



Step by Step Business Planning for Community Nutrition Programs

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Outline

- Long Term Services and Supports (LTSS) Trends and the Healthcare Marketplace
- The Business of LTSS and the potential role of Community Nutrition Programs
- Why conduct business planning?
- Elements of a business plan for the Community Nutrition Program
- Questions

LTSS Landscape Overview



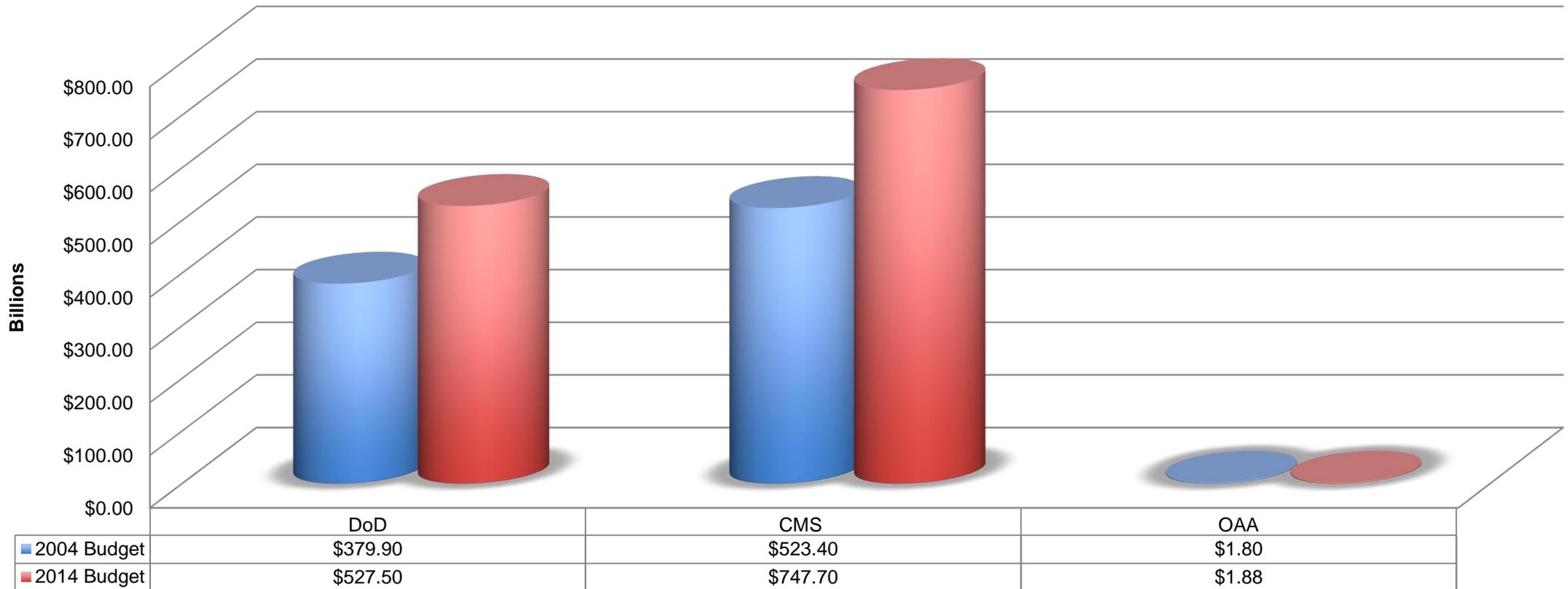
Why is Business Acumen Important

- The growth of the population of older adults and persons with disabilities is quickly outpacing the available funding to support them.
- Community Based Organizations that support older adults are increasingly finding that they do not have enough funding to meet the demands for services
- Diversifying your organization's revenue streams will provide opportunities to serve more people in your community



50 Year Anniversary of the Older Americans Act (OAA)

Federal Funding Trends: 2004 – 2014 (Billions)



Healthcare Landscape Changes Have Arrived

- The Patient Protection and Affordable Care Act
 - Health Reform. Commonly called the Affordable Care Act or ACA
 - Signed into law by President Obama on March 23, 2010
 - On June 28, 2012, the Supreme Court rendered a final decision to uphold the law
- MACRA: Medicare Access and CHIP Reconciliation Act



Shift Toward Value-Based Purchasing

- The current system is changing from Fee-For-Service to payment for outcomes.
- A Value-Based Purchasing system provides financial incentives for outcomes (Value)
- MACRA legislation provides direct incentives to Physicians and Hospitals to move towards a system that pays for outcomes
- In the past, there were real financial incentives to providers, when complications occur

Where are there costs in the system

- A system that pays for value will focus on where the highest cost drivers are.
 - Institutional Care (Acute and Post-Acute Care)
 - Nursing Home Placement
 - Preventable Primary Admissions
 - Readmissions
- How can a Community Nutrition Program support the changing dynamics in healthcare?

