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# Behavioral Health Performance Indicators:

## 20 Important KPIs for Measuring Success in Private Practice

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To compare a private behavioral health practice to a retail store might seem like an awkward juxtaposition to some. After all, a retail consumer and a client suffering from mental illness have two distinct sets of needs with little in common. At the end of the day, the value and profitability of clinical service delivery depends heavily on practice managers operating with the same attention to business metrics as the owner of a retail store would. But what are the key performance indicators (KPIs) for behavioral health practices?

In this white paper, Valant explains a number of behavioral health performance indicators used by private practice owners and practitioners across the country to evaluate their practices' business performance.

To summarize, here's a complete list of the mental health KPIs discussed:

**Marketing KPIs: Measure how well you're attracting new clients**

- Number of Referrals
- Number of Referral Sources
- Referral Source Performance
- Cost of Referral Acquisition
- Reputation Management: Online Review Scores

**Intake KPIs: Measure intake process effectiveness**

- Conversion of Referral to Intake Appointment
- Time to Appointment

**Clinical Productivity KPIs: Measure clinicians' contributions to profitability**

- Productivity Units or Hours Produced
- Utilization
- Client Retention

**Clinical Outcomes KPIs: Measure the care being provided**

- Percentage of Encounters with Appropriate Measurement
- Response Rates
- Remission Rates
- Client Satisfaction Ratings

**Financial KPIs: Measure the key levers to profitability**

- Revenue (by CPT code, facility, program, or provider)
- Revenue per Productivity Hour
- Gross Margin
- Operating Expenses
- Days in AR (insurance and patient)
- Collections Percentage

# What are Behavioral Health Key Performance Indicators?

As technology becomes an increasingly integral part of our everyday lives, so does our ability to lead with data-driven decisions. Technological advancements over the last several decades have granted professionals in all fields access to more thorough and accurate performance reporting, enabling them to provide better service based on what's worked well in the past. Because there are a number of metrics to focus on, however, it's critical to narrow your focus and determine which pieces of information are the best indicators of success for your business.

Key performance indicators (KPIs) are quantitative measurements used to determine how your business performs in the long term. KPIs are not goals; they are the metrics businesses refer back to over extended periods of time to gauge progress toward their performance goals. Especially in behavioral health, an industry in which the result/product value is not easily expressed in numbers, identifying the most effective KPIs to measure your practice's business' success can be a challenge in itself.

With that in mind, we've listed a number of the most popular behavioral health performance indicators below — ranging from financial to clinical.

# Marketing KPIs for Behavioral Health

### Number of Referrals

"Referrals" is an ambiguous term that requires additional context to explicitly define; generally, a referral is any person who has expressed interest in your services. In the context of behavioral health, the most common source of referrals is most often from other external practitioners.

The number of referrals your practice generates in any given time period can signify growth or decline in your patient flow. If you've seen a decrease in referrals over the last month, for example, it could mean a number of things related to the strength of your referral network, client experience, or effectiveness of marketing efforts.

### Number of Referral Sources

There are many different channels for referral sources. Examples include clinicians and other staff in provider organizations including your mental health colleagues, clients and patients, insurance companies and directories for professional associations. Practices might also receive referrals from inpatient units, hospitals, and primary care providers. Keep track of all of these entities and the specific names of referral sources so you can continue to grow and nurture this list.

### Referral Source Performance

Though referrals for behavioral health most often come from other practitioners, practices can obtain referrals from a variety of sources. Practices with an online presence, for example, can track the number of referrals that come from your digital sources — such as directory listings, online advertising campaigns, or social media — and compare them against other referral sources to determine where your marketing dollars are best spent. Consider both the quality and quantity of the referrals each source produces and find the source medium that generates the largest number of qualified referrals (and, subsequently, booked sessions) at the lowest cost.

