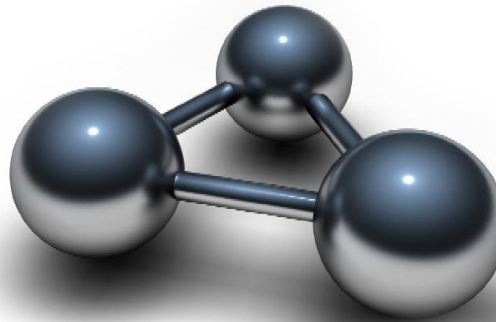


Hospice Profitability



Presented by
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The Model™ 
Balancing Purpose and Profit...

We are not attempting to “sell” MVI in this presentation as MVI is “not” for everyone. However, we will use MVI data and tools because viewers need to be aware of the origin of this material as well as the fact that it is practical.

The data presented is *real* data. The identities of hospices used have been replaced with “Sunny Day Hospice.”

We will speak as frankly as possible.

The Profit Reality In Hospice

The profitability of a well-run hospice can be astounding without sacrificing quality. In fact, both can be raised to world-class standards (the 90th percentile) with deliberate focus. The profit reality in hospice is that there are hospices that provide award-winning quality and have profits of 35% of NPR (Net Patient Revenue). I have personally helped create the proprietary Models for many such entities. Of course, this will translate into “doing” things that only outliers and the minority of hospices do. This takes overcoming the fears with associated such actions.

The Profit Reality In Hospice

However, currently there is an overall despair or negativity in the hospice movement regarding census and financial performance. This disposition is unnecessary.

Profitability in hospice is a choice. Profitability is largely an internally driven result and is, to a much lesser extent, a result of external forces.

Being “highly” profitable will require behaviors that are markedly “different” than the vast majority of hospices. Therefore, you can’t call around and find out the best known practices, because they don’t know...

The Profit Reality In Hospice

Our current reimbursement is more than enough to fund world-class hospice operations. This is evidenced by the lack of interest in understanding costs sufficiently to become true managed care organizations, professionals at mix and risk management.

Profitability is a Mindset

Profitably comes from our beliefs and world view.

If the ideas of profit and gain are a “turn-off” to you, then you need to resign from your hospice and do something else with your time.

I CHOOSE to view profitability in spiritual terms rather than simply dollars and cents. However, money is an EXCELLENT tool to use to demonstrate the skills of profitability.

Are You (Your Hospice) Profitable?

The most revealing and convincing evidence of profitability is your bank account.

It is objective feedback regarding the success of your leadership in the external world.

I don't give much consideration to theorists and academics unless they have actually built organizations which have accumulated large financial reserves derived from profitable operations (NOT COMMUNITY SUPPORT).

Community Support?

“Fundraising and
Community Support
provides the least return
for the most effort.”

Quote from one of most profitable CEO in hospice history

Community Support?

“Andrew, ignore Community Support and Fundraising. They don’t exist for you. Learn to operation a hospice without a dime from the community. I refuse to operate this hospice on the kindness of others to bail out sloppy operations.”

Deborah Dailey, Hospice CEO Legend

The 90th Percentile

We are **NOT** very interested in what the majority (the huddled masses) are doing. You can call up the hospice next door and find this type of practice information. To become highly profitable, you will have to become an “outlier” and do things that typical hospices are ignorant of or are afraid of doing. It is a lonely but highly satisfying road.

Don't focus on the mediocre majority.

The Main Factors of Profitability

1. The CEO
2. Value
3. Monthly Benchmarking
4. Your Model
5. Accountability
6. The CFO
7. Compensation Systems

Notice what is NOT on the List

- Environment
- Region of the country
- ADC Size
- Competition

Benchmarking – External References

Benchmarks are absolutely necessary to move from the ranks of *amateur* leader to the ranks of the hospice *professional*. Our movement is overflowing with people masquerading as hospice professional leaders. This is evidenced by poor financial performance. **HOW** can a leader be a professional without quite precise financial knowledge of the industry (movement)? This continually evolving knowledge should be recitable from memory. If it isn't, it isn't deep enough...

NPR = Net Patient Revenue

The Definition of Net Patient Revenue

Net Patient Revenue – Revenue earned for the provision of services to patients from sources such as Medicare, Medicaid, Commercial Insurance and Private Pay. It is less contractual allowances and bad debt. It does NOT include pass-through income such as: Nursing Home Room & Board, Contracted IP, Contracted Respite or Consulting Physician Services. It also DOES NOT include Community Support or Fundraising. It is very important that you have a clear understanding of this term because most comparison data is based on a percentage of Net Patient Revenue.

