



# The FQHC Income Statement

Common tendencies of the revenue and expenses of a community health center

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# Agenda

- Statement of Financial Activities
  - Revenue Cycle
    - Sources of revenue
    - Analytical tools
    - Landscape
  - Expenses
    - Monitoring tools



Statement of Financial Activities  
For the month and YTD ending 4/30/2015

# Statement of Financial Activities

	MTD	YTD
Revenues		
Grant Revenues	162,500	650,000
Program Revenue (Patient Service Income)	500,000	2,000,000
Less: Contractual Adjustments	(250,000)	(450,000)
Less: Sliding Fee Scale	<u>(50,000)</u>	<u>(200,000)</u>
Total Program Revenue	200,000	1,350,000
Other Revenue	<u>25,000</u>	<u>150,000</u>
Total Revenues	887,500	4,150,000
Expenses		
Personnel	621,250	2,485,000
Other Program Expenses	75,000	300,000
Administrative	133,125	532,500
Facility	44,375	177,500
Other	17,750	71,000
Total Expenses	891,500	3,566,000
Net Change in Assets - Surplus/(Deficit)	(4,000)	584,000



# Sources of Revenue

- Federal Grant
  - State Grants
  - Foundations and Local
  - Fund Development
  - Patient Services Revenue
  - Pharmacy (340B)
- 



# Sources of Revenue

## ■ Federal Grant

- Section 330 of the Public Health Service Act
  - <http://bphc.hrsa.gov/about/legislation.html>
  - c – planning grants
  - e – operating grants
  - f – infant mortality grants
  - g – migratory and seasonal agricultural workers
  - h – Homeless populations
  - i – residents of public housing
  - j – access grants



# Sources of Revenue



## Federal Grant

- Section 330 of the Public Health Service Act
  - Supplemental Funding
  - PCMH quality
  - Outreach
  - Expanded Services
  - Health Infrastructure Improvement Program
  - New Access Points



# Federal Grant



## Landscape

- Funds must be budgeted and appropriated
- Usually receive bi-partisan support
- ACA law
- Changing priorities of the BPHC and HRSA
  - New regulations – minimum user requirements
  - Program Information Notices (PINs)
    - Sliding Fee PIN (2014-02)
    - Budgeting and Accounting PIN (2013-01)





# Sources of Revenue

## ➤ State Grants


- Michigan Department of Community Health (MDCH)
  - Ryan White – HIV
  - Immunization Action Plan
  - Women's Infant and Children (WIC)
  - Teen Pregnancy Prevention
  - Tobacco Reduction
  - Diabetes Prevention
  - Many others



# State Grant



## Landscape

- Sustainability issues
  - Reporting and tracking
  - Reimbursement methodology
  - Audits
- 



# Sources of Revenue

- Foundations

- American Cancer Society

- Kellogg Foundation

- CVS Foundation

- BCBS Endowment



# Foundations

- Landscape
    - Changing priorities
    - Sustainability
- 



# Sources of Revenue

- Fund Development
  - Board fundraising
  - Internal department



# Sources of Revenue

## ➤ Patient Services Revenue

### ➤ FQHC Landscape

- Schedule of Fees (Sliding Fee PIN)
- Sliding Fee
- Changing payment models

- ICD-10
- SIMS ASC
- MCR PPS
- Commercial payers folding

- ACA law
- Marketplace
- Medicaid Expansion



# Patient Services Revenue

## ➤ Medicaid

### ➤ Memorandum of Agreement

- Currently many centers still 1-4 years out on reconciliations

- Changing reimbursement levels

### ➤ Healthy Michigan

- Required waivers

- 4 year limits



# Patient Services Revenue

## ➤ Medicare

- FQHC PPS Rate
- MCR Advantage Plans
- Switch to value based reimbursement
- MCR required reporting
  - Monthly credit balance
  - Annual cost report

