



The Value of a Strategic Business Planning In the New Healthcare Environment



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Significant changes lie ahead for the financing and accountability of community behavioral healthcare. Whether through insurance exchanges, co-ops, or expansion of Medicaid managed care, healthcare reform will drastically shift financing of uninsured populations to public-private partnerships that build upon commercial insurance products. The National Council estimates that market expansions could increase the number of individuals expecting services from America's public mental health system by an astounding 50 percent. In addition, with implementation of the new Parity law occurring in parallel with healthcare reform activities, we can expect the Administration and Congress to be utilizing all opportunities to introduce greater accountability into the healthcare system, while promoting initiatives that increase efficiency and reduce variations in care.

Community Behavioral Healthcare will face greater pressure to participate in commercial markets. The traditional strategic planning process may not be sufficient in meeting the clinical and business needs of the new healthcare marketplace. The new model will require organizations to be more agile to respond to the constant changes and chaos in the environment. The traditional 3-5 year strategic plans are obsolete in the new environment. We must be able to analyze the market and demands quickly and respond to meet the demands.

In 2010, MTM Services developed an Integrated Healthcare Readiness Assessment© that we have assessed and reviewed with behavioral healthcare companies (BHC) nationally to measure the organizations level of readiness to meet the challenges of the new healthcare environment based on fourteen focus areas. One of those focus areas of the assessment addresses the BHC's ability to effectively plan, make timely decisions, manage and implement changes. The first question in this section is, "Does the organization use a formalized annual strategic planning process to identify long term goals?" If the center responds "yes" then the assessment asks what percent of the goals have been accomplished (meaning fully implemented). The responses have ranged from a low of 0% to a high of 45%".



This low level of accountability and performance will not assist organizations to survive, much less thrive in the new healthcare environment. At MTM Services, we believe that community health providers need to shift to a more proactive “business development” model of planning that is based on rapid cycle change planning and action oriented implementation. The National Council has identified the primary tenets of a Behavioral Health Center of Excellence (BHCOE) include:

1. World Class Customer Service Built on a Culture of Staff and Client Engagement and Wellness
2. Excellent Outcomes
3. Easy Access
4. Comprehensive Care
5. Excellent Value

Successful healthcare organizations start with a board of directors, leaders and team members that have the responsibility to create and craft a new vision that aligns passion, resources and talent to meet the goals of the organization to become a BHCOE. To achieve this goal, a new planning and development approach needs to be supported at the BHC level that embraces the BHCOE indicators and provides a framework to structure a strategic business plan (SBP) that produces BHCOE outcomes.

Difficulties associated with maintaining current service lines or growing an existing service has surprised the most visionary of boards and leaders. One of the most unexpected aspects is the need for a good, solid, well-written strategic business plan. While developing and writing a strategic business plan can be a daunting task, the information below details what a strategic business plan is and why it is important to have one.

Developing a Strategic Business Plan

There are a multitude of reasons any type or size of organization needs a strategic business plan. The main reason is that the strategic business plan will help get everyone involved on the same page with the mission and vision of the company. It also lays out a basic outline of how the organization will function. The strategic business plan provides a clear vision to accomplish the organizations’ growth or service development plans to meet the current needs in the local micro and macro environments.

The strategic business plan is a comprehensive document drilling down all components of the organization. Strategic business plans helps the Board and Senior Management



develop 90 day, yearly or multiple year plans for starting new service lines, sustaining current programs and services and/or growing a current service line into third party and commercial sectors. Most strategic business plans are broken down into key sections to assist in decision making and implementation. These key sections include:

- An executive summary that includes the business name, purpose, mission, and vision and the overall contents of the business plan.
- Basic business concept along with a detailed description of the services and the basic need for the services and programs.
- A breakdown of the target market or who the customer is and what the customer need is for the programs or services offered by the organization.
- Pricing structure for products, programs or services.
- A marketing plan section to detail how the products and services will be marketed and sold.
- Location of business and a detailed description of the location. (Demographics, annual household income, major employers).
- Purchasing information regarding suppliers, vendors, MCOs, payers, contractors, etc.
- Management of the organization including a hierarchical organizational chart of all board, senior officers, managers and staff for the organization. This section could also include qualifications or short resumes of all managers.
- Financial information including anticipated expenses, income, forecasts, modeling and financing needs.

