

AOHC Finance Officers Meeting

Introducing a Set of Public Health Financial Indicators

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Financial Indicators

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- Quantify changes in key factors related to financial status
 - Analyze trends
 - Compare financials to other local public health agencies
- Initial set
 - 46 data points collected
 - 39 financial indicators
 - ✦ Calculated from agency data
 - ✦ Ratio – (numerator / denominator)
 - ✦ Expressed as a number or a percent

Outline for Indicators' Intro

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- Categories of indicators
- Subset of indicators for each category
 - Definition
 - Ratio
 - Warning Trend
 - Collecting Data
 - Reporting
 - Analysis

Categories of Financial Indicators

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- Classified according to the information they provide:

- ✦ Revenue

- Growth

- Diversity

- Flexibility

- Dependability

- ✦ Expenditures

- Growth

- Productivity

- Priorities

- Effectiveness

- ✦ Mission

- Community needs

- Financial Alignment w/Mission

- ✦ Community

- Population

- Growth

- Poverty Levels

- Age

Revenue Indicators

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- Revenues per Capita
- Restricted Revenues
- Sources of Revenues

Federal	Medicare
State	Medicaid
County	Fees
Other	

- Additional Revenue Breakouts

One-time Revenues	Venture Generated Revenues
County Special Tax	Home Health
Grants	

More Revenue Indicators

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- **Total Margin**
 - $(\text{Total Revenue} - \text{Total Expenditures}) / \text{Total Revenue}$
 - Amount each dollar of revenue generated in surplus (deficit) operating dollars
 - Warning Trend – Negative values
- **Operating Surplus**
 - $(\text{Total Revenues} / \text{Total Expenses})$
 - Measures excess of revenues over expenses
 - Warning Trend – Ratio values $< 100\%$

Financial Indicators: \$\$\$\$ Revenues per Capita

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- Changes in revenues relative to population size
- Ratio
 - Total Revenues / Total County Population
- Warning Trend
 - Decreasing revenues per capita
 - ✦ Revenues are decreasing
 - ✦ Population is increasing

Data for Revenues per Capita

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	Year End 2007	Year End 2006	Year End 2005	2006-2007	2005-2006
Demographic					
1 Total Population (Estimates)	1,087,172	1,050,939	1,047,939	3.4%	0.3%
2 Median Population age	33.3	33.3	33.3	0.0%	
3 % of Population below poverty	12.1%	12.1%	12.1%	0.0%	
4 # of residential building permits	160,000	150,000	140,000	6.7%	
Revenues and Budget					
5 Total Revenues	\$ 34,069,850	\$ 32,000,000	\$ 30,980,000	6.5%	3.3%
6 Total Restricted Revenues	\$ 23,167,049	\$ 19,800,100	\$ 19,800,100	17.0%	
7 Total Annual Operating Budget	\$ 36,489,462	\$ 32,100,000	\$ 29,840,000	13.7%	
Ratios		Ratio Formulas			
NO DATA NEEDED IN THIS SECTION					
Revenue Ratios		Year End 2007	Year End 2006	Year End 2005	
1 Revenues per capita (Total Revenues/Population)		31.3	30.4	29.6	2.9% 3.0%

Reporting & Analysis:

Revenues per Capita are increasing

- Population change is small
- Result of increases in total revenue

Which source?

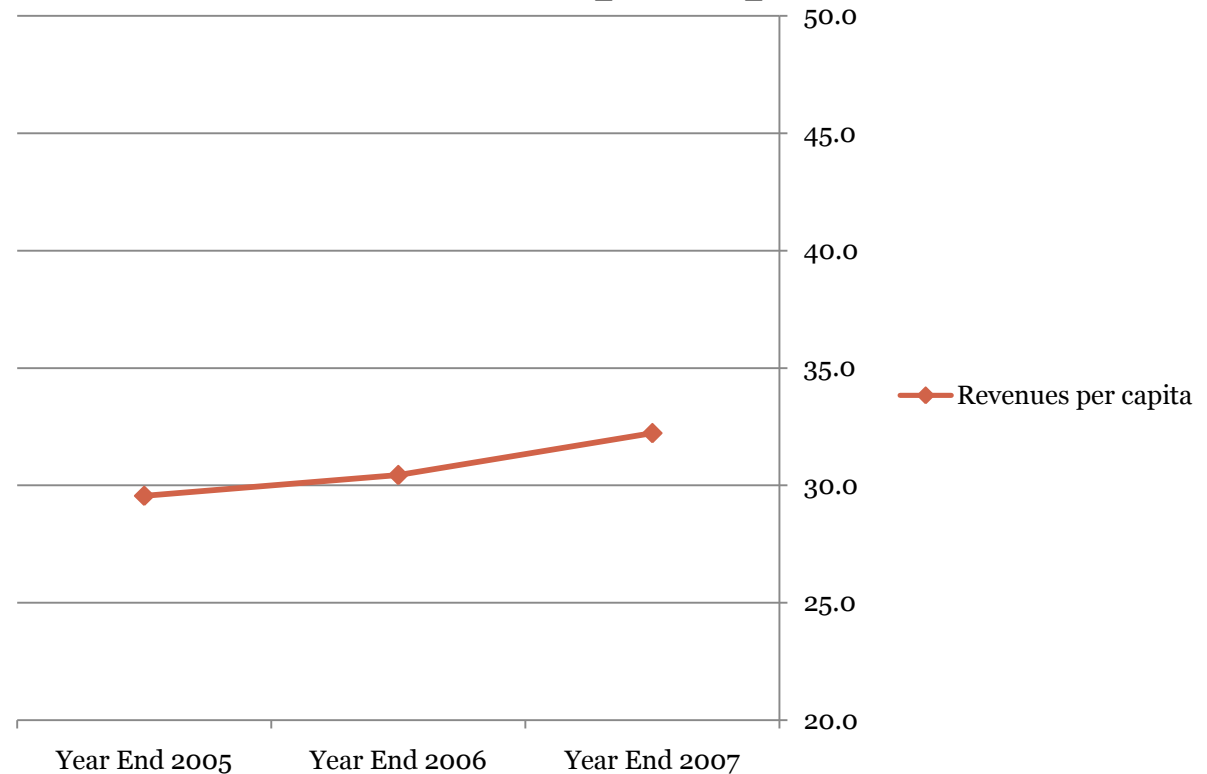
Temporary or long-term?

