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From the Frontier: Translating Research to Practice...a Story of Economic Survival

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From the Frontier: Translating Research to Practice...a Story of Economic Survival

ABSTRACT

This article is number two in the series *From the Frontier: Translating Research to Practice*. The narrative describes the interactions between a local health department director and two academicians in addressing the impact of the 2008 financial crisis. In a first set of activities, practice-academic partners used Financial and Operational Ratio and Trend Analysis to identify periods of a negative total margin and the impact of that on the agency's declining fund balance. The use of private sector processes of retrenchment, repositioning, and reorganization led to a financial turnaround for the agency. In a second set of activities, practice-academic partners analyzed consolidation of multiple local health departments as one option for improving long-term financial stability. These connected activities provide examples of both implementation science and practice-based research.

Keywords

translation, financial management, implementation science

From the Frontier: Translating Research to Practice

The date is 2007 and you are the director of a mid-size county health department. Your community, deep in the “rust belt”, has already been experiencing the early impact of the oncoming recession: the housing market has begun to decline and the ripples are spreading. Your revenues, especially from fee-for-services, have decreased and there is in fact a cash flow crisis. What are your options? These are the challenges that were faced by Mr. Matt Stefanak, recently retired Commissioner of the Mahoning County District Board of Health in Ohio. While considering various possibilities, Commissioner Stefanak made note of an upcoming Learning Institute at the annual meeting of the American Public Health Association on Public Health Financial Management, where he was first introduced to Dr. Peggy Honore´ - AmeriHealth Mercy-General Russel Honore´ Endowed Professor, Louisiana State University School of Public - and the rest, as they say, is history.

The specific focus of Dr. Honore´’s APHA session was on the use of Financial and Operational Ratio and Trend Analysis (RTA) in public health – “... the calculation and comparison of ratios which are derived from information in an organization’s financial records and relevant demographic datasets. The level and historical trends of these ratios, which are time-tested, a trusted methodology for quantitative financial analysis, and widely used in healthcare and other industries, can be used to make inferences about an organization’s financial condition and operations.” (Honore´) Commissioner Stefanak immediately saw the potential use of this approach to managing and steering his health department through the impending economic crisis; Dr. Honore´ saw this as an opportunity to engage in “Implementation Science”, the study of processes for implementing evidence-based practices. While this may not be considered practice-based research *per se*, the use of an evidence-based decision making process puts this in the same realm. Similar to much of the practice-based research in public health, Commissioner Stefanak’s and Dr. Honore´’s use of RTA had an applied perspective at the outset.

Ratio and trend analysis involved populating a financial tool with local Mahoning County data, a process about which, according to Dr. Honore´, “Matt was very astute and got it right away”. He quickly realized that he did not have the benefit of a full bottom-line picture of successive periods of a negative total margin and the impact of that on the agency’s declining fund balance. The RTA showed that several programs were operating in a negative position and were in fact major drivers of the negative total margin and declining fund balance. Commissioner Stefanak recognized that he did not have a good handle on the true costs of delivering services for the people of Mahoning County, as systematic cost reviews had been conducted on fewer than 20% of his programs. With Dr. Honore´’s

assistance with data analysis, Commissioner Stefanak was able to utilize evidence-based private sector processes of retrenchment, repositioning, and reorganization. Two programs stood out in greatest need of modification: adult daycare services and laboratory services. By providing clear, objective analyses of the financial impact of these programs significant alterations were made in such a way that both the Board of Health and the community itself provided strong support for subsequent changes. The earliest evidence that a turnaround was taking place – positive total margin and improved cash balance – also provided clear signs of their return on investment with new programs to increase Medicaid revenues. By the end of 2008 Commissioner Stefanak’s health department was operating in a positive environment, and he and Dr. Honore´ could team up (along with Scott Dessens) to write “Anatomy of a public health agency turnaround: the case of the general health district in Mahoning County”¹ – a step that many of those in academia would describe as the completion of a scholarly process.

Rather than this being the end of the story, it was, in fact, the dissemination of this completed work at a subsequent APHA roundtable that bridged the way to the next applied research undertaking. Dr. Michael Morris, who would soon join the faculty at the Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, was at the APHA roundtable where he was struck by the use of local health department (LHD) financial data in the development of a strategic plan with public health systems partners. This eventually led to Dr. Morris’s introduction to Commissioner Stefanak, whose next challenge was in exploring the financial implications of LHD consolidation. At that time there were two separate LHDs in Mahoning County, and the mayor of Youngstown – the largest city in the county – was interested in consolidating the city health department with the county. Would consolidation result in more external grants? Would it save local government money? Would it achieve some economies of scale? Would consolidation improve the overall financial situation for the health department, the city, and the county? These empirical questions drove Commissioner Stefanak to conduct a literature review on consolidation and to explore financial data (utilizing the knowledge and skills he acquired through his work with Dr. Honore´) which he then presented to Dr. Morris. Utilizing a generalized estimating equation framework, Dr. Morris and Commissioner Stefanak examined data from a matched sample of 11 Ohio counties – 6 with consolidated LHDs and 5 with multiple LHDs - drawn from the 2010 Ohio Annual Financial Report. Initial results of this work were presented at the 2012 Keeneland Conference. Consolidated LHDs were found to have a 10% lower administration cost, but independent LHDs received more local funding. This mix of findings showed that consolidation was not a “silver bullet”, and that there were, in fact, many challenges of conducting finance-oriented practice-based research. This preliminary evidence provided rough estimates of the financial

implications of consolidation, which served to ground expectations for policy makers. Based on Commissioner Stefanak's presentation of the early study results, city and county officials were joined by other community stakeholders in agreeing that there was both evidence and support for continued consolidation talks. Dr. Morris and Commissioner Stefanak currently are conducting practice based research on the effects of consolidation utilizing 10 years of financial data and a more comprehensive assessment of the 18 consolidations that have taken place in Ohio between 2000 and 2011. The work now involves a second academic institution – Kent State University – where the academic and practice partners are developing a network to assess public health financial management and formulate policy.

These practitioner-academician interactions grew out of the venues for structured dialogue on public health finance – such as the APHA Roundtables – that had previously been lacking. Such venues for structured dialogue have become critical to the strengthening of financial management in public health: in Dr. Honore's view, "it is treating financial management as more than just a pick-up game of basketball." What are the lessons learned in using evidence-based decision making and implementation science in public health financial management through academic-practice partnerships? The Stefanak- Honore'-Morris team note at least three: 1) uniform, real-time datasets are critical to getting information back to the practice setting in a timely manner; 2) LHD leaders can understand the value of and use RTA even if they have no prior formal training in financial management; and 3) translation of research/implementation science takes time – patience, persistence, and commonplace perspectives are fundamental keys to success.

For more information readers are encouraged to access the article referenced below and to view the Keeneland Conference presentation in April 2012 at <http://www.youtube.com/watch?v=LbRRrQxJWA&list=PLCC41C4B3A3111C4B> and download the presentation (pdf) at <http://www.publichealthsystems.org/2012-keeneland-presentations.aspx>

Readers may also contact Commissioner Stefanak (mstefan2@kent.edu), Dr. Honore' (Peggy.Honore@hhs.gov), or Dr. Morris (MEMorris@uams.edu).

¹ J Public Health Manag Pract. 2012 Jul-Aug;18(4):364-71. doi: 10.1097/PHH.0b013e3182548e1a