

**ANNUAL PERFORMANCE ANALYSIS  
For the Fiscal Year 2014-15**

**Report Prepared by  
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Submitted to the  
MFI Recovery Board of Directors  
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## EXECUTIVE SUMMARY

FY 2014-2015 proved to be a very successful year for MFI on several fronts even in the face of continued turbulence in the market (particularly in the private pay and insurance market). While revenues continued to tail off for MFI in private pay and insurance markets, MFI made significant gains in government contracts as a result of shifts in healthcare caused by the Accountable Care Act reforms. Most notably, as reforms set in motion by the Affordable Care Act have taken root, revenues from governmental sources to MFI have increased affecting the bottom line. Increased payments from Medi-Cal and criminal justice contracts have made access to treatment for many clients affordable. Though the increase in revenues from our private pay and insurance business was less than what we hoped, there was an increase over last year's revenues halting a 2 year slide. This market remains saturated and opportunities are fewer and more difficult to capture. MFI continues to be poised to take advantage of expansion opportunities in the arena of 'whole person care' and, as a result, MFI was awarded \$600,000 from Inland Empire Health Plan (IEHP) to open an outpatient medical center in order to become a designated 'Behavioral Health Home' as defined in the Affordable Care Act.

MFI posted \$7,578,482 in Gross Revenues for FY2014-15 which was an increase of 11% over the previous year and posted net revenue of \$386,637 which represents an 82% increase over last year. This net revenue figure represents an overall profit margin of 5% which is quite high by industry standards. This positive financial news comes during a year in which MFI is systematically raising the hourly wages of most employee job classifications and a year in which MFI incurred expenses due to significant improvements to our facilities. MFI has become more efficient in its operations, cutting costs and reducing deficits in programs that have perennially been difficult financially. For example, La Vista lost -65,752 this year compared to -\$146,268 the previous year and Murrieta ran a profit for the first time this year (+\$33,067) compared to the previous year (-\$19,782). La Vista is benefitting from changes in County funding and Murrieta is prospering under the leadership of a new, more entrepreneurial Program Manager.

Grant awards from foundations and local funders have been good. MFI received a \$600,000 award from IEHP to conduct a medical clinic. The Riverside Community Health Foundation funded MFI's medical services. The United Way of the Inland Valleys has stabilized its funding after several years of reductions.

MFI Prevention Services has been an exemplar program again this year despite some staffing difficulties. The Prevention Program was recognized as a model program by the State of California and received honorable mention status at the National Conference of Communities Anti-Drug Coalitions of America (CADCA). This effort has grown from funds of one small grant to a consortium of 3 funding sources successfully organizing the Hemet Valley communities to decrease community risk factors and promote health factors relative to alcohol, drugs, and tobacco use.

In summary, this has been a very profitable year financially and a successful year as MFI positions itself to be a viable player in the new healthcare industry. Overall, services expanded in kind and number throughout our organization. MFI has continued to make significant contributions to its endowment. MFI is implementing its strategic plan that was designed to address some of the new environmental forces that have come into play such as the Affordable Care Act. MFI is engaging in new ventures and conversations with like and dissimilar organizations in order to forge enduring partnerships for new possibilities. MFI appears ready for the new funding environment inherent in Healthcare Reform.

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### **INTRODUCTION**

MFI Recovery Center, Inc. is a non-profit corporation that has provided quality, affordable mental health and chemical dependency services since 1972. MFI Recovery Center has four large residential chemical dependency treatment facilities with 3 associated sober living facilities, two day treatment programs for women and their children (in Riverside and Banning), four outpatient substance use and mental health programs (in Riverside, San Jacinto, Banning, and Murrieta) and 24 school-based sites for services to teens.

“By providing exemplary services, we will transform struggling people into loving and productive individuals who enrich family and community” is the vision for MFI Recovery Center. The mission of MFI Recovery Center is “to provide comprehensive substance abuse recovery and behavioral health services to empower families, individuals, and children in their quest to achieve and maintain a healthy and productive lifestyle”. Clients are our highest priority and we believe everyone should be provided the opportunity for recovery regardless of his or her ability to pay. The population we target reflects these two basic organizational values and our success in expressing these values is inherent in our client satisfaction survey data, client outcome data, and our administrative efforts to secure financing mechanisms for low-income individuals. This report contains the information that reflects the progress MFI has made in reflecting the vision and mission of MFI during the FY 2014-15.

