



A Blueprint For Organizational Sustainability In A Disrupted Health & Human Service Market –

Planning To Move From Crisis To Recovery

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Effects of The Economic Crisis Created By The Pandemic

Advantage will go to the financially strong organizations with a leadership team that can manage in the midst of ambiguity.

1. The world of the virtual
2. High risk to health care workers and other essential workers in physical proximity to consumers
3. Plummeting revenue from 'non-essential' health and human services
4. The cost of serving the 13% of the population without health insurance coverage
5. High unemployment – and the likely swelling of the Medicaid roles
6. State and local budgets are 'short' – and will be 'shorter' (unemployment insurance, more Medicaid, etc.)
7. Record low consumer confidence
8. The unknown 'shape' of the recovery
 - Credit and financing is tough to come by
 - Investors (and donors) are spooked
9. Discontinuous change in structure of health and social service system likely

Likely Long-Term
Effects With An
Impact On Recovery
Planning –

#1. A 'New Normal' For Residential & Facility-based Settings

1. Balancing risk vs. social isolation - design with social distancing and quarantine provisions in mind
2. Risk management – testing of consumers and staff, new operating procedures, etc.
3. Future of legal liability waivers
4. Cost to increase – redesign to single rooms, infection control, need to raise wage rates, costs of testing and PPE
5. New preference for 'home-based' models - marketing in a time when consumers would prefer to be at home or in single apartments

Likely Closure Of Many Nursing Homes & Effect On Consumers with Complex Needs

1. The current nursing home business model has two inter-related service lines – short-stay skilled nursing beds (Medicare) that subsidize the long-term care beds (Medicaid)
 - Medicare short-term stays (average \$500 per day) being moved to home care – and managed care is decreasing their rates by 20%
 - Long-term Medicaid stays (average \$200 per day) are dropping - the risk of COVID-19 in facilities, the inability of family members to visit, etc.
2. A majority of nursing homes report falling census right now – 80% is average threshold for financial viability. At 83% now.
3. Nursing homes make up 26% of the I/DD spend and 6% of mental health spend

Trend: Virtual Hospitals At Home & Telehospital Medicine

Acute care services provided at home with virtual medical professionals.

Examples: Hospital At Home, Medically Home, CommonSpirit Health, Intermountain



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How a patient's home is transformed into a virtual hospital unit

- Set up a temporary virtual hospital room in the patient's home
- Configure/staff a physician-led/nurse-powered Medical Command Center - enabled and made safer via software supportive
- Compose a clinical / operation / economic model that is designed to improve patient outcomes, while creating meaningful e
- Configure a unique network of clinical/non-clinical services, medications, equipment and supplies to patients' homes, enabl
- Deliver care over a longer period of time to better stabilize patients and allow them to maintain a stable baseline after the epi
- Enable selected surgical procedures to be performed outside the hospital, by linking the ambulatory surgery center to the te
- Provide tools and systems that actively-engage the patient's family, to amplify patient engagement and outcomes

[Patient Experience →](#)



Medically Home®

Trend: Tech-Enabled, In-Home Primary Care

- Consumers can access primary care—and some specialty care—in their homes.
- Will not only affect primary care – specialty services will be facilitated by the same platform and/or control referrals
- Examples: Doctor On Demand, One Medical, Iora Health, VillageMD

“On Hand” Virtual Primary Care Plan

The Humana logo is displayed in a white rectangular box. The word "Humana" is written in a bold, green, sans-serif font. A small registered trademark symbol (®) is located at the end of the word.

- Humana created a partnership with telehealth platform Doctor on Demand to create On Hand for virtual primary care
- Based on Doctor on Demand's Synapse virtual primary care platform, designed to integrate into health plans' existing networks
- Members pay nothing for primary care visits using Doctor On Demand and a \$5 copayment for common lab work and prescriptions on the platform
- “Significantly lower” premium costs
- On Hand features include:
 - Video visits and secure messaging
 - A dedicated primary care professional
 - Access to board-certified physicians, psychiatrists, psychologists, and nurse practitioners
 - Standard medical device kit consisting of a digital blood pressure cuff, thermometer, and log

Likely Long-Term
Effects With An
Impact On Recovery
Planning -

#2. The Big Shift in Outpatient Services (Of All Types)

1. Unlikely to go back to face-to-face for most outpatient services (a matter of cost and preference)
 - Competitive advantage in matching consumers to platform – answer the question: best technology or no technology?
 - Competitive advantage in proprietary “hybrid” models (how does ‘group’ work?)
2. The logistics and liability of office opening is a mess
3. HIPAA-compliant platforms will likely be required for virtual
4. Fraud and overutilization controls for virtual likely – case rate/bundled rate reimbursement
5. Any provider organization can compete “anywhere”
 - Existing virtual health delivery systems have the advantage
 - New ‘out of industry’ competition likely

What Organizations Will Emerge As “The Amazons” Of Therapy?



