

The Business Case for Change

(Adapted from Lynn Madden- NIATx coach)

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Five Key Principles

Evidence-based predictors of change

- Understand and involve the customer
- Focus on key problems
- Select the right change agent
- Seek ideas from outside the field and organization
- Do rapid-cycle testing

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The Sixth Predictor - Business Case is the Key to Sustainability

- Economics really do drive an organization's ability to offer services
- A positive economic position is a better leverage point for clinical and/or organizational change
- Programs that drain resources from the organization are rarely expanded – they also have more difficulty attracting staff



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The Sixth Predictor - Business Case is the Key to Sustainability

- Changes that do not have a solid business case are rarely continued when there are competing financial priorities
- Often the financial business case and the clinical impact business cases are aligned
- If more clients are seen there are clinical benefits to the individual, the program, the community
- If more clients are billed there is a financial improvement for the program and organization



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Defining Business Case

- The Business Case is a Strategic Advantage that can be measured:
 - * Improved efficiency
 - * Improved effectiveness
 - * Lower employee turnover
 - * Improved bottom line



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Role of the Executive Sponsor as a Partner to a Change Leader

- Knowledge about reimbursement
- Access to Knowledge
- Permission to seek knowledge
(sharing of authority)



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Reimbursement is Complex

- Seek advice by program and by level of care – the rules really are different
- Your job is to translate between business interest and clinical interest – they need to be parallel
- Don't forget your own common sense – make a case for future marketing



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Calculating the financial impact of a change

- Simple is better – use averages such as average revenue per statistic or average cost per unit of service.
- Average revenue per statistic = the total program revenue divided by the program statistic (number of units of service)
- Cost “savings” need to be translated to client care gains.



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Kennedy Center – Financial Results of Improving Access

- With 15 more clients seen per week and an average reimbursement of \$50/client, revenue increased by \$750/week.
- Should they keep going with open access? What are the considerations for this agency?

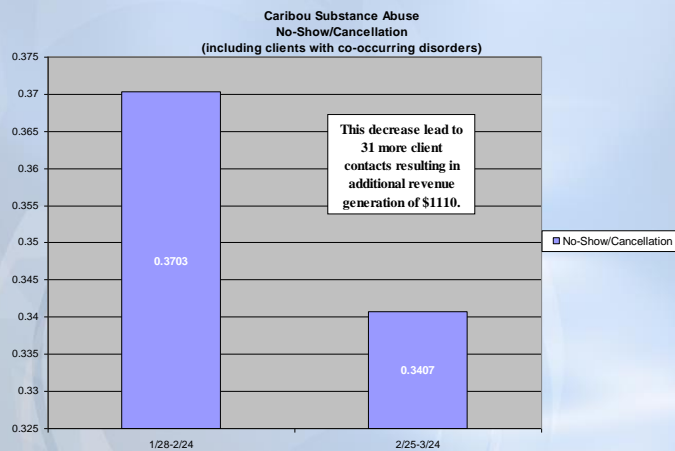


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Aroostook Mental Health Center tackles the no-show rate

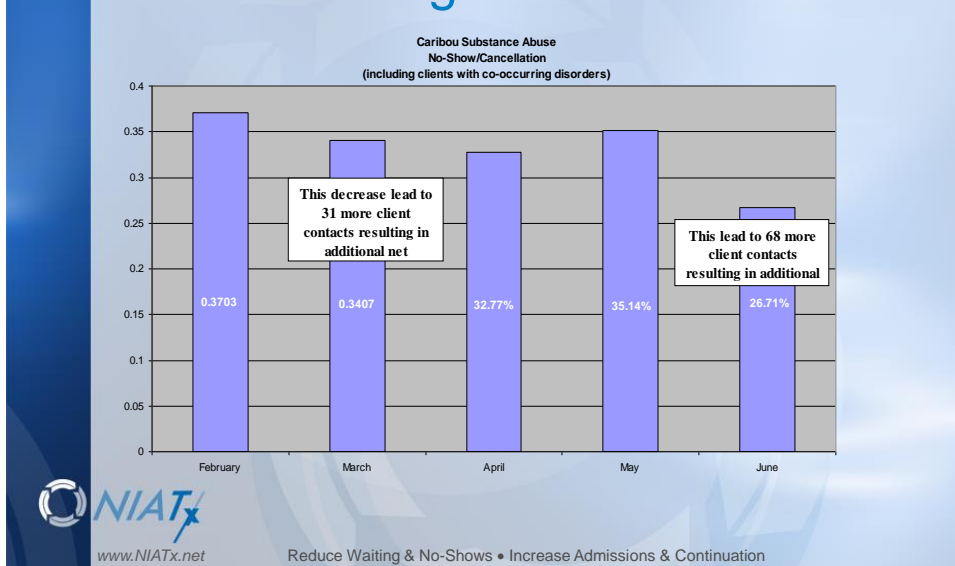


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Aroostook Mental Health Center – decreasing no show rate



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Small Changes Really Matter

- A 3% improvement in the no-show rate = \$1100/month or \$13,300/year
- This program is in a group of programs that together were intended to produce an operating margin of \$15,123
- This data helps answer the question – are we moving in the right direction?

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