Calculating Percentage of Net Patient Revenue (NPR)

Example: Medication Costs for a Month

$$\$25,000 \div \$300,000 = 8.3\%$$

*All financial elements can be denominated as a
Percentage of Net Patient-Revenue.*

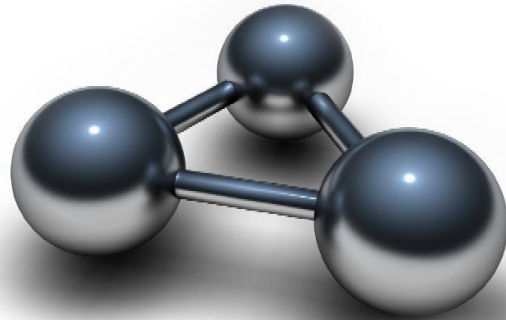


Why use the Percentage of Net Patient Revenue Approach rather than Patient-Days?

- [Comparison](#) - %s are comparable with other hospice programs to help us gain perspective (Pros vs Amateurs)
- [The Model](#) - Is better suited for the creation of “the model”. Percentages are “scaleable”, meaning they can be used by any size of hospice.
- [Easy to Understand](#) - People “get” percentages.



Hospice by the Numbers



MVI Multi-View Incorporated

BENCHMARKING

Benchmarking Application (BA)

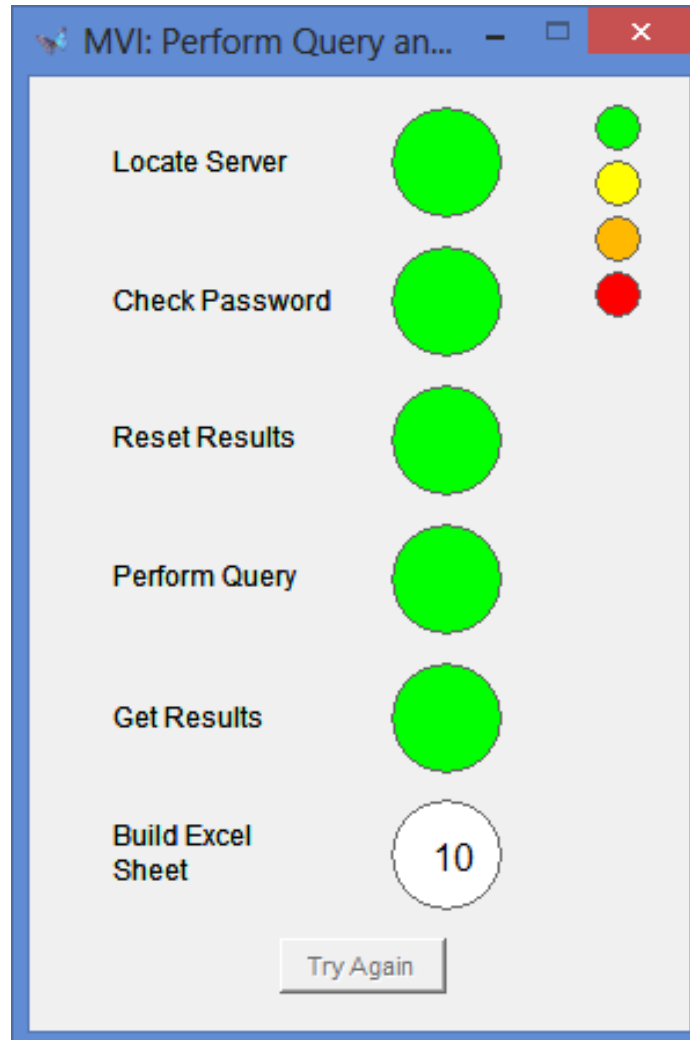
4 Digit MVI ID Number

9 Digit MVI Pass Word

It is recommended to limit your query parameters to one or two selections in order to Benchmark against the largest number of Hospices. If you leave a query field blank, it will retrieve all records for that field. The query will not retrieve any results if there are not at least three Hospices that match your query selections.

GENERAL OPTIONS	VENDOR COMPARISON	MODEL PRACTICES	HISTORICAL REPORTS
Region <input type="text" value=""/>		Tax Status <input type="text" value=""/>	
Avg. Daily Census Range <input type="text" value=""/>		Certificate of Need <input type="text" value=""/>	
State <input type="text" value=""/>		Accreditation <input type="text" value=""/>	
Service Area <input type="text" value=""/>			
Fiscal Intermediary <input type="text" value=""/>			
IP Unit(s) - GIP Percent <input type="text" value=""/>		Special Group ID <input type="text" value=""/>	
Palliative Care <input type="text" value=""/>			
Ownership <input type="text" value=""/>			

Ver: MVI 13.0.0_1.0.0



Hospice by the Numbers

Executive Dashboard

Sunny Day Hospice

2013 - YTD November

Locations: 643 Count: 338



Version: 13.0



[Average Daily Census](#)
[Average Length of Stay](#)
[Median Length of Stay](#)

[Net Patient Revenue/Patient-Day](#)
[Direct Labor/Patient-Day](#)
[Patient-Related/Patient-Day](#)
[Direct Labor % of Net Revenue](#)
[Patient-Related % of Net Revenue](#)
[Indirect % of Net Revenue \(Segment\)](#)
[Net Operational Income %](#)
[Segment Net Income \\$ \(Thousands\)](#)

Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %
666.9	117.7		93%	55.8	12.1		92%		6.3		
	75.8				8.5				59.4		
	20.5				6.0				41.3		
143.41	138.91		59%	555.99	566.30		48%	0.00	90.00		
59.06	57.44	50.05	45%	354.57	380.14	326.62	61%	0.00	118.03	0.00	
19.50	25.34	23.71	86%	70.37	73.25	65.32	52%	0.00	3.21	0.00	
41.2%	41.2%	38.0%	50%	63.8%	67.9%	60.0%	64%	0.0%	144.6%	0.0%	
13.6%	18.2%	17.0%	85%	12.7%	13.3%	12.0%	55%	0.0%	4.9%	0.0%	
43.1%	34.8%	30.0%	18%	27.5%	32.2%	24.0%	65%	0.0%	48.0%	0.0%	
2.1%	5.5%	15.0%	37%	-4.0%	-17.9%	4.0%	71%		-107.6%		
674	198		38%	(410)	(276)		71%		(108)		

Indirect % of Net Revenue	39.3%	35.0%	30.0%	30%
Indirect Labor	20.6%	22.2%	19.0%	63%
Operations	12.3%	8.3%	7.0%	14%
Facility-Related	6.4%	4.0%	4.0%	19%

IP Unit(s) Building Cost Statistics

IP Unit(s) Building Cost	14,850,000	3,670,000	-	6%
IP Unit(s) Cost Square Foot	245	206	-	35%
IP Unit(s) Cost per Bed	185,625	217,464	-	63%



Hospice by the Numbers

[Executive Dashboard](#)

Sunny Day Hospice

2013 - YTD November

Locations: 643 Count: 338



Version: 13.0



	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %
	Hospice				IP Unit				Palliative Care			
Est Weekly Visits per Patient	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %
RN	1.9	1.5	1.8	81%	16.8	22.1		34%		0.2		
LPN		0.3	0.6			4.5				0.0		
Hospice Aide	1.8	1.9	2.0	42%	9.8	19.5		12%		0.3		
SW	0.6	0.5	0.5	68%	1.7	2.0		40%		0.1		
Spiritual Care	0.2	0.3	0.3	19%	0.7	1.5		25%		0.0		
Physician	0.1	0.1	0.3	68%	4.3	4.2		52%		0.2		
On-Call		0.2	0.2			0.1				0.0		
Admissions	0.1	0.1	0.1	6%		0.6				0.0		
Bereavement		0.1	0.1			0.4				0.0		
Volunteer	0.4	0.2	0.2	82%	1.6	1.6		47%		0.0		

	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %
	Hospice				IP Unit				Palliative Care			
Est Weekly Visit-Hours per Patient	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %
RN	2:30	1:46	2:00	90%	8:10	11:27		75%		0:15		
LPN		0:20	0:36			2:54				0:01		
Hospice Aide	2:25	2:12	2:00	62%	22:57	11:38		68%		0:26		
SW	0:35	0:30	0:30	63%	1:39	1:31		52%		0:04		
Spiritual Care	0:08	0:14	0:18	18%	0:28	0:51		27%		0:01		
Physician	0:07	0:04	0:12	74%	4:18	2:00		90%		0:07		
On-Call		0:14	0:15			0:09				0:01		
Admissions	0:05	0:16	0:15	4%		0:52				0:04		
Bereavement		0:05	0:24			0:16				0:00		
Volunteer	0:10	0:18	0:24	20%	0:44	1:42		27%		0:02		

	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %
	Hospice				IP Unit				Palliative Care			
Average Visit Duration	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %
RN	1:18	1:11	1:00	66%	1:54	0:36		80%		0:58		
LPN		1:11	1:00			0:34				0:51		
Hospice Aide	1:22	1:08	1:00	80%	2:20	0:30		87%		1:03		
SW	1:03	0:59	1:05	58%	0:57	0:46		67%		1:00		
Spiritual Care	0:46	0:54	1:00	34%	0:37	0:37		52%		0:55		
Physician	1:00	0:51	0:40	66%	1:00	0:35		88%		0:57		



Hospice by the Numbers

Version: 13.0

	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %	Your Data	Median	MVI Model	Your Rank %
Computed Caseload	Hospice				IP Unit				Palliative Care			
RN	10.8	8.7	12.0	74%		4.3	6.0			1.4		
LPN		26.8	12.0			6.0	6.0			0.0		
Hospice Aide	12.5	10.3	10.0	68%		5.1	6.0			2.7		
SW	27.1	26.3	30.0	52%		12.0	15.0			2.5		
Spiritual Care	70.6	48.8	60.0	89%		18.2	75.0			4.4		
Physician		129.4	100.0			11.9				2.7		
On-Call		34.9	50.0			13.3						
Admissions	30.4	42.9	50.0	28%		15.4	40.0			9.2		
Bereavement		86.9	100.0			31.5						
Volunteer	45.5	88.8	100.0	6%		13.5						

