

Expense Consulting – Enabling Post-Acute and Acute Care Healthcare Facilities to Reduce Expenditures Without Cutting Headcount or Compromising Quality of Care



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Interview conducted by:
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CEOCFO: *Mr. Carrabba, what is the overall idea behind Expense Consulting and what is your focus today?*

Mr. Carrabba: Expense Consulting is a performance-based cost-reduction consultancy focusing on post-acute and acute care healthcare facilities.

CEOCFO: *Is it a deliberate strategy to focus in that arena or was it more organic?*

Mr. Carrabba: It was more organic. We started in the healthcare space, helping larger private practices throughout the state of Connecticut and New England. Then in 2015, we were introduced to a skilled nursing facility by an accountant which resulted in us becoming heavily focused on the post-acute space. We also moved into acute care, working with large healthcare systems on cost-reduction in areas of indirect expenditures.

CEOCFO: *What are some of the challenges with expenses in these organizations?*

Mr. Carrabba: It is always helpful to leverage external resources. We, too, seek out subject matter expertise where we may not have the level of depth in terms of knowledge, experience, and expertise in the different areas of expense. While many organizations have procurement departments and leverage group purchasing organizations, their team's knowledge is typically an inch deep and a mile wide. A client recently

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asked me, "How many waste disposal contracts have you encountered in the last three years?" I said, "Dozens, if not hundreds." To which they replied, "Exactly! I've only come across one, which is precisely why we need you."

As a results-driven organization, engaging Expense Consulting carries no financial risks or costs for our clients. This allows our clients to concentrate on their primary business objectives, such as enhancing patient care, increasing revenue, and improving profitability. By allowing us to focus on areas of indirect expenditures, our efforts have no direct impact on patient care or employees and the workforce.

CEOCFO: *When you go into an organization to see what is happening, what do you look at?*

Mr. Carrabba: We always start our engagements with a historical look-back in terms of where and how their dollars are being spent, what their service level look like, what their pick-up schedules may be. In terms of areas of review, we look at things like hazardous and traditional waste streams, pharmacy, radiology, labs, different cloud-based computing technologies, food services, laundry, and linen and more.

Utilities, like electricity, natural gas as well as water and sewer are other areas of opportunity we focus on. In some States, utilities may be deregulated, and they may have a broker that is procuring the underlying commodity, however we go deeper and let you look at the actual usage of the organizations and confirm that their rate is in line with the tariffs or laws.

We have identified and recovered millions of dollars of payments related to incorrect tariff or rate structures in water, sewer, natural gas, electricity, along with a laundry list of other things. One thing that I think is very important to state is that we never compromise quality for cost.

CEOCFO: *How do you do this without being intrusive?*

Mr. Carrabba: We pride ourselves on a level of autonomy not typically seen, again allowing our clients the ability to do what they do best and that is running their organizations. We become an extension of their organization and with that comes great responsibility. We also pride ourselves on our professionalism and on making sure our clients are getting the best possible rate out there and making sure they are not over-serviced or under-serviced. We never compromise quality; it is not all about the dollars.

While we are a performance-based organization, there are inherent costs associated with every recommendation that we make. 82% of our projects remain with the incumbents, however, sometimes our clients opt to make a switch. There is a cost associated with changing a vendor and if the cost savings are nominal, then our recommendation may be to stay with the incumbent.

Our revenue isn't tied to advising our clients to stick with their existing providers without realizing cost savings. Instead, our primary focus is on serving the best interests of our clients, and I believe this sets us apart in the industry. Our team comprises highly knowledgeable and articulate individuals dedicated to prioritizing our clients above all else.

CEOCFO: *I would imagine there is a lot of word-of-mouth amongst your potential clients?*

Mr. Carrabba: Very much so. We are a heavily referenced organization and that is how we continue to grow.

We have strategically chosen to concentrate our efforts on faith-based organizations, having joined multiple associations related to senior care and acute care, with a particular emphasis on the non-profit sector. This allows our clients to fulfill their mission of assisting those in need while maintaining the highest quality of care for their patients and residents.

CEOCFO: *Are the facilities periodically reviewing or is that somewhat new for people?*

Mr. Carrabba: Most organizations are always looking for ways to reduce expenditures, but in some instances, this is something new for people. For example, we are working with a client right now and there is a new CFO in the organization, and he is concerned about their reporting that they were able to provide us to get started. We communicated to him he should get his feet wet, but not to worry about the reporting that he was able to provide to us. The reason I say that is because we get all the historical data directly from their invoices and partners. Note that I do not call them vendors because they are not, they are partners that our clients work with, they cannot operate without them. From radiology to closed-door pharmacies, or hazardous waste, without these organizations, our clients cannot operate and deliver on their mission; thus, we see and treat them as our client's partners. As you can tell, I think it is important to make that distinction right out of the gate and that is what we do.