## FINANCIAL REVIEW

FY 2014-15 ended with a total net profit of \$386,637. This is a significant increase (82%) in overall net profits from the previous year of \$212,248. Private Pay and Insurance Revenues were up slightly over last year (+\$50,967). County of Riverside Contracts were up by a substantial figure of \$234,906 over previous year. This increase represents new monies coming into the Government Contracts as the result of increased healthcare coverage. Similarly, MFI experienced an increase in our Corrections Contracts of \$224,466 (85% increase). Though we predicted the increase in last years report, it was nice to actually capture that increase.

On the expense side, salaries were increased by \$171,739 over the previous year as we continue to increase wages for entry and mid level positions. Increases in food and treatment expenses were offset with reductions in automobile expenses. Marketing expenses doubled over last year reflecting our intensified marketing efforts.

The area of financial strength came from the Governmental Sector and this trend is likely to continue into 2015-16. MFI entrance into 'Primary Care' is likely to add to this growth. MFI adopted several strategies in its 2013 Strategic Plan Update and the success of these strategies is reflected in the increases in the Government Sector.

Though MFI increased its marketing expense budget, the increase in Private Pay and Insurance was modest (but welcomed). Our market has become saturated with for-profit providers who are engaged in high stakes marketing via the internet and multimedia outlets. There has been a consolidation in the field with many national organizations buying out local providers and absorbing them into their chains of recovery centers. These national chains then provide extensive marketing, national 24 hour, 7 day a week 'call centers' where consumers who are 'browsing' for treatment centers can be converted through persistent sales techniques into paying customers. Foundations Recovery Network and American Addiction Centers are two examples of national chains that have purchased several programs within the Inland Empire. In addition, the cottage-industry of sober living centers has proliferated to a saturation point in the Inland Empire (and many other areas of the United States). Utilizing the so-called 'Florida Model', these programs successfully circumvent local zoning laws to set up residential housing (single-family houses) of consumers with treatment being conducted by transporting consumers to central commercial offices and return them in the evening to residential housing. The Florida Model allows small, mom and pop businesses, to operate with very low overhead and minimal infrastructure to operate thriving enterprises. These 'internet houses' in the Inland Empire are too innumerable to list. MFI intends to remain active in

this sector and is revising its Marketing Plan to adjust to these changes in the market place. But our future projections in this area will be cautious.

In summary, FY 2014-15 has been a very successful year for MFI and that success confirms the relevance of the strategies the board put in place in recent years.

## **THE STRATEGIC PLAN: REVIEW OF PROGRESS 2014-15**

### ***Strategy 1 Achieving Great Governance: Cultivate a Dynamic, Diverse, and Informed Board of Directors***

#### **Strategic Direction 1.1 Defined Roles and Responsibilities of the MFI Board of Directors**

The Board Development Committee of the MFI Board of Directors revised the job descriptions of the various roles of the Board. The board approved the current committee structures of the Board and approved of the reporting mechanisms of each committee to the full board of directors. FY 2014-15 the board of directors continues to rotate quarterly so that the board is meeting at the various facilities MFI operates.

#### **Strategic Direction 1.2 Cultivate a Dynamic, Diverse, and Informed Board of Directors**

The board has been successful in recruiting a diverse board bringing on several new members. The new board orientation process was put to the test with the new recruits and it looks like the objective of the new orientation process has been successful

#### **Strategic Direction 1.3 Develop a consistent pathway for prospective board members to become members.**

The Board Development Committee created a written procedure documenting the steps of cultivating prospective board members to become MFI board members. This procedure provides a coherent structure for approaching, cultivating interest, and orienting prospective members.

*Strategy 2. Form new strategic alliances with primary care, behavioral health care, and other social service providers to strengthen the ability to provide services in the larger healthcare environment that is ever-evolving as a result of the Affordable Care Act.*

**Strategic Direction 2.1 Implement Certified Electronic Health Record and processes that support billing and data exchanges with other healthcare entities and support outcomes management.**

MFI is in the implementation stage of the software conversion with our new vendor, Core Solutions. MFI is reasonably close to being 'on schedule' with this project with full implementation due by March 30, 2016 and (so far) under budget.

**Strategic Direction 2.2 Form new strategic alliances with primary care, behavioral health care, and other social service providers to strengthen the ability to provide services in the larger healthcare environment changed by the Affordable Care Act.**

This effort has really been successful. Our Strategic Alliance discussions yielded a partnership with IEHP who is funding a Primary Care Clinic at MFI for two years. This puts us squarely within the goals and objectives of the Affordable Care Act.

There are several other discussions underway with some other potential partners that could become fruitful including alliance discussions with a FQHC (Federally Qualified Health Center).

