Planning & Budgeting For Technology: How Much Is Enough?

The 2017 OPEN MINDS Executive Leadership Retreat
Thursday, September 28, 2017 | 11:15am – 12:30pm

Joseph P. Naughton-Travers, Senior Associate, OPEN MINDS
I. Technology Planning As A Precursor To Budgeting

II. Developing A Technology Budget

III. Case Studies
   I. Victor Topo, President & CEO, Center For Life Management
   II. Vera Sansone, President & CEO, CPC Behavioral Healthcare
The CEO Perspective On Technology

“We are stuck with technology when what we really want is just stuff that works.”

- Douglas Adams
Broad Categories Of Technology Use In Behavioral Health Care

The Basics:

- Electronic Health Records
- Operations Software Applications

Telehealth Technologies

Consumer-Focused Technologies

Informatics, Analytics & Decision Support Technologies

Website & Social Media Usage
Technology Planning As A Precursor To Budgeting
Technology Investments Must Be In Sync With Strategy & Strategic ROI

Your tech strategy can’t be “successful” without having an overall organizational strategy...

"If you don't know where you are going, any road will get you there."
- Lewis Carroll
Define: Technology Strategy

Technology strategy is a sub-part of your larger organizational strategy

- Technology and data objectives that are part of your organizational strategy
- Strategy for using technology to meet your organizational objectives

Goal: Achieve required organizational performance

Required for competitive advantage and market positioning
Technology Alignment Is Critical

- Make sure that your business strategy and goals are aligned with your technology strategy and goals.
The Strategic Part Of Technology Planning

- The Strategic Technology plan identifies technological infrastructure needed for organization to reach its strategic objectives
- Should demonstrate (and quantify) that proposed technology investments deliver return in:
  - Increased revenues
  - Improved performance
  - Reduced operating costs
  - Improved stakeholder preference or market position
Sample Technology Plan Outline

- Executive Summary
  a. The executive summary is a snapshot of the entire plan, highlighting the key areas of the plan, which include goals, vision, needs, priorities, and proposed solutions. It conveys how you will use technology to achieve your strategic and operational goals in alignment with your agency's mission.

- Organization Profile
  a. Include a short description of the organization to set the context, including a summary of the current state of technology use in comparison with the rest of the industry

- Goals & Technology Vision
  a. Describe the vision of how you see your organization using technology in light of its strategic and operational objectives.

- Current Technology & Resources
  a. Describe your current technology use and staff resources.
Sample Technology Plan Outline

- Priority Needs
  a. Develop a bullet list of priority technology needs for the next 3-5 years, referencing how they support the strategic and operational goals. Focus on what you want to do with technology, not simply what you want to purchase.

- Technology Solutions
  a. Detail the proposed technology solutions as a discreet list of items

- Timeline
  a. Develop a reasonable timeline to complete all phases of the technology plan. Set deadlines for phases and milestones.

- Budget
  a. Develop a budget for all of the items detailed in the technology solutions section.

- Supporting Documentation
  a. Include an appendix at the end of the plan for any support documentation.
From Technology Planning To Budgeting

1. Organizational Strategy & Vision For IT
2. Current IT Environment: Gap Analysis & Assessment
3. Future IT Environment: What It Will Look Like & Performance Expectations
4. Detailed Plan
5. Budget & Other Resource Requirements
Developing A Technology Budget
A Review: Budgeting 101

- A balanced financial plan that promotes the efficient allocation and use of resources and ensures that all funds received and disbursed are accounted for in accordance with current laws, regulations, and policies
  
a. A plan
  
b. Identifies receipts and expenditures in specific amounts
  
c. Specific cost categories
  
d. Set period of time
  
e. Monitoring mechanisms
Three Key Components Of Technology Budget

- **Technology Plan Budget**
  - Ensuring that technology aids in your objectives

- **Basic Expenses**
  - Covering all the basics to support infrastructure, applications, and staff

- **Routine Capital Budget**
  - Maintaining and enhancing technology infrastructure
1. Technology Plan Budget Components

- This one is easy – it’s the current budget year costs as laid out in your detailed technology plan
2. Basic Technology Budget Expenses

- This is the bigger list of items:
  a. Information technology staff and benefits
  b. Telecommunication/connectivity costs
  c. Internet access costs
  d. Software maintenance and help desk fees
  e. Training costs
  f. Consulting/customization costs
  g. Outsourced IT service costs
  h. Other?
Must-Have Basic IT Budget Expenses

- Infrastructure support and maintenance
- Application support and maintenance
- User support (Help Desk)
3. Technology Capital Budget Expenses

- This includes your typical capital budget expenses
  a. Hardware, networks, and upgrade costs
  b. Software and software upgrade costs
  c. Other capital expenses and related depreciation
Top Down & Bottom Up

