The purpose of the presentation is to assist centers enhancing or developing performance indicators. The information is provided in an effort to help both your Board of Directors and senior management in understanding the key indicators of their organization.

Financial Indicators

To be of value, any type of indicator MUST be comparative.

The best comparison is to

- Plan & Standard

Historical comparisons are the norm, but only tell you where you are in comparison to where you have been “NOT” to where you should be going!
**Financial Indicators**

In addition to being comparative, it must be:

- Relevant
- Timely
- Consistent

**Financial Accounting Indicators**

**Financial Data**

- Balance Sheet
- Income Statement
  (Statement of Fund Balance)
- Cash Flow Statement

**Management Accounting Indicators**

**Operational Data**

- RVU’s / Provider Productivity
- Operating Hours
- Visits
- Procedure Types
- Provider Hours
- Demographic Data
HRSA Service Area Competition
Financial Performance Measures

• **Total cost per patient**
  - Numerator: Total accrued cost before donations and after allocation of overhead
  - Denominator: Total number of patients

• **Medical Cost per Medical Visit**
  - Numerator: Total accrued medical staff and medical other cost after allocation of overhead (excludes lab and x-ray cost)
  - Denominator: Non-nursing medical visits (excludes nursing (RN) and psychiatrist visits)

HRSA Service Area Competition
Financial Performance Measures

• **Change in Net Assets to Expense Ratio**
  - Numerator: Ending Net Assets - Beginning Net Assets
  - Denominator: Total Expense
  - Same as Total Margin

• **Working Capital to Monthly Expense Ratio**
  - Numerator: Current Assets - Current Liabilities
  - Denominator: Total Expense / Number of Months in Audit

• **Long Term Debt to Equity Ratio**
  - Numerator: Long Term Liabilities
  - Denominator: Net Assets

Dashboard Indicators

- Working Capital
- Current Ratio
- Accounts Receivable
- Sliding Fee / Grant Draw-down
- Risk Pool Information
- Outstanding Debt / Line of Credit / Investments
- Major Cash Commitments
Dashboard Indicators

Provider Statistics
Fee Mix / Payor Mix
Expenses per Visit
Outstanding Debt / Line of Credit / Cash
Lost Opportunities
Significant Issues

Key Financial Ratios

LIQUIDITY RATIOS:
Days Cash on Hand
Days in Accounts Receivable (gross and net)
Days in Accounts Payable
Cushion Ratio
Current Ratio

Key Financial Ratios

PROFITABILITY RATIOS:
Operating Margin
Total Margin
Return on Total Assets
Return on Equity (Fund Balance)
Key Financial Ratios

CAPITAL STRUCTURE RATIOS:
Long Term Debt to Total Capitalization
Debt Service Coverage

CAPITAL ACTIVITY RATIOS:
Total Assets Turnover
Fixed Assets Turnover

Sample Indicators

Discussion