Are increasing revenues sustainable?

Number of services increased?

Costs increased?

Revenues per capita



Reporting

Financial Indicators: Sources of Revenue

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- Revenues from
 - Federal, state, and local government
 - Medicaid
 - Medicare
 - Fees from customers
 - Vital Statistics
 - Private insurance
 - Other
- Ratios:
 - Revenues by Source of Revenue / Total Revenues
 - Examples:
 - ✦ Total Federal Revenues / Total Revenues
 - ✦ Total State Revenues / Total Revenues
 - ✦ Total County Revenues / Total Revenues
- **WARNING TREND:** Decreasing trends signal potential erosion of funding source

Data for Sources of Revenue

		Year End 2007	Year End 2006	2006-2007
	Revenues and Budget			
5	Total Revenues	\$34,069,850	\$32,000,000	6.5%
	SOURCES OF REVENUE			
9	Federal Revenues (Exclude Medicaid/Medicare Reimbursements)	\$16,723,658	\$15,954,666	4.8%
10	State Revenues	\$5,730,575	\$4,332,666	32.3%
11	County Government Revenues	\$1,359,985	\$1,192,000	14.1%
12	Medicaid Revenues	\$4,751,566	\$5,770,000	-17.7%
13	Medicare Revenues	\$83,244	\$186,000	-55.2%
14	Total Fees from Clinical & Immunization Services	\$1,052,022	\$941,500	11.7%
15	Total Fees from Environmental Health Services	\$1,323,120	\$1,240,000	6.7%
16	Total Fees from Vital Stats	\$98,000	\$78,000	25.6%
17	Total Fees, Other	\$86,000	\$8,500	911.8%
18	Total Other Revenues	\$2,861,680	\$2,296,668	24.6%
	TOTAL OF REVENUES FROM ALL SOURCES	\$34,069,850	\$32,000,000	6.5%
	Ratios		Ratio Formulas	
	NO DATA NEEDED IN THIS SECTION			
	Revenue Ratios	Year End 2007	Year End 2006	
2	Federal Revenues as % of Total Revenues (Federal Revenues/Total Revenues)	49.1%	49.9%	-1.5%
3	State Revenues as % of Total Revenues (State Revenues/Total Revenues)	16.8%	13.5%	24.2%
4	County Revenues as % of Total Revenues (County Revenues/Total Revenues)	4.0%	3.7%	7.2%
5	Medicaid Revenues as % of Total Revenues (Medicaid Revenues/Total Revenues)	14%	18%	-22.7%
6	Medicare Revenues as % of Total Revenues (Medicare Revenues/Total Revenues)	0.2%	0.6%	-58.0%
8	Total Fees as a % of Total Revenues (Total Fees/Total Revenues)	7.5%	7.1%	6.0%
11	Other Revenue as % of Total Revenues (Other Revenue/Total Revenues)	8.4%	7.2%	17.0%
15	One Time Revenues as a % of Total Revenues (One Time Revenues/Total Revenues)	0.0%	0.0%	#DIV/0!

Reporting & Analysis

Warning: Decreasing trends

- Total revenues increase while revenue source is stable or decreases
- Revenue sources decreasing

In the example which revenue sources are changing in relation to Total Revenue?

