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# AMH Benefit Document

## AMH Transformation Initiative O10

### Vacancy Payment

Date: 12/16/2010

Event ID: 10\_1.1

Version: 1.0

#### Executive Summary of the Initiative and Benefits

This Initiative changes the vacancy exception request process. The original intent of the Vacancy Exception Request (VER) was to provide funding to cover the expenses of an adult mental health residential community program when an adult individual from that program required a brief acute care admission with a plan to return to the program.

The practice of providing funds for VERs expanded over time to cover programs while they waited for a scheduled pending admission to occur. The practice unintentionally expanded again to cover a multitude of vacancies costing the system \$1.8 million per biennia<sup>1</sup> and decreasing the providers' financial incentive to admit newly referred adults to their residential program.

Implementation of an Oregon Administrative Rule (OAR) returns the practice of VERs to the original intent and encourages the development of a community placement process, characteristic of improved communication and collaboration, expedited decisions, a reduced hospital waiting list, timely discharges, and efficient utilization of public resources.

By changing the process and adding the occupancy rule, it is estimated that the current spend on vacancy beds will decrease from an average of \$900K<sup>2</sup> per fiscal year to an average of \$180K by July 1, 2011.

#### Improvement Summary

The Initiative's team created a new policy, procedure, and an OAR that codifies how public funds are spent on community-based adult mental health residential programming. The new OAR and policies:

- State that public funds will only pay for occupied placements in community-based adult mental health residential programs;
- Disallows public funds to pay for vacant beds in community-based adult mental health residential programs unless a reserved service capacity request is approved;
- Removes the labeling of a bed-type and codifies that community-based adult mental health residential program living spaces are available to any consumer regardless of their population designation (PSRB, ECMU) or "County of Responsibility" status.

These changes outlined in the OAR and in the policy are effective July 1, 2010 and support people to access the level of care and service in their communities that match their needs and strengths.

#### Redeployment Plan

Decreasing our general fund spend on vacancies decreases our overall spend, allowing for redeployment of funds to budgeted community-based mental health services. The community-based mental health services

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<sup>1</sup> \$1.8M Biennial General Fund spend 2007-2009

<sup>2</sup> Average for Fiscal Year 2009



budget was reduced by \$28.8 million during the 2010 allotment reduction. Cost benefits from this initiative will offset the impact of that reduction.

### Benefit/Outcome Description

**Cost:**

- \$720K in net fiscal year cost benefit in vacancy spend.

**Service:**

- Decreased number of requests for payments for vacancies from an average of 30/month to an average of 5/month.

**Quality:**

- More people will access the level of care and service in their communities that match their needs and strengths.

**People:**

- Staff time saved on the decrease in vacancy requests will be reallocated to time spent writing policies and procedures.

### Baseline Information

| Measure              | Date Tracking Begins | Fiscal Year Baseline               | Target                | Target Increase(Decrease) | Target Date  |
|----------------------|----------------------|------------------------------------|-----------------------|---------------------------|--------------|
| Spend on Vacant Beds | 7/1/2010             | \$900K <sup>3</sup><br>\$75K/month | \$180K<br>\$15K/month | (\$720K)                  | July 1, 2011 |
| Number of Requests   | 7/1/2010             | 362/year <sup>4</sup><br>30/month  | 60/year<br>5/month    | (302)/year<br>(25)/month  | July 1, 2011 |

### Logic Description

AMH spent \$1.8 million dollars in the 2007-2009 biennium on vacant beds. This is equal to \$900K per fiscal year. AMH anticipates a vacancy spend of \$180K per fiscal year for vacant beds in fiscal year 2011, resulting in a \$720K benefit per fiscal year in overall spend.

AMH received 362 requests for vacancy payments in fiscal year 2010. This is an average of 30 requests each month. With the implementation of the Occupancy OAR, AMH anticipates receiving 60 requests a year, which is an average of 5 per month, resulting in a decrease of requests in the amount of 302 per year or 25 per month. The decrease in requests each month demonstrates that staff members are processing less requests and are not necessarily denying more requests to reach a decrease in spend. This metric also demonstrates that programs are following the new Occupancy rule.