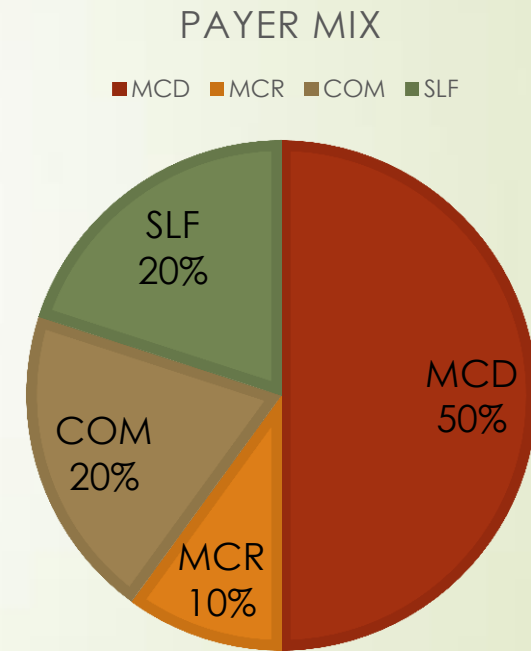
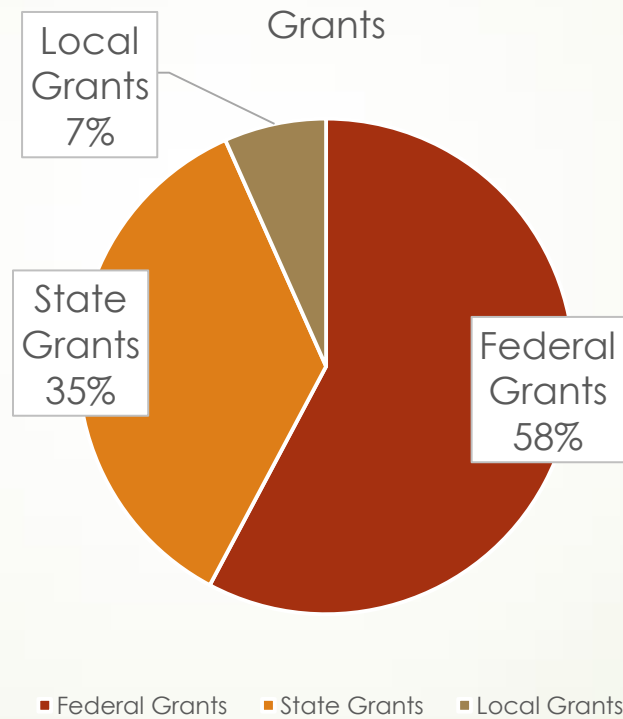
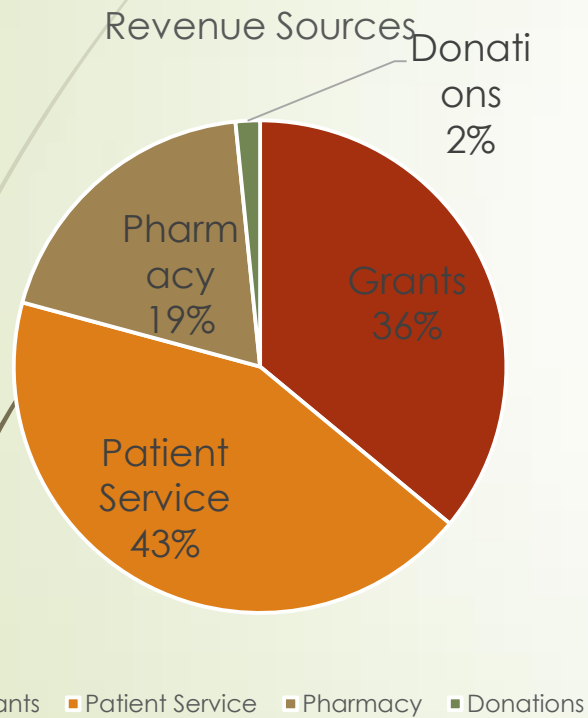




# Patient Services Revenue

- Commercial
  - Contract negotiations
  - Reimbursement turnaround time
- Self Pay
  - Sliding Fee PIN
  - Increased scrutiny on alternative funding sources
- Pharmacy (340B)