Federal

Medicaid

Medicare



State

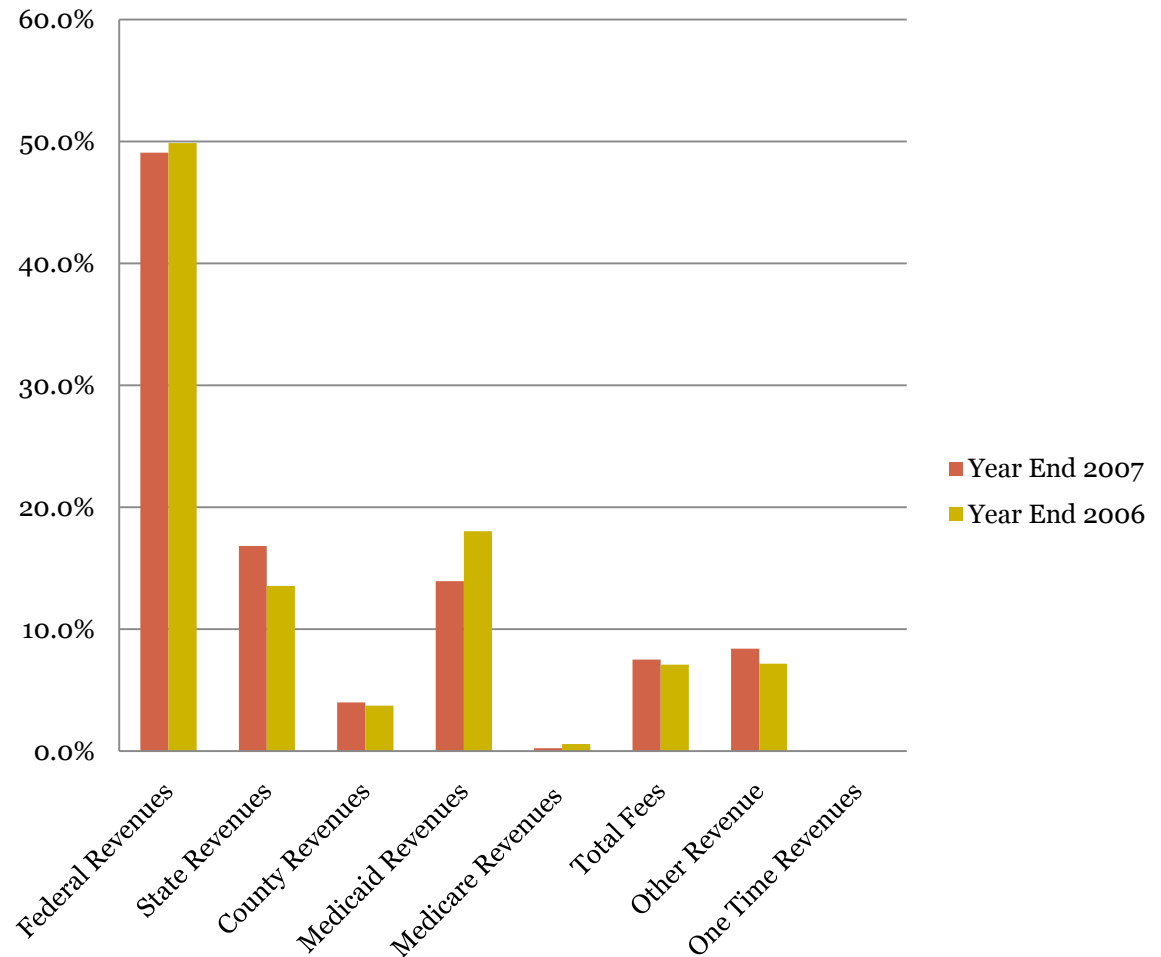
County

Fees

Other



Sources of Revenue as % of Total Revenues



Financial Indicators: Other Revenue Breakouts

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Revenue Breakouts as % of Total Revenues

One-time Revenues	<u>Ratio:</u> One-time Revenues/Total Revenues <u>Warning Trend:</u> Increasing One-time Revenues
Home Health	<u>Ratio:</u> Home Health Revenues/Total Revenues <u>Warning Trend:</u> Increasing Home Health Revenues (Not aligned w/PH Mission)
Grant Revenues	<u>Ratio:</u> Total Grant Revenues/Total Revenues <u>Warning Trend:</u> Decreasing Grant Revenues
County Special Tax	<u>Ratio:</u> County Special Tax Revenues/Total Revenues <u>Warning Trend:</u> Decreasing County Special Tax Revenues
Agency Venture-Generated	<u>Ratio:</u> Agency Venture-Generated Revenues/Total Revenues <u>Warning Trend:</u> Decreasing Agency Venture-Generated Revenues

Data for Other Revenue Breakouts

		Year End 2007	Year End 2006	2006-2007
Revenues and Budget				
5	Total Revenues	\$34,069,850	\$32,000,000	6.5%
ADDITIONAL REVENUE BREAKOUTS				
20	One-Time Revenues	\$850,000	\$630,000	34.9%
21	County Special Tax Revenue (Provide Millage Rate in column G)	\$300,000	\$0	#DIV/0!
22	Other Agency Venture Generated Revenues (Provide Description in Column G. Ex. Wellness programs, mini course grant writing, trainings, etc)	\$25,000	\$25,000	0.00%
23	Total Revenues from Home Health	\$0	\$0	#DIV/0!
24	Grant Revenues	\$8,585,041	\$6,890,000	24.6%
Ratios				
NO DATA NEEDED IN THIS SECTION				
Revenue Ratios		Year End 2007	Year End 2006	Ratio Formulas
7	Total Grant Revenue as a % of Total Revenues (Total Grant Revenues/Total Revenues)	25%	22%	17.0%
9	Total Home Health Revenue as % of Total Revenues (Total Home Health Revenue/Total Revenues)	0.0%	0.0%	#DIV/0!
15	One Time Revenues as a % of Total Revenues (One Time Revenues/Total Revenues)	2.5%	2.0%	26.7%
Mission Critical Ratios				
31	County Special Tax Revenue as % of Total Revenues (County Special Tax Revenues/Total Revenues)	0.9%	0.0%	#DIV/0!
32	LPHA Venture Generated Revenues as % of Total Revenues (LPHA Venture Generated Revenues/Total Revenues)	0.07%	0.08%	-6.1%