In the MTM Services book Operationalizing Health Reform, David Lloyd and I detailed the elements in a strategic business plan. One of the sections is reviewing an organizations' current market situation. By knowing the organizations' current market situations we can better understand both the opportunities and threats that the new healthcare environment poses for community behavioral health. In working with a client recently around their market position we were able to determine through referral source surveys as well as market analysis that the organization had become comfortable in their market position. This level of comfort allows for new entrants into the market to begin playing a more dominant role in the delivery of traditional behavioral healthcare service. Organizations of the future will need to continually assess their market position. Organizations would benefit by gaining understanding into the community and the graphics and market area in which they provide care. This would



include the number of insured's, individuals without insurance or indigent, Medicaid and Medicare. In gaining an understanding of the largest area employers and their behavioral healthcare needs and insurance requirements, provider organizations can ensure that they are key providers on those panels.

In reviewing current trends in market analysis, provider organizations should also look to their current consumers seeking care. Who are they? What services have they utilized in amount and scope? What are the frequent diagnostic categories? Where do they live?

In addition to knowing our market situation, provider organizations must also review our current Product Situation. What products and services are currently being offered? Will this service line to meet the growing needs and the current of the community under healthcare reform? What services are absent from your array of care that are needed in your community? Is our staff trained and competent to provide these new services?

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Organizations of the future will need to become more agile in bringing product and services to the community in a more efficient and timely manner. We no longer have the luxury of time to process and analyze with a great deal of minutia in order to open a new service line. Certainly due diligence and risk management must be taken into consideration when developing new products and services, however you must also develop care protocols quickly and increase awareness of these new service lines in order to reach and serve our community members.

By analyzing the community on both the private and not-for-profit care delivery systems we can quickly develop a market analysis that will allow us to not only examine penetration rates but also review our current products and services to determine if they are viable and needed.

Organizations must identify the major objectives of the company and what actions or operational objectives have to be achieved to attain these goals. This strategic document is then supported by a 2 year rolling plan that serves as a tool to achieve the organizations' goals in the next 2 years. An example of strategic business goal of maximizing revenues is highlighted in the figure below. The new strategic business planning model works within no more than a two year planning cycle with smaller internal 45 and 90 day planning cycles built into the program in order to meet the ever changing and chaotic environment that we become accustomed to.



GOAL #1: Develop and implement Revenue Maximization strategies to increase the revenue over expense margin of the organization over previous R/E Budget					
Objective #1: Increase billable hour expectations for all clinical staff to a minimum of 1,456 billable hours per year by FY15 under FFS funding methodology					Priority: 1
Priority	Strategy	Committee or Individual Responsible	Start Date	Completion Date	Status
1	Develop and implement enhanced billable hour standards for all clinicians 65% FY14 to 70% FY15				
2	Incorporate training for concurrent collaborative documentation with the Use of EHR				
3	Monitor clinical performance standards (i.e., documentation submission, referrals standards, treatment plan completion, Comp Assessment submission, etc.)				
4	Document, evaluate and decrease non-billable activity				
5	Reduce no shows to meet 10% organizational standard				
6	Increase collection percentage of billed services by 85%				
7	Increase client fees and operational revenue by 3% for FY15				
Objective #2: Decrease operational expense by 10% by FY2015					Priority: 2
Priority	Strategy	Committee or Individual Responsible	Start Date	Completion Date	Status
1	Monitor enhanced non-clinical staff performance standards				
2	Paperwork reduction and standardization of all non-clinical forms to comply with Electronic Medical Record specifications				
3	Review equipment purchase, rental, or maintenance agreements				
4	Review all contractual agreements for uniformity of rates and terms/conditions				
5	Evaluate, Develop and Implement Cost/Time Efficient Work Processes				

This new strategic business plan recognizes that there are and will always be individual programmatic needs within the company, and that there is the need to share common goals. Organizations must incorporate the following areas into their new strategic business plan:

- **Environment** – An overview of the external factors that directly or indirectly affect the company.
- **Targets** – The people, organizations and companies we need to communicate to both now and in the future.
- **Positioning** – How are we generally perceived in the community, region, state and nation.
- **Competition** – Both private and public sector. Those who compete for human resources and customers.
- **Resources** – Financial, human and physical plants. What we have to work with.

Getting Started with a Strategic Business Plan

The most difficult part of completing a strategic business plan is the first step: getting started. Once Leadership begins the plan, they quickly recognize the purpose and value of the plan. It helps to know that writing an effective business plan does not have to be



completed alone. MTM Services has assisted many organizations in facilitating and developing their strategic business plans.

Provider organizations regardless of size and market position will need to re-examine their strategic business planning in order to compete in the new healthcare environment. By gaining knowledge of the communities we serve as well as the growing needs and types of services requested organizations can better position themselves to be the preferred behavioral healthcare partner or neighbor to the larger healthcare ecosystem.

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