The Big Players Move Ahead With Their Strategies In The Crisis

Google

Walmart 

facebook

amazon 


twitter

Likely Long-Term
Effects With An
Impact On Recovery
Planning –

#3. Payer Budget Compression (Government & Employer)

1. More Medicaid – insuring the unemployed
2. More Medicare dual eligible due to rising disability levels (claims always increase in times of economic downturns)
3. The effect of the COVID-19 mortality rate will disproportionately affect “complex” consumers ...
 - 99% of deaths are with individuals of any age with hypertension, heart disease, diabetes, and/or obesity
4. States starting to reduce overall Medicaid spending due to pandemic crisis tax shortfalls.
5. States accepting 6% increase in FMAP not allowed to cut enrollment – but can cut benefits and payments to provider organizations
6. More use of managed care organizations with risk-based contract for Medicaid and Medicare
 - Continuing backward integration of health plans
 - More value-based payment with risk transfer to provider entities

Likely Long-Term Effects With An Impact On Recovery Planning –

#4. Strategic Affiliations Are Likely

- 1. Primary care practices** - Half have enough cash on hand to stay open for the next four to eight weeks.
 - Physicians in nearly all of the groups have taken pay cuts, and about a third of the groups' physicians are providing uncompensated care to assist local hospitals.
- 2. Hospitals** - 40% report that revenue has declined by more than half, with nearly all reporting declines of 25% or more. 55% report having less than six months cash on hand.
- 3. I/DD provider organizations** - On average, have closed three programs accounting for 32% of revenue - day programs (54%), supported employment (31%), and transportation (19%).
 - Half of respondents state they will not be able to stay in business for more than another month.
- 4. Behavioral health provider organizations** - 62% report they cannot survive more than three months without emergency financial assistance. Only 9% of organizations believe they could survive a year or more.

Thinking About Strategic Affiliations... Urgent Vs. Strategic

1. Urgent affiliations – key driver is access to cash/capital
2. Strategic affiliations driven by:
 - Market positioning
 - Scale
 - New geography
 - New service capabilities
 - Vertical integration market advantage
3. How big is big enough for profitability?
4. Big versus ‘virtually big’?
5. Merger vs. acquisition vs. other affiliation



An Executive Blueprint For Crisis Management

“If you can’t fly then run, if you can’t run then walk, if you can’t walk then crawl, but whatever you do you have to keep moving forward.”

Martin Luther King, Jr.

How Strategy & Innovation Changes in A Crisis

The 'two canoes' – the survival plan and the recovery strategy

Long-term vision of positioning at end of crisis fuels decisions made during the crisis survival management period

Frequent 'pivots' are the rule, rather than the exception – iterative recovery planning because of frequent unexpected changes in the market landscape

Innovation is the essential ingredient in recovery

The organization with the best data has a competitive advantage – market intelligence, competitive benchmarks, internal performance metrics, customer performance metrics

The *OPEN* *MINDS* Executive Blueprint For Crisis Management

1. Creating and leading a crisis management plan – with a crisis SWAT team
2. Short-term cash management – assuring continued operations
3. Going “virtual service” – reaching consumers where they are at with telehealth and more
4. Going “virtual revenue generation” – assuring consumers and referral sources can find you
5. Revenue maximization during times of disruption – building top line to sustain margins
6. Aggressive business development strategies – adding to the top line with breakthrough services
7. Preparing for post-disruption resilience and sustainability – taking action for the long term

Some Thoughts On Leading This Process....