*Strategy 3 Quality of care, consumer and stakeholder satisfaction, and published outcomes of care provided.*

**Strategic Direction 3.1 Create standardized outcome measurement and quality improvement processes**

MFI selected outcome measures from the State of California Cal-Oms data set. These measures are standardized and will yield valuable information that can be referenced (at some point in the future) with other organizations who participate in this database. Building this database has been a very arduous and frustrating process. We have been able to publish relevant reports but we still have higher expectations that this system will become more 'user and reader' friendly. Outcome reports for FY2013-14 are presented in a separate section of this report.

**Strategic Direction 3.2 Measure the long-term impact of mothers substance abuse recovery on psychosocial adjustment of children**

MFI is working with a doctoral student from Loma Linda University to study the long-term impact of recovery on the children of mothers in our care. This project is progressing well in that we have narrowed the focus sufficiently to make the project manageable and have selected the sample size and the instruments we wish to use to measure impact. Perhaps we will have some data to review by the end of this fiscal year. This project is on schedule.

#### ***Strategy 4 Targeted and coordinated marketing***

##### **Strategic Direction 4.1 Increase the percentage of referrals that come from sources beyond other substance abuse recovery organizations to 20%**

Our marketing efforts have yielded mild results but nothing close to the 20% increase targeted in this strategy. We are currently revamping our marketing strategies to reflect the changing business environment.

##### **Strategic Direction 4.2 Define a coordinated communication strategy across the organization**

MFI has been successful this year in implementing the delivery of Mental Health First Aid class to many organizations. We have trained personnel at the City of Riverside, La Sierra University, the United Way of the Inland Valleys, and Cal Baptist University. Marketing toolkits have been designed and delivered to each MFI location so that each MFI program can attend Open Houses, Health Fairs, and other marketing opportunities equipped with brand specific materials so that our services are properly presented.

##### **Strategic Direction 4.3: Increase growth of “up and coming” programs by 25% to compete with new market entrants**

MFI has increased its medical staffing so that we now meet higher levels of accreditation in order to receive greater numbers of clients requiring detoxification services. We have also increased the number of adolescent therapists to deliver teen services to more schools. We have increased the nature and quality of our treatment services in the Murrieta offices that are resulting in new clients for services

## Consumer Satisfaction Survey Results

The client feedback survey was administered to 845 clients between July 1, 2014 and June 30, 2015. The following are major findings from the year.

- Clients' overall ratings of MFI's programs and staff were very high, with mean ratings consistently above 4.5 (out of 5.0), except for their rating of the convenience of the service location (average rating of 4.66).
- Clients' mean ratings of MFI staff were overall high. The highest ratings occurred at La Vista (average score of 19.2 out of 20) the Hemet/San Jacinto Outpatient Facility (average score of 19.0 of 20), Riverside Day Treatment (18.7), and Riverside Outpatient Facility (18.6) and the University Residential Facility (average score of 17.1 of 20).

### Average (Mean) Client Ratings by Program Service

Program Service	Ratings of Staff (out of 45)	Ratings of Services (out of 20)
A Woman's Place Residential	41	18.1
Banning Day Treatment	42	18
Banning Outpatient Facility	42	18.5
Haskell Residential (Pri-Ins)	41.5	18.5
Hemet/San Jacinto Outpatient	42.7	19.
Riverside Day Treatment	38.7	18.7
La Vista	42.3	19.2
Riverside Outpatient	43	18.6
Murrieta Outpatient Facility	41	17.4
Mt. Rubidoux Residential (Pri-Ins)	40.4	17.1
Woodcrest Residential (Men's)	42.5	18.7

