



CHRT

Financial Modeling for Community Care Hubs

Center for Health and Research Transformation
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Presenters

Deana Smith, Associate Director of Community Initiatives

Deana is responsible for providing project management and strategy support to community-based collaborative initiatives and analysis of complex issues that focus on the intersection of health care and supportive human services.



Gudrun Bossmann, Associate Director of Finance

Gudrun is responsible for financial planning, reporting and accounting on both organizational and project level.

She also oversees the development of the organization's ERP and accounting software.



CHRT

The Center for Health and Research Transformation (CHRT) is a nonprofit health policy center housed at the University of Michigan. Our mission is to inspire and enable evidence-informed policies and practices that improve the health of people and communities.

What we do: Policy Analysis, Backbone Support, Evaluation, Data Analytics

Impact Projects

- Our research on the Affordable Care Act influenced Michigan's decision to expand Medicaid.
- We were 1 of 12 awardees of the Administration for Community Living (ACL) *No Wrong Door Community Infrastructure Grants*.

Notable Partners

- Detroit Health Department
- Blue Cross Blue Shield
- Michigan Department of Health and Human Services

Community Care Hub Related Work

- CHRT provides backbone support for a Regional Health Collaborative: a network of health and social care partners providing care coordination to address health-related social needs.
- CHRT collaborates with coordinating entities to develop a statewide data and technical infrastructure that supports health and social care integration.
- CHRT provides technical assistance to the MI Dept. of Health and Human Services on its SDOH strategy and SDOH Hubs Initiative.

Background for Developing the CCH Financial Model

- 2019 – 2020: CHRT supported a group of organizations considering a solution for health and social service integration; CHRT was the lead organization participating in the National Council on Aging Network Development Learning Collaborative.
- 2020 – 2021: CHRT and its partners designed and executed a pilot to deliver medically tailored meal services through a hub-like model.
- 2021: CHRT received funding from the Administration for Community Living (ACL) to build our capacity as a Network Lead Entity.
- 2023: CHRT obtained templates and technical assistance through the ACL learning community to develop our CCH financial model.

What is a financial model?

- A quantitative representation of expected financial performance. A tool that uses cost and performance data to predict financial outcomes.
- Useful internally (financial and strategic planning) and externally (business development).
- CCH Financial Models
 - *Inform*: Staffing, pricing, potential service volume
 - *Forecast*: Capital needs, breakeven points
 - *Demonstrate*: Return on Investment

What Questions Does the CCH Financial Model Answer?

Operations & Finance (Internal)

- “What financial information do we need to gather?”
- “What should the CCH include in its budget?”
- “How should we price our services?”
- “When will we break even?”
- “How might expenses and revenue change over time?”
- *Etc.*

Business Development (External)

- “What is the ROI?”
- “What is the cost per member?”
- “What volume of services can we offer?”
- “How might different referral conversion rates affect the savings per member?”
- “Should we pursue this new potential business opportunity?”
- *Etc.*

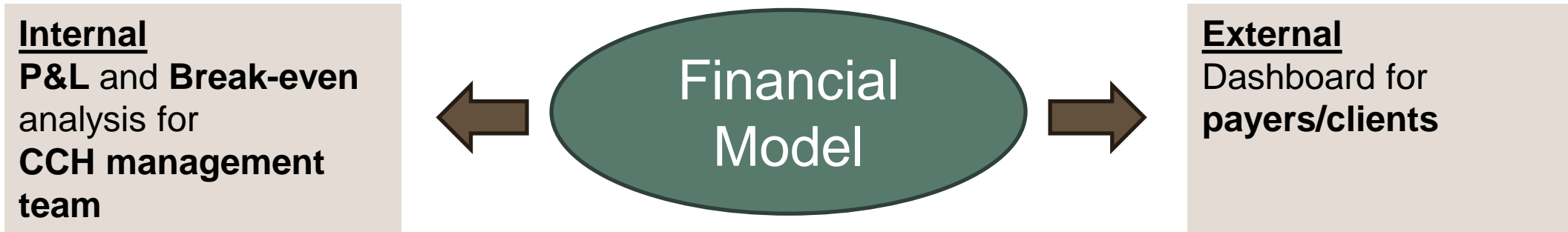
CHRT's Goals For The Model

- A functional CCH financial model to inform business and strategic decisions
- A flexible CCH financial model that could be used for multiple different CCH services
- A business development tool to demonstrate ROI to potential CCH clients

Assumptions in the Model

- Service Line = care management + medically tailored meals
- Services are delivered by the CCH's CBO partners
- CCH exists and is operational
- CBO services providers are ready to deliver services