- Use both strategies in your IT budgeting process:
  
  a. Top Down – IT initiatives are pushed from the top executive level on down to the masses, based on strategic objectives and initiatives
  
  b. Bottom Up – Where they start at the department level and roll upward for approval
Common Questions Related To Technology Planning and Budgeting

- What percentage of your overall budget should the technology budget be?
- How many FTEs should you have in your technology department and who does it report to?
- What are the key initiatives and objectives of your organization’s technology plan for the next 3-5 years?
- What major expenses are you anticipating in your technology budget and how are you funding them?
- How is your technology staffing changing (if at all) to meet your organization’s needs over the coming years?
- How are you building in mechanisms to support your staff’s increased use of technology?
Center For Life Management

Victor Topo, President & CEO, Center For Life Management
INFORMATION TECHNOLOGY AT CENTER FOR LIFE MANAGEMENT “THE ROAD LESS TRAVELED”

• WHY I’M HERE? TO ACCOMPLISH WHAT?

• SHARE CLM EXPERIENCE/PROGRESS

• ENGAGE YOU IN BIGGEST LEADERSHIP CHALLENGE/TEST
| **“THE ROAD LESS TRAVELED”**  
**CLM ORGANIZATIONAL PROFILE** |
|---------------------------------|
| **FOUNDED** | 1967  
501 (c) 3; CLM FOUNDATION |
| **FUNDING** | DHHS, MEDICAID, MEDICARE, 3RD PARTY |
| **EMPLOYEES** | 212 |
| **REVENUES** | 13 MILLION |
| **2 LOCATIONS** | MAIN OFFICE - DERRY  
SATELLITE - SALEM |
| **# SERVICED ANNUALLY** | 5,600 - 5,800 |
“THE ROAD LESS TRAVELED”
CLM ORGANIZATIONAL PROFILE (cont’d)
CORE SERVICE LINES

<table>
<thead>
<tr>
<th>Core Service Lines</th>
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<tbody>
<tr>
<td>• ADULT SERVICES (ADULT OUTPATIENT, COMMUNITY SUPPORT)</td>
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<tr>
<td>• CHILD, ADOLESCENT &amp; FAMILIES SERVICES</td>
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<tr>
<td>• SENIOR SERVICES</td>
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<tr>
<td>• EMERGENCY SERVICES</td>
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<tr>
<td>• HOUSING SERVICES</td>
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<tr>
<td>• MEDICAL (MEDICATION) SERVICES</td>
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“THE ROAD LESS TRAVELED”
INNOVATIONS ALONG THE WAY!

- DESIGNED/DEVELOPED ELECTRONIC HEALTH RECORD - webAISCE - (2000)
- EVIDENCE BASED PRACTICES (IMR, SUPPORTIVE EMPLOYMENT, IDDT) - (2005)
- BUILT NEW FACILITY - (2006)
- PHARMACY SERVICES (GENOA/QoL MEDS) - (2007)
- TRANSCRANIAL MAGNETIC STIMULATION (TMS) THERAPY - (2010)
- REIKI - (2013)
- PERSONALIZED MEDICINE (GENOMIND) - (2014)
- TELEPSYCHIATRY (IN PROGRESS)
“THE ROAD LESS TRAVELED”

ESSENTIAL “WINNING INGREDIENTS”

- LEADERSHIP IS KING!
- STRATEGY COMES BEFORE RESOURCE ALLOCATION
- PARTNERSHIPS SELECTIVELY CHOSEN
- PLANNING/BUDGETING INFRASTRUCTURE
- CHANGE MANAGEMENT – “ORGANIC” IS BEST
“THE ROAD LESS TRAVELED”
LEADERSHIP IS KING!

• TECHNOLOGY EXPERTISE (CIO vs. MIS MANGER)

• CIO/CEO RELATIONSHIP

• DECISION MAKING

• INTEGRATION OF TECHNOLOGY (CIO) IN EVERY ASPECT OF BUSINESS MISSION/VISION
"THE ROAD LESS TRAVELED"
STRATEGY FIRST BEFORE RESOURCE ALLOCATION

- TECHNOLOGY PHILOSOPHY

- BUSINESS SOLUTIONS & CLINICAL SOLUTIONS – YOU NEED BOTH!

