

**Establishing Case Rates, Then
Managing Within Them**
 Shannon Van Deman & Knute Rotto
 Choices, Inc.
 Indianapolis, IN


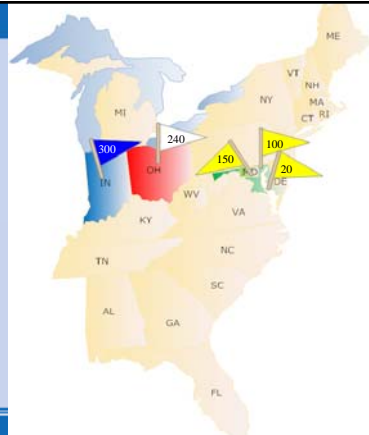
Choices History

- Established as a 501(C)3 organization-1997
- 200 employees across 3 states
- \$35 million budget in 2007
- Collaborations across multiple public systems: child welfare, mental health, juvenile court, special education, juvenile state corrections, developmental disabilities, homeless, housing, vocational rehabilitation
- Guided by funder-involved steering committees and consortiums

Choices Programs

- **Dawn Project**
 - Youth Emergency Services
 - Back to Home
 - Families Reaching for Rainbows
 - Choices TA Center
- **Hamilton Choices**
 - Full-Purpose Partnership in schools
 - Community Reintegration Initiative
 - **Maryland Choices**

- Indianapolis – Indiana (1997)
- Cincinnati – Ohio (2002)
- Rockville – Maryland (2005)
- Baltimore City – Maryland (2006)
- St. Mary’s – Maryland (2007)



CME Projects

- Serve youth with emotional and behavioral issues
- Receive referrals from several child serving systems
- Youth are at risk for or have a history of residential placement
- Youth represent a substantial financial burden to the systems mandated to serve them

Funding Structure

- Per client per month case rates
 - Benefits:
 - Flexibility
 - Child and family teams make the decisions and purchases needed services
 - Helps system partners manage costs
 - Pitfalls:
 - Presupposes that you will make money in some instances and lose money in others
 - ...It's risky!

Purpose of Talk

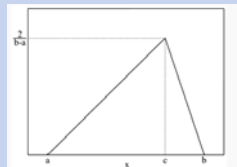
- Present methods for establishing an appropriate case rate(s)
- Identify methods for managing within the identified case rate(s)

Managing Risk

- How many youth will use services?
- How many units of services will each youth use?
- How much does one unit of service cost?

How many youth will use services?

Service	Min	Mode	Max
Mentoring	5%	14%	23%
Service 2	.	.	.
.	.	.	.



How many youth will use services?

Service	Min	Mode	Max
Mentoring	5%	14%	23%
Service 2	.	.	.
.	.	.	.

How many units of services will each youth use?

Service	Min	Mode	Max
Mentoring	49	73	97
Service 2	.	.	.
.	.	.	.

How much does one unit of service cost?

Service	Min	Mode	Max
Mentoring	\$20	\$35	\$50
Service 2	.	.	.
.	.	.	.

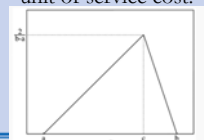
How many youth will use services?



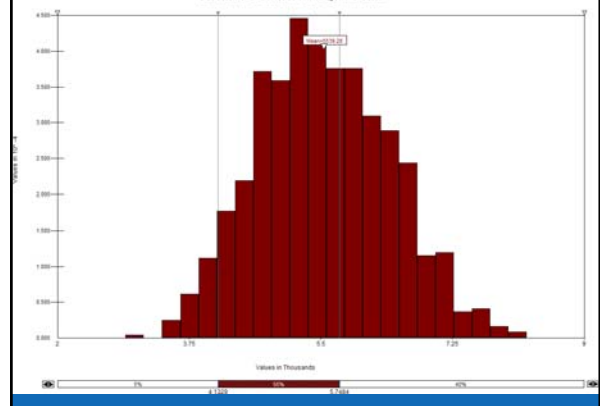
How many units of services will each youth use?

