

# The Financial Opportunities Of Understanding Your Unit Costs – A Tool For Driving Competitive Advantage, Margin & Service Development

## *Demonstration – Building a Dynamic Unit Cost Model*

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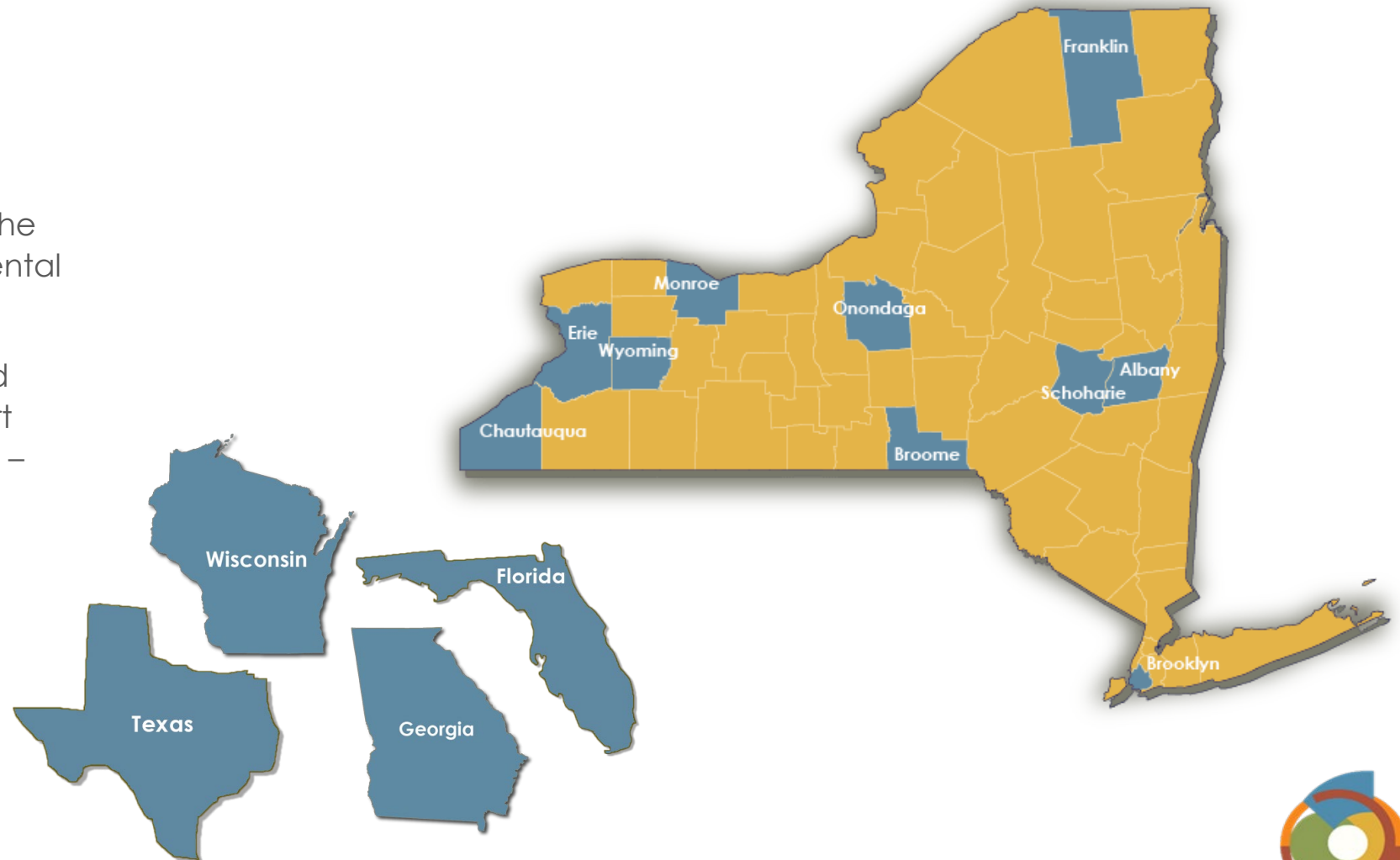
CCSI

Coordinated Care Services, Inc.  
Innovative Solutions in Human Service Delivery

# About CCSI



- Not-for-Profit Management Services Organization
- Founded in 1992 to support the Monroe County Office of Mental Health
- Today - staff of >400 talented individuals working to support customers across Upstate NY – and beyond



# Presenter



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## *CCSI Consulting Services*

*We provide the expertise and support organizations need to understand, implement, and sustain practices aimed at improving the way healthcare is provided. Our Consulting Division is made up of two Centers of Excellence - one focused on Trauma Responsive Practice / DEI and the other on Organizational Effectiveness*



# *Building a Dynamic Unit Cost Model*



A model is a numerical representation of some aspect of your organizations business

A cost model identifies key cost drivers and service volume drivers to calculate unit cost

A dynamic unit cost model is built in a manner that allows you to manipulate you cost drivers and service volume drivers to build scenarios, understand variable sensitivity and create benchmarks that allows you to manage to the model



## Building a Model from the following Scenario

Your organization was asked by a regional psychiatric hospital to provide them with a cost for providing Peer Bridger Support Services for discharged patients. You have carved out a niche in your local market and you are known for your ability to recruit, support, and retain Peers.

# Demonstration



# Important Considerations and Practical Suggestions



- ✓ Do not hard code cell values for any variable that might change because most likely it will
- ✓ Distinguish input cells from calculated cells
- ✓ Document your assumptions
- ✓ Build your model so that it can be used as a scenario building tool and a training tool
- ✓ Your tool will only be accurate if you engage your clinical leadership in a discussion of service capacity and involve them in scenario building
- ✓ Use your model to determine the key data points that you will need to measure and manage to be successful



Questions

Observations

Discussion