Hospice Quality Reporting Requirements	Hospices w/Program	Your Data	Median	Count	Your Rank %
NGF #209: The percentage of patients reporting pain brought to a comfortable level within 48 hours of initial assessment.			61%	20	
Does your hospice have a QAPI program that addresses at least 3 indicators related to patient care?	100%			35	

FEHC	Your Data	Median	Count	Your Rank %
G1: Care patient received while under care of hospice (% of Excellent)		75%	54	
G2: Hospice team response to evening/weekend needs (% of Excellent)		70%	54	
D8: Confident knew what to expect when patient was dying (% Very Confident)		59%	55	
D3: Confident doing what was needed to take care of patient (% Very Confident)		71%	55	
C1: Patient's personal needs take care of (% of Always)		75%	55	

AIM Quality Measures	Your Data	Median	Count	Your Rank %
M1: Percent of patients who are assessed for physical symptoms and screened for psychological symptoms during the admission visit.		100%	15	
M2: Percent of patients with comprehensive assessment completed within 5 days of admission.		100%	20	
M3: For patients who assessed positive for pain, the percent whose pain was at a rating of none or mild at the second pain assessment.		91%	15	
M4: For patients who assessed positive for dyspnea at rest, the percent of patients who improved within 1 day of assessment.		90%	10	
M5: For the patients who assessed positive for nausea, the percent who received treatment within 1 day of assessment.		100%	9	
M6: Percent of patients on regularly scheduled opioids that have a bowel regimen initiated within 1 day of opioid initiation.		89%	12	
M7: For patients who screened positive for anxiety, the percent who receive treatment within two weeks of screening.		100%	7	

Hospice by the Numbers

Hospice Home Care – Percentage of Net Revenue Comparison

Sunny Day Hospice 2013 - YTD November



Direct Labor

	Your Data	Variance of Median	Median	10th Percentile	90th Percentile	MVI Model	Your Rank	Locations
		10.00%					50%	643
								Count 338
Nurses	14.78%	-2.67%	17.45%	25.14%	12.86%	14.00%	73%	310
Hospice Aide	4.66%	-1.32%	5.98%	10.12%	3.84%	7.00%	73%	317
SW	4.31%	-0.17%	4.48%	6.98%	2.60%	4.00%	53%	308
Spiritual Care	1.66%	-0.40%	2.06%	3.30%	1.08%	2.00%	70%	303
Physician	5.53%	3.74%	1.80%	4.20%	0.29%	2.00%	3%	211
On-Call	1.63%	-2.07%	3.76%	7.33%	0.75%	3.00%	78%	237
Admissions	4.63%	1.22%	3.41%	6.13%	0.87%	3.00%	24%	209
Bereavement	0.67%	-0.70%	1.37%	2.92%	0.40%	1.00%	78%	268
Volunteer	1.66%	0.52%	1.14%	2.00%	0.58%	2.00%	17%	275
Triage	1.59%	0.14%	1.45%	3.61%	0.63%	0.00%	46%	50
Total	41.18%	0.03%	41.15%	51.28%	29.67%	38.00%	50%	315

Direct Patient Related Expenses

Ambulance	0.55%	0.20%	0.35%	0.87%	0.06%	0.35%	29%	294
Bio Hazardous	0.08%	0.06%	0.02%	0.08%	0.00%	0.02%	10%	112
Crisis Care	2.07%	1.83%	0.25%	1.81%	-0.63%	0.37%	4%	31
Dietary	0.10%	0.04%	0.06%	0.37%	0.01%	0.10%	38%	103
DME	1.97%	-2.44%	4.41%	5.96%	2.89%	4.25%	97%	312
ER	0.00%	-0.08%	0.08%	0.24%	0.01%	0.08%		130
Food	0.00%	-0.06%	0.06%	0.24%	0.00%	0.06%		38
Imaging	0.24%	0.17%	0.07%	0.31%	0.01%	0.07%	14%	186
Lab	0.00%	-0.11%	0.11%	0.46%	0.02%	0.15%		284
Linen	0.00%	0.00%	0.00%	0.07%	0.00%	0.00%		6
Medical Supplies	0.78%	-0.72%	1.50%	2.38%	0.74%	1.50%	89%	308
Mileage	2.28%	-0.44%	2.72%	4.88%	1.55%	3.00%	67%	311
Mobile Phone	0.30%	-0.15%	0.45%	0.97%	0.11%	0.40%	74%	263
Other	0.04%	-0.05%	0.09%	0.67%	0.00%	0.00%	66%	180
Outpatient	0.06%	-0.06%	0.12%	0.80%	0.02%	0.15%	69%	200
Oxygen	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0
Pagers	0.00%	-0.06%	0.06%	0.25%	0.00%	0.00%		111
Pharmacy	3.71%	-2.35%	6.06%	9.11%	3.71%	6.00%	90%	316
Therapies	1.09%	0.59%	0.50%	2.04%	0.03%	0.50%	24%	273
Pass-Through Residual	0.32%	-0.02%	0.34%	2.70%	-2.17%	0.00%	52%	286
Total	13.60%	-4.55%	18.15%	24.03%	11.91%	17.00%	85%	314

Total Direct Expense

Contribution Margin



The Model
Balancing Purpose and Profit...