# Degree of Treatment Success of MFI Programs



# Client Demographics

Figure 1 : Gender of Clients

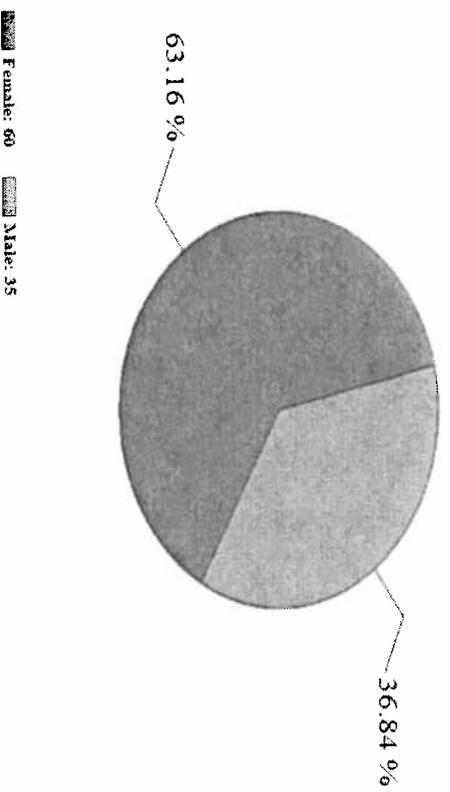
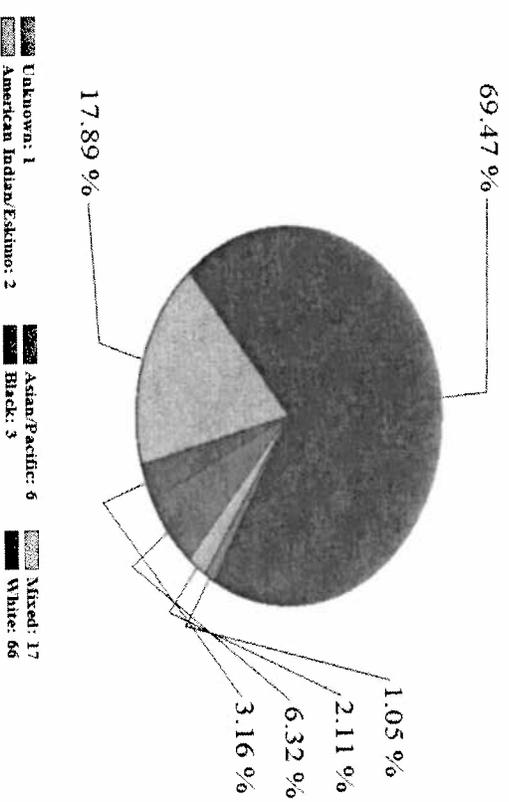
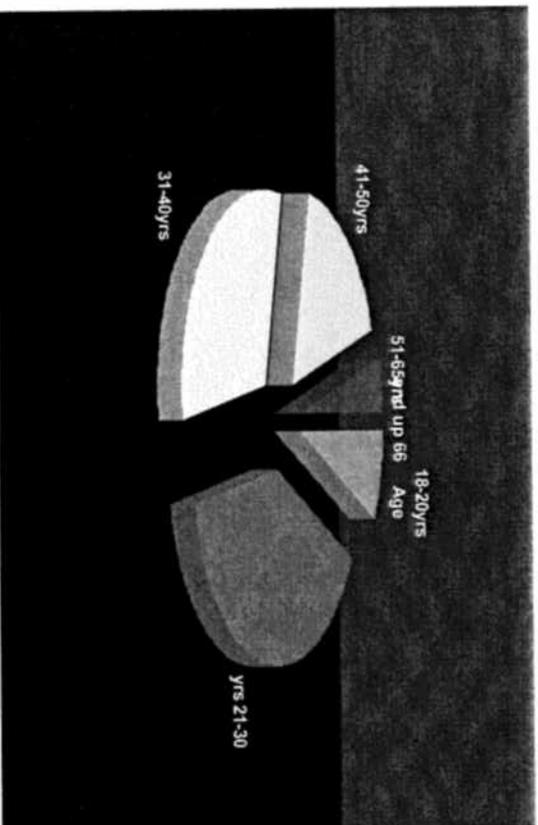