### Cost of Referral Acquisition

Cost of referral acquisition is a critical key performance indicator for behavioral health practices focused on optimizing their marketing spend. In essence, cost per acquisition represents the average cost you incur to convert a referral into a conversion. In behavioral health, this is most often the cost of converting someone who submitted a form or called your practice into a booked session. If you're testing new inbound marketing strategies with limited budget, for example, look for differences in the cost of referral acquisition between strategies to determine which is the most cost-effective for your practice.

### Online Review Scores

As health care continues to demonstrate an inclination toward consumerism, online reviews for private practices are becoming more commonplace. Client reviews are an important business metric for two main reasons: 1) they are a good source of feedback, 2) and prospective clientele will often rely on them as a means to evaluate the practice. Consider both the score and nature of your reviews online. It's important to know the average market rating and maintain above-average scores.

Even the most attentive and disciplined practices will receive the occasional negative review, given enough time. It's not generally a panic situation when it happens, however. Use the opportunity to address the issue, thus reflecting the practice's standards over a public forum. Negative reviews that are inflammatory or inaccurate can usually be disputed and removed by site administrators.

As a behavioral health performance indicator, growth in the number of positive or negative online reviews can be telling of several things, including practice/patient flow growth and changes in the public's perception of your practice.

## Intake KPIs for Behavioral Health

Driving a high quantity of referrals is important, but equally importantly is a practice's ability to convert those referrals into actual patient intakes. Intake KPIs will give practice managers an indication of how effective their team is at converting referrals and how quickly patients can be seen for their first visit. There are many variables that play into a practice's ability to do this well, including the capacity for new appointments and the effectiveness of the team, process, and practice management tools.

### Conversion to Intake Appointment (Waitlist Size)

Generally speaking, a conversion is any time a person takes desired action and/or completes an intended goal, often resulting in tangible income for the business. Similar to "referral," the term "conversion" takes on different meanings depending on the context. As a performance measure in mental health, conversions are most likely going to be a new patient inquiry and/or booked session.

Most practices keep a waitlist to track all new patient inquiries (conversions, in this case) that cannot be immediately serviced. Tracking the time it takes for a conversion to turn into an intake appointment — or, as an alternative KPI, the size of your waitlist — is not just a great partial look into your patients' experience, but it can also help you make educated decisions on operational capacity and timing when considering new hires.

### Time to Appointment (TTA)

Time from referral to appointment is a fantastic measure of operational efficiency within your behavioral health practice. If the time it takes you to guide your patients from their initial referral to their first appointment increases, there are likely steps in the process you can consolidate or eliminate entirely.

Many insurance companies will look at this metric as an indicator of availability and will reward practices that can demonstrate a favorable TTA with better reimbursement rates. After all, they want to work with practices that have the capacity to serve their patients and will often build this into value-based contracts.

## Clinical Productivity KPIs for Behavioral Health

For most practices, clinical productivity is the most important driver of growth. You can improve productivity by hiring and retaining staff or getting more work out of the staff that you have. All of these variables are important to monitor. Practices need to be able to visually show this productivity information to their employees, ideally with a graph that shows (1) productivity expectations (2) actual productivity. This provides clear feedback and aligns the goals of the individual provider with the goals of the business.

### Productivity Units or Hours Produced

Because care is provided across many different service codes, you will need a means to evaluate the amount of clinical work done against a common metric. This could be in the form of either hours or units. Then you can use the time or assigned units for specific service codes to get the aggregate number. If there is great variability in the time associated with each code, such as for E&M codes for psychiatrists, then a unit system might make the most sense. Once you have your hours or unit per code defined, then you should track these on a regular basis to see how productive each clinician is over time.

### Utilization

Utilization is the amount of service units or hours provided divided by some predefined maximum number. For example, if your practice considers the full-time expectation to be 30 productivity units per week and the clinician averages 27 productivity units per week, then the Utilization is 27/30 or 90%. Utilization can be improved through clinician incentives and techniques to reduce no-shows such as automated appointment reminders and on-line scheduling. Utilization is a concept that can apply to sites, resources, or the practice as a whole.

