



CORE Financial Modeling: A Team Approach

Recovery & Rehabilitation Academy
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**The Alliance
for Rights
and Recovery**
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Objectives

- Explore the critical Clinical Leadership and Financial Leadership partnership necessary to build clinically sound and financially resilient CORE services
- Review key business practices and specific cost and revenue drivers to help better understand impacts to the CORE services business bottom-line
- Examine the foundational building blocks necessary to meet your clinical outcomes goals in a financially responsible and sustainable manner.



Financial Planning

Building Your
Team

**Good financial planning
requires participation and
contributions from:**

**Executive Leadership
Program Leadership
Financial Leadership
Operations and Support**



Executive Leadership – What services are we committed to providing and what resources are we committing to their success.



Program Leadership – What type of intervention are we going to provide, how are we going to build and supervise our teams and what are the clinical outcomes we striving for.



Financial Leadership – what is the finance model that will assure we meet our clinical outcome goals in a financially sustainable fashion: staff salaries, operating costs, staff productivity, identifying financial key performance indicators



Operations and support – revenue cycle management, data collection and reporting, clinical workflow supports



Key financial and operational considerations

- Volume – how many clients will you have on rolls and how often will you see them per month
- Service mix – what services are you going to provide and in what percentage mix
- What % of services will be off site and how will you efficiently provide these service
- What type of staff transportation will you reimburse and how long on average will travel time be
- Service Duration - What is the average amount of time you will spend in each service in 15-minute time blocks



Key financial and operational considerations

- Staff type - Will you be deploying all full-time staff; all fee for service staff or a combination of the two
- Productivity - What is the billable to paid hour expectation for regular full-time staff and what is the billable to paid hour expectation for fee-for- service staff
- How much supervisory time will you need
- What support staff will be allocated to this program (outside of normal A&OH allocation)
- What operating costs will be allocated to these programs and what will your allocation methodology be.



Productivity – a critical element

- The financial variable that has the greatest impact on financial sustainability is productivity defined as the % of billable to paid hours per full time equivalent
- It is simple: productivity dictates the number of staff hours that will be required to provide a certain level of services. Lower productivity requires more staff hours. Staff costs (salary and fringe benefits) will make up over 70% of your program costs.
- Travel time in community-based models eats into the ability to provide billable direct contact hours and must be taken into consideration when considering how and where you provide services



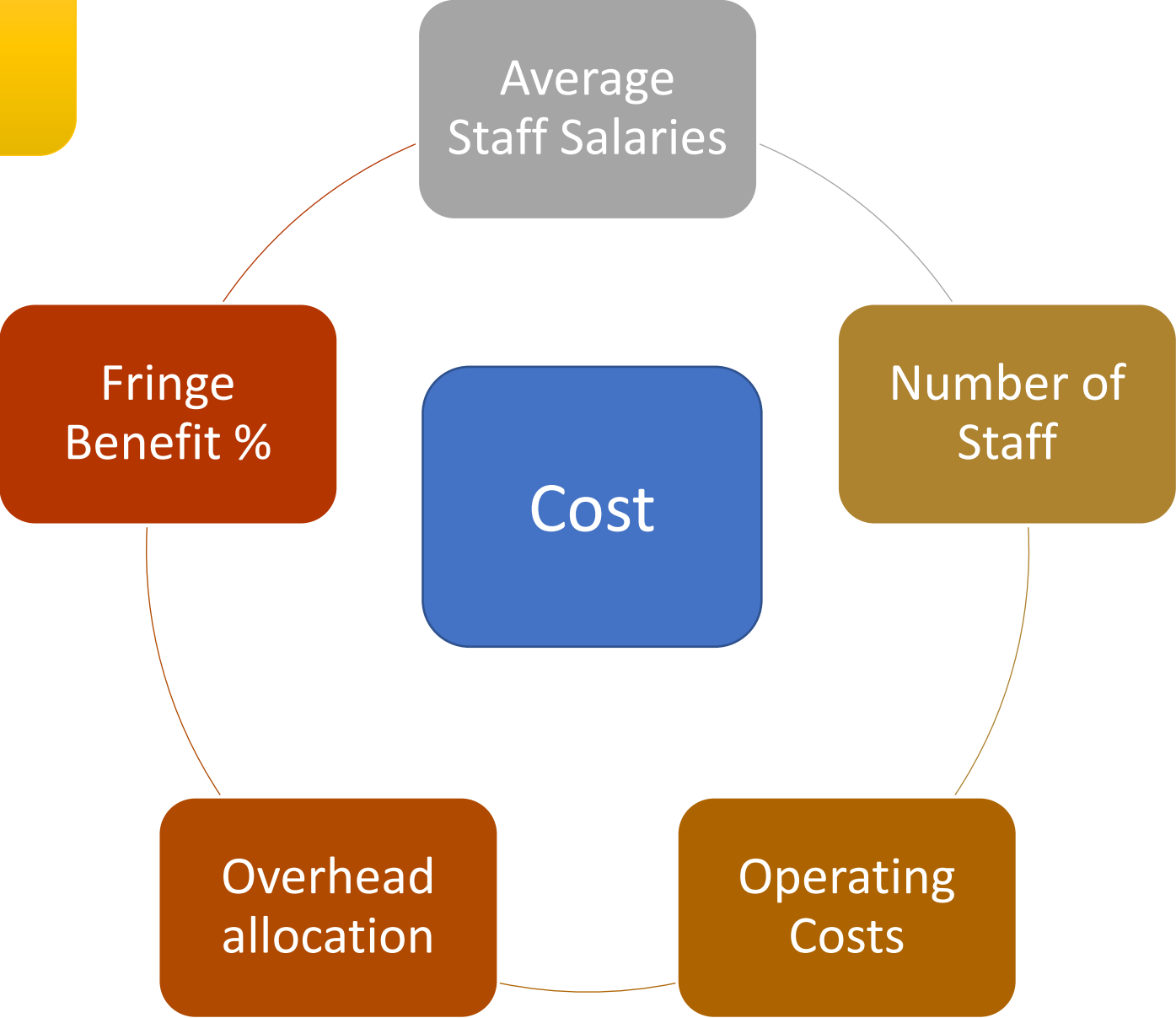
Factors that determine Revenue



Factors that
determine
Staffing



Factors that determine Cost



Overview:

What is a
financial model?

Excel based templates that can be used by your program and financial teams working together to develop a financial picture of your CORE services.

The model helps you to better understand your cost and revenue drivers and assist you in making decisions that will support your clinical outcome goals in a financially responsible and sustainable fashion



Let's take a
look and build
some scenarios



Questions and Discussion



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