



WELCOME
to
Identifying The Actual Costs of a Meal – Part 1

The webinar will begin at 3:00 p.m. EDT

Presenters: Paul Downey, Leighanna Konetski and Maria Mahar

Facilitators: Linda Netterville and Magda Hageman-Apol

Presenters



Paul Downey



Leighanna Konetski



Maria Mahar

Identifying the Actual Cost of a Meal

-- *WHAT IS THE IMPORTANCE FOR NUTRITION PROGRAMS?*

PAUL DOWNEY

PRESIDENT/CEO -- SENIOR COMMUNITY CENTERS

PRESIDENT -- NANASP



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Actual Cost of a Meal. . .

AS A NON-PROFIT, YOUR JOB IS TO:



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Actual Cost of a Meal. . .

AS A NON-PROFIT, YOUR JOB IS TO:

-- Fulfill Mission



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AS A NON-PROFIT, YOUR JOB IS TO:

- Fulfill Mission
- Not Lose Money



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AS A NON-PROFIT, YOUR JOB IS TO:

- Fulfill Mission
- Not Lose Money
- But nothing says you can't make
some money as well



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Actual Cost of a Meal. . .

LET'S LOOK AT THE ENVIRONMENT. . .



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LET'S LOOK AT THE ENVIRONMENT. . .

- Government Funding Cuts (sequester et. al.)



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LET'S LOOK AT THE ENVIRONMENT. . .

- Government Funding Cuts (sequester et. al.)
- Donors demanding SROI (Impact)



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LET'S LOOK AT THE ENVIRONMENT. . .

- Government Funding Cuts (sequester et. al.)
- Donors demanding SROI (Impact)
- Affordable Care Act
 - Care Transitions
 - Dual Eligible Pilot Projects



Actual Cost of a Meal. . .

LET'S LOOK AT THE ENVIRONMENT. . .

- Government Funding Cuts (sequester et. al.)
- Donors demanding SROI (Impact)
- Affordable Care Act
 - Care Transitions
 - Dual Eligible Pilot Projects
- Other opportunities to sell meals for profit



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Actual Cost of a Meal. . .

***THE WORLD HAS CHANGED – WE NEED TO
CHANGE TOO!***



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Actual Cost of a Meal. . .

THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- Competition from:
 - For-profits
 - Other non-profits

Actual Cost of a Meal. . .

THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- Competition from:
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 - Other non-profits

- Pressure to manage costs
 - Reduced funding
 - Donor demand
 - Opportunity to compete for meal contracts
 - Must be attuned to the ROI of every program and service offered



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THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- In this context, ROI means understanding how your costs are calculated and being able to demonstrate the impact of your program to government and donors.



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THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- Cost-effectiveness is key



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THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- Cost-effectiveness is key
 - Must know overhead costs. . .



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THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- Cost-effectiveness is key
 - Must know overhead costs. . .
 - to be able to compute incremental costs. . .



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Actual Cost of a Meal. . .

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- Cost-effectiveness is key
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 - to be able to compute incremental costs. . .
 - in order to bid effectively on contracts. . .



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Actual Cost of a Meal. . .

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- Cost-effectiveness is key
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 - to be able to compute incremental costs. . .
 - in order to bid effectively on contracts. . .
 - and to cost-effectively manage your operations

Actual Cost of a Meal. . .

THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- Cost-effectiveness is key
 - Must know overhead costs. . .
 - to be able to compute incremental costs. . .
 - in order to bid effectively on contracts
 - and to cost-effectively manage your operations

- Also, don't forget to include a reasonable “profit” in your calculation. . .



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Actual Cost of a Meal. . .

THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- What is a reasonable profit?



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THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- What is a reasonable profit?
 - First, remember you may well be negotiating with a for-profit entity



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Actual Cost of a Meal. . .

THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- What is a reasonable profit?
 - First, remember you may well be negotiating with a for-profit entity
 - What price can your competitors offer?



Actual Cost of a Meal. . .

THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- What is a reasonable profit?
 - First, remember you may well be negotiating with a for-profit entity
 - What price can your competitors offer?
 - What will the market bear?



Actual Cost of a Meal. . .

THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- What is a reasonable profit?
 - First, remember you may well be negotiating with a for-profit entity
 - What price can your competitors offer?
 - What will the market bear?
 - Have you covered contingencies?

Actual Cost of a Meal. . .

THE WORLD HAS CHANGED – WE NEED TO CHANGE TOO!

- What is a reasonable profit?
 - First, remember you may well be negotiating with a for-profit entity
 - What price can your competitors offer?
 - What will the market bear?
 - Have you covered contingencies?
 - How much do you need to make it worth your time and trouble?



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Actual Cost of a Meal. . .

THERE WILL BE LOTS OF OPPORTUNITIES. . .

- Affordable Care Act
 - Care Transitions
 - Dual Eligibles

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THERE WILL BE LOTS OF OPPORTUNITIES. . .

- Affordable Care Act
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- Healthcare Providers and Insurance Companies will be your market



Actual Cost of a Meal. . .

THERE WILL BE LOTS OF OPPORTUNITIES. . .

- Contracts from OAA funded programs that cannot stay in business because of rising costs and the impact of continued government funding reductions.



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Actual Cost of a Meal. . .

FINAL THOUGHT. . .

Embrace Change and Grab the Opportunities.