CCH Financial Model - Outputs

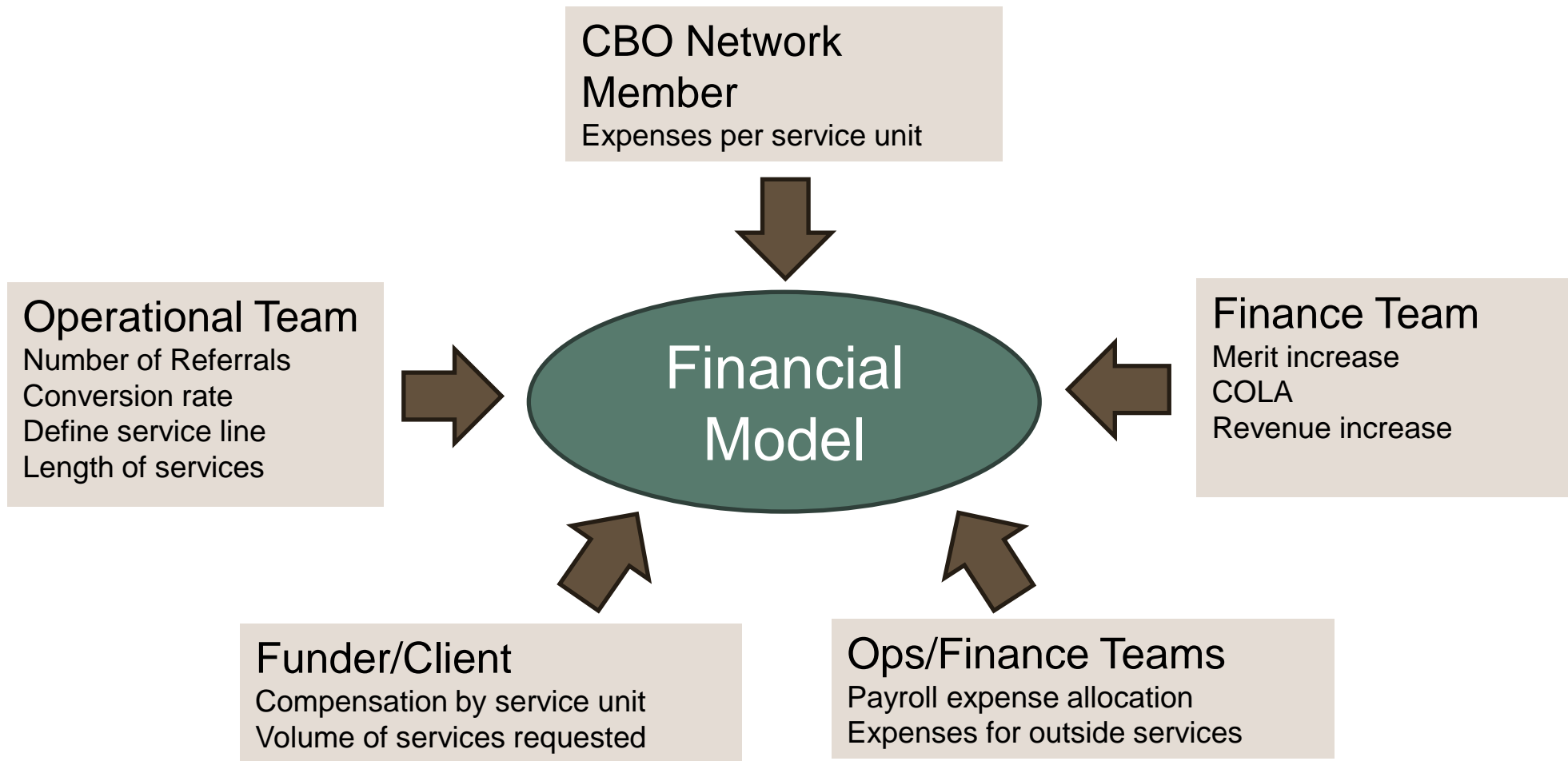


	A	B	C	D	E
1	Payer Savings Dashboard				
2	CONFIDENTIAL				
3	Estimated annual savings per participant	\$ 4,318	■		
4					
5	Health Plan Information Membership	54,000	■		
6					
7					
8	Total Membership	Engagement Rate	Total Number of Participants Receiving Food Services (Year 1)	Health Plan Cost Per Member (Year 1)	Health Plan Savings Per Member (Year 1)
9	54,000	0.5%	273	\$ 21.02	\$ 21.83
10					
11					