Our clients have the final say in everything we do, but we take great pride in our ability to exercise a significant level of autonomy. We achieve this by meticulously collecting data from invoices, establishing direct lines of communication with our clients' partners, gaining a deep understanding of their organizational dynamics, and assisting them in improving their efficiency. As a result, we help them increase their margins, which can then be translated into cost savings for our mutual client, leading to a win-win outcome. Our track record of success spans fifteen years of consistently delivering these results.

CEOCFO: *Would you tell us about your recent partnership with JBH Advisory Group?*

Mr. Carrabba: JBH has a similar philosophy in that they too are a client-first organization. They do not in any circumstance compromise quality for cost savings. In one of my conversations with Lynne Jacoby, one of the founders from JBH, she said she too often gets the question of "do you want quality of lower cost." Similar to me, her response is always "I want both, they are not mutually exclusive." As I mentioned earlier it is very important to surround yourself with great experts and we have that with JHB.

The way we found JBH was that we had a w2 team member that focused on dining-related services, and I just happened to meet Brian Berger, JBH's other founder, who happened to purchase a home in my town. We talked and decided to try a project together and we did. When we engaged them to assist with the final review of a client dining service

contract, we had already been able to secure an annual savings of \$180,000 with the incumbent. Leveraging their knowledge, experience, and expertise, they were able to increase that savings by about \$60,000, again without compromising quality, but increasing it.

Again, we decided to partner with JBH because we have very similar mindsets in terms of the quality we deliver to our clients. We both appreciate and understand the importance of our clients' partners. JBH historically has been heavily focused on the acute care space, and we have been focused predominantly on the post-acute. We saw an opportunity to create a great, strong partnership and together focus on delivering exceptional services to both post-acute and acute care organizations.

CEOCFO: What do you look for in people who are working for you at Expense Consulting?

Mr. Carrabba: It is important to recruit properly. If those individuals that are on your team do not exude the same qualities as you and culture of the team, It is important to part ways. We have been fortunate to have just a few mishaps in terms of hiring. We had somebody with us for less than ten days and had to let them go; they were not communicating effectively and professionally with other team members and our clients and their partners. We just do not stand for unprofessional communications.

We have two CPAs that work with us and Ivy League graduates, and MBAs. Our team is full of brilliant highly educated folks. We just made a new hire, and I was talking internally and said that the professionalism that this new team member exudes was incredible, a great find and see great promise for her continued growth within the organization. That is what we look for in team members and demand of our team as a whole because that is what our clients demand of us.

CEOCFO: Do you do much outreach to potential clients?

Mr. Carrabba: In the past, our leads predominantly originated from our association partners through our attendance at their trade shows, traditional networking efforts, and, as mentioned earlier, through referrals. However, the reason for our conversation today is connected to a recent marketing campaign initiated by a talented newer team member. We are aiming to accelerate our growth and redirect some of our efforts towards generating more inbound leads.

We have been fortunate to be a heavy referral-based organization. Reimbursements are down, inflation is through the roof, and everyone is looking to save money today. Revenue increases alone in acute care as well as post-acute care just simply cannot keep up with the cost pressures on the expense side. CEOs and CFOs everywhere are looking for areas of opportunity to reduce expenditures without cutting headcount or compromising quality of care, and that is what we can deliver.

CEOCFO: Would you tell our readers why Expense Consulting is an important company?

Mr. Carrabba: We are an important organization because our goals are directly aligned with our clients. We do not compromise our clients or

ethics for anything including cost savings and revenue to the organization. I know that may seem like lip service, but it is our mantra. It is important to recognize that we are an organization that is fifteen years old, worked on thousands of projects and have been very successful at reducing our client's expenditures.

I was doing a webinar with a client, and he told me what we saved his organization was equated to roughly 10 CNAs (Certified Nursing Assistants) and that engaging a great decision, with no downside and the value we delivered was incredible. We are not a typical consultancy and looking at operational improvement and telling them they are overstaffed here or there. We are coming in and telling them these contracts are a little out-of-market and there are opportunities for efficiency here. We may also recommend reducing service levels after pouring over manifests and invoices coupled with conversations among the client's partner and their employees.

Our goals are directly aligned with our clients' needs and we are humbled to be an extension of their organization. We operate in a highly sophisticated professional manner.

