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ABSTRACT

This report describes a managed care approach which uses limited risk bundled contracting to provide mental health services for high risk children and youth in Franklin County, Ohio. The project uses flexible allocation of blended dollars to support individualized plans that are strength-based and family-centered and incorporate principles of managed care such as limited risk contracting, increased flexibility for providers, and simplified standardization. The report explains the contracting structure, the limited risk structure, reporting and monitoring procedures, and family satisfaction, and dispute resolution. Preliminary data suggest this approach is successful on both management/financial and family satisfaction criteria. (DB)

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Managing Care Through Limited Risk, Bundled Contracting

Introduction

Managed care is becoming the major mechanism for the allocation and management of services and resources, not only for private health care, but throughout populations traditionally served by public service systems. This technology has moved into mental health services and is becoming the future of all child and family serving systems, including child welfare (Valentine, Fisher, Feild, Webman, & Web, 1995). This has led many communities to experiment with the key principles of managed care before converting to managed care in a formal sense. The summary describes a method of managing resources that builds on these principles in order to allocate a pool of blended, flexible dollars in Ohio's largest metropolitan county.

History

Franklin County has a rich heritage of intersystem and public/private collaboration. Individualized planning and creative funding have been important facets of the service system for high risk children and youth through Kids In Different Systems (KIDS), the local Child and Family First Intersystem Council, since 1992. The Council is comprised of the local child and family serving systems along with provider and parent representation (see Figure 1).

Through a pilot project called the 10 Kids Project, KIDS experimented with bundled contracting through a panel of private, non-profit mental health service providers. In this project, ten youths in out-of-county placements were brought back to their community through individualized planning and collaborative implementation (Cauble, et al., 1992). This project successfully demonstrated the effectiveness of collaborative planning when supported by flexible funding for serving high risk, high use youth with multiple needs. It also demonstrated better outcomes and cost efficiency by serving them in, or near their own homes. A second project demonstrated similar results with a group of multi-need children with mental retardation served by

one, for-profit agency. In this project, the concept of limited risk contracting was formalized.

Objectives of Flexible Funding

Since late 1991, Franklin County has been committed to the flexible allocation of blended dollars to support individualized plans that are strength based and family centered. The following values were fundamental in the development of this process:

- Locus of decision making at the family team level (family centered).
- Optimum flexibility.
- Community flexibility.
- Accountability/tractability.
- Outcome oriented.
- Sensitivity to family satisfaction.

Objectives of Managing Care

The advent of managed care has created new demands on the allocation of flexible funds. The challenge in Franklin County has been to capitalize on the benefits of managed care for high-risk, intersystem children, youth, and families without compromising the gains made in the area of flexible, nontraditional individualized service delivery. The following principle tenets of managed care were incorporated:

- Limited risk contracting (Lindstrom, 1994).
- Increased flexibility for the provider (provider level risk management capabilities).
- Increased clinical flexibility and responsibility for the provider.
- Simplified standardization of (a) funding mechanism for individualized plans, (b) tracking of individualized planning, and (c) accounts servicing capabilities.
- Improved outcome and family satisfaction tracking, and feedback
- Increased risk management capabilities for the funders

Project Description

Structure of Contracting

The issues mentioned above create the value base on which the limited risk bundled contracting model employed in Franklin County is built. Contracting is done with individual providers and with a local Preferred Provider Organization (PPO). The contract itself coordinated funding agreements based on individual plans and budgets developed by the Child and Family team (CFT). After a plan and budget review process, the contract is written for the sum of the approved funding agreements with the particular agency or PPO (Figure 2 presents a flow of the contract process).

The contract allows the Lead Agency flexibility in using the grand total across individual plans. Hence the case manager has management capacity within the plan across line items (life domains), and the agency has larger risk management capacity across plans covered in the contract. In turn, the agency is responsible to provide (or contract for provision) and coordinate all services that are determined to be needed by the CFT. Since all planning and budgeting is a team centered activity, changes in services and expenditures are discussed in monthly team meetings and reported to the funder through meeting minutes, which are also published for all team members.

Upon the completion of the contract, which is renewed January 1 and July 1 of each year, the Lead Agency submits a Reconciliation which reports budget expenditures, actual receipt, and actual expenditures for each case and the contract as a whole. Payment is made in two quarterly installments over the course of a six month contract. The finalization of the funding agreements and the signing of the contract triggers the first payment in advance. This front loading is another strategy to support the providers ability to provide needed services without the concerns of cash flow, and to better manage their risk. The second payment is triggered by the receipt of all required submissions for the first quarter.