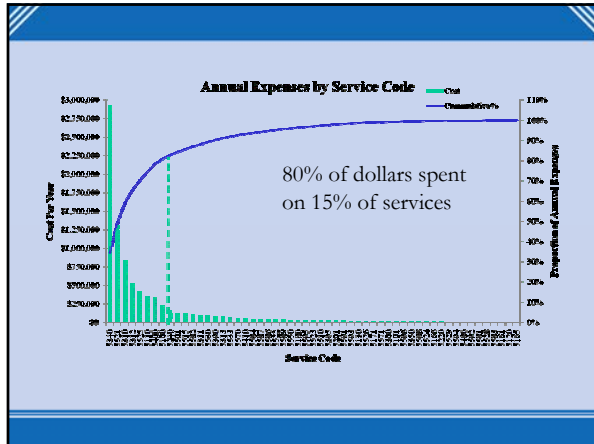


How much does one unit of service cost?



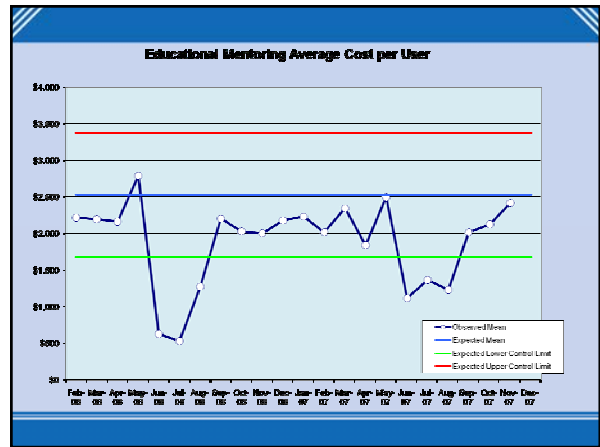
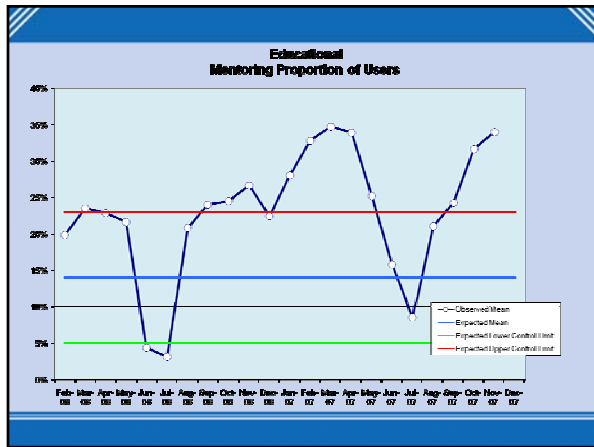
Distribution for OFC in residential Average Month Cost?





How many youth will use services?

Service	Min	Mode	Max
Mentoring	5%	14%	23%
Service 2	.	.	.
.	.	.	.



Conclusions

- Case rate funding structure can be a powerful tool for a system of care
- Cost modeling can be used to establish initial case rates
- Pareto diagrams and control charts can be used to manage within the case rates

Questions?

www.ChoicesTeam.org
 Choices, Inc.
 4701 N. Keystone Ave.
 Suite 150
 Indianapolis, IN 46205
 (317) 726-2121

