



COVID-19 FINANCIAL RESPONSE STRATEGY FOR BEHAVIORAL HEALTH PROVIDERS

April 2020

Implementing the NOW. NEXT. NEW. framework

The COVID-19 emergency has disrupted business operations for all types of healthcare and behavioral health providers, requiring a rapid response framework – NOW. NEXT. NEW. – to identify priorities for immediate action, so that each organization can remediate the disruptions threatening business sustainability and start planning for a new way of conducting business.

NOW. NEXT. NEW.

NOW – This is the most urgent part of the framework and where many are as the COVID-19 emergency unfolds. For some behavioral health providers, addressing the **NOW** will be a matter of survival. Energies are focused on critical cash, communication, and control strategies that are needed to manage through the immediate uncertainty, set priorities, and move toward stabilizing operations.

NEXT – Transition from the urgent focus needed to stabilize the clinic’s survival to the actions that will frame the success of the clinic in the coming months and years. Focus shifts to the key processes, technologies, services, supply chain issues, and other priorities that will shape the **NEXT** stage of your center.

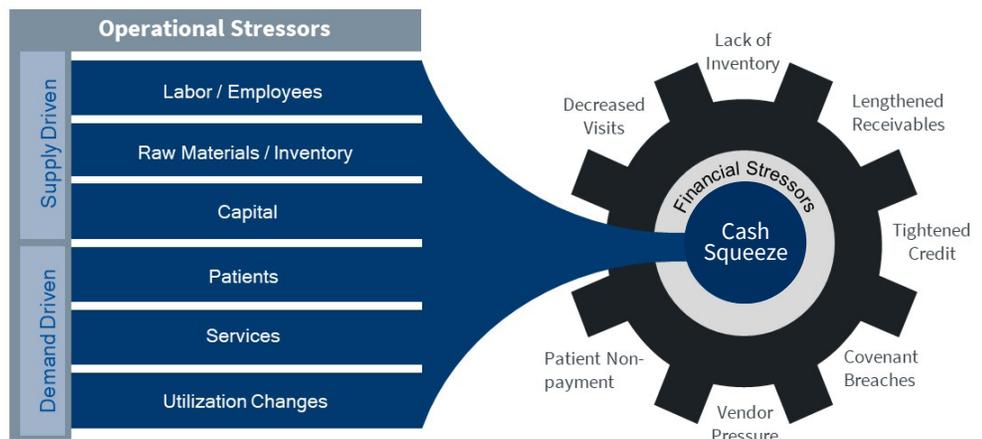
NEW – In a new post-disruption healthcare environment, leadership will need to take action and revisit decisions as if they were **NEW**. From finding capital sources to leading a mostly remote workforce to determining an evolved long-term strategy, needed to operate in a post-disruption healthcare environment.

“Implementing the NOW. NEXT. NEW. framework involves triaging NOW so that you can survive the imminent needs of today and survive to the next stages.”

1. Take action **NOW** with a **Rapid Assessment** to identify your urgent needs and focus priorities.
2. Strengthen your position with **NEXT** steps that enable your organization to grow and transform.
3. Uncover the potential to help you thrive in a **NEW** future.

Identify your financial stressors

Within the **NOW** phase, it is critical to identify the primary stressors that your organization faces—such as drop in volume, lack of adequate supplies and PPE, or appropriate infrastructure to provide telehealth—to identify the levers you will need to pull to alleviate these stressors and stabilize your organization in the short-term. These are the primary pain points that will be critical to address.



There are three key domains in your triage stage of **NOW**:

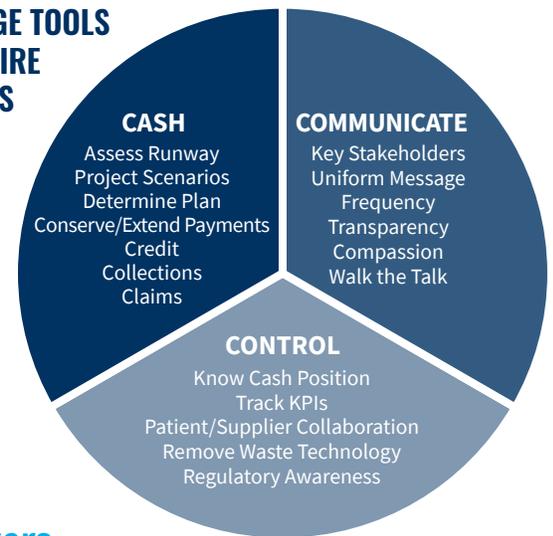
Cash: It is imperative to identify your weekly projected revenues and expenses to identify the cash on hand you will need to weather the storm and to enact a response plan.

Communication: Transparency is key with staff, patients, vendors and government regulators. Communicate your situation to negotiate new payment terms, secure loan/grant funding, and make well-informed business decisions.

Control: Once a plan is enacted, it needs to be monitored on at least a weekly basis to identify needed adjustments or course corrections.



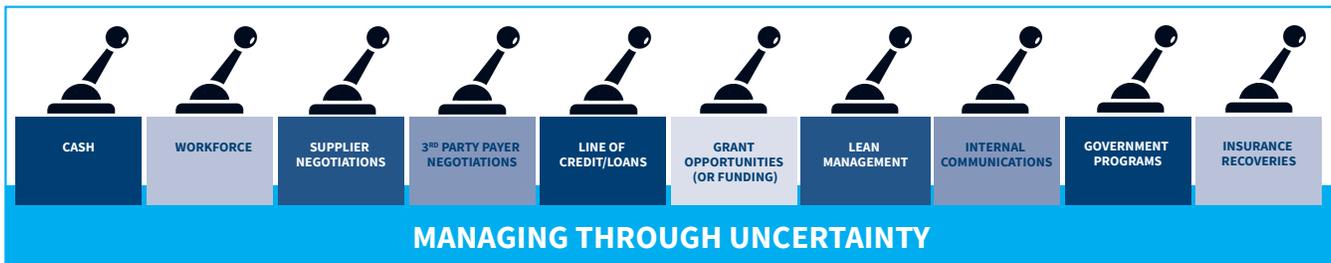
TRIAGE TOOLS REQUIRE FOCUS



Triage response during NOW stage: Identify the right levers to pull to address your cash position and extend the runway

After you have calculated how the COVID-19 emergency will impact your organization’s financial projections, there are several types of “levers” you can begin to pull to stretch your cash position and maintain the capacity to continue as an ongoing concern once the effects from the pandemic begin to alleviate. Examples of these levers may include:

- Right-sizing your organizational workforce temporarily based on new visit volumes, which may include reducing hours and/or wages, furloughs, or other employment decisions to manage payroll costs while maintaining and preserving your workforce talent for when volume begins to increase
- Working with vendors to extend terms and delay payment until cash flow position begins to improve
- Working with payers to request advanced payments and negotiate temporary alternative payment rates based on historic metrics to mitigate impact to revenue during the pandemic
- Taking advantage of available loan programs, lines of credit, and/or grant opportunities
- Opportunity for lean management implementation, using this time to become more efficient in operations
- Working with grant or private funders to maximize and leverage flexibility of funds



Next steps

“NOW”, activate the 3 C’s of the triage process – Cash, Communicate, and Control – and start planning for the “NEXT” phase of the Rapid Response framework, transitioning from survival to a new way of conducting business.

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