# Analytical Tools - Revenue





# Analytical Tools - Revenue



## Budget vs. Actual

- % Source
- Encounters
- Payer Mix



## This year vs. last

- % Source
- Encounters
- Payer Mix


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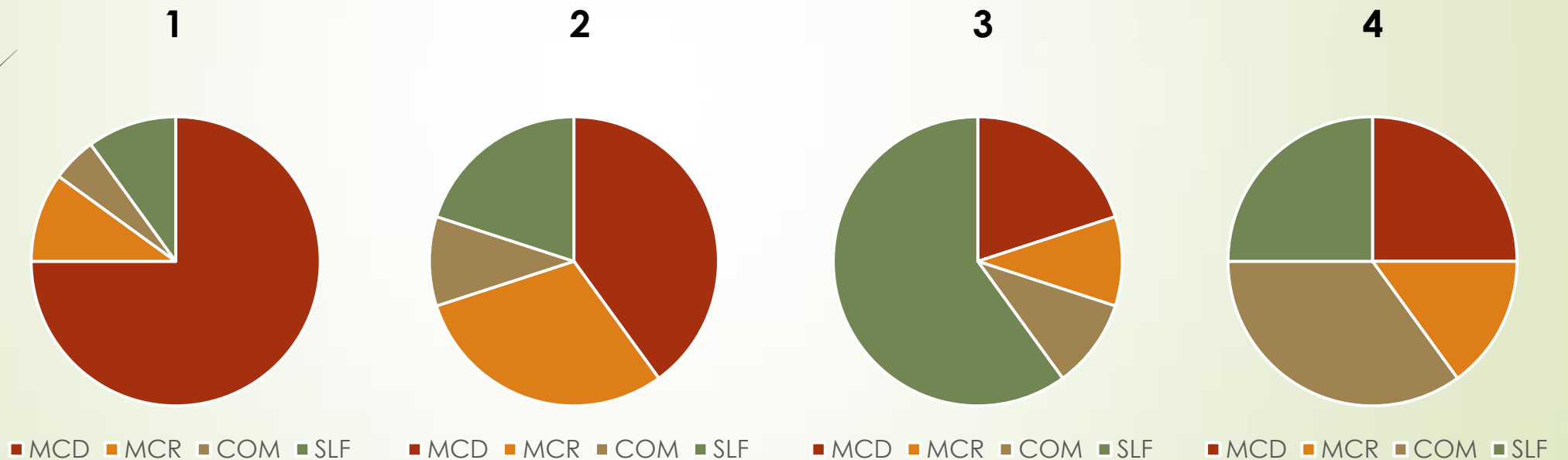
**“Our books are balanced. 50% of our numbers are real and 50% are made up.”**



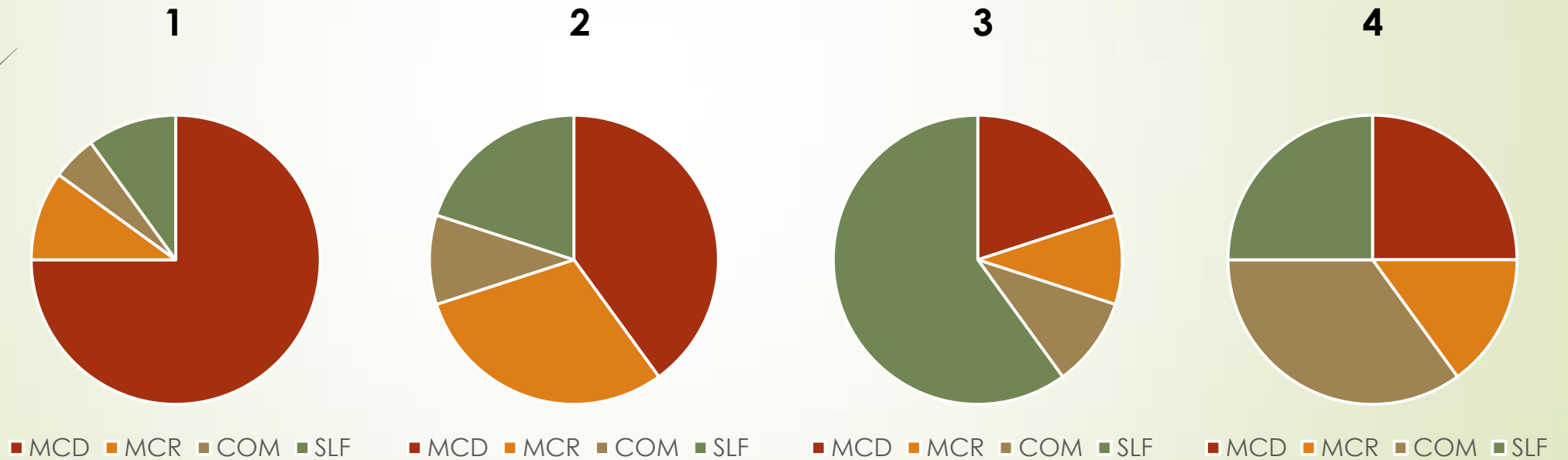
# Analytical Tools – Funding Dependencies