Hospice by the Numbers

IP Unit - Percentage of Net Revenue Comparison

Sunny Day Hospice 2013 - YTD November

MVI Multi-View
Incorporated
BENCHMARKING



Direct Labor

	Your Data	Variance of Median	Median	10th Percentile	90th Percentile	MVI Model	Your Rank	Locations Count
		10.00%					50%	643
Nurses	37.63%	-3.47%	41.16%	71.29%	32.12%	33.00%	66%	142
Hospice Aide	13.12%	-1.02%	14.14%	21.83%	8.21%	15.00%	60%	134
S/W	1.90%	-0.77%	2.67%	4.67%	1.56%	2.50%	79%	123
Spiritual Care	0.00%	-1.34%	1.34%	2.48%	0.58%	1.00%		101
Physician	8.55%	1.99%	6.56%	12.42%	0.84%	4.00%	38%	107
On-Call	0.00%	-0.30%	0.30%	2.53%	0.01%	0.00%		24
Admissions	1.92%	-0.56%	2.48%	6.71%	0.62%	2.00%	70%	69
Bereavement	0.17%	-0.79%	0.96%	2.56%	0.30%	1.00%	97%	73
Volunteer	0.42%	-0.65%	1.07%	2.41%	0.27%	1.50%	78%	79
Triage	0.00%	-1.09%	1.09%	3.83%	0.52%	0.00%		10
<i>Total</i>	63.77%	-4.16%	67.93%	98.37%	55.28%	60.00%	64%	141

Direct Patient Related Expenses

Ambulance	2.93%	1.93%	1.00%	3.09%	0.23%	1.00%	12%	126
Bio Hazardous	0.32%	0.19%	0.13%	0.40%	0.03%	0.10%	15%	70
Crisis Care	0.00%	-0.09%	0.09%	0.66%	-0.02%	0.15%		11
Dietary	0.00%	-0.19%	0.19%	3.24%	0.02%	0.08%		48
DME	0.32%	-0.08%	0.40%	1.82%	0.06%	0.40%	64%	121
ER	0.00%	-0.03%	0.03%	0.23%	0.00%	0.00%		18
Food	4.05%	1.82%	2.23%	6.83%	0.58%	1.75%	28%	119
Imaging	0.13%	0.05%	0.08%	0.32%	0.01%	0.10%	29%	56
Lab	0.00%	-0.07%	0.07%	0.39%	0.01%	0.10%		38
Linen	0.98%	-0.02%	1.00%	1.94%	0.10%	1.00%	54%	113
Medical Supplies	1.47%	-0.51%	1.98%	3.22%	1.12%	2.00%	75%	135
Mileage	0.39%	0.26%	0.13%	0.38%	0.02%	0.12%	9%	116
Mobile Phone	0.08%	0.01%	0.07%	0.30%	0.02%	0.07%	48%	65
Other	0.00%	-0.16%	0.16%	0.74%	0.02%	0.00%		85
Outpatient	0.02%	-0.05%	0.07%	0.27%	0.02%	0.15%	91%	49
Oxygen	0.00%	-0.53%	0.53%	1.55%	0.14%	0.48%		85
Pagers	0.00%	-0.01%	0.01%	0.05%	0.00%	0.00%		9
Pharmacy	3.51%	-0.49%	4.00%	8.28%	2.25%	4.00%	62%	136
Therapies	0.90%	0.35%	0.56%	3.00%	0.05%	0.50%	35%	95
Pass-Through Residue	-2.43%	-2.43%	0.00%	2.41%	-3.26%	0.00%	89%	46
<i>Total</i>	12.66%	-0.63%	13.29%	23.41%	7.88%	12.00%	55%	139

Total Direct Expense

Contribution Margin

MVI Multi-View
Incorporated
SYSTEMS



The Model
Balancing Purpose and Profit...