Reporting & Analysis

Warning:

Decreasing trends for Grant, Special Tax, and LPHA Venture Revenues

Increasing trends for Home Health & One Time Revenues

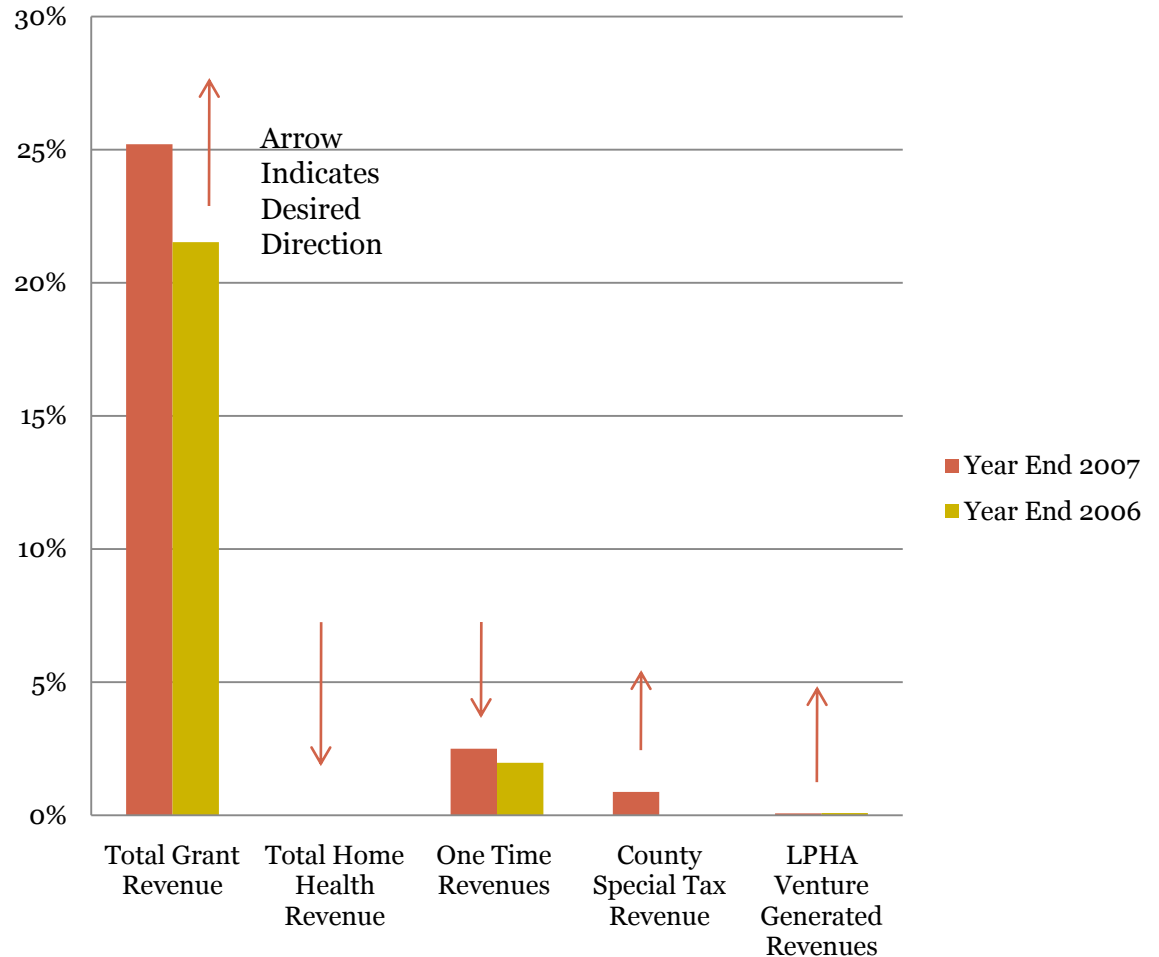
In this example,

- Increasing trends due to increases in revenue type while total revenues are stable.
- Decreasing trends due to decreasing revenue type while total revenues are stable

Questions?

- Is increase sustainable?
- Is increase or decrease in the right direction?

Types of Revenue as % of Total Revenues



Financial Indicators: Expenditures

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- Expenditures per capita
- Employees per 1,000 county population
- Fringe benefits as % of total salaries and wages
- Salaries & wages as % of total expenditures
- Administrative expenditures as % of total expenditures
- Chronic disease program expenditures as % of total expenditures
- Public health preparedness expenditures as % of total expenditures

Financial Indicators: Expenditures Per Capita

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- Changes in expenditures relative to changes in county's population size
- Ratio:
 - $\text{Total Expenditures} / \text{County's Population}$
- Warning Trend:
 - Increasing expenditures per capita