	A	B	C	D	E
1	CONFIDENTIAL				
2	CONFIDENTIAL				
3	Estimated annual savings per participant	\$ 6,596	■		
4					
5	Health Plan Information Membership	54,000	■		
6					
7					
8	Total Membership	Engagement Rate	Total Number of Participants Receiving Food Services (Year 1)	Health Plan Cost Per Member (Year 1)	Health Plan Savings Per Member (Year 1)
9	54,000	0.5%	273	\$ 21.02	\$ 33.35
10					
11					

	A	B	C	D	E	F	G	H
1	P&L CCH							
2	CONFIDENTIAL							
3			Preparation	Contract Initiation	Yr 1	Yr2	Yr3	
4								
5		Funding						
6		Revenue from payers			1,135,134	2,616,672	4,410,281	
7		Total Revenue			1,135,134	2,616,672	4,410,281	
8								
9		Direct Expenses						
10		Meal Expenses			671,814	1,503,536	2,184,605	
11		CBO Service Expenses			304,500	567,530	922,983	
12		Total Direct Expenses			976,314	2,071,066	3,107,588	
13								
14		Payroll						
15		CCH Admin expenses		56,250	73,483	235,702	242,746	250,001
16		Total Payroll		56,250	73,483	235,702	242,746	250,001
17								
18		Legal Expenses		10,000	20,000			
19		IT support		25,000	50,000	15,000	15,000	15,000
20		Total Other Expenses		35,000	70,000	15,000	15,000	15,000
21								
22		Profit/Loss		(91,250)	(143,483)	(91,882)	287,859	1,037,691
23								
24		Profit/Loss cumulative			(234,733)	(326,615)	(38,756)	998,935
25								
26								
27								
28								

CCH Financial Model - Inputs



CHRT

	A	B	C	D	E
1	Allocation per staff member				
2	CONFIDENTIAL				
3				30.00%	
4	Role	Staff Member	Salary	Benefits	Total Payroll
5	Executive Director	TBD	\$ 220,000.00	45,000	\$ 265,000.00
6	Health Equity Director				
7	Leadership CCH				
8	Strategic Business Development				
9	Product Development/Operations				
10	Contract Management (Compliance)				
11	Contract Management (Operations)				
12	Finance Management				
13	Financial Operations (Accounting)				
14	IT Data Management				
15	Admin Support				
16					

Role	Preparation phase	Contract Initiation phase 1	Operational phase
Executive Director	2%	2%	
Health Equity Director	5%	5%	2%
Leadership CCH	20%	20%	20%
Strategic Business Development	30%	30%	30%
Product Development/Operations Manager	50%	50%	50%
Contract Management (Compliance)	30%	30%	20%
Contract Management (Operations)	5%	5%	30%
Finance Management	25%	25%	20%
Financial Operations			
IT Data Management			
Admin Support			

	No. of months	Preparation phase	Contract Initiation phase 1	Operational phase
Preparation	M -6 to M -1	3	4	
Year 1	M -1 to M 11			12
Year 2	M 12 to M 23			12
Year 3	M 24 to M 35			12

	A	B	C	D	E	F	G	H	
1	Community Care Hub Input								
2	CONFIDENTIAL								
3									
4	Estimated Referrals per month								
5									
6	24								
	25	Estimated Participants per month/meal							
	26		Month						
7									
8	27		Year 1	Year 2	Year 3		Year 1	Year 2	Year 3
9	28	Tier 1 Meals + Services	Average	Average	Average		Total monthly	Total monthly	Total monthly
10	29	Tier 2 Meals + Services	Participants	Participants per	Participants per		participants per	participants per	participants per
11	30	Total Participants	per year	year	year		year	year	year
12	31		88	191	312		1,053	2,288	3,744
	32		88	191	312		1,053	2,288	3,744
	33	Number of days per week	176	382	624		2,106	4,576	7,488
16	35								
17	36	Meals per month							
18	37								
19	38								
20									
	39								
	40	Tier 1 Meals + Services							
21	41	Tier 2 Meals + Services	Year 1	Year 2	Year 3		Year 1	Year 2	Year 3
22	42	Total Meals per month	Average Meals	Average Meals	Average Meals		Total Meals per	Total Meals per	Total Meals per
23	43		per year	per year	per year		year	year	year
	44								
	45	Cost increase	1,931	4,195	6,864		23,166	50,336	82,368
			1,931	4,195	6,864		23,166	50,336	82,368
			3,862	8,390	13,728		46,332	100,672	164,736



Q & A

CHRT



Our mission.

To inspire and enable evidence-informed policies and practices that improve the health of people and communities.

Subscribe.

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Deana Smith, Associate Director of
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Our vision.

Facilitating community health improvements. Impacting state and national policy.

Our programs.

- Backbone support
- Data analysis
- Evaluation
- Fellowships
- Integration
- Issue briefs
- Learning communities
- Policy analysis
- Strategic communications
- Surveys