

# The Preparedness Balance Sheet

Playing a Game of Numbers  
with Healthcare CFO's



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# A Game of Numbers



How Will This  Balance Sheet ?



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# A Game of Numbers



How Will This Effect the Balance Sheet ?



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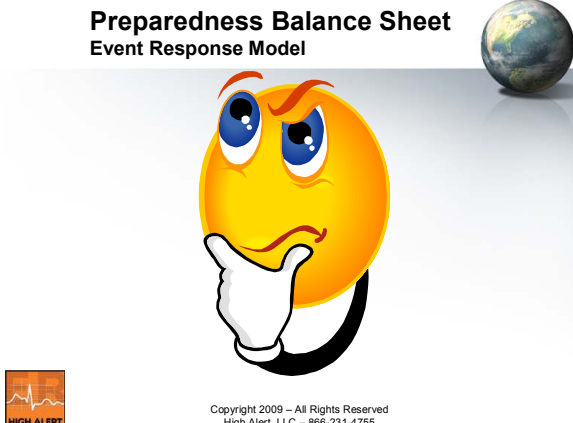
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**Preparedness Balance Sheet**  
Event Response Model



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**Preparedness Balance Sheet**  
Event Response Model

- Costs
  - Equipment
  - Staff Training
  - Salaries for Training
  - Resource Stockpiles
  - Externally Validated Drills and Exercises
  - Extra Personnel
- Dollars and Sense
  - \$1,400/Licensed Bed/yr
  - \$3,920/Licensed Bed/yr
  - \$1,780/Licensed Bed/yr
  - \$1,400/Licensed Bed/yr
  - \$1,060/Licensed Bed/yr (2 per year)
  - \$1,350/Licensed Bed/yr
- Total Cost = \$10,510/bed/yr



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**Preparedness Balance Sheet**  
Event Response Model

- Benefits
  - + Joint Commission
  - + NIMS Compliance
  - + Legal Protection
    - Qui Tam
    - Sarbanes Oxley
- Dollars and Sense
  - + \$0.00
  - + \$0.00
  - + Priceless
- Total Revenue = \$0.00



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**Preparedness Balance Sheet**  
Event Response Model



- Costs
  - Equipment
  - Staff Training
  - Salaries for Training
  - Resource Stockpiles
  - Externally Validated Drills and Exercises
  - Response Personnel
- Benefits
  - + Joint Commission
  - + NIMS Compliance
  - + Legal Protection
    - Qui Tam
    - Sarbanes Oxley

• NET LOSS = \$10,510/bed/yr



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**Preparedness Balance Sheet**  
Event Response Model

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**Preparedness Balance Sheet**  
Process Enhancement Model

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### Preparedness Balance Sheet Process Enhancement Model



- Costs
  - Equipment
  - Staff Training
  - Salaries for Training
  - Resource Stockpiles
  - Externally Validated Drills and Exercises
  - Extra Personnel
- Dollars and Sense
  - \$1,400/Licensed Bed/yr
  - \$4,920/Licensed Bed/yr
  - \$1,800/Licensed Bed/yr
  - \$1,400/Licensed Bed/yr
  - \$530/Licensed Bed/yr (1 per year)
  - \$1,350/Licensed Bed/yr
- Total Cost = \$11,400/bed/yr



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### Preparedness Balance Sheet Process Enhancement Model



- Business Benefits
  - + Joint Commission
  - + NIMS Compliance
  - + Legal Protection
    - Qui Tam
    - Sarbanes Oxley
  - + Improved Customer Satisfaction
  - + Fewer AMA/LWOT
  - + Increased Admits
- Dollars and Sense
  - + \$0.00
  - + \$0.00
  - + Priceless
  - + Priceless
  - + One Admission per Bed/yr
  - + \$17,374/Licensed Bed/yr
- Total Revenue = \$17,374/Bed/yr



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### Preparedness Balance Sheet Process Enhancement Model



- Costs
  - Equipment
  - Staff Training
  - Salaries for Training
  - Resource Stockpiles
  - Externally Validated Drills and Exercises
  - Extra Personnel
- Business Benefits
  - + Joint Commission
  - + NIMS Compliance
  - + Legal Protection
    - Qui Tam
    - Sarbanes Oxley
  - + Improved Customer Satisfaction
  - + Fewer AMA/LWOT
  - + Increased Admits
  - + Targeted Response reduces cost of response
- NET PROFIT = \$5,974/Bed/yr



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**Preparedness Balance Sheet** 

- Process Enhancement
  - Process Analysis
    - Business Processes
    - Healthcare Processes
    - Income Streams
  - Daily Needs/Resources Inventory
  - Benchmark Triggered
  - Targeted Process Enhancement
- Event Response
  - Vulnerability Analysis
    - Hazard Based
    - Kaiser Model
    - Income Insensitive
  - Centered on Recognized Events
  - Event Triggered
  - Untargeted Response and Expenditure



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**Preparedness Balance Sheet** 

- Process Enhancement
  - Process Analysis
    - Business Processes
    - Healthcare Processes
    - Income Streams
  - Daily Needs/Resources Inventory
  - Benchmark Triggered
  - Targeted Process Enhancement
- Event Response
  - Vulnerability Analysis
    - Hazard Based
    - Kaiser Model
    - Income Insensitive
  - Centered on Recognized Events
  - Event Triggered
  - Untargeted Response and Expenditure
- Net Profit: \$5,974/Bed/yr • Net Loss: \$10,510/Bed/yr



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**Preparedness Balance Sheet** 

- The Return on Investment (ROI)
  - + \$16,374/Licensed Beds/yr
  - + \$5,974/Licensed Bed/yr Profit
  - + Improved Customer Satisfaction
  - + Fewer AMA's/LWOT's
  - + More Admissions
  - + Shorter Response Phase
  - + Quicker Return to Full Operations
  - + Greater Surge Capacity



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## Planning In Light of New Realities



- Healthcare planning traditionally based on “same day last year” and “last time this happened” parameters.
- Healthcare disaster planning too often looks to change operational procedures.
- “Practice the way you will play”  
- Vince Lombardi
- **“Play the Way You Will Play!”**  
- Maurice A. Ramirez



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## Want More Information?



White Paper Available November, 2009  
**“Mitigating the Economic Disaster of Disaster Healthcare:  
A Financially Viable Model of Healthcare Disaster  
Preparedness”**

If you would like a copy of this whitepaper when published,  
please reserve your copy today by sending an email to:  
[mitigating.editors@gmail.com](mailto:mitigating.editors@gmail.com)



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