Figure 2 : Race of Clients

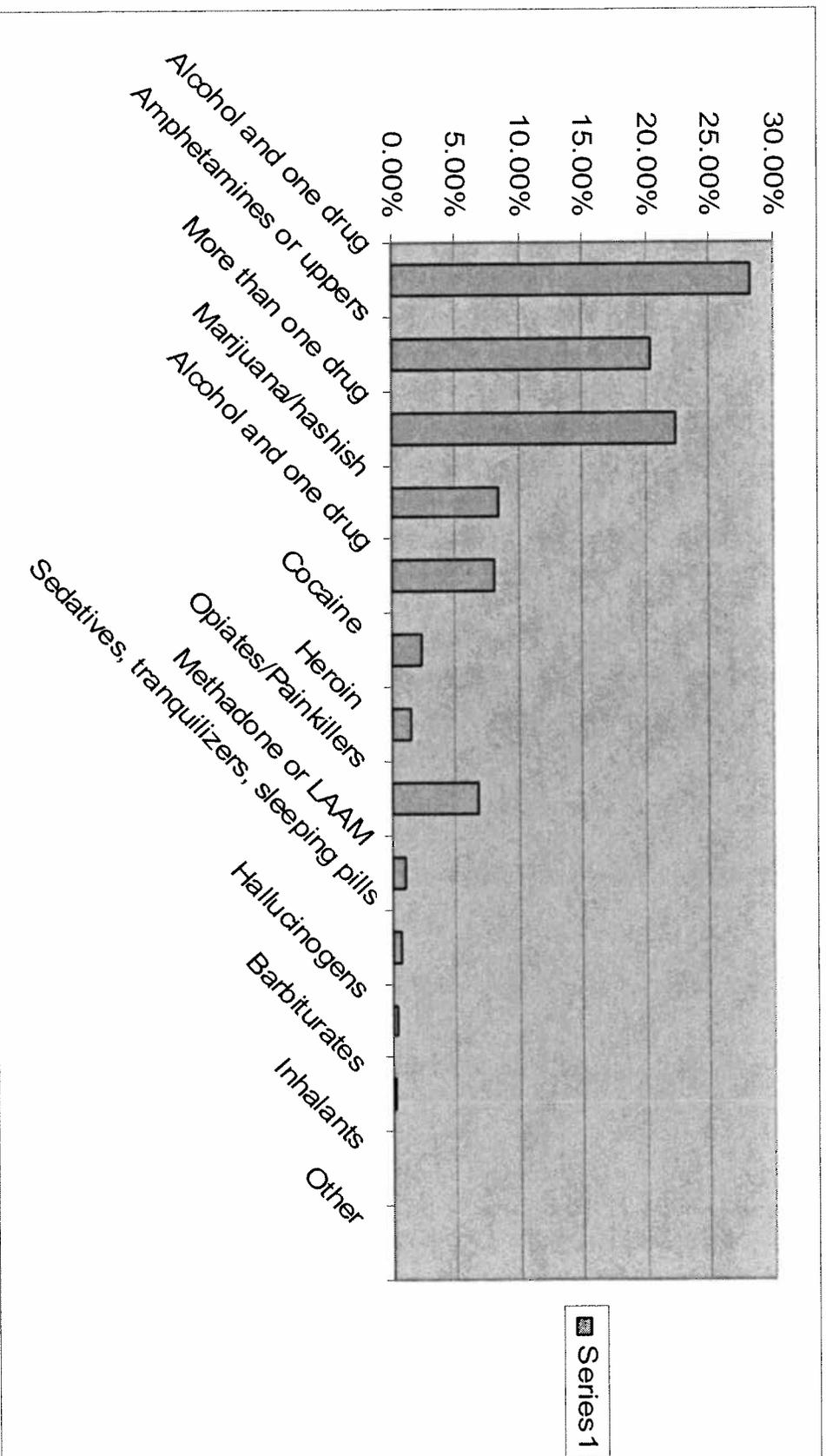


# Age of Clients



- 18-20 (7.5%)
- 21-30% (39.6%)
- 31-41 (31.3%)
- 41-50 (17.1%)
- 51-65 (4.5%)
- 65+older (0%)