### Sustainability Plan

<sup>3</sup> Average for Fiscal Year 2009

<sup>4</sup> Actual for Fiscal Year 2010, Fiscal Year 2009 actuals not available



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The Operations and Policy Manager will collect metric data monthly to track and monitor the benefits. The unit's visual display board will include these metrics to follow in their routine Lean Daily Management System huddles.

### **Ongoing Metrics (on going)**

The Operations and Policy unit staff and manager will track and report the spend data and the number of requests on a monthly basis. Tracking began July 1, 2010.

### **Annualized Projection Amount**

AMH anticipates a vacancy spend of \$180K per fiscal year for vacant beds in 2010-2011, resulting in a \$720K benefit per fiscal year in overall spend.

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### **Attachments:**

*(Briefly describe all backup material that a reader may need to understand the Benefit Document).*

- Monthly Data Reporting Spreadsheet
- Reinvestment Plan
- Business Case

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### **References:**

*(Briefly describe all reference material that a reader may need to understand the Benefit Document).*

Surveys – customer/client:

Reports – internal/external:

Web links:

| Initiative O10<br>Vacancy Exceptions | Opportunity   | Monthly<br>Baseline | Monthly<br>Target     | Date<br>Tracking<br>Begins | FY 2011<br>Forecasted<br>Benefits | Annualized<br>Ongoing<br>Initiative<br>Projection | Documentation Notes  |
|--------------------------------------|---|---------------------|-----------------------|----------------------------|-----------------------------------|---|----------------------|
|                                      | Decrease spend on vacant beds by implementing the Occupancy OAR & reducing vacancy payment by 80% | \$75,000            | reduce to<br>\$15,000 | 7/1/2010                   | \$720,000                         | \$720,000   | See benefit document |

|   | 2010<br>July | August    | September   | October   | November  | December   | 2011<br>January | February  | March      | April     | May       | June      |
|---|--------------|-----------|-------------|-----------|-----------|------------|-----------------|-----------|------------|-----------|-----------|-----------|
| Monthly Vacancy Baseline Spend                | \$75,000     | \$75,000  | \$75,000    | \$75,000  | \$75,000  | \$75,000   | \$75,000        | \$75,000  | \$75,000   | \$75,000  | \$75,000  | \$75,000  |
| Monthly Actual Spend on Vacancies             | \$15,341     | \$5,577   |             |           |           |            |                 |           |            |           |           |           |
| Monthly Increase/Decrease in Spend            | -\$59,659    | -\$69,423 | -\$75,000   | -\$75,000 | -\$75,000 | -\$75,000  | -\$75,000       | -\$75,000 | -\$75,000  | -\$75,000 | -\$75,000 | -\$75,000 |
| Monthly Percentage Increase/Decrease in Spend | -80%         | -93%      | -100%       | -100%     | -100%     | -100%      | -100%           | -100%     | -100%      | -100%     | -100%     | -100%     |
| Quarterly Decrease in Spend                   |              |           | (\$204,083) |           |           | -\$225,000 |                 |           | -\$225,000 |           |           |           |

|  |      |      |       |       |       |       |       |       |       |       |       |       |
|--|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Monthly Occupancy Exception Requests<br>Baseline | 30   | 30   | 30    | 30    | 30    | 30    | 30    | 30    | 30    | 30    | 30    | 30    |
| Monthly Actual Occupancy Exception<br>Requests   | 15   | 4    |       |       |       |       |       |       |       |       |       |       |
| Monthly Decrease in Requests                     | -15  | -26  | -30   | -30   | -30   | -30   | -30   | -30   | -30   | -30   | -30   | -30   |
| Monthly Percentage Decrease in Requests          | -50% | -87% | -100% | -100% | -100% | -100% | -100% | -100% | -100% | -100% | -100% | -100% |

Notes:  
Operations and Policy Unit in AMH will track and report actual spend and exception requests on a monthly basis beginning 7/1/2010