

The Business Case for Diversion and Transition Services

Oregon’s Department of Human Services engaged Compelling Reason LLC to analyze the business case for Diversion and Transitions Services (D/T) in the program for Aging and People with Disabilities (APD). This document summarizes a separate, detailed report of D/T benefits and costs.

D/T Services help people who qualify for Medicaid Long Term Services and Supports (LTSS) to arrange for extended care in settings that meet their needs in a cost effective way. For persons being discharged from hospitals or other acute care institutions, D/T may arrange a “diversion” from a nursing facility to a home and community based services (HCBS) setting. These include in-home services, adult foster homes, adult day services, residential care facilities, and assisted living facilities. For persons currently residing in a nursing facility, D/T may facilitate a “transition” to an HCBS setting.

Three major benefits are evaluated:

1. Transitions Services -- for persons residing in nursing facilities to lower cost home and community based services settings.
2. Diversions Services -- to HCBS settings for persons completing a stay in a hospital or other acute care institution.
3. Reduced hospital readmissions within 30 days of discharge through Diversion Services for a careful placement in an HCBS setting.

Making the Diversion and Transition business case

D/T’s “business case” means it creates more benefits or savings for consumers, the State of Oregon, and the federal government, than it costs. Not all benefits or savings can be quantified, of course. This analysis simply estimates whether D/T’s benefits exceed its costs based on what can be quantified.

SROI: Social Return on Investment

Social return on investment measures how much “good” comes from a given effort. It is the ratio of quantified benefits (the social return) to quantified costs (the investment). For example, an SROI of “3.0 to 1” would mean \$3.00 of quantified benefits result from \$1.00 of quantified costs.

SROI ratio	Meaning
Above 1.0 to 1	Case made. The return is greater than the investment.
Equals 1.0 to 1	Breakeven. The return equals the investment.
Below 1.0 to 1	Case not made. The return is less than the investment.

Quantifying D/T's SROI

D/T's SROI compares the benefits produced by D/T to the incremental costs borne by the state to operate the D/T program.

$$\text{SROI} = \frac{\text{Total Benefits}}{\text{Total Costs}}$$

The analysis quantified only benefits and costs due specifically to D/T. The data came from the D/T program budget, the APD Tracker in which D/T coordinators report client activities, and the state's Medicaid Management Information System that tracks activities and costs of Medicaid clients.

Our estimate of D/T's SROI in 2019:

6.6 to 1

That SROI, analyzed in 2020 for calendar year 2019, covers the benefits we could quantify and directly attribute to Diversion and Transition Services.

Benefits for Transition Services include \$11,207,906 to the State of Oregon, and \$36,485,441 to the federal government.

Benefits for Diversion Services include \$1,170,653 to the State of Oregon, and \$3,810,848 to the federal government.

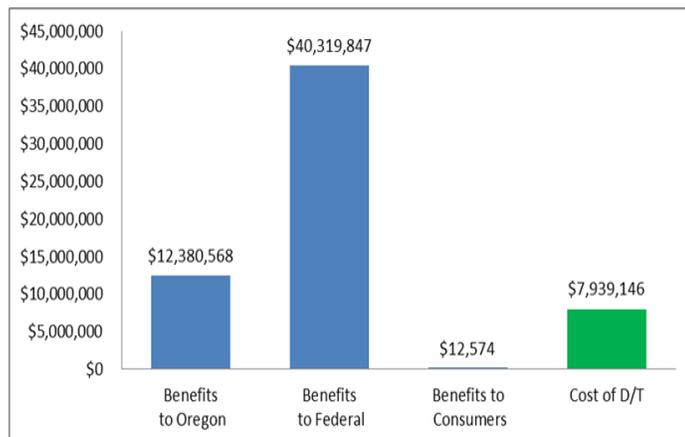
Benefits for reduced hospital readmissions include \$12,574 to consumers, \$1,970 to the State of Oregon, and \$23,559 to the federal government.

Total program benefits are \$52,712,989. Total costs are \$7,939,146. The SROI ratio — benefits ÷ costs — is 6.6 to 1.

6.6 to 1: The business case for D/T is strong

The graph shows the benefits of D/T far outweigh the costs of operating the program.

Investment in D/T services is particularly cost effective because the costs of hospitalizations and long term care make up a major portion of government and consumer budgets. Equally important, D/T services provide life-enhancing benefits to clients and their families.



Kristi Murphy and Dawn Rustrum managed the project for the Oregon Department of Human Services.

The I&R business-case analysis was conducted by Bruce Hamilton, Kelly Jensen, and Mark Chussil.

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