# Substances Identified as a Major Problem



# Client Retention

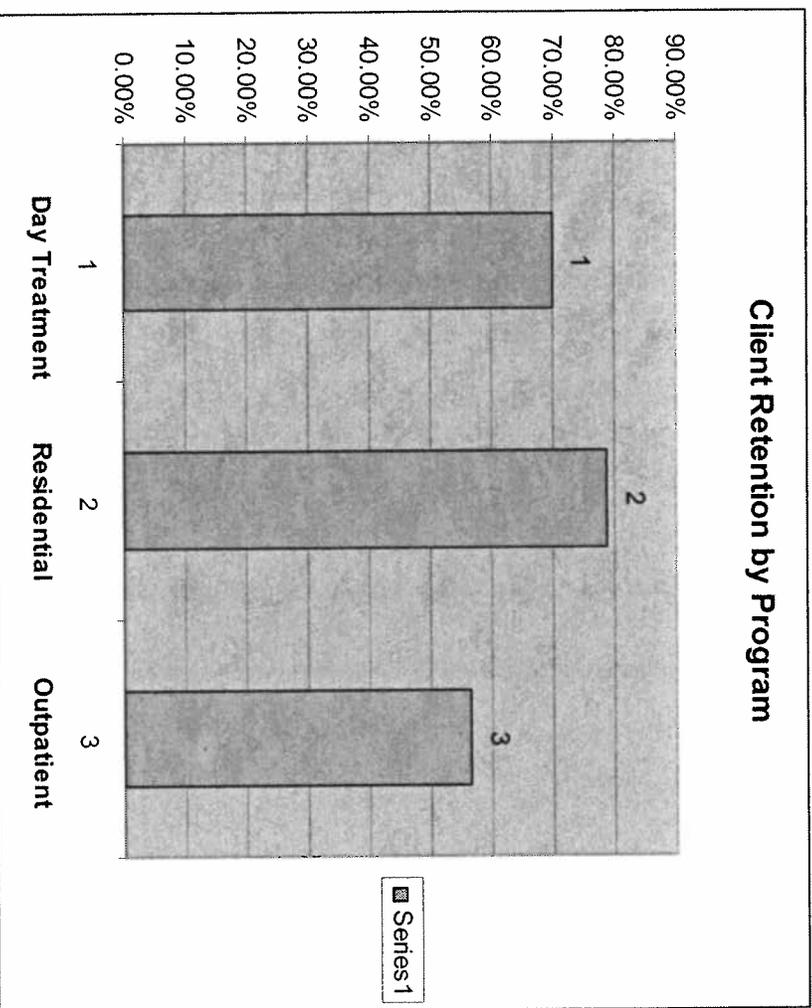


Figure 8 : Primary Substance Used (% of Clients)

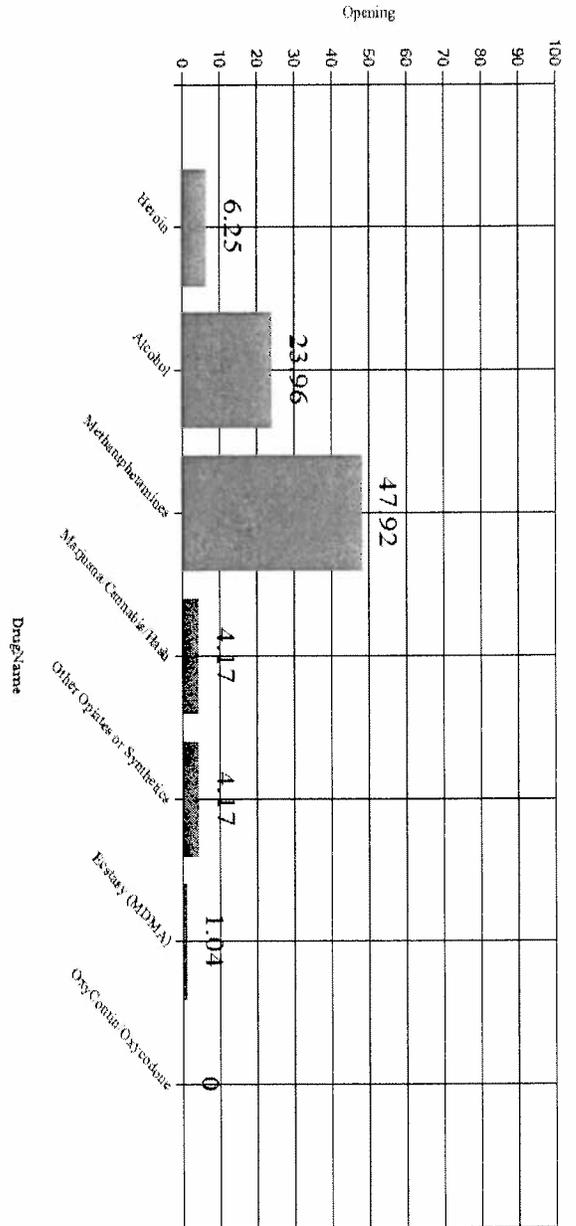
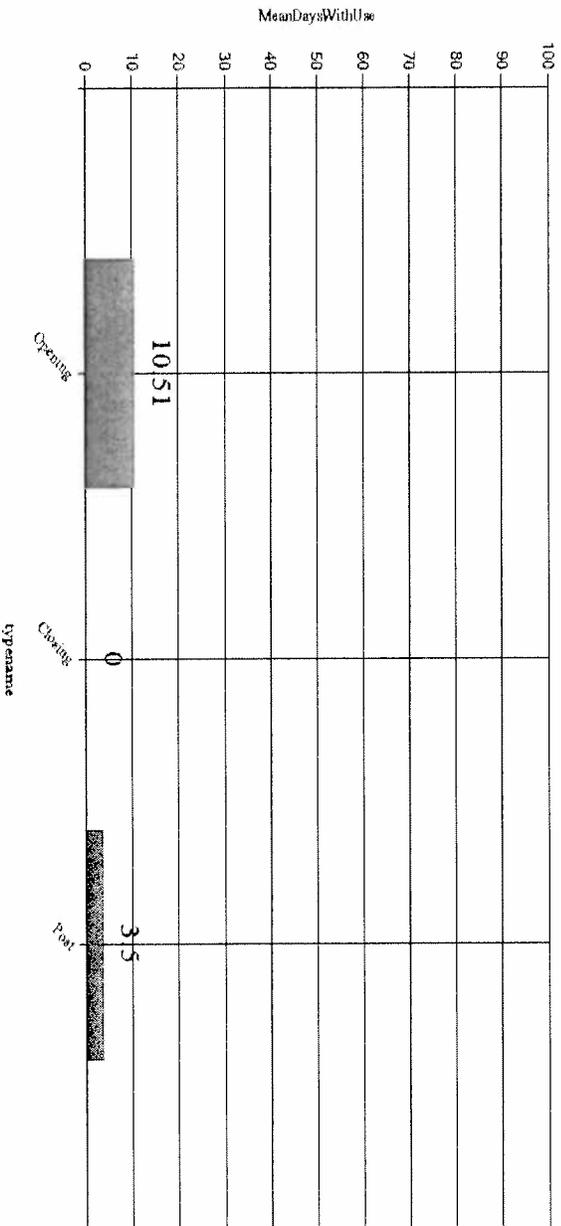