Duals and Chronic Disease

- Full duals are twice as likely as non-dual Medicare beneficiaries to have at least three chronic conditions
- Duals are nearly three times as likely to have been diagnosed with a mental illness, including chronic depression
 - Many more have undiagnosed or untreated chronic depression
- In 2009, total average healthcare spending:
 - Non-Duals - \$8,300 per year
 - Full Duals - \$33,400 per year

LTSS for Duals

- Less than 0.5% of partial duals are institutionalized
- 15% of full duals are institutionalized
- Partial duals often transition to a full dual after completing the spend down period after a SNF/nursing home admission.
- Full duals are five times as likely to use LTSS as non-duals
- Full duals are twice as likely to use LTSS as the non-dual ABD population

Health Reform Impacting Duals

- Value-Based Payment Reform
 - ACOs
 - Medicare ACOs
 - Duals ACOs (Medicaid)
 - Bundled Payment (BPCI)
 - CJR
- Medicaid Managed Care
- MLTSS
- Health Homes
- Duals Demonstrations (high opt-out rates)
- D-SNP/C-SNP/I-SNP plans

Business Plan Elements



Business Planning – Your Roadmap to Success

- “A goal properly set is halfway reached.”
 - Zig Ziglar
- You will not reach your ultimate goal without developing a roadmap upon which to get there. Your business plan is your roadmap to achieving the goals you have set.



Key Elements of a Business Plan

- Executive Summary
- Business Description
- Products and Services
- Sales and Marketing
- Operations
- Management Team
- Market Opportunity
- Financial Summary



Audience

- A business plan is not a grant written to a foundation.
- The strategy for business planning is very different from a grant seeking strategy
- The business plan is the blueprint for your business model.
- It is a plan for growth along with a clear description of the opportunities in your market
- When writing your business plan, write it from the perspective that you would have to defend your plan on “Shark Tank”

Executive Summary

- This is a one to two page summary of the entire business plan
- The summary is generally written last
- If you write the summary in the beginning, you will have to make changes to the summary as you work out the elements of the remaining portions of your plan



Business Description

- Describe all aspects of your business to include each potential line of business
- What is your history of providing services?
- What changes in the market are impacting your business?
- What are your goals?
- Why would your business be successful compared with your competitors....who are your competitors?
- How are you uniquely positioned to benefit from growth in the market?

Products and Services

- Clearly define each product and service you are providing in the market.
- If you are paid for a service or product, it is a line of business.
- What makes your services and products unique in the market?



Sales and Marketing

- What is the state of your industry?
- Who are your competitors?
- What market forces are impacting your industry (i.e., health reform)?
- What are general costs of doing business and how can you leverage economies of scale?
- What can you do to grow your share of the potential market?
- What will be the incremental growth in your market share, if you implement your planned interventions?

Operations

- How does your business operate?
- Where is your office located?
- What is the market area that your serve?
- What are your operational expenses?
 - Equipment
 - Overhead
 - Supplier Network
 - Revenue streams
 - Unit costs per revenue stream
 - Investments required to increase units of products/services provided to the market

Management Team

- Who are the key personnel in your business?
- What is their history and planned contribution to realize growth in the market?
- Why is your management team uniquely qualified to support the planned growth strategy?



Market Opportunity

- Project the future of growth in your market.
- How will the changing healthcare landscape impact your business?
- How will your planned interventions or product offerings position you in the future market?
- Do you plan to just exist in the future or dominate the market?
- What would be needed to dominate your defined market area?

Financial Summary

- This provides an analysis of the business model.
- What are the costs of doing business?
- What are your current liabilities?
- What are your current earnings?
- What investments are required to grow the business?
- When do you plan to make necessary investments?
- What is the projected growth once these investments are made?
- What will the future revenue projections be if the growth potential is realized?

Application of the Concept

- Prince George's County Maryland – DC Suburb
 - 3 major hospitals
 - Hospitals are at-risk for increases in cost
 - Special emphasis on Duals
- CMS Data
 - 122,571 Medicare beneficiaries
 - 20% estimate are duals = 24,514
 - Medicaid Waiver covers HCBS
 - Hospitals being required to shift resources to maintain persons in their community

Potential Growth in Prince George's County, MD

- Expansion of LTSS waiver participants
 - Currently there are 900 beneficiaries receiving HCBS services under the waiver program
 - Hospitals seek expansion of HCBS to reduce total cost for Medicare
- Define your services to meet the needs of the hospitals and the population
- What is the projected growth of enrollment?
- What will you implement to spur growth in your business model?

Prince George's County, MD (cont.)

- Financial Opportunity
 - What is the cost to provide meals for the population?
 - What is the margin between cost and reimbursement
 - What investments are required to serve the demand?
 - What are the incremental cost increases per beneficiary served?
 - How can you use economies of scale to increase margin?



Questions