Data for Expenditure Indicators

Demographic				
1	Total Population	1,087,172	1,050,939	3.4%
Expenditures				
26	Total Expenditures (ex.. programs, admin, etc.)	\$33,755,854	\$32,180,000	4.9%
27	Total Program Expenditures	\$28,017,359	\$27,353,000	2.4%
28	Total Fringe Benefits Expenditures	\$6,375,988	\$6,077,899	4.9%
29	Total Salary and Wages Expenditures	\$26,826,543	\$25,490,890	5.2%
30	Total Administrative Expenditures (Defined in Column G)	\$5,738,495	\$4,827,000	18.9%
34	Total Public Health Preparedness Expenditures	\$6,751,170	\$8,045,000	-16.1%
35	Total Chronic Diseases Expenditures	\$675,118	\$321,800	109.8%
Ratios			Ratio Formulas	
NO DATA NEEDED IN THIS SECTION				
Expenditure Ratios				
19	Expenditures per Capita (Total Expenditures/Population)	31.05	30.62	1.4%
20	Employees per 1,000 Population (Number of Full Time Employees/(Population/1000))	0.49	0.49	0.4%
21	Fringe Benefits as a % of Salary and Wages (Total Fringe Benefits / (Total Salary + Wages))	23.8%	23.8%	-0.3%
22	% Salaries & Wages (includes fringe benefits) (Total Salaries + Wages) / Total Expenditures)	79.5%	79.2%	0.3%
23	Administrative Expenditures as % of Total Expenditures (Administrative Expenditures/Total Expenditures)	17%	15%	13.3%
26	Public Health Preparedness Expenditures as % of Total Expenditures (Public Health Preparedness Expenditures/Total Expenditures)	20.0%	25.0%	-20.0%
27	Chronic Diseases Expenditures as % of Total Expenditures (Chronic Disease Expenditures/Total Expenditures)	2.0%	1.0%	100.0%

Reporting & Analysis

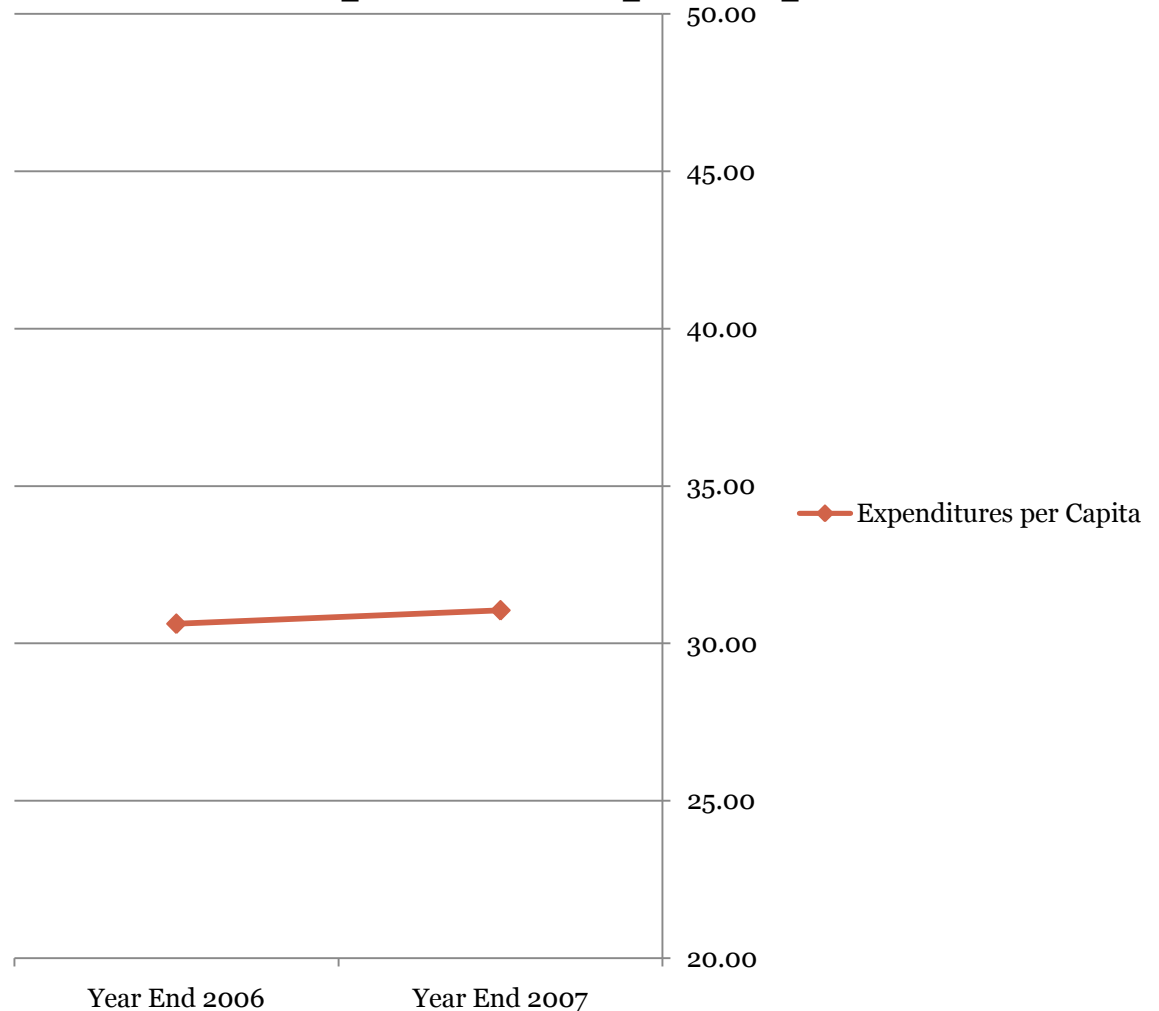
Warning: Increasing expenditures per capita

- Population decrease
- Expenditures increase

Questions

- Sufficient revenue to cover increases in expenditures?
- Increase due to more services or increased cost of services?