### Client Retention Rate

If client flow is the life blood of your practice, then client attrition is the bleeding out of that lifeblood. Client retention is the inverse of client attrition and a more positive way to address this risk. Clinicians who struggle with client retention can improve with focused interventions from clinical supervisors or managers. But you need to measure the problem before you can address it. One way of doing this is following the average life cycle of a client through their journey with a clinician. Good EHR reporting systems can help you visualize this by following a cohort of clients from the initial session through months of treatment. If there is a steep drop off from initial encounter to sessions in subsequent months, the clinician may need some help. Comparing clinicians with others in the practice can help establish if there are other variables impacting retention such as acuity of patients in the program or problems with administrative support at a specific site. After all, the costs of referrals are expensive (seminars, advertising, lunches, coffee meet and greets), so developing a plan on how to retain referrals is critical to maintaining your ROI.

# Clinical Outcome KPIs for Behavioral Health

Outcome measurement with standard, reliable assessment and ratings scales has become the standard in behavioral health care. Measurement is associated with higher levels of patient engagement, better clinical outcomes, and increasingly, more negotiating leverage with insurance companies.

Practitioners can use clinical outcome KPIs to determine if and when certain aspects of care should be adjusted. Is the treatment providing satisfactory results based on the clinical KPIs you've chosen to monitor? Are there opportunities to improve? Clinicians who maintain cognizance of health outcomes will maximize their effectiveness as care providers. Each client has a unique set of needs, and it will be up to the provider to prescribe the best course of action based on the progress they see.

Clinical outcomes can be extremely difficult to measure without the right tools. Using a Behavioral Health EHR like Valant automates this task, allowing you to capture, trend, and report on data from behavioral health measures with minimal effort.

### Measurement Rates

If you are just getting started with using outcome measurement in your practice, one approach could be to measure the number of clients with encounters in the past year that have had an outcome measure administered and the number that have had more than one administered in sequence, as measurement-based care requires ongoing measurement beyond the initial assessment. First get a baseline for these ratios and then set goals for improvement.

### Response Rates

If you are measuring outcomes, then you can use that data to track response rates. A response can be defined for a specific disorder as a percentage change of a rating scale score for a patient and a response rate as the ratio of responses to patients treated for a specific disorder. For example, the HEDIS measure for depression defines response rate as the ratio of patients with depression whose PHQ-9 score goes down by 50% within 4-8 months to those with an index score higher than 9. An analogous approach can be used for other diagnoses using different, targeted outcome measures. (e.g. GAD-7 for Generalized Anxiety Disorder, YBOCS for Obsessive Compulsive Disorder, SCARED for child anxiety disorders, Vanderbilt for ADHD and other disorders of childhood).

### Remission Rates

Similarly, remission rates measure the ratio of patients that achieve remission to patients with that specific disorder. For the HEDIS measure for depression, the definition of remission is a PHQ-9 score of less than 5.

### Client Satisfaction Ratings

The quality of the client's experience is different from their clinical outcomes but still very important to them and for the growth of your practice. You can get feedback on the client experience through patient satisfaction surveys. Unlike for symptom rating scales, there is not a wealth of standardized tools for this purpose, so you might have to create your own survey. Keep it simple and make sure that you get a score so that you can quantitatively track progress over time. You could choose to include an approach that is a standard in other industries, the Net Promoter Score.

# Financial KPIs for Behavioral Health

Like most businesses, the success of any private behavioral health practice begins with good financial planning. Finance is arguably the most important component for any mental health business plan and can be examined in several different ways.