Figure 9 : Primary Substance - Mean # Days Have Used in Last 30 Days



Outcomes

Figure 10 : Percentage Clients Incarcerated

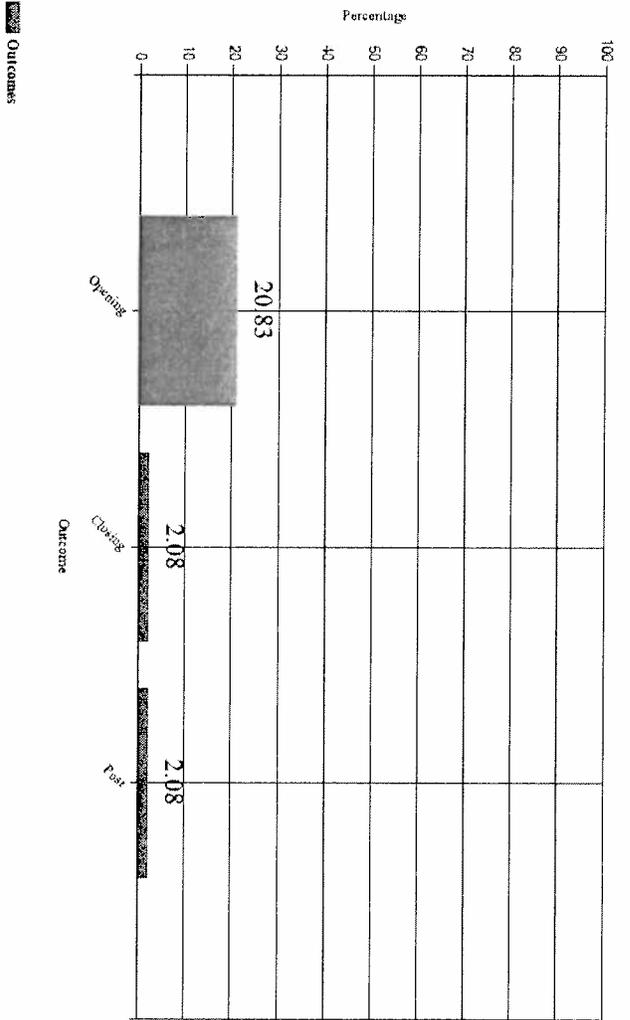
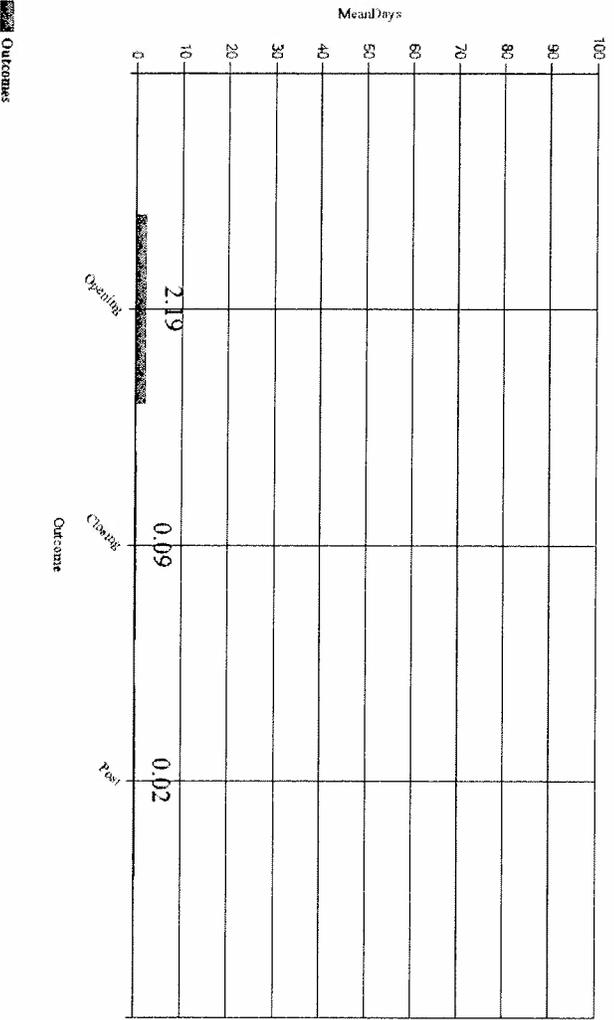
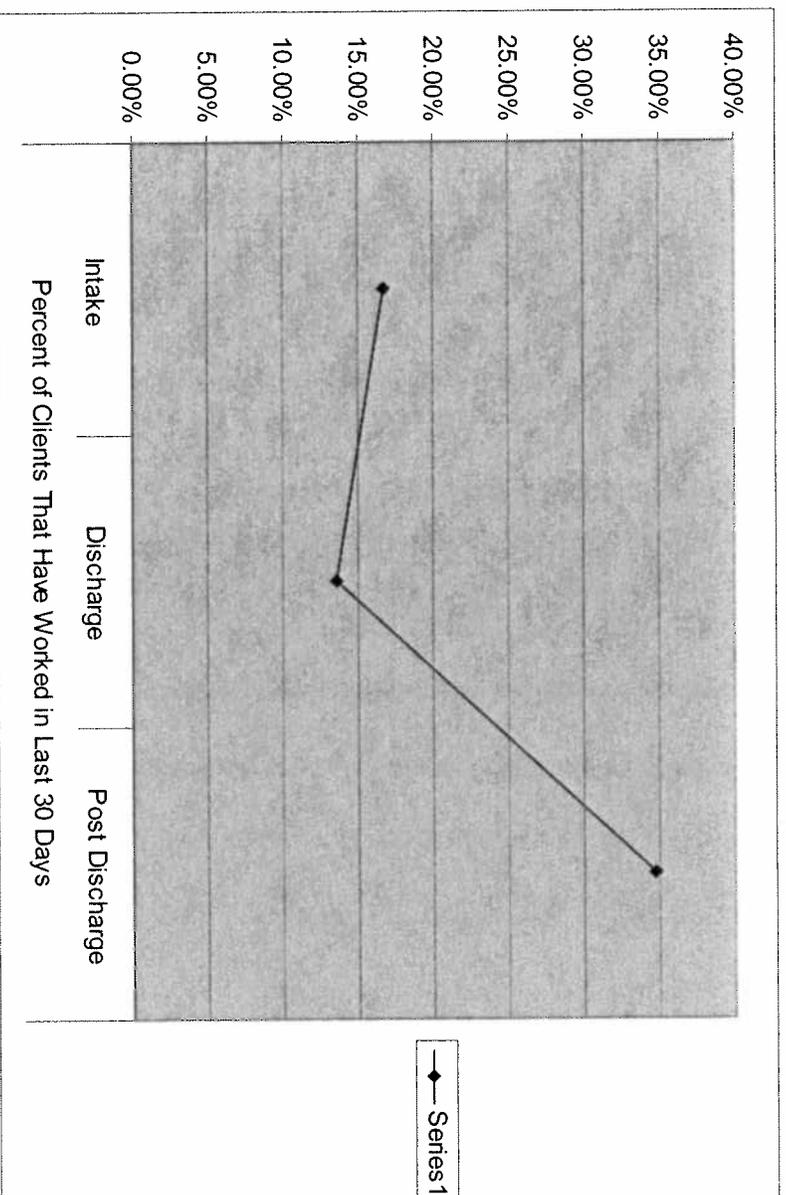


Figure 11 : Average # Days Incarcerated



# % of Clients Who Have Worked in Last 30 Days



# Client Satisfaction

- Clients' overall ratings of MFI's programs and staff were very high
- No programs were scored low.  
Demonstrates consistency (good monitoring)