Expenditures per Capita



Salaries, Wages, & Fringe Benefits

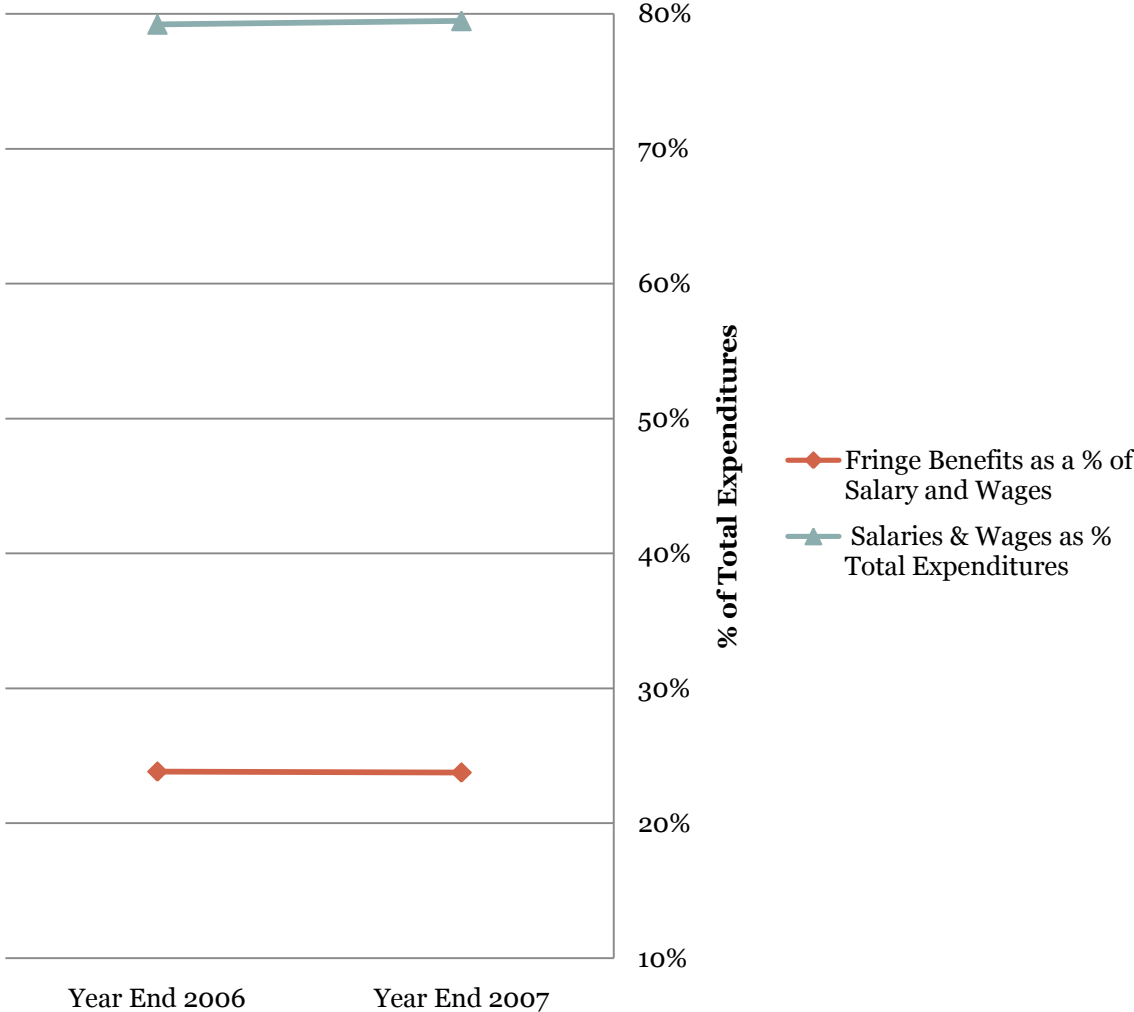
Reporting & Analysis

Warning: Salaries & wages increasing as % of total expenditures

- Result of decreasing expenditures while salaries and wages are stable or increase OR
- Wages and salaries increase more than total expenditures

Warning: Fringe benefits increasing as % of salaries & wages

- Salaries & wages decrease while benefits are stable or increase
- Benefits increase more than salaries & wages



