

Enhanced Services Package Implementation: Costs, Administrative Decision Making, and Agency Leadership

A presentation to the
Joint Legislative Program Evaluation Oversight Committee

July 6, 2009

Carol H. Ripple, PhD



Evaluation Team

Yana Samberg, Evaluation Lead

E. Kiernan McGorty, Senior Program Evaluator

Carol H. Ripple, Principal Evaluator

Pamela L. Taylor, Program Evaluation Statistician

North Carolina

Department of Health and Human Services



Overview

- Project request
 - Follow-up July 2008 report on implementation of the Department of Health and Human Services' Enhanced Services Package
- Project purpose
 - To extend and update the retrospective analysis of Enhanced Services Package implementation expenditures



Overview

- Total Enhanced Services Package expenditures (Apr. 2006 – Feb. 2009) = **\$2.4 billion**
 - North Carolina's share = **\$827 million**
- Controlled implementation could have avoided total costs of **\$498 to \$635 million**
 - North Carolina's avoided costs = **\$177 - \$226 million**
- There were 10 changes in key agency leadership positions during implementation
- Lessons learned extend to other initiatives



Background:

Enhanced Services Package

- Part of broader mental health, developmental disabilities, and substance abuse system reform
 - Evidence-based, clinically proven, outcome-focused services
- Emphasize community-based services
- Leverage federal funding
- Approved Dec. 2005
 - Implemented Mar. 2006

Report Page 2



Enhanced Services Package



Background: Implementation Challenges

- July 2008 Program Evaluation Division report findings:
 - Short implementation timeframe
 - Insufficient forecasting and monitoring
 - Information did not alert decision makers to escalating costs



Evaluation Questions

Three research questions:

1. What were expenditures for the Enhanced Services Package?
2. What key policy and program decisions were associated with expenditures?
3. Were major leadership changes prevalent during implementation?

Report Page 3



What Were Expenditures?

- Total Enhanced Services Package expenditures (Apr. 2006 – Feb. 2009) =

\$2.4 billion

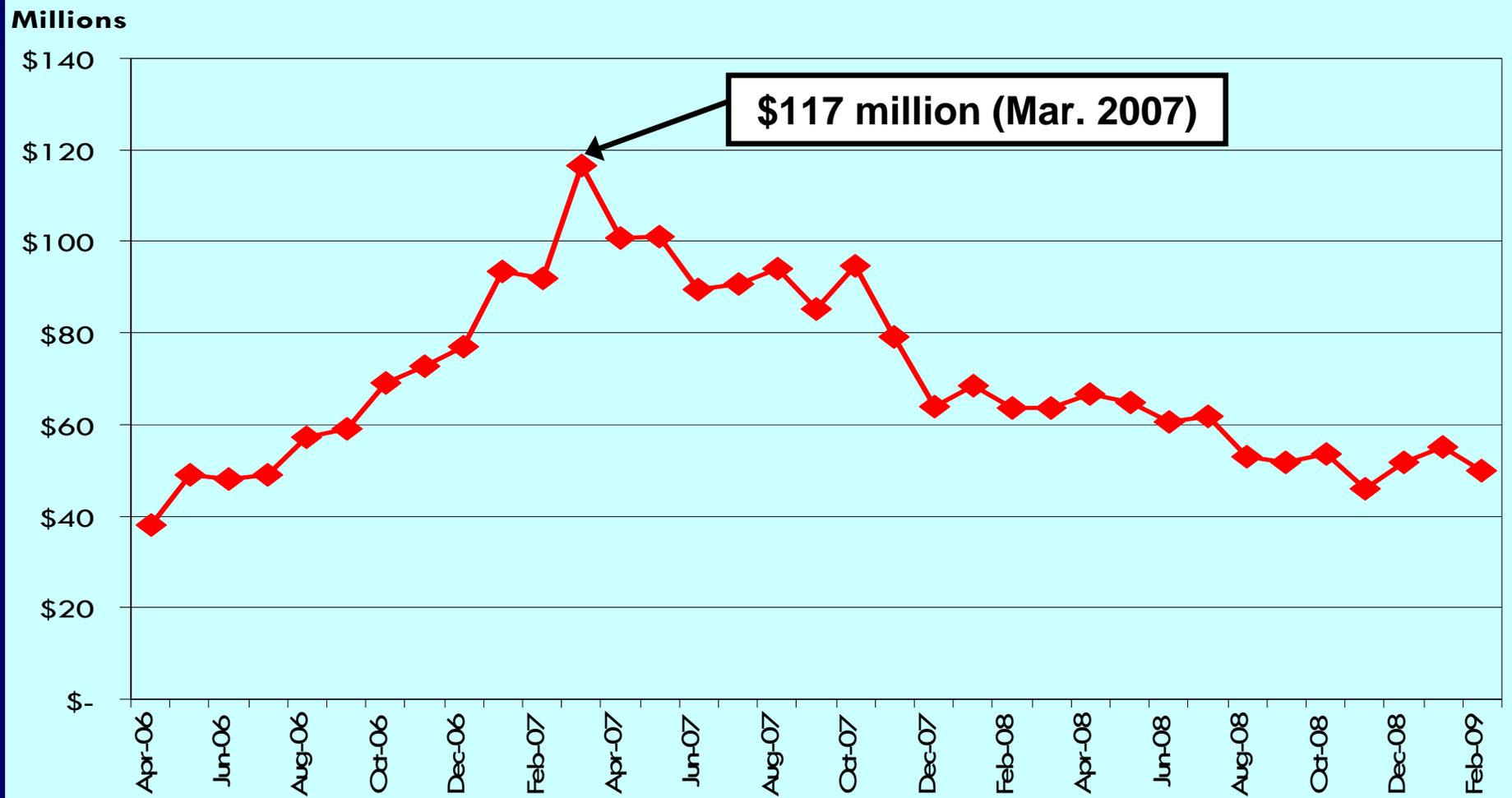
- North Carolina's share =

\$827 million