- Seek order rather than control – make sure people know what is expected of them
- Address the human factor at every level
- Take a wide view – assess a wide range of factors and changes
- Be prepared for ‘reinvention’
- Don’t be seduced by managing the ‘now’ - address the short term and focus on the long term



1. An Executive Blueprint For Crisis Management: A Crisis Management Plan

“Nothing give one person so much advantage over another as to remain cool and unruffled under all circumstances”
Thomas Jefferson

Key Elements Of A Crisis Management Plan

- **Safety** - Addresses the immediate safety threats to customers and staff
- **Survival** - Readjusts the organizational operations to assure continued operation
- **Communication** - Serves as a communication tool across the organization
- **Nimble** - Needs to be adjusted/updated with changing circumstances

1. Outline of possible scenarios and their risks in the crisis and likely impacts/responses to those
2. Service delivery plan throughout the emergency period and into recovery
3. New policy and procedures for conducting business activities, internal or external, during pandemic
4. Emergency-specific plan for human resources management
5. Financial impact analysis and financial stability plan
6. Designated chain of command – the crisis SWAT team – and communications responsibilities

First things first, survival....





2. An Executive Blueprint For Crisis Management: A Cash Management Plan

“Never take your eyes off the cash flow because it’s the lifeblood of business.”

Sir Richard Branson

Crisis Cash Management Checklist

1. Manage cash aggressively
2. Renegotiate payment terms with vendors
3. Improve the speed of billing and collections
4. Reevaluate customer contracts regarding payment terms
5. Request prepayment for services
6. Secure additional short-term financing
7. Aggressively manage costs in the crisis period
8. Streamline operations through understanding of activity-based costing and eliminating unnecessary expense
9. Optimize talent – optimizing the performance of revenue-producing team members and improving efficiency of administrative staff
10. Develop financial thresholds for discontinuing non-optimal service lines
11. Assess and improve organizational financial strength and resilience – improving key financial health metrics
12. Identify organizations for “urgent collaborations”

Keys – Find “Survival Operations Mode”

1. Projections of future revenue are critical – a new ‘zero based’ revenue budget
2. From those projections, estimate margins and cash flow
3. Evaluate available working capital against cash flow deficits
4. Revise staffing and other expenses to address “the gap”
5. Protect ‘revenue generating’ capacity – and syncing their compensation with margins
6. Address the “overhead” issue
7. Outsource non-core services

The goal is to get to the “survival base” for the crisis period - if no more revenue or financial resources available...

Keys - Set Thresholds for Discontinuing Service Lines

1. Identify 'long-term winners'
2. Know when to say "no" and quit – need financial benchmarks throughout crisis period and for recovery period
3. Evaluate each program:
 - Revenue
 - Margin
 - Cash flow
 - Opportunity cost
 - Long-term potential
4. Portfolio management in a crisis is different

This should be part of
planning scenarios...



3. An Executive Blueprint For Crisis Management: A Virtual Service Delivery/Operations Model

“We live in a moment of history where change is so speeded up that we begin to see the present only when it is already disappearing.”

R.D. Laing

Virtual Service Delivery & Virtual Operations Checklist

1. Build your telehealth capacity – installing and expanding virtual delivery capacity
2. Operate a virtual organization – ‘best practice’ remote management



4. An Executive Blueprint For Crisis Management: A Virtual Revenue Generation Model

“Whatever course you decide upon, there is always someone to tell you that you are wrong. There are always difficulties arising which tempt you to believe that your critics are right. To map out a course of action and follow it to an end requires courage.”

Ralph Waldo Emerson

Virtual Revenue Generation Checklist

1. Build a successful on-line presence (and strategy) by prioritizing key objectives, audiences, and channels
2. Assess changes needed in web presence to support driving volume in virtual services
3. Enhance your on-line presence by improving the performance of your web site and other key digital channels (social media, online reviews, press releases/public relations, etc.)
4. Optimize your on-line presence and search engine optimization (SEO) by implementing a communications approach (written voice) tailored to your priority audience
5. Assure web site ADA compliance



5. An Executive Blueprint For Crisis Management: A Plan For Short-term Revenue Maximization

“An idealist believes the short run doesn’t count. A cynic believes the long run doesn’t matter. A realist believes that what is done or left undone in the short run determines the long run.”