Reporting & Analysis

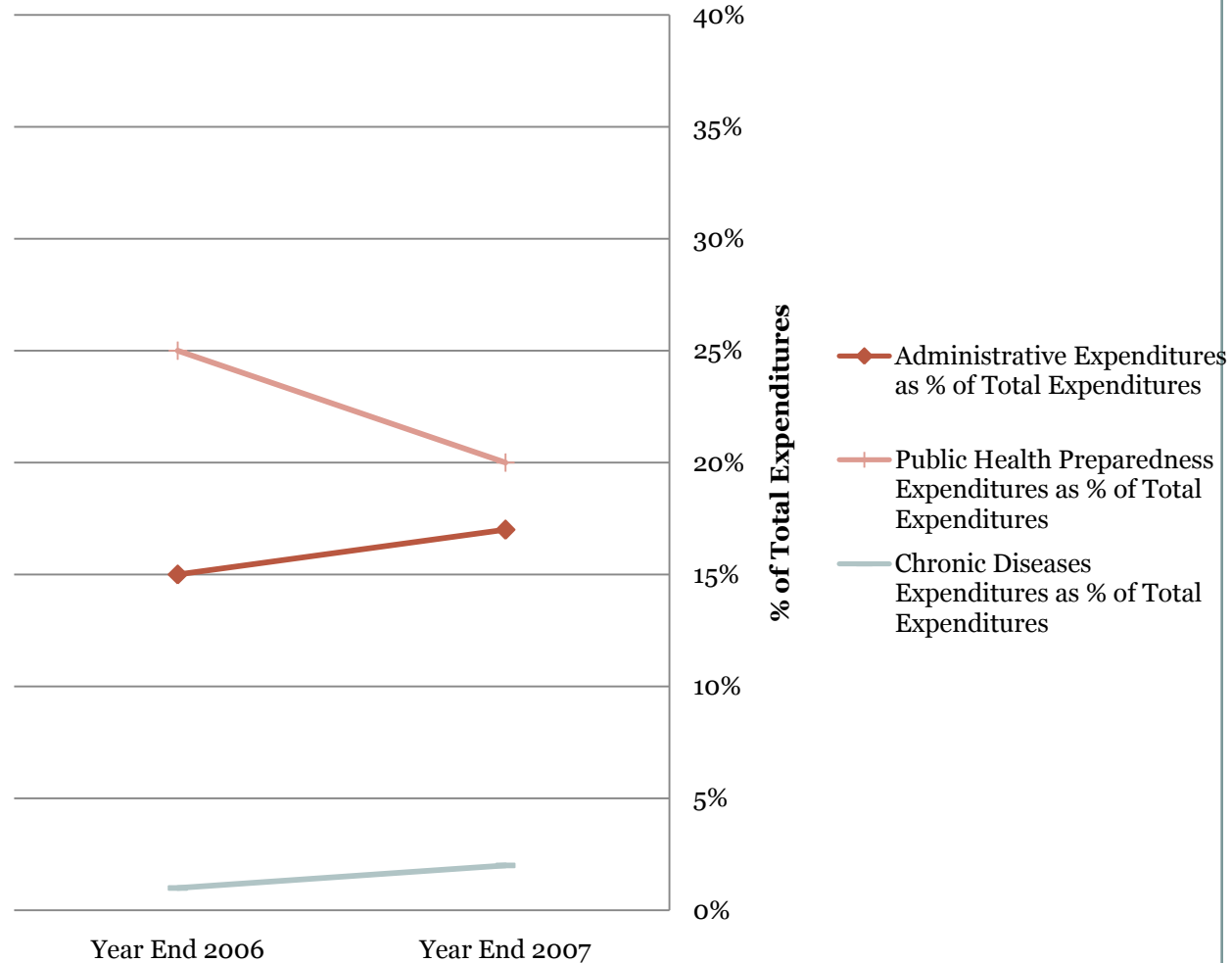
Warning : Increasing administrative or program expenditures as % of total expenditures

- Admin costs increase compared to total expenditures

Questions:

- Result of new or increased levels of services?
- Are there sufficient revenues to offset increases?
- Is personnel productivity declining?

Admin. Expenditures as % of Total Expenditures Program Expenditures as % of Total Expenditures



Other Financial & Related Indicators: Mission Critical

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- % of Improved Community Health Outcomes
- % of Community Priority PH Issues in Annual Operating Budget
- % of Financial Management Employees with Discipline Specific Training/Education
- % of Programs with Expenditures that Exceed Dedicated plus Self Generated Revenues

Data for Other Financial & Related Indicators: Mission Critical

Expenditures		Year End 2007	Year End 2006	
31	# of Programs with Expenditures that Exceed Dedicated plus Self Generated Revenues	7	11	-36.4%
Mission Critical				
41	# of Priority Programs* in Annual Operating Budget (*Identified through Strategic Planning or Community Health Assessment Process)	5	3	66.7%
42	# of Priority Programs Identified in Strategic Plan or Community Health Assessment	8	8	0.0%
43	# of Community Health Outcomes Showing Improvement During a 3 Year Period	7	7	0.0%
44	# of Community Health Outcomes Monitored Yearly	16	16	0.0%
46	Total Number of Agency Programs	57	55	3.6%
Ratios			Ratio Formulas	
Mission Critical Ratios		Year End 2007	Year End 2006	
29	% of Monitored Community Health Outcomes w/Improvement During 3 YR Period	44%	44%	0.0%
30	% of Community Priority PH Issues in the Annual Op Budget	63%	38%	66.7%
33	% of Financial Management Employees with Discipline Specific Training/Education	36%	17%	114.3%
34	% of Programs with Expenditures that Exceed Dedicated plus Self Generated Revenues	12%	20%	-38.6%