Hospice by the Numbers

Analysis of Indirect Costs

Sunny Day Hospice

2013 - YTD November



							Locations
							643
Your Data	Variance of Median	Median	10th Percentile	90th Percentile	MVI Model	Your Rank	Count
Alerts	10.00%					50%	338

Indirect Labor

Administration	2.12%	-3.55%	5.67%	13.49%	2.81%	3.50%	97%	288
Clinical Management	6.87%	1.36%	5.51%	8.91%	2.55%	5.50%	30%	265
Compliance/QAPI	1.05%	-0.19%	1.24%	2.95%	0.43%	1.00%	61%	195
Education	0.90%	0.01%	0.89%	1.98%	0.16%	1.00%	50%	17
Finance	1.59%	-1.14%	2.73%	4.82%	1.31%	2.25%	85%	224
HR	1.46%	0.33%	1.14%	1.98%	0.56%	0.75%	34%	191
Marketing	3.46%	0.98%	2.48%	5.04%	0.77%	2.00%	27%	235
Medical Director	0.00%	-1.59%	1.59%	3.62%	0.51%	1.00%		211
Medical Records	1.13%	0.01%	1.12%	2.24%	0.44%	1.00%	50%	184
MIS	2.03%	0.72%	1.31%	2.27%	0.57%	1.00%	16%	174
Other	0.01%	-0.66%	0.67%	3.67%	0.03%	0.00%	97%	134
Total	20.62%	-1.55%	22.17%	30.83%	15.43%	19.00%	63%	284

Operational Costs

Answering Service	0.00%	-0.10%	0.10%	0.28%	0.03%	0.10%		187
Accounting/Audit	0.19%	-0.16%	0.35%	1.11%	0.12%	0.35%	75%	252
Bank Service	0.01%	-0.04%	0.05%	0.22%	0.01%	0.05%	87%	235
Computer Expenses	1.41%	0.49%	0.92%	2.00%	0.19%	0.70%	23%	270
Consulting/Professional Fees	3.39%	3.05%	0.34%	1.43%	0.08%	0.30%	3%	222
Continuing Education	0.28%	0.00%	0.28%	0.86%	0.06%	1.00%	50%	282
Copier Expense	0.00%	-0.20%	0.20%	0.42%	0.05%	0.20%		180
Depreciation-Major Moveable	0.99%	0.08%	0.91%	2.03%	0.21%	0.75%	47%	178
Dues, Licenses & Subscription	0.44%	0.10%	0.34%	0.72%	0.17%	0.30%	34%	284
Insurance	0.78%	0.15%	0.63%	1.17%	0.31%	0.65%	33%	272
Interest-Operating	0.00%	-0.12%	0.12%	0.79%	0.01%	0.00%		124
Lease/Rent Equipment	0.00%	-0.12%	0.12%	0.51%	0.01%	0.10%		171
Total	0.48%	0.33%	0.15%	0.65%	0.02%	0.10%	15%	204



Hospice by the Numbers

Analysis of Indirect Costs

Sunny Day Hospice

2013 - YTD November



							Locations
	Your Data	Variance of Median	Median	10th Percentile	90th Percentile	MVI Model	Count
Alerts		10.00%					643 338
							50%
Office Supplies	0.28%	-0.07%	0.35%	0.77%	0.16%	0.35%	67% 290
Other Expenses	0.22%	0.08%	0.14%	0.68%	0.02%	0.00%	37% 172
Pagers (Non-Patient)	0.03%	0.00%	0.03%	0.14%	0.00%	0.00%	54% 51
Postage/Mailings	0.13%	-0.01%	0.14%	0.31%	0.06%	0.18%	55% 279
Printing	0.35%	0.14%	0.21%	0.50%	0.05%	0.20%	22% 248
Service Contracts-Operating	0.00%	-0.11%	0.11%	0.65%	0.01%	0.10%	149
Telephone	0.83%	0.26%	0.57%	1.12%	0.24%	0.50%	24% 286
Training-Groups	0.00%	-0.03%	0.03%	0.17%	0.00%	0.00%	127
Vehicle Exp-Owned/Lease	0.21%	0.16%	0.05%	0.56%	0.01%	0.04%	23% 106
<i>Total</i>	12.32%	4.05%	8.27%	13.15%	5.52%	7.00%	14% 278
Facility-Related Costs							
Alarm System	0.01%	-0.02%	0.03%	0.10%	0.01%	0.03%	81% 129
Cleaning & Paper	0.25%	0.10%	0.15%	0.49%	0.03%	0.15%	31% 231
Depreciation-Building	1.72%	0.49%	1.23%	3.42%	0.30%	1.00%	38% 216
Exterminating	0.00%	-0.02%	0.02%	0.04%	0.01%	0.02%	107
Interest-Facility	0.39%	-0.08%	0.47%	1.33%	0.08%	0.00%	56% 60
Landscaping	0.00%	-0.10%	0.10%	0.35%	0.01%	0.06%	167
Maintenance	0.98%	0.75%	0.23%	0.69%	0.03%	0.20%	6% 270
Maintenance Salaries	0.77%	0.14%	0.63%	1.49%	0.27%	0.50%	36% 227
Other-Facility	0.00%	-0.06%	0.06%	0.40%	0.01%	0.06%	68
Property Taxes	0.02%	-0.02%	0.04%	0.18%	0.01%	0.03%	63% 105
Rent	0.73%	-0.56%	1.29%	3.54%	0.10%	1.30%	65% 248
Service Contracts-Facilities	0.00%	-0.13%	0.13%	0.64%	0.02%	0.15%	189
Utilities	1.48%	0.96%	0.52%	1.20%	0.18%	0.50%	6% 268
<i>Total</i>	6.35%	2.38%	3.98%	7.79%	1.70%	4.00%	19% 281
Total Indirect Costs	39.29%	4.27%	35.03%	46.58%	27.85%	30.00%	30% 283

