

## STAND AND DELIVER:

### The New Ryan White Title I (MHRA) grants

***The goal of this document is to provide an overview of the fiscal changes to MHRA's Ryan White Title I grant proposals and contracts.***

#### **The new fiscal reality of Ryan White.**

- It's about pay for play. We provide the service or they don't pay.
- It's about good record keeping and data to prove that we provided the service. Bad case records may now lose you cash.
- It's about estimating service targets based on what we *know* we can do.
- It's about creating realistic unit costs and service targets that will pay for our program.

#### **Case example**

#### **The Fiscal – Program Collaborative Process Acme Medical Center**

#### ***Meeting #1: Fiscal and Program Staff***

***Goal: Determining if this grant is right for your hospital.***

The first meeting brings together the fiscal and programmatic teams to discuss the viability of applying for the new MHRA Mental Health Services grant in order to replace their current MHRA Mental Health grant that is expiring. They compare their current services with those allowed in the new structure and look for new service opportunities within the new RFP. They decide that they will need to upgrade the credentials of some staff lines and/or change some services. With "old" MHRA grants they would bring fiscal into the picture at the end of the process; because this is performance-based, they are now bringing fiscal into the process from the first meeting.

**Meeting #2: Program staff**

**Goal: Creating the program model.**

Next, the program staff meets to decide precisely which Mental Health services they want to provide. They take a hard look at the actual services they have been providing under the expiring grant, make an estimate (based on internal data) of how many additional people they could service and how many clients would receive which services. They create a staffing pattern to provide those services and a list of program supplies and other OTPS that are necessary to deliver the services.

**Meeting #3: Fiscal and Program Staffs**

**Goal: Identifying financial risks and overall viability of proposed program model.**

Next, the fiscal staff reviews the program model with the program staff in order to make sure that there is a mutual understanding of all programmatic assumptions. The fiscal staff asks the program staff how they arrived at their service targets (i.e. the number of clients and services to be rendered). This is important because there needs to be a data-driven basis for determining service goals. For example, did they use monthly program reports? Internal data? Focus groups? Client surveys? Staff surveys? DOH data?

**Meeting #4: Fiscal and Program Staffs**

**Goal: Preparing to create unit costs**

**-- Matching Service Elements to Reimbursable Units**

The Fiscal staff asks the program staff to match the desired service elements with the allowable reimbursable units. In this example, the new Mental Health Services grant allows three (3) reimbursable units:

- 1) Mental Health Counseling
- 2) Psychiatric care and/or buprenorphine prescriptions/ management
- 3) AOD Services

These Reimbursable Units must include clusters of Service Elements *including* the OTPS and overhead associated with delivering each service element. Here are the service elements (see RFP under your category for complete details):

For Mental Health counseling select from this list to develop your own cluster of Service Elements:

- Intake & Assessment

Stand & Deliver: The New Ryan White Title I MHRA Grants  
Laurence A. Pagnoni & Associates/NonProfit Innovations, Inc., 2006  
All Rights Reserved

- Individual Counseling
- Group/Family Counseling
- Home Visit for clinical purposes
- Coordination with client's primary care
- Coordination with other medical/social service provider
- Treatment adherence counseling and support

For Psychiatric care and/or buprenorphine prescriptions/ management select from this list:

- Psychiatric Evaluation
- Psychiatric Visit
- Buprenorphine - first prescription
- Buprenorphine –med. management
- Coordination with client's PCP
- Coordination with client's other medical/social service provider
- Treatment Adherence Counseling

For AOD Services select from this list:

- Individual AOD
- Group AOD
- Coordination with client's PCP
- Coordination with client's other medical/social service provider
- Treatment Adherence Counseling

### ***Meeting #5: Fiscal staff***

#### ***Goal: Creating the Unit Costs***

Once they are satisfied with the allocation of service elements within the reimbursable units, the Fiscal staff should break out their calculators to create unit costs. They start by creating a traditional line item budget. *They are careful to keep a close watch on the MHRA budget guidelines that outline allowable costs.*

Once this Line Item Budget is completed and approved by management, the Fiscal staff set out to create the unit costs. They keep in mind that all of the units combined must equal the bottom line total on the line-item budget.

They also know that they need to present a fiscally competitive proposal which means delivering the most services for the least money -- and doing it well. No easy task, but this is the new Ryan White reality. Below are some of the general concepts they use in creating Unit Costs.

Stand & Deliver: The New Ryan White Title I MHRA Grants  
 Laurence A. Pagnoni & Associates/NonProfit Innovations, Inc., 2006  
 All Rights Reserved

- ***The Unit Cost Goal***

The unit cost goal represents the agency's expectation of what a reimbursable unit "should cost." The unit cost goal is based on historical data, adjusted for known and anticipated changes in the budget year. Some of these anticipated changes may be based on expected increases for the cost of labor, rent and supplies or increased productivity based on improved systems and processes (including new technology), and so forth. The expected quantity of units is based on anticipated demand for services. A unit cost goal is established by the Fiscal Department and operationalized by program staff.

- ***The Line-item budget***

The program's line-item budget is the funding document which identifies every unit cost output and its associated unit cost goal.

- ***Unit Cost Resourcing***

This is the process of using the line-item budget to make funding allocations based on cost per output. It is "business-type" accounting that supports measuring productivity and management decision making by focusing on *the relationship of cost to output produced*.

- ***How and Why Unit Costs Change***

Unit costs will change as a result of changes in any one or a combination of three factors: changes in quantity of clients and services, changes in productivity of inputs (including technology, employee education, etc.), and changes in the cost of inputs. Changes need to be anticipated.

***Final meeting: Fiscal and Program Staff***

***Goal: The Reality Check***

A final meeting prior to writing the grant narrative takes place between fiscal and program staff. This is the time to do a reality check. Can we deliver these services and units? Do we need to scale back? Scale up? Have we forgotten any details?

## ***The role of Upper Management and Board of Directors***

Agencies that employ a methodical process in creating their responses to the new Ryan White RFP's will see less financial risk than agencies who jump into this grant too quickly. Most performance based contracts put the agency at some financial risk and upper management and the Board of Directors are ultimately responsible for deciding how much financial risk the organization can handle. Make sure you keep upper management apprised of your application for funding and final decisions related to unit cost.