Warnings:
Decreasing trend for

Monitored community health outcomes w/improvement

% of community PH issues in AOB

% of financial employees w/discipline specific training

Increasing trend for

% of programs w/expenditures exceeding dedicated + self generated revenue

Questions:

Have changes occurred?

of monitored community outcomes

of priority programs

of employees

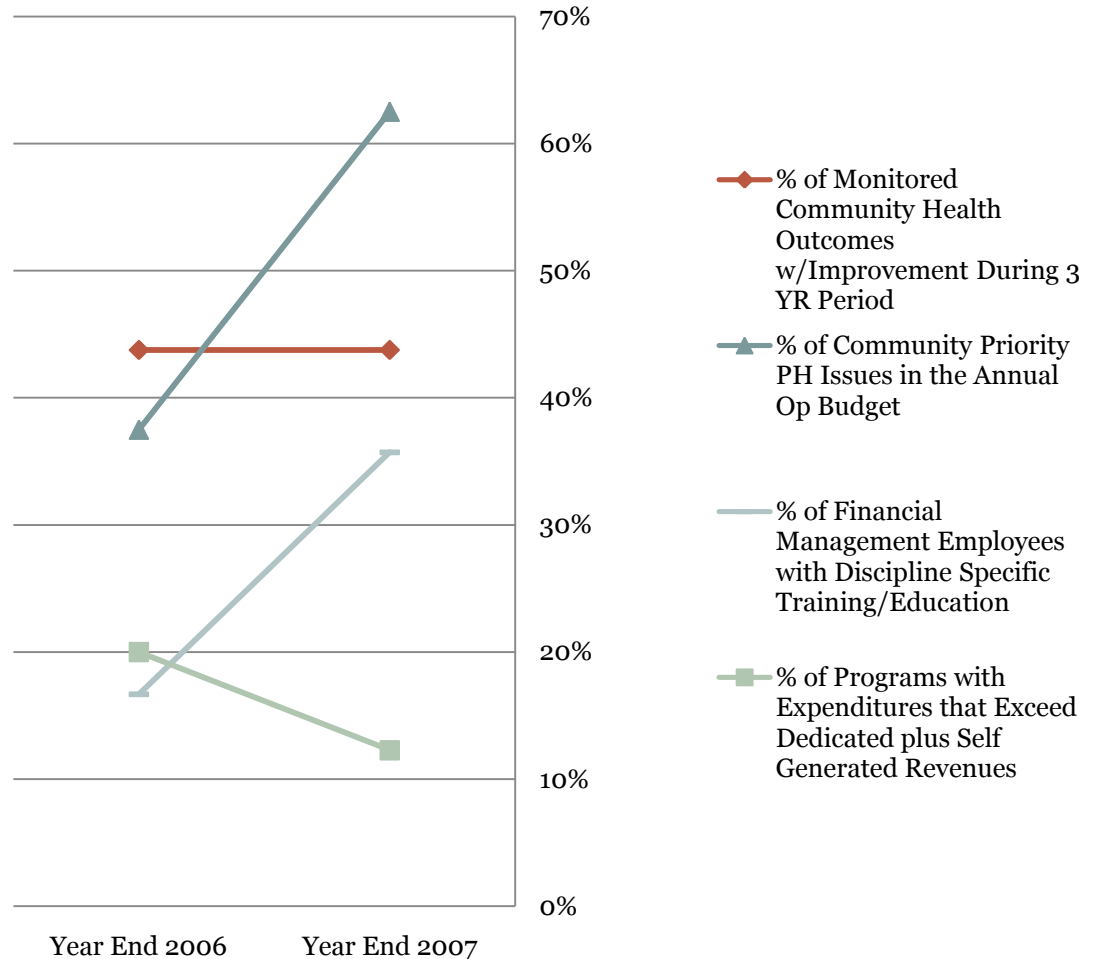
of agency programs

Do funding levels and budgeted amounts match program goals?

Are priority programs funded?

Do monitored outcomes match the priority programs and goals?

Other Financial & Related Indicators: Mission Critical



Other Financial & Related Indicators: Community

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- **County Population - (Yearly estimates usually available from state government)**
- **Median Population Age**
- **% Population Below Poverty**
 - (Population x % Below Poverty from US Census)
- **Residential Permits/1,000 Population**
 - (# of Residential Permits / (Population/1000))

Financial Indicators & Condition

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- Enough cash to pay bills for 30-60 days (cash solvency)
- Enough revenue to meet expenditures and not incur deficits during budgetary period or fiscal year (budgetary solvency)
- Enough revenue to pay all costs of doing business in the long run (long run solvency)
- Enough revenue to provide services at level and quality needed to promote and protect the public's health (service solvency).

Use of Standard Financial Indicators

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- Maintain existing service levels
- Withstand economic disruption
- Meet demands of growth and decline
- Transparency
- Accountability
- Improvement
- Research

The Word - Transparency

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- Is your local public health system/agency in good financial condition?
- How do you know?
- We must be able to measure financial condition and compare revenues, expenditures, services, and outcomes across local public health systems and within our own systems over time to answer this question.

Thank you! Lesneski@email.unc.edu

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- Emails most welcomed!