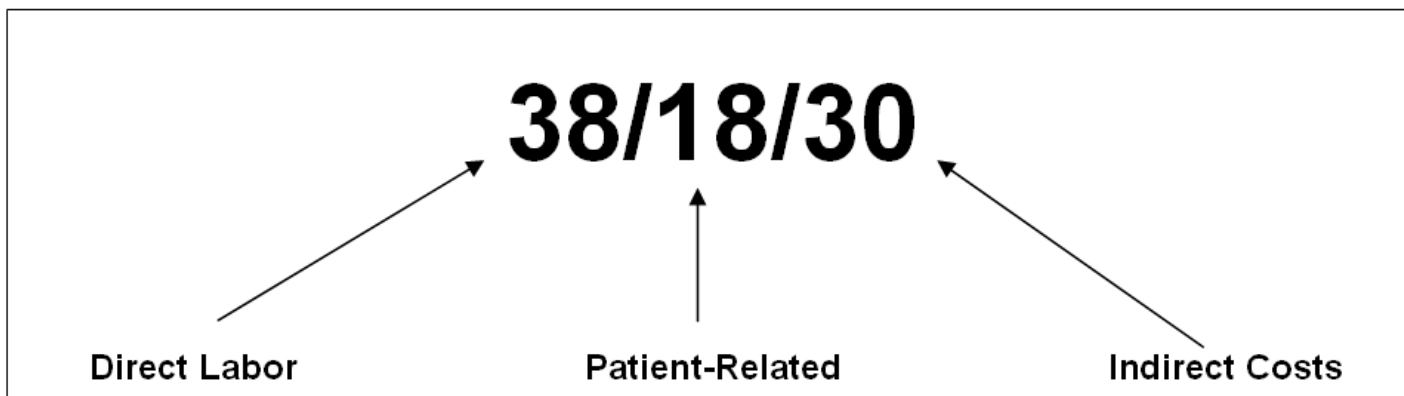


The Model
Balancing Purpose and Profit...

Behind Every Line is a Practice

I use financial benchmarking as a road map. Each line represents an area of focus and there is a best known practice for each.

In the MVI world, **cost follows function**. This means that all traceable costs for a function are grouped in each line. Examples: Admissions would include the admissions RN and any supporting staff for the admission function. If a CFO wants an assistant, the assistance is charged to the Finance area, not Administration.



- **The MVI Model – 38/18/30**
- So many hospices can achieve the 18% Patient-Related goal that it needs to be lowered. This produces a profit of 14%.
- **Typical Hospice Model – 41/19/35**
- A typical hospice will have a Model of 42/19/35. This is often an “organic” model of business that has evolved over time. This produces a profit of 5%.
- **Andrew’s Model – 35/14/28**
- Many people think that the MVI Model is Andrew’s Model. However, it is not. *The MVI Model is a model that is “achievable” for a typical hospice.* Andrew’s Model would be 35/14/28 which would render an 23% profit. Key deviations would be:
 - Increasing RN/Nursing Caseloads
 - Nearly Doubling Hospice Aid Services
 - Doubling Volunteer Services
 - Increasing SW and Spiritual Care Caseloads
 - Adding Homemakers as a service component
 - Patient-Related costs would be reduced to the 80% percentile simply by using select vendors
 - Most all Indirect Costs would be slightly less than the MVI Model producing a CUMULATIVE 2% savings.
- **Maximum Efficiency Hospice Model – 32/12/23**
- How efficient can a hospice become? We don’t know. However, a hospice can provide a high-quality service for far less cost than most hospices’ can imagine.

Do's and Don'ts #1

- Don't use Patient-Days, use NPR Percentages.
- Don't use Budgets, use a Model based on NPR percentages.
- Benchmark monthly for both the period and YTD. Use Unit or Memo accounts to make it EASY to pull operational statistics as well as financials using the F9 Report Writer.
- Link Compensation to Performance – Never pay enough that people are comfortable with their base pay. ALWAYS do this with leadership!
- Establish a 14% or more profit standard for Hospice Homecare operations. 10% overall.

Do's and Don'ts #2

- Don't make merger or long-term alignment decisions out of fear. Hospices literally “at the brink of hospice death” have come through with flying colors in remarkably short periods of time when they get serious about being extraordinary with high profit levels.
- Your Board of Directors is your #1 Threat, not Medicare, healthcare system changes or competition. Eradicate flawed thinking about being a “Not-For-Profit” and being highly profitable.
- “Manage the Loss” from Palliative Care, IPU's and other “extracurricular” programs. Limit the Palliative Care loss to a maximum of -2% of Hospice NPR.