Limited Risk Structure

The contract is designed to provide some incentive for cost savings without creating the impetus to avoid the delivery of needed services. Monitoring through required submissions and a conflict resolution procedure supply additional points of accountability. The contract details a profit/loss window. If actual expenses fall under the budgeted amount by up to a designated percentage, the agency, or PPO keeps that amount. All monies saved beyond the window are returned to the funder. Likewise, if actual expenses go above the budgeted amount, up to the designated percentage, the Lead Agency is responsible for continued services provision without additional dollars. All additional expenses above the window are negotiated for reimbursement.

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Reporting and Monitoring

Fiscal information is provided mainly at the start and end of the contract period. Beyond this fiscal information, other reporting requirements are purposefully kept at a minimum in order to improve access to and the facilitation of services provided on the basis of flexible dollars. One required submission is team meeting minutes. The team is required to meet at least once every month to discuss progress, needed service, and budgetary changes. These changes, along with other pertinent information, are recorded in team meeting minutes in the interest of smooth communications and improved team functioning. These minutes are sent to KIDS as documentation of the team's ongoing planning and service provision, and changes in services and/or budgeting. The contract also requires submission of documentation of the tracking of seven behavioral indicators on a daily basis.

Family Satisfaction and Dispute Resolution

Another facet of monitoring contracted services is coordinated directly from the KIDS office. Family satisfaction surveys are conducted on a quarterly basis. The survey, developed through a series of parent focus groups, provides a direct link between funder and consumer. The contract indicates that the Lead Agency will be notified if family satisfaction levels fall below a certain point. This notification is intended as the completion of a necessary circle of communication connecting the funder, the provider, and the consumer. Such communication builds trust, which is the necessary element in any real quality improvement process. Complaints regarding service provision coming from participating systems are handled in similar non-threatening ways through procedures internal to KIDS, but developed in conjunction with the PPO. The major thrust is on communication links and trust. If the complaints persist, a more formal resolution conference may be held.

Conclusion

On a small scale, Franklin County has experimented with managed care principles based on individualized planning that is strength focused, needs driven, and family-centered. These experiments have led to a method of contracting that appears to maintain the integrity of individualized services, flexible funding, and financial accountability, while creating a foundation for managing services on a much larger scale. On this foundation, we can move in a variety of directions, such as a leveling or case rate system, as we develop the best structure of managed care for our community.

Financially, the purpose is to create a situation of shared risk. It is important that the providers actually assume risk, as opposed to passing the cost of the risk on by inflating

service and/or overhead costs. It appears that we have been successful in this area thus far. The overhead costs have been predetermined through a time study process and it is evident that providers have not offset the assumption of real risk by increasing service costs. Figure 3 outlines average daily costs before and after the implementation of bundled contracting. The increase observed at the time of bundles contracting can be attributed to a change in Medicaid billing rules in the State of Ohio. In the following period, the average daily costs return to previous levels. Patterns of inflation in services costs will be monitored in order to determine continuous success.

However, the success of this process of managing care through limited risk bundled contracting can not be judged solely on management and financial criteria. Innovations in managed care cannot be made at the expense of front line flexibility needed to serve children and their families with high level, multiple needs. The contracting mechanism described here has been in place for six months. Although it is too early to be conclusive, the initial impressions are favorable. With a multiple of changes occurring around (a) federal, state, and local funding strategies, (b) methods service provision, and (c) outcomes collection, it is impossible to single out particular effects of these contracts with extreme clarity. However, we have anticipated some impact from the implementation of this contracting. For example, we can look at behavioral indicators tracked during the service period. The indicators traced are alcohol and drug use, suicide attempts, AWOLs, assaultive behavior, self-injurious behavior, missed school, and arrests. During this contract period we have seen a slight increase in the number of days containing key behavioral indicators (see Figure 4). It is probable that the stress placed on outcomes in the contract will serve to increase the accracy of target behavior measurement.

We also anticipate that family satisfaction with planning and services will not be adversely effected. Further, it is hoped that this way of managing services will eventually serve to increase family satisfaction, and, conversely, that the need for outside conflict/dispute resolution will decrease.

Only through successful management of resources can we hope to make individualized service approach the norm, as opposed to the exception. We believe that this model of contracting provides a solid starting point.

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