

SAPC Value-Based Incentives Package, FY 2025-26
Managing Financial Risk in Value-Based Reimbursement (1-B)
Financial Contingency Plan

Purpose: The Financial Contingency Plan will support provider agencies in developing and maintaining a strategic approach for managing financial risk in value-based reimbursement. The financial contingency plan will highlight key drivers and indicators of financial performance and lay out frameworks for evaluation and decision-making. The **Financial Contingency Plan is required to complete VBI 1-B Milestone 2** and is due to SAPC via the [VBI Electronic Submission Form](#) by **March 31, 2026**.

Instructions: Complete each section based on currently available information, incorporating both a retrospective view and realistic expectations looking ahead. To complete the financial contingency plan, refer to your agency’s organizational documents, such as:

- Financial reports
- Key Performance Indicator (KPI) reports
- Policies and Procedures
- Board meeting minutes
- Any other organizational documents

Submissions will be evaluated based on the completeness and thoroughness of responses, and, most importantly, on how effectively they serve as a forward-looking plan. The goal is for the document to be a **practical tool that leadership and decision-makers can use over time to navigate and manage financial risk in value-based reimbursement**. It is not intended to assess current organizational performance. However, we encourage participants to approach this submission with openness and a focus on collaboration, emphasizing the creation of a durable resource that leadership can continue to use over time.

Provider Agency Profile & Contact Info:

Provider Agency:	
Managing Financial Risk in VBR (1-B) Submission Lead Representative:	
Email:	
Phone Number:	
Date Completed:	

SECTION 1: PERSONNEL SUMMARY

This section provides an overview of the key personnel involved in organizational financial contingency planning. This may include team leads, key decision-makers, subject matter experts, and other relevant clinical or non-clinical team members. A sample project team is provided below. Actual roles and responsibilities may vary; please provide job titles that best represent your team members.

Financial Contingency Planning - Personnel Summary			
Job Title	Name	Department / Team	Responsibilities

SECTION 2: FINANCIAL PROFILE

One of the first steps of financial contingency planning is identifying areas of potential financial risk. This section provides a current snapshot of financial and organizational performance. Many of these questions center around identifying key factors that can explain historical financial performance and drive future financial improvement.

1. **Revenue:** Please list your agency's top three sources of revenue from the previous fiscal year (FY).

Revenue Sources	Previous FY (\$)
Revenue #1:	
Revenue #2:	
Revenue #3:	

2. For two of your top revenue sources, answer the questions below. Please limit each response to 1-2 sentences.

2.A. Revenue Source #1:

2.A.1. Funding / Payment Source: Identify the source of funding or payment associated with this revenue stream (e.g., payer type, grant, contract, internal funds, or other external source).

2.A.2. Intended Use of Funds: What is the intended purpose of this revenue source?

2.A.3. Payment Methodology: Describe how payment is determined. Include the reimbursement model, if applicable (e.g., fee-for-service, meeting grant deliverables, etc.).

2.A.4. Activities Required for Payment: Describe the operational, clinical, or administrative activities required to receive payment (e.g., service billing, delivery documentation, invoicing, reporting, etc.).

2.A.5. Limitations / Risks: Identify any known limitations, constraints, or risks associated with this revenue source (e.g., time-limited funding, uncertainty of continuation, volume thresholds, eligibility requirements, administrative burden, compliance and audits, etc.).

2.B. Revenue Source #2:

2.B.1. Funding / Payment Source: Identify the source of funding or payment associated with this revenue stream (e.g., payer type, grant, contract, internal funds, or other external source).

2.B.2. Intended Use of Funds: What is the intended purpose of this revenue source?

2.B.3. Payment Methodology: Describe how payment is determined. Include the reimbursement model, if applicable (e.g., fee-for-service, meeting grant deliverables, etc.).

2.B.4. Activities Required for Payment: Describe the operational, clinical, or administrative activities required to receive payment (e.g., service billing, delivery documentation, invoicing, reporting, etc.).

2.B.5. Limitations / Risks: Identify any known limitations, constraints, or risks associated with this revenue source (e.g., time-limited funding, uncertainty of continuation, volume thresholds, eligibility requirements, administrative burden, compliance and audits, etc.).