- Grants
  - Medicaid
  - Medicare
  - Donors
- 

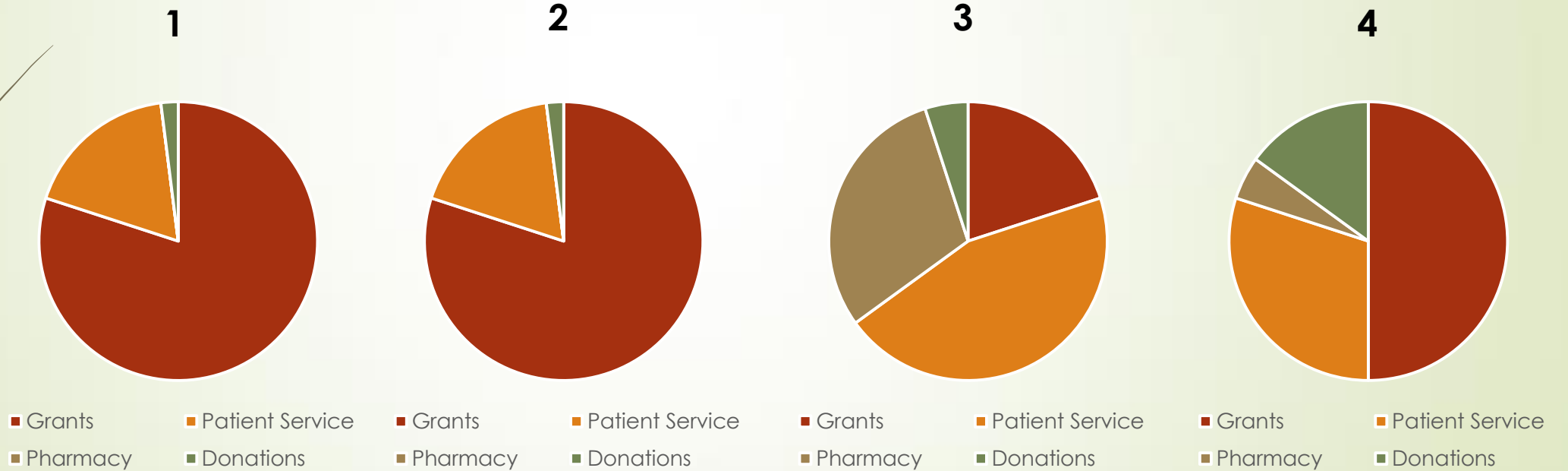
State of Michigan did not get CMS approval for the 2<sup>nd</sup> waiver for Healthy Michigan and the coverage is in jeopardy.



One of the larger Marketplace insurers in your service area has filed for bankruptcy.