Sydney Harris

Short-Term Revenue Maximization Checklist

1. Maximize billing – get paid for all services provided and track net collections
2. Create a crisis referral program to increase the volume of services provided
3. Increase fees and rates from payers and health plans for current services
4. Move to new reimbursement models with payers for emergency/high-demand services



6. An Executive Blueprint For Crisis Management: A Plan For Short-term Business Development

“Persistence and resilience only come from having been given the chance to work through difficult problems.”
Gever Tulley

Short-Term Business Development Checklist

1. Create a model for rapid response to urgent needs in your markets – increase outreach to payers and referral sources
2. Maximize revenue of current services and assets through repurposing and repositioning in an increasingly virtual market
3. Diversify through geographic expansion
4. For non-profits, develop a strategic short-term fundraising plan
5. Identify competitor contracts “at risk”
6. Anticipate any local organization ‘failures’ and the service needs created
7. Explore avenues for government support including relief bills



7. An Executive Blueprint For Crisis Management: A Strategic Plan For Post-Disruption Sustainability

“I’ve had a lot of worries in my life, most of which never happened.”

Mark Twain

Strategic Planning Checklist For Post- Disruption Sustainability

1. Develop a strategy for sustainability – success in the new normal
2. Compete through effective marketing strategy and infrastructure – meeting the challenge of new competition
3. Improve overall organizational cost management
4. Build customer preference through superior customer experience
5. Support continuous innovation – best practice service line planning, development, and launch
6. Consider collaborations as a long-term sustainability strategy

Strategic Planning Checklist For Post-Disruption Sustainability





8. Making It Work

“Do you have the patience to wait until your mud settles and the water is clear?”

Lao Tzu

So Now What?

For executive teams, a 'marketing' focus has never been more important. . .

1. For each major service line, adjust the market positioning and competitive advantage for the 'new normal' market landscape ahead

2. Expand the use of a service line portfolio management process – monitoring the performance of service lines and being more prompt in making changes to service mix

3. Use a market-focused strategic planning process before developing budgets and investment capital – using that strategy to prioritize organizational resources

The “Big Questions”

1. How will your organization’s mission change, if at all?
2. What is your ‘vision’ for the market position of your organization’s service lines in the post-crisis period?
3. Which will be competitive and margin positive – or not?
4. What is required to assure competitive positioning – merger, technology, contracts, new service model, etc.?
5. What service do you need to add?’
6. What services do you need to terminate?
7. Can our organize ever get back to financial stability at its current scale?

Your vision (and your plan) is likely to change several times over the crisis period...

The Opportunities Are Many...

Advantage goes to any
organization with “better”
performance and cost data

The needs of consumers with chronic conditions and complex needs will not diminish – but advantage will go to the organizations that develop integrated models (medical, behavioral, social) that harness new technologies and can use performance-based reimbursement

The primary care market for consumers with complex needs exists now – big needs, closing U.S. primary care practices

Less nursing home capacity (and an aging and increasingly disabled U.S. population) will bring opportunities for a wide array of home-based services

The housing crisis will worsen in the economic recession brought on by the pandemic crisis



The need for less rigidity... be prepared to let go of many of your assumptions...

Environment drives strategy...