3. **Revenue Drivers of Financial Risk:** Refer to Question 1. Which of the revenue sources mentioned above are most sensitive to changes in:

- A. Client volume/utilization? _____
- B. Staffing capacity? _____
- C. Performance benchmarks? _____
- E. General economic trends? _____

4. **Strategic Priorities:** How do your agency's strategic priorities address or account for the revenue drivers of financial risk?

5. **Expenses:** Please list your agency's top five expenses from the previous fiscal year (FY).

Expenses	Previous FY (\$)
Expense #1:	
Expense #2:	
Expense #3:	
Expense #4:	
Expense #5:	

6. Which two of your top expenses are the **most** variable or adjustable in the short-term (0-90 days), and why?

Variable Costs: (Most variable)	Rationale
Expense #1:	
Expense #2:	

7. Which two of your top expenses are the **least** variable or adjustable in the short-term (0-90 days), and why?

Fixed Costs (Least variable)	Rationale
Expense #1:	
Expense #2:	

8. What strategies do you have in place to actively manage expenses?

SECTION 3: MONITORING AND RESPONDING TO FINANCIAL STRESS

Financial contingency planning relies on triggers and thresholds to determine when a disruption has taken place. This section highlights key metrics and frameworks for monitoring financial performance. Two major categories are included: **Financial** and **Workforce**. This is not meant to be an exhaustive list of metrics and categories for monitoring organizational performance. We encourage you to apply these frameworks and concepts across other aspects of your agency's operations.

Financial KPIs serve an important role in monitoring organizational performance by comparing key dimensions of financial health over time.

1. **Financial KPIs:** Which of the following financial KPIs are regularly monitored? Select all that apply.

Profitability: These KPIs measure general financial performance by comparing revenue and expenses.

- Gross Profit Margin
- Net Profit Margin
- Other: _____
- Other: _____
- Other: _____

Liquidity: These KPIs measure an organization's ability to meet short-term obligations.

- Current Ratio
- Days Cash on Hand
- Other: _____
- Other: _____

Solvency: These KPIs measure an organization's ability to meet long-term debt obligations.

- Debt-to-Equity Ratio
- Other: _____
- Other: _____

Turnover: These KPIs measure operational efficiency.

- Days in Accounts Receivable (A/R)
- Other: _____
- Other: _____

2. **Financial KPIs:** What financial reports and/or analyses does your agency prepare to monitor the above KPIs?

3. **Financial KPIs:** Who is responsible for preparing financial reports and analyses related to these KPIs?

4. **Financial KPIs:** How frequently does your agency review these KPIs internally?

5. **Financial KPIs:** Please describe any team meetings or established processes used to review these KPIs.

6. **Financial KPIs:** How will your agency identify early signs of stress and document findings based on these KPIs?

7. **Financial KPIs:** What processes are used to make decisions based on your findings?

8. **Financial KPIs:** Based on the information above, what changes would you make in your agency's KPI reporting and analysis process to support financial stress monitoring moving forward?

Workforce indicators serve an important role in organizational performance monitoring by revealing trends in morale, engagement, and overall company culture.

9. **Job Areas:** Based on current staffing, hiring efforts, and general industry outlook, which of the following job areas are most at risk of impacting overall operations? Select 3 maximum.

- LPHAs
- Other billable clinical staff/providers: _____
- Other non-billable clinical staff: _____
- Clinical leadership
- Finance / Accounting
- IT / Data Analytics
- Executive leadership
- Other: _____
- Other: _____

10. **Workforce Indicators:** Which of the following personnel KPIs are regularly monitored? Select all that apply.

- Staff vacancy rate
- Staff turnover rate
- Staff engagement rate
- Other: _____
- Other: _____

11. **Workforce indicators:** What reports and/or analyses does your agency prepare to monitor the above KPIs?

12. **Workforce indicators:** Who is responsible for preparing reports and analyses related to these workforce KPIs?

13. **Workforce Indicators:** How frequently does your agency internally review these KPIs?

14. **Workforce Indicators:** Please describe any team meetings or established processes used to review these KPIs.

15. **Workforce Indicators:** How will your agency identify early signs of stress and document findings based on these KPIs?

16. **Workforce Indicators:** What processes are used to make decisions based on your findings?

17. **Workforce Indicators:** Based on the information above, what changes would you make to your agency's KPI reporting and analysis process to support workforce monitoring moving forward?