- LEVERAGE TECHNOLOGY WITH CUSTOMERS/EMPLOYEES

- ROLE OF I.T. VENDORS (TYPES, HOW MANY, ETC.)
"THE ROAD LESS TRAVELED"
PARTNERSHIPS SELECTIVELY CHOSEN

<table>
<thead>
<tr>
<th>• SOFTBREEZE SOFTWARE DEVELOPMENT (2000 - )</th>
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<tbody>
<tr>
<td>• e*HEALTHLINE SOFTWARE SUPPORT (2006 - )</td>
</tr>
<tr>
<td>- e-Prescribing (medication interaction)</td>
</tr>
<tr>
<td>- Health Information Exchange (HIE)</td>
</tr>
<tr>
<td>- Meaningful Use (incentive payments)</td>
</tr>
<tr>
<td>• CASO/EMC₂/DELL (OPEN TEXT) APPLICATION EXTENDER (2015 - )</td>
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<tr>
<td>- Document Management</td>
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<tr>
<td>- Workflow (customer check in, etc.)</td>
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<tr>
<td>- Failover EHR when webAISCE offline</td>
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<tr>
<td>• PHONETREE HEALTHWARE CONNECT (2015 - )</td>
</tr>
<tr>
<td>- Customer notification (TEXTS)</td>
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<tr>
<td>- Practice Management Updates</td>
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THE ROAD LESS TRAVELED
PLANNING/BUDGETING/INFRASTRUCTURE
CLM I.T. PICTURE
## “THE ROAD LESS TRAVELED”
### PLANNING/BUDGETING/INFRASTRUCTURE

<table>
<thead>
<tr>
<th>IT/TECHNOLOGY INDUSTRY BUDGET COMPARISON (INVESTMENT METRICS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Spending as % of Revenue</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2.5%</td>
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</tbody>
</table>

| • Spending as % of Expenses | 3.3% | 2.9% | 4.5% | 3.5% |

| • Spending per Employee | $6,383 | $6,400 | $6,820 | $29,424 |

<table>
<thead>
<tr>
<th>CLM I.T. INVESTMENTS</th>
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<tbody>
<tr>
<td>• Licensed products complement webAISCE</td>
</tr>
<tr>
<td>• Software Development (using organic approach)</td>
</tr>
<tr>
<td>• Staffing (3.2 FTE’s)</td>
</tr>
<tr>
<td>• Equipment/Hardware (Devices, etc.)</td>
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| Total | $426,000 |

| • Total CLM Revenues | $13,000,000 |

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<th>Annual Investments</th>
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<tr>
<td>3.3% Investment is well below I.T. Industry Average for health care providers(spending as % revenues)</td>
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"THE ROAD LESS TRAVELED"
CHANGE MANAGEMENT – ORGANIC IS BEST

- **DEFINED** – “COLLECTIVE TERM FOR ALL APPROACHES TO PREPARING, SUPPORTING INDIVIDUALS, TEAMS, ORGANIZATIONS IN MAKING ORGANIZATIONAL CHANGES”

- “CHANGE IS INEVITABLE, GROWTH IS OPTIONAL”  *John C. Maxwell*

- **GENERATIONAL SHIFT HAPPENS** – BE MINDFUL OF CHANGES IN WORKFORCE

- **ORGANIC**  ➔  TOP DOWN & BOTTOM UP

- **CHANGE YOURSELF FIRST** – DON’T’ EXPECT YOUR TEAM TO BE READY

- “ALL CHANGE DOES NOT REPRESENT PROGRESS BUT WITHOUT CHANGE THERE CAN BE NO PROGRESS”  *John C. Maxwell*
"THE ROAD LESS TRAVELED"  
LESSONS LEARNED

- NOT ALL TYPES OF PROFESSIONALS LEARN HOW TO USE EHR SAME WAY

- CONSTANTLY REASSESS HOW CUSTOMER BENEFITS FROM HARDWARE INVESTMENT

- RETURN ON INVESTMENT IS KING!

- DON’T PUT FULL FAITH IN ONE VENDOR TO SOLVE ALL YOUR TECHNOLOGY NEEDS/REQUIREMENTS

- CEO DOESN’T NEED TO BE TECHNOLOGY EXPERT (LEAD NOT MANAGE CIO)