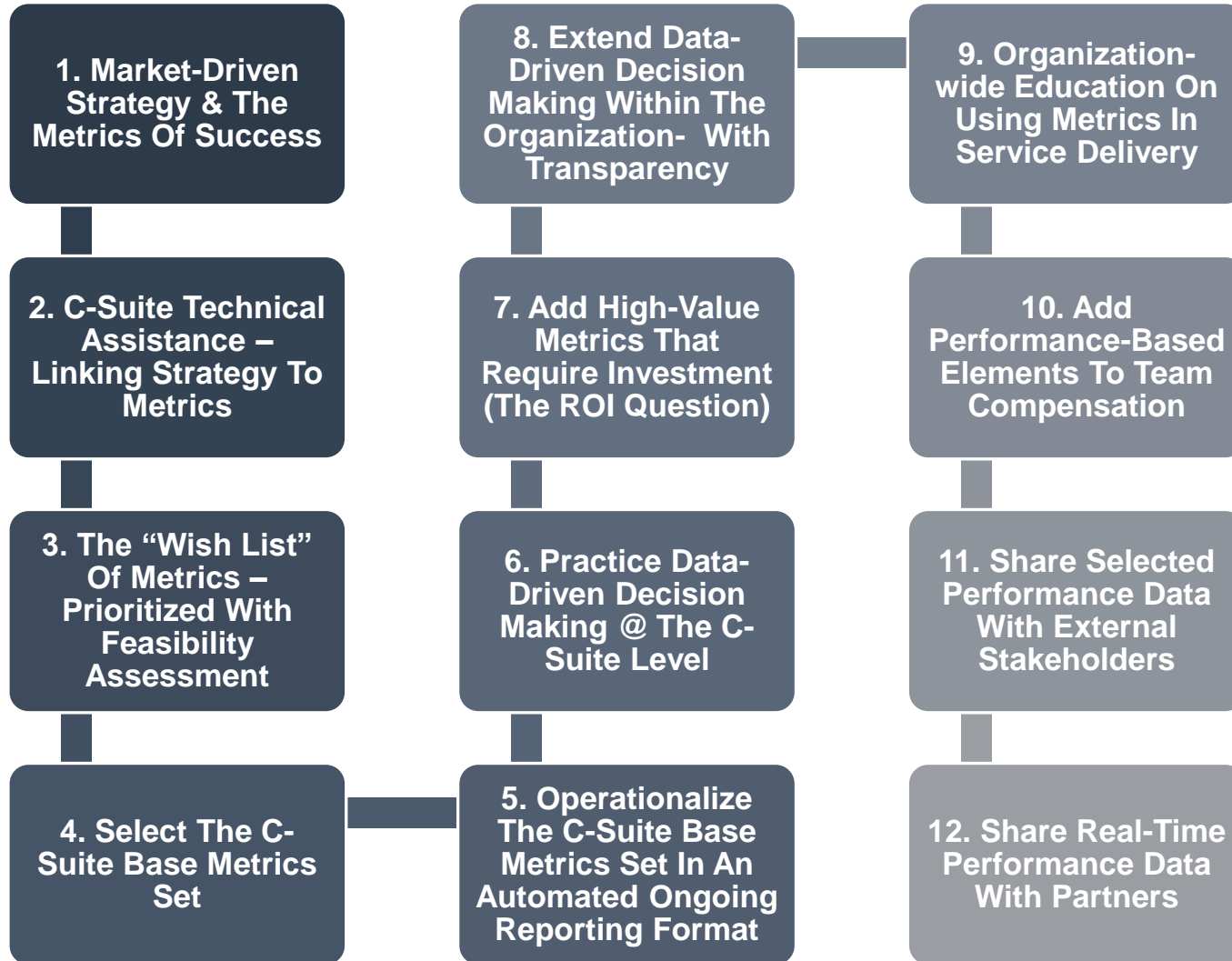
Strategy drives structure...

Systems support structure...

To paraphrase Peter Drucker

Three Key Elements Making Crisis Management Plans Work





Advantage goes to the organization with the right data – fast....

Even in a crisis, important to focus on building a data-driven team

Data reinforces objectives – and promotes order over control

Data supports communication as creates a common vocabulary and understanding

The Confidence Game...

They Have To Know Where You Are Taking Them....

Leaders need followers – the key attributes to keep your team in sync at a time of crisis....



Leadership Matters More Than Ever

More important now than ever

Your primary role is to provide vision and a plan – then seek order, not control

Bad leadership decisions likely fatal in this environment

Self-management is key – physical, mental, and emotional

Don't be too busy to think

What organizations will be relevant – and sustainable - in the year ahead?

The executive role is to find a way to keep the mission and services to customers alive – whatever the form in the market

Success and sustainability will probably not look like what it did in the past...

The executive role is to craft the strategy and bring their team along on the journey...



More Resources

“A crisis can be a real blessing to any person, to any nation. For all crises bring progress . . .”

Albert Einstein

- [Speaking Of Data For Decision Making, More Data Is On the Way](#)
- [Getting Relief From The CARES Act & Other Updates For Crisis Management During The Pandemic Emergency](#)
- [Keeping Services Going During The COVID-19 Emergency: A Snapshot From The Field](#)
- [During A Cash Flow Crunch, Revenue Cycle Management Should Be On Autopilot](#)
- [Missing Data, The Wrong Data, Too Much Data – Making Decisions In A Time Of Crisis](#)
- [The Pandemic Emergency: Effects On Community-Based Organizations](#)
- [Strategy In Uncertain Times: Planning Resources For The New Normal](#)
- [The Workforce, Post COVID-19](#)



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