Labor – Direct and Indirect

- The “unobvious” place to start is in your People Development (Training) area
 - Leaders
 - All Staff
 - Board of Directors
- Clear Standards
 - Productivity/Operational
 - Financial
 - Behavioral

Labor – Direct and Indirect

Hospices should have been building training centers rather than inpatient units. This would create far more value and more ROI.

Patient-Related Costs

Patient-Related costs are largely vendor and practice decisions.

Benchmarking tells you what to do here as all major vendors are benchmarked objectively.

A typical hospice runs 18%. This can be reduced to 14-15% with a few moves.

Vendor Selection – Critical to the Value Chain

MVI: Define Your Search

4 Digit MVI ID Number

5643


9 Digit MVI Pass Word


#####


MVI Multi-View
Incorporated

BENCHMARKING

Benchmarking Application (BA)







It is recommended to limit your query parameters to one or two selections in order to Benchmark against the largest number of Hospices. If you leave a query field blank, it will retrieve all records for that field. The query will not retrieve any results if there are not at least three Hospices that match your query selections.

GENERAL OPTIONS	VENDOR COMPARISON	MODEL PRACTICES	HISTORICAL REPORTS
Pharmacy Vendor	<div><div></div><div>?</div></div>		
Medical Supplies Vendor	<div><div></div><div>?</div></div>		
DME Vendor	<div><div></div><div>?</div></div>		
Patient System	<div><div></div><div>?</div></div>		
Accounting System	<div><div></div><div>?</div></div>		
Donor System	<div><div>Allscripts</div><div>CareAnyware</div><div>Custom System</div><div>HealthCare First</div><div>Healthware</div><div>Homecare Homebase</div></div>	<div>Update Vendors</div> <div>?</div>	

Get Data

Ver: MVI 13.0.0_1.0.0

Indirect Costs

Scores of hospices are presently “impaling” themselves on excessive Indirect Costs as they have not been conservative enough during times of high census.

Indirect Costs – Hospices build these up and love to hold parades and ribbon cuttings . However, to the astute, a 5-minute tour is more impressive than a 1-hour tour.

Factor #1: The CEO

The CEO is the Chief Financial Officer that establishes financial standards and policy. The CEO must firmly set the profit standard. THE CFO SHOULD NOT SET THE PROFIT STANDARD. The CEO must lead financial initiatives by reviewing performance and immediately addressing performance that not to standard as well as rewarding those that meet the standard (This establishes the cultural behavior that all other leaders will emulate). The CEO must be able to stand up to the Board of Directors, CFO or any other person that does not “get” the importance of being *highly* profitable. Any indigestion about making money and other outdated NFP mentalities should be dispensed with...

Whether stated or not, everyone (Board of Directors, community and staff) expect the CEO to be able to guide the organization to financial success. Otherwise they would not have hired the CEO in the first place.

Factor #2: Value

The value proposition of the organization must be extraordinary. Every patient, every time. The value should be undeniable. If high-value is not created or it is perceived as only “marginally” better than alternatives, the organization will not be highly profitable over the long-term .

Factor #3: Monthly Benchmarking

This objective and frequent perspective is your #1 tool to influence others in a positive direction and tells you if your hospice is an outlier or is a follower of the mediocre majority. This monthly objective perspective is a must. This is one of your primary financial educational tools. ***Always benchmark against ALL other hospices in the database regardless of size, tax status, region of the country, etc.*** You want a national perspective. To provide a “filtered” perspective is to dumb down your team. Compare yourself with every hospice in the database as the most data-oriented and sophisticated hospices gravitate to benchmarking.

Factor #4: Your Model

Your Model is your standards, both clinical as well as financial. Regarding the topic of profitability, this is your numeric communication of standards, including profit level. These standards must be crystal clear and everyone should know them. A large profit should be expected (14%+) and should not be a surprise. A surprise is when performance exceeds or is less than your Model. Each business segment must have a Model. A standard is not a goal. It is a normal performance.

Factor #5: Accountability

This ties to your Model. There can be no meaningful conversation about accountability without clear standards. If a leader cannot meet the standards, he or she must be removed from the organization, otherwise standards are meaningless. Standards must be met 100% of the time. No exceptions. This would include accountability time-frame standards which are measured in weeks and not months following the CEO's leadership example.

Factor #6: The CFO

The CFO is the 2nd most powerful financial position as he or she holds influential financial data. IF a CFO thinks that an 8% profit is good, you have a problem. The extraordinary CFO is a teacher and helps staff create value and adhere to the Model for all the right reasons. He or she also forces out sub-performers efficiently.

Factor #7: Compensation

Performance compensation is ***the most reliable and powerful structural tool for influencing healthy organizational behavior***. Every paycheck becomes a report card for individual, team and organizational performance. This is the quickest way out of financial problems. This can only be done if clear operational standards have been created.

Lead by Example

***Be** rather than to **Seem**...*