Preparing For An Uncertain Future In Health & Human Services: A Guide To Scenario-Based Strategy Development

The 2017 OPEN MINDS Management Best Practices Institute
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Agenda

I. Why Organizations Need An Externally-Focused, Resource-Based Approach To Strategic Planning

II. Emergence Health Network: A Strategic Planning Case Study
   • Kristi Daugherty, Chief Executive Officer, Emergence Health Network
   • Rene Hurtado, Chief of Staff, Emergence Health Network

III. Questions & Discussion
Why Organizations Need An Externally-Focused, Resource-Based Approach To Strategic Planning
What Is Strategic Planning?

Strategic planning is your organization’s process of continually assessing its internal capabilities and the external environment (payers, consumers, and competitors) in order to determine how best to use its limited resources to meet your strategic objectives.
Value Of Planning For Your Organization

- Interprets the mission and vision, providing clear direction for the short-term and for the future
- Serves as a formal process to allocate limited resources
- Establishes strategic priorities
- Ensures organizational alignment
- Establishes the basis for on-going performance reporting on organizational status provided by the chief executive officer to the board
Value Of Planning For CEO & Management Team

- Provides clarity from the board regarding organizational priorities and performance expectations
- Serves as the basis for development of organizational infrastructure and operating plans
- Serves as the basis for departmental and program plans
Making New Models A Sustainable Reality Takes New Management Practices & Discipline

1. Develop vision of future competitive advantage and market positioning
2. Scenario-based strategic plan incorporating alternate future positioning options
3. Detailed plans – marketing, financial, operational, capital, HR, etc. – to implement strategy and future vision
4. Key performance metrics and metrics-based management to track strategy implementation (and allow mid-course adjustments)
5. Optimization of current operations to keep current programs as competitive (and profitable) as possible as long as possible
6. New service model development to support future vision
7. Collaborations as needed to facilitate new market vision
Recommended Phased Business Strategy Development Process

Phase One
- Scenario-based strategy development

Phase Two
- Modification of business unit plans to support strategy implementation

Phase Three
- Development of executive team performance dashboard
Phase One: Scenario-Based Strategy Development

1. Confirm short-term and long-term organizational objectives
2. Analyze external and internal factors that affect strategy
3. Identify likely environmental scenarios and related strategic issues and priorities
4. Develop strategic priorities and related tactics
5. Develop a strategic action plan with a high-level implementation plan
Phase Two: Modification Of Business Unit Plans To Support Strategy Implementation

- Marketing and development plan
- Technology and communications plan
- Operations management plan
- Financial management plan
- Human resource and talent management plan
- Organizational and program budgets
- Financial management organizational strategies
- Recommendations regarding organizational structure
Phase Three: Development Of Executive Team Performance Dashboard

Determine critical performance outcomes for success of strategy

Identify leading indicators and metrics that track these performance outcomes

Develop key performance indicator metrics and related specifications

Create an executive team performance dashboard based on these strategy key performance indicators
Overview Of Strategic Planning Process

1. Review/Establish Mission/Vision/Objectives
2. Gather External Information/External Analysis – Trends & Competitors
3. Gather Internal Information/Internal Analysis – Service Portfolio Analysis
4. Identify Options for Achieving Objectives - Strategies, Tactics, Markets & Services
5. Develop Operational Plans – Marketing & Business Development, HR & IT
6. Develop Budget & Financing Plan
7. Develop Detailed Implementation Action Plan
8. Develop Key Performance Indicators
Common Strategic Options For Consideration

- Closure of services/service lines that are not profitable and/or affordable and/or “good fit”
- Strategies to improve margins of existing service line
- Building “value added” products to increase margins
- Expansion of successful service lines (expansion of geography, new customer base, etc.)
- Diversification of revenue sources
- Reconfiguration of services within “value chain”
- Strategies to address shifting “economy of scale” issues
PREPARING FOR AN UNCERTAIN FUTURE IN HEALTH & HUMAN SERVICES:

A GUIDE TO SCENARIO-BASED STRATEGY DEVELOPMENT

Emergence Health Network
ANALYSIS & STRATEGIC OBJECTIVES

- Situation Analysis
- Hurdles and Challenges
- Plan Development and Approval
- Next Steps...
WHO WE ARE

- Emergence Health Network
- Mental Health/IDD Authority for El Paso County
- Unit of Local Government
- 7-Member volunteer board appointed by County Commissioners and Hospital District
- Manage large State HHS contracts in MH outpatient, Crisis and IDD services
WHO WE ARE

• 600 employees
• $60 million operating budget
• 16 locations
• Clinician Shortage
• Lack of local contribution to service delivery system
• Low per capita income; provide services to some of the poorest zip codes in the country
• Historical reliance on State contracting and general revenue
• Board, CEO and Executive Staff have been operating without a usable Strategic Plan
WHO WE ARE

- Mental Health Outpatient
- IDD Day Habilitation
- Children’s MH Clinic
- Substance Use Disorder
- Therapy Services
- Veterans Outreach
- Extended Observation Unit
- Intensive Outpatient Services
- Jail-Based Services
- Supportive Housing
- ACT
- Services for the Justice Involved
- YES (Youth Empowerment Services)
SITUATION ANALYSIS

Five years ago, Agency was facing serious operational challenges
- Reconstituted Board of Trustees
- New CEO
- Financial Issues
- Operational Inefficiencies
- Lack of Community and Stakeholder Trust
SITUATIONAL ANALYSIS

To address these issues, EHN embarked upon an aggressive transformational plan.