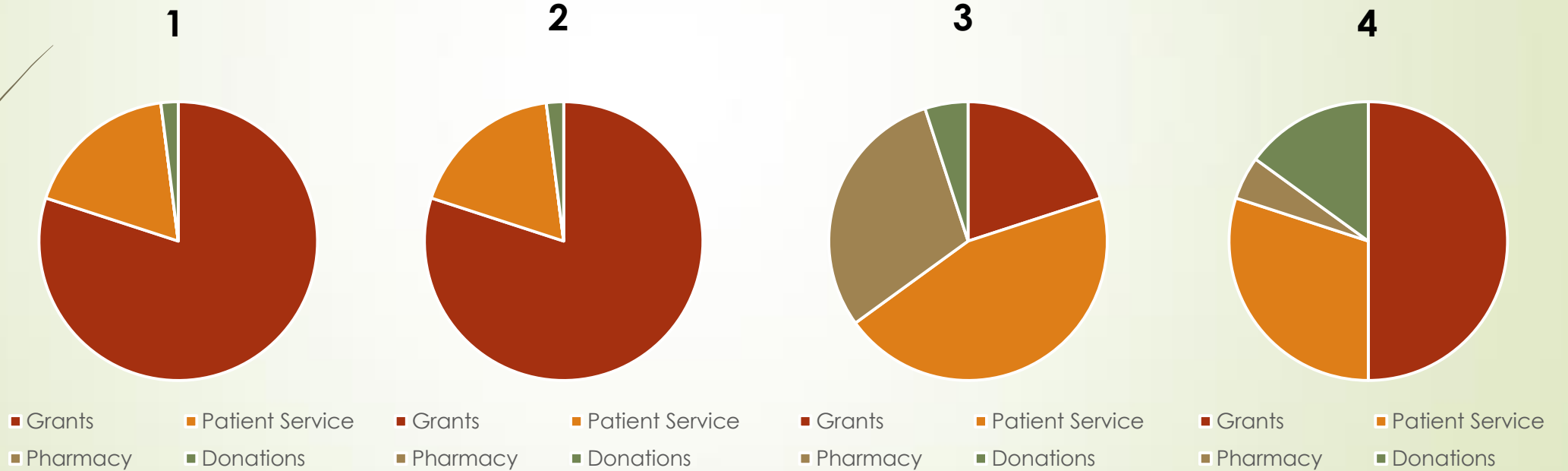


# Foundations are moving from capital investment to programs.





# Congress has to pass a budget or risk a government shut down.



# Expenses

What:

% of program

% of administrative

% of facility

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# Expenses

- ▶ Personnel expenses will typically make up the majority of an FQHC's expenses.
- ▶ Health Centers typically report operating losses when salaries are greater than 70-75% of total revenue.
- ▶ How efficiently are you using those resources?
  - Productivity
  - Cost/Encounter -UDS
  - Per Provider FTE

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# Analytical Tools - Expenses

- ▶ Budget vs. actual
- ▶ Last year vs. actual
- ▶ % of annual budget
  
- ▶ Comparison/Benchmarks
  - ▶ UDS cost measures state and national
  - ▶ HRSA grant financial goals



# Grant Expenses

- ▶ Under budget is not necessarily a good thing
- ▶ Can drastically alter budget
- ▶ Tracking and reporting requirements usually significant
- ▶ Restricted funds
  - ▶ Statement presentation can breakout

