit to a revenue neutral position within 3-5 years.

Limit the need to draw on reserves by increasing revenue and adjusting budget requirements.

Effect mental health transformation that provides for more adequate funding.