• Improved service delivery systems
• Addressed staffing and process inefficiencies
• Filled leadership voids in quality management, billing & collection and clinical services.
• Created of Diversion Division
SITUATIONAL ANALYSIS

• Added Communication and Government Relations staff
• Engaged reconstituted board as agency advocates
• Outreach to local partners in healthcare, government, law enforcement and education
SITUATIONAL ANALYSIS

Emergence Health Network and El Paso are now reaping the benefits of the transformational plan:

• Regional training hub for Mental Health First Aid
• Agreement with County and Sheriff’s office for provision of Jail-based services
• Program expansion in substance use and crisis services
SITUATIONAL ANALYSIS

What now?

Emergence is now at a crossroads in respect to effective planned growth and program development

• Governmental and Payor challenges?
• Service Diversification Options?
• Quality-based reimbursement?

These and other factors indicated that is now time for the Board and Executive Leadership to set long term strategic directions.
THE PLAN

Emergence Health Network had been operating and making key operational and finance decisions without a defined strategic road map for the next 1—3—5 years.
THE PLAN

Emergence partnered with Open Minds to initiate a strategic planning process.
THE PLAN

Before initiating the process, EHN had to ensure that both the organization and Trustees were ready to take ownership of a strategic plan and ensure implementation and follow through.

- Board training to reinforce appropriate advisory roles.
- Solidified appropriate board subcommittee structure
- Initiated divisional Reorganization for organizational efficiency.
- Installed internal controls in Finance, Clinical Operations and Human Resources.
THE PLAN

Open Minds helped guide the strategic planning process for Board and staff

• Education of local, state and national environmental factors
• Review of mission, vision and values
• Review of agency financials
• Feedback from stakeholders (including staff and board members)
KEY ENVIRONMENTAL FACTORS

- Funding sources shifting to managed care models
- Search for integrated care models that work
- Value Based models focused on performance and quality measures
- DSRIP funding uncertainties
- Continued staffing challenges
KEY ENVIRONMENTAL FACTORS

• The largest provider of outpatient behavioral health services in the region.
• Improved name recognition and consumer & stakeholder confidence
• Strong organizational infrastructure to allow for programmatic growth and diversification
• Highly qualified management team
• Recognized Industry Leader
Based on the in-depth analysis of the agency’s mission, values, financial outlook and key environmental factors, the Board of Trustees approved a three-year Strategy Implementation Plan for Emergence Health Network.
The EHN 2017-2020 Strategic Plan represents the future direction of our local system of behavioral healthcare and support services.

- Four pivotal findings were identified
- Five strategic objectives were approved
STRATEGY IMPLEMENTATION PLAN

Key Finding #1
Emergence is financially stable and has been able to operate the organization at a positive operating margin for a number of years. This puts the organization in a strong position to weather the changes in the marketplace as well as to continue to make investments to assure that it continues to achieve its mission and expand its impact.
Key Finding #2

The State of Texas Medicaid Section 1115 Waiver programs and funding, representing roughly one-third of Emergence Health Network’s total revenue in 2016, are at risk for reduction or elimination as early as 2018.
Key Finding #3
Emergence Health network has human resources challenges to address in order to ensure it can hire and retain qualified staff to deliver services.
Key Finding #4

Emergence Health Network has opportunities to increase its positive impact on individuals, communities and the overall Paso Del Norte region health care system by proactively communicating, collaborating and partnering with other community organizations.
STRATEGY IMPLEMENTATION PLAN

• Strategic Objective #1 – Service Excellence
To maintain and communicate Emergence Health Networks’ position as a premier provider of behavioral health services in the Paso Del Norte region that adapts to the changing landscape and community needs
STRATEGY IMPLEMENTATION PLAN

• Strategic Objective #2 – Advocacy
To expand Emergence Health Network’s role and impact as a leader and advocate for consumer-centered, quality health care services
STRATEGY IMPLEMENTATION PLAN

• Strategic Objective #3 – Integration
  To enhance and implement existing and innovative clinical programs which integrate mental health, addiction, intellectual and developmental disability, and primary care services.
STRATEGY IMPLEMENTATION PLAN

• Strategic Objective #4 – Human Resources

To establish Emergence Health Network as an employer of choice and to invest in its human capital resources to recruit, develop and retain a skilled, caring and diverse workforce committed to achieve its mission.
STRATEGY IMPLEMENTATION PLAN

- Strategic Objective $5 – Financial Stability

To pursue revenue diversification and right-sizing of services, supports and prevention activities, so that Emergence Health Network maximizes its impact on individuals, families and the communities it serves.
Additional Objectives

• Leverage EHN’s technology infrastructure
• Implement balanced scorecard and performance dashboard
• Develop and update EHN’s various department plans to ensure successful implementation of Center strategic plan
STRATEGY IMPLEMENTATION PLAN

- The three-phase plan will roll out over three fiscal years.
- A staff directed operational plan is being developed with detailed tasks and timelines that will be used to guide implementation.
- Board will receive quarterly updates.
Questions & Discussion
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