Insurance billing, for example, can provide a lot of benefits to the private behavioral health practice, provided practice owners maintain the right set of expectations. Often, practices will set their standard rates 20-30% higher than the highest contracted billing rates for each service and make adjustments after receiving payment. Alternatively, if you have the ability to customize your fee schedules by payer in your EHR or billing software, you can match the fees to the contracted amount so that you have a clear, real-time, accurate picture of your accounts receivable. Either way, you should strive to collect over 90% or even 95% of the contracted amount for which you bill. In all cases, claim denials, non-timely filing, deductibles, co-pays, and co-insurance can create challenges, even for the most disciplined of practices. Having a billing specialist on staff, using an EHR solution with integrated billing functionality, and contracting through a clearing house are all good ways to improve the practice's billing performance.

- Revenue (by CPT code, facility, program, or provider)
- Revenue per Productivity Hour
- Gross Margin
- Operating Expenses
- Days in AR (insurance and patient)
- Collections Percentage

### Revenue

Revenue is straightforward to measure as it represents the total charges billed minus insurance and other adjustments.

Using Valant, practitioners can measure revenue by CPT code, facility, program, or provider. Filtering revenue reporting by one of these dimensions can enable practitioners to more effectively measure success based on their practice's goals; if the goal is to specialize in treatments for mood disorders, for example, tracking revenue by the CPT code for depression may be the best way to assess growth in that area.

### Revenue per Productivity Hour or Unit

This is derived by dividing revenue by productivity hours or units. It is a core productivity metric. In many cases, units or hours are tied to services such that this value is predictable and never varies. But in cases where the revenue for the service can vary relative to the work (e.g group therapy), the metric can change over time and you'll want to understand why (e.g. group census low).

### Gross Margin

This is revenue minus the expenses associated with creating that revenue. Practices will handle this in a variety of ways; but it will always include, at a minimum the cost of paying your clinical staff for their clinical work. For example, if you have W-2 employees, this includes wages, payroll taxes, and benefits. Some practices will also include variable costs that are associated with the work such as state and local business taxes that are proportional to revenue or headcount. There is no right answer for whether or not and which of those variable expenses to include.

### Operating Expenses

These represent the costs that support clinical work more indirectly such as back and front office functions, rent and other facilities expenses, and fees and consultant expenses include legal and accounting services. Typically, the largest buckets are administrative headcount and rent.

### Days in Accounts Receivable

Days in Accounts Receivable (A/R) is the average number of days it takes insurance carriers, patients, and other borrowers to pay — i.e., the average number of days income sits in your A/R. This financial performance indicator for behavioral health can be used to determine which insurance carriers to work with (avoid those whose Days in A/R is high). It can also provide insight into the efficiency of your revenue cycle and collections management.

### Collections Ratio

The collections ratio is the ratio of payments to what is collectable from your charges when adjusting to insurance allowable amounts. While a collections ratio that is too high can mean inefficiency among your insurance carriers in some cases, it can indicate internal inefficiencies in others. The most important internal variable is a relentless focus on "working your AR" in a methodical and intentional way. If you don't have a process for this, create one as quickly as possible and make sure that there is an owner within your administrative team for this process.

## Behavioral Health Performance Indicators – Conclusion

Running the business aspects of a private behavioral health practice, in addition to providing high-quality clinical care, can feel like a heavy lift. Practice owners that create a behavioral health business plan around essential KPIs will ensure they can continue to provide care for those in need for years to come.

## About Valant

Valant's EHR for behavioral health offers tools for providers and administrative staff to streamline documentation, increase efficiency, and enhance the productivity of your practice.

Unlike other EHRs that cater more to primary care and other specialties, Valant is designed exclusively for behavioral health, with workflows and tools tailored to your needs, developers that are 100% focused on improvements that will benefit behavioral health practices, and personalized support from an in-house team that understands the nuances associated with running a successful mental health practice.

The fully integrated suite includes secure patient records, a built-in library of behavioral health outcome measures, clinical documentation, scheduling, billing, e-prescribing, HIPAA-compliant telehealth, and patient portal, plus robust reporting capabilities that give you insights and visibility into all aspects of your business.

Interested in learning how Valant can automate your existing clinical and administrative processes, as well as produce the data you need to ensure a successful and profitable business? Schedule a personalized demo today.

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