- TO LEARN IS TO GROW PROFESSIONALLY WHICH LEADS TO INNOVATION
<table>
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<th><strong>THE ROAD LESS TRAVELED</strong></th>
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<tr>
<td><strong>CHALLENGES</strong></td>
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<tr>
<td><strong>• HOW TO DECIDE OPTIMAL ALLOCATION OF RESOURCES TO CLINICAL VS. BUSINESS INVESTMENTS</strong></td>
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<tr>
<td><strong>• RECRUITMENT CHALLENGES ASSOCIATED WITH SOME MORE ADEPT THAN OTHERS WITH EHR</strong></td>
</tr>
<tr>
<td><strong>• SUCCESSION PLANNING FOR CIO AND OUR UNIQUE MODEL</strong></td>
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<tr>
<td><strong>• AVAILABILITY AND ALLOCATION OF RESOURCES FOR ANALYTICS TO MINE DATA IN OUR DOCUMENT MANAGEMENT SYSTEM</strong></td>
</tr>
<tr>
<td><strong>• GENERATIONAL SHIFT – HIGHER EXPECTATION OF MILLENIALS</strong></td>
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<tr>
<td><strong>• ON CLINICAL SIDE, HOW TO DETERMINE WHAT AMOUNT AND TYPE OF INTERVENTIONS REMAIN IN PERSON VS. REMOTE</strong></td>
</tr>
<tr>
<td><strong>• OF COURSE, BALANCE CYBERSECURITY WITH NEED FOR INTEROPERABILITY (EVOLUTION OF DATA SHARING, HIE, ETC.)</strong></td>
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The Miracle of the Chinese Bamboo Tree

“In everything you do, keep in mind the miracle of the Chinese bamboo tree. After the seed for this amazing tree is planted, you see nothing for four years except for a tiny shoot coming out of a bulb. During those four years, all the growth is underground in a massive, fibrous root structure that spreads deep and wide in the earth. But then in the fifth year the Chinese bamboo tree grows up to eighty feet”!

From The 7 Habits of Highly Effective Families
By Stephen R. Covey
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CPC Behavioral Healthcare

Vera Sansone, President & CEO, CPC Behavioral Healthcare
Planning & Budgeting For Technology: How Much is Enough?

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2017 Open Minds Executive Leadership Retreat, September 28, 2017
About Us

- Founded in 1960, CPC is a non-profit community mental health agency in Monmouth County, NJ.

- The Mission of CPC Behavioral Healthcare is to serve our communities by delivering evidence-based services in mental health, substance use, special education and physical health through an integrated system of care designed to promote wellness, recovery and productive lives.
Who We Serve

- CPC serves 8,000+ clients each year
- Diverse population
- Early childhood to older adults.
- ~220 Students at High Point Schools
- Mental health and substance use treatment for youth and adults

Services are provided by a staff of ~400
- Psychiatrists
- Social workers/ mental health counselors
- Special education teachers and teaching assistants
- Nurses
- Care managers
- Other professional, para-professional, and support personnel.
Our Services

- Psychiatric evaluation and medication management
- Individual, group and family counseling
- Children’s Mobile Response and Stabilization Services
- Employee Assistance Programs
- School-based Programs
- Approved, private special education at High Point Schools

- Substance Use and Co-occurring Disorders treatment
- Adult Partial Care treatment
- Supportive Housing
- Supported Employment
- Program for Assertive Community Treatment (PACT)
- Integrated Case Management Services (ICMS)
- Behavioral Health Home (BHH) Integrated treatment
Where We Are
Locations

- 3 Counseling Centers
- Special Education Schools
- 2 Locations for Administration and Community-based programming
Electronic Health Record

- In 1999 we began our search for an Integrated Electronic Health Record
- In 2000 we selected and began our implementation process: Starting with billing /scheduling and putting a team from all services to develop the clinical record
- Since 2006 we have been fully operational with our EHR
- In 2017 we received notification that our EHR Vendor was going to be “sunsetting their product” within 3 years
How do you plan for the unexpected?

What are your next steps?

How do you get Board & Staff Members to Buy In?

What type of Revenue Streams could help impact the cost of a new EHR?

- EHR Incentive Program-Meaningful Use (MU)
- MIPS-Merit-Based Incentive Payment System (Medicare After MU)
- CCBHC-Perspective Payment System (PPS)
Technology Investments

- What type of Technology should you budget for?
  - Certified System
  - Evidence Based

- How could Technology be used to Improve Quality, Efficiency, while reducing cost?
  - Telehealth
  - Utilia-Connects Providers & Patients Between Sessions
  - Reminder Calls- Also used for No Show /Missed Appts
  - Mobile solutions
  - Health/Behavioral Healthcare applications like “My Strength” between sessions
  - Secure Text Messaging
IT Budget Planning for the Future

- Clinical Outcomes / Measures
- Pay for Performance
- Possible Revenue Streams
  - SAMSHA /CMS Innovation Grants
  - Healthcare Delivery System using IT Solutions Grants
Questions?
OPEN MINDS helps over 180,000 industry executives tackle business challenges, improve decision-making, and maximize organizational performance every day. See how our market intelligence can help your organization at www.openminds.com.

Mental Health Services  ▪  Chronic Care Management  ▪  Disability Supports & Long-Term Care Addictions  ▪  Social Services  ▪  Intellectual & Developmental Disability Supports  ▪  Child & Family Services  ▪  Juvenile Justice  ▪  Adult Corrections Health Care