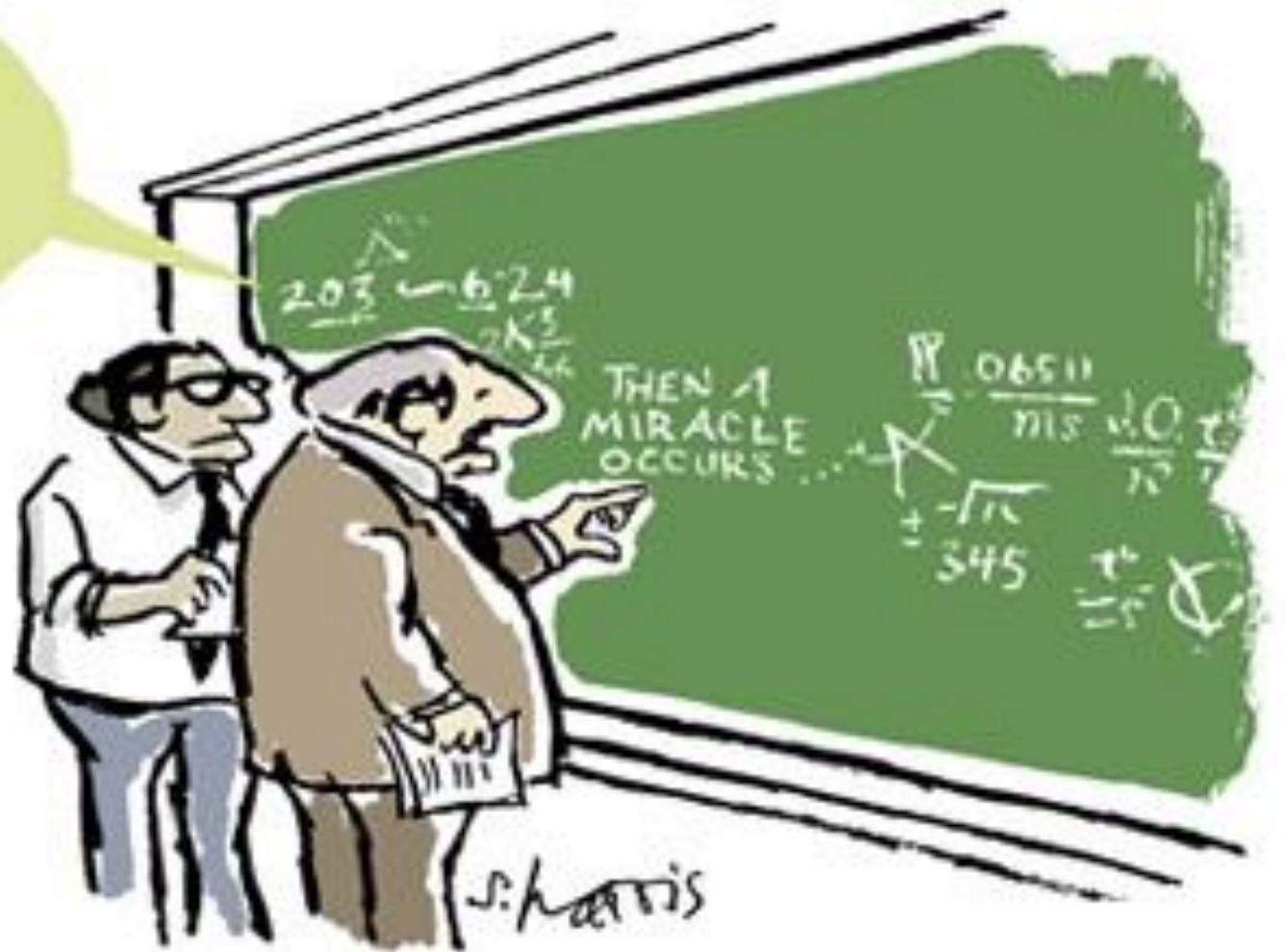
**Statement of Financial Activities**  
For the month and YTD ending **4/30/2015**

Considerations:

- Restricted revenue is greater than restricted expenses
- Without the grant, the deficit is significantly greater

	Restricted	Unrestricted	Total
<b>Revenues</b>			
Grant Revenues	62,500	100,000	162,500
Program Revenue (Patient Service Income)	-	500,000	500,000
Less: Contractual Adjustments	-	(250,000)	(250,000)
Less: Sliding Fee Scale	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total Program Revenue	-	200,000	200,000
Other Revenue	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Total Revenues	62,500	825,000	887,500
<b>Expenses</b>			
Personnel	20,000	601,250	621,250
Other Program Expenses	2,000	73,000	75,000
Administrative	-	133,125	133,125
Facility	1,000	43,375	44,375
Other	<u>2,000</u>	<u>15,750</u>	<u>17,750</u>
Total Expenses	25,000	866,500	891,500
Net Change in Assets - Surplus/(Deficit)	37,500	(41,500)	(4,000)

I THINK YOU SHOULD BE MORE SPECIFIC HERE IN STEP TWO





# Questions?

**THANK YOU!**  
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