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Identifying the Actual Cost of a Meal

What is the Importance for
Nutrition Programs?

Leighanna Konetski, RD
Nutritionist
Colorado State Unit on
Aging

A State's Responsibilities

- Ensure constituents receive services
- Ensure services are being delivered efficiently and effectively
- Maintain accountability with tax payer dollars

A State's Responsibilities

- Provide resources, tools, and technical assistance to partners to assist them with efficiency and effectiveness
- The State **wants** its partners to succeed

The Actual Cost of a Meal

- Measure of efficiency
- Measure of effectiveness
- Tool to determine capacity today and in the future
- **Resource** for your program
- Vital to your success

Why Know the Actual Cost of A Meal?

- Setting/revising the Medicaid Meal Rate
- Ensure funds aren't subsidizing non-eligible individuals or meals paid through Medicaid or private pay – Capture total cost
- Competitive contracts and bids

Why Know the Actual Cost of A Meal?

- Additional lines of business - growth
- Identify budget lines that may be driving excessive costs
- Stay in business for your consumers

Remember...

We are **stewards** of these programs

People in need of these services now and in the future will be impacted by your leadership **today**

Leighanna Konetski, RD
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IDENTIFYING THE ACTUAL COSTS OF A MEAL

What Is The Importance For Nutrition Programs?

Maria C. Mahar, MA RD CDN

Project Director Senior Nutrition Program

Onondaga County Department of Aging and Youth

Syracuse, New York

IDENTIFYING THE ACTUAL COSTS OF A MEAL

What Is The Importance For Nutrition Programs?

"Change is the law of life and those who look only to the past or present are certain to miss the future."

~John F. Kennedy

IDENTIFYING THE ACTUAL COSTS OF A MEAL

What Is The Importance For Nutrition Programs?

Simple !

Funding is limited . . . Landscape is changing

The more cost effective you can be the more money you will have to feed more people by having more money to produce meals.

It's Elementary



IDENTIFYING THE ACTUAL COSTS OF A MEAL

What Is The Importance For Nutrition Programs?

How accurate meal costs can be used:

- ⦿ **Contracting:** If a AAA is considering subcontracting, knowing how the bidder arrived at the meal cost is essential in evaluating a RFP
- ⦿ **Evaluating Service Delivery Options:** Used in weighing specific options for service delivery, such as the decision to subcontract the Nutrition Program
- ⦿ **Selling meals:** Meal cost information is useful when negotiating contracts for selling meals

IDENTIFYING THE ACTUAL COSTS OF A MEAL

What Is The Importance For Nutrition Programs?

How accurate meal costs can be used:

- ⦿ **Volunteer Contributions:** Calculating the monetary value of volunteer labor allows the AAA to show how many additional meals are served and the savings in program dollars
- ⦿ **Budget Planning and Cost Controls:** Budget planning requires the use of accurate cost information, particularly in times of tight fiscal constraints
- ⦿ **Advocacy:** When advocating for program resources with various funding sources, the monetary value of the nutrition may help inform legislators, for example, of the community leveraged by the senior nutrition program

IDENTIFYING THE ACTUAL COSTS OF A MEAL

What Is The Importance For Nutrition Programs?

⊙ **Effective Menu Planning**

- Use cycle menus to keep variety in your meals
- Train staff to follow standardized recipes more precisely
- Serve portion sizes according to the recipe
- Focus on lower cost foods
- Form or join a purchasing co-op to help maximize your purchasing power

⊙ **Flexible Menu Components**

- Buy fresh fruits and vegetables when in season
- Use canned or frozen fruits and vegetables more often

⊙ **Other ideas . . .**

- Sharing Cost-Saving strategies with other subcontractors
- Create new customers through catering!
- Start a farm- to- senior nutrition agency program to obtain fresh produce locally



IDENTIFYING THE ACTUAL COSTS OF A MEAL

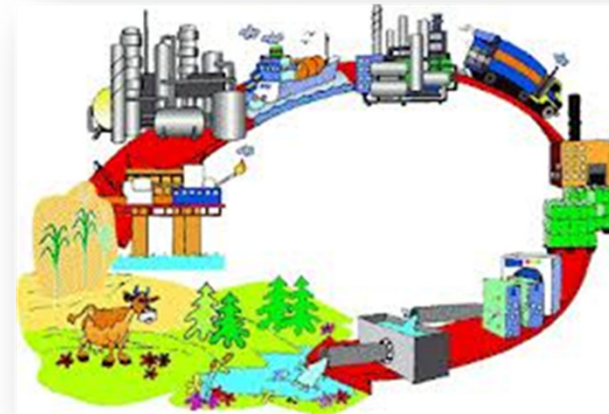
What Is The Importance For Nutrition Programs?

Professionally Manage Your Supply Chain

- ⦿ Farmer
- ⦿ Broker
- ⦿ Distributor
- ⦿ Local Manufacturer Representative

Pooling Your Volume

- ⦿ Consolidate Purchasing Power



IDENTIFYING THE ACTUAL COSTS OF A MEAL

What Is The Importance For Nutrition Programs?

Registered Dietitians Can Help

- ⦿ Cost out a menu
- ⦿ Finding Alternatives
- ⦿ Food Trends
- ⦿ Meet the Older Americans Nutrition Standards

IDENTIFYING THE ACTUAL COSTS OF A MEAL

What Is The Importance For Nutrition Programs?

Labor Costs



Strike a balance

Staff capabilities = Menu



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