SECTION 4: FINANCIAL CONTINGENCY PLANNING

After identifying various KPIs/indicators and triggers, the next step in financial contingency planning is to formalize an action plan that outlines how the agency will respond if and when these risk events occur. In general, financial contingency planning should focus on risk events that are reasonably likely to occur within normal operations, particularly those that could significantly affect revenue, staffing capacity, compliance requirements, or service delivery and require timely action.

Risk-Response Framework: This set of questions will walk through the Risk-Response financial contingency planning framework. Below are three different scenarios for financial contingency planning. **Two scenarios are pre-populated** from the Financial Stress Test. **For the remaining scenario, decide on one** realistic and relevant risk scenario for financial contingency planning.

1. **SCENARIO ONE: 20% reduction in productivity among clinical staff and providers, even though FTEs and working hours have not changed.**

1.A. **RISK:** What risk scenario is this response designed to address?

1.B. **TRIGGER:** What is a threshold or trigger that would indicate when a response is needed?

1.C. **SHORT-TERM RESPONSE:** What immediate steps will be implemented to resolve this risk scenario?

1.D. **LONG-TERM STRATEGY:** What would be your strategy to minimize the likelihood of this risk scenario happening again?

1.E. **OWNER:** Who would be responsible for monitoring this risk scenario?

1.F. **IMPACT:** What is the estimated financial impact of this risk scenario on provider agency operations?

2. **SCENARIO TWO: DMC Care Coordination Performance Threshold Not Met (30% of clients discharged are referred to and admitted to another level of SUD care within 30 days of discharge), and your agency will not receive the withheld 10% of care coordination payments**

2.A. **RISK:** What risk scenario is this response designed to address?

2.B. **TRIGGER:** What is a threshold or trigger that would indicate when a response is needed?

2.C. **SHORT-TERM RESPONSE:** What immediate steps will be implemented to resolve this risk scenario?

2.D. **LONG-TERM STRATEGY:** What would be your strategy to minimize the likelihood of this risk scenario happening again?

2.E. **OWNER:** Who would be responsible for monitoring this risk scenario?

2.F. **IMPACT:** What is the estimated financial impact of this risk scenario on provider agency operations?

3. **SCENARIO THREE:**

3.A. **RISK:** What risk scenario is this response designed to address?

3.B. **TRIGGER:** What is a threshold or trigger that would indicate when a response is needed?

3.C. **SHORT-TERM RESPONSE:** What immediate steps will be implemented to resolve this risk scenario?

3.D. **LONG-TERM STRATEGY:** What would be your strategy to minimize the likelihood of this risk scenario happening again?

3.E. **OWNER:** Who would be responsible for monitoring this risk scenario?

3.F. **IMPACT:** What is the estimated financial impact of this risk scenario on provider agency operations?

Reflection Questions: In addition to the scenarios above, the following questions focus on how your agency prepares for and manages disruptions.

1. What are the most likely disruptions your agency could face and how might they impact operations (e.g. staffing shortages, payment delays, IT outages)?
2. In the event of a disruption, what are some steps that your agency will take to minimize the impact on day-to-day operations?
3. Describe any past incidents or near-misses your agency can use to inform and improve financial contingency planning moving forward.

SECTION 5: LONG-TERM MAINTENANCE AND UPDATES

Financial contingency planning is an ongoing process, not a one-time exercise. As your agency prepares for continued value-based payment reform, this plan should be reviewed and updated regularly to reflect operational, financial, and workforce changes. In the section below, please describe how this financial contingency planning tool will be maintained and updated over time within your organization.

1. **Ownership:** Who will be primarily responsible for leading ongoing reviews and updates to the contingency plan?

2. **Decision Making:** Which core team members must be involved in decision-making under this financial contingency plan?

3. **Decision Support:** Who will need to be involved to provide relevant reports and analysis?

4. **Review Frequency:** How often will your provider agency revisit, review, and revise this document?
 - a. Weekly
 - b. Monthly
 - c. Semi-Annually
 - d. Annually

5. Please describe how your financial contingency plan review frequency fits into overall agency operations.

Communication Plan: How will changes to the financial contingency planning tool be coordinated and communicated amongst staff at your agency? Samples are provided below. Feel free to edit or add items below as needed.

Action	Owner	Audience	Timing / Trigger

SECTION 6: ADDITIONAL INFORMATION (OPTIONAL)

Certain tables or questions in the Financial Contingency Plan may not have sufficient space to capture your response. In the text box below, please provide any additional information that can supplement your responses to the questions above. Please reference the respective section number and table name / question number in your responses.