OCB in residential at time of referral					
Enter in Columns C, D, and E the Expected Profile of Monthly Living Arrangements and Profile of Services expressed Minimum, Modal, and Maximum Percentages of the Average Monthly Caseload					
Monthly # of Children (Unique)	27.3	Total Beddays Per Month			
		806.3			
Living Arrangement Profile	Average Monthly Beddays Per Child	Percentage of Children Using Living Arrangement			
		Minimum*	Modal*	Maximum*	
Non-Paid Living Arrangements	30.4	0.0%	11.0%	21.0%	
Foster Care (5390, 5310)	26.6	18.0%	33.0%	52.0%	
Group Home (5400)	22.2	0.0%	0.0%	11.0%	
Residential (5340)	20.7	27.0%	47.0%	74.0%	
Paid Relative (5395)	0	0.0%	0.0%	0.0%	
Respite (5300, 5410)	5.2	0.0%	0.0%	11.0%	
Hospitalization (5350)	0	0.0%	0.0%	0.0%	
Living Arrangement 8					
Living Arrangement 9					
Living Arrangement 10					
Total of Percentages					
*If you both use variation, make all 3 parameters equal.					
Service Profile	Monthly Units Per Child	Percentage of Children Using Service			
		Minimum*	Modal*	Maximum*	
Discretionary - Unit	151.8	27.0%	52.0%	100.0%	
Behavioral Health - Hour	18.4	33.0%	29.0%	35.0%	
Behavioral Health - Day	0	0.0%	0.0%	0.0%	
Mentoring - Hour	71.5	5.0%	14.0%	23.0%	
Behavioral Support - Hour	1.8	4.0%	10.0%	31.0%	
Care Coordination - Unit	0	0.0%	0.0%	0.0%	
Care Coordination - Hour	6.3	0.0%	11.0%	12.0%	
Supervision - Unit	119.7	0.0%	0.0%	6.0%	
Supervision - Day	0	0.0%	0.0%	0.0%	
Substance Abuse - Hour	48	0.0%	0.0%	5.0%	

Prices to Be Paid				
Enter a Minimum, Modal, and Maximum price for each Named Living Arrangement and for each Named Service				
* If you don't want variation, make all 3 parameters equal.				
	Minimum Price*	Modal Price*	Maximum Price*	Effective Average
Non-Paid Living Arrangements				\$0.00
Foster Care (5390, 5310)	\$19	\$89	\$112	\$73.33
Group Home (5400)	\$55	\$155	\$155	\$121.67
Residential (5340)	\$144	\$290	\$385	\$273.33
Paid Relative (5395)	\$20	\$20	\$20	\$20.00
Respite (5300, 5410)	\$22	\$50	\$138	\$70.00
Hospitalization (5350)	\$290	\$290	\$290	\$290.00
Living Arrangement 8				\$0.00
Living Arrangement 9				\$0.00
Living Arrangement 10				\$0.00
* If you don't want variation, make all 3 parameters equal.				
	Minimum Price*	Modal Price*	Maximum Price*	Effective Average
Discretionary - Unit	\$1	\$1	\$1	\$1.00
Behavioral Health - Hour	\$20	\$65	\$150	\$78.33
Behavioral Health - Day	\$220	\$225	\$225	\$223.33
Mentoring - Hour	\$20	\$35	\$50	\$35.00
Behavioral Support - Hour	\$15	\$65	\$127	\$69.00
Care Coordination - Unit	\$1	\$1	\$1	\$1.00
Care Coordination - Hour	\$15	\$30	\$45	\$30.00
Supervision - Unit	\$1	\$1	\$1	\$1.00
Supervision - Day	\$40	\$65	\$98	\$67.67
Substance Abuse - Hour	\$35	\$45	\$45	\$41.67
* If you don't want variation, make all 3 parameters equal.				

Summary								
Organization to Which Bid is Being Submitted		Down Project - data from 10/1/2002-9/30/2004						
Expenses								
	Monthly # of Children (Unique)	Total Monthly Expenses			Average Monthly Cost per Child			
		Living Arrangements	Services	Total	Living Arrangements	Services	Total	
Cohort 1	OCB in residential at time of referral	27	\$138,572	\$13,062	\$151,635	\$5,070	\$478	\$5,548
Revenue Expenses								
	Monthly Gain (Loss)	Per Case Gain (Loss)	Percentage of Caseload	Percentage of Revenue	Percentage of Costs	Rev./Cost Ratio		
Cohort 1	OCB in residential at time of referral	(\$51,800)	(\$1,800)	25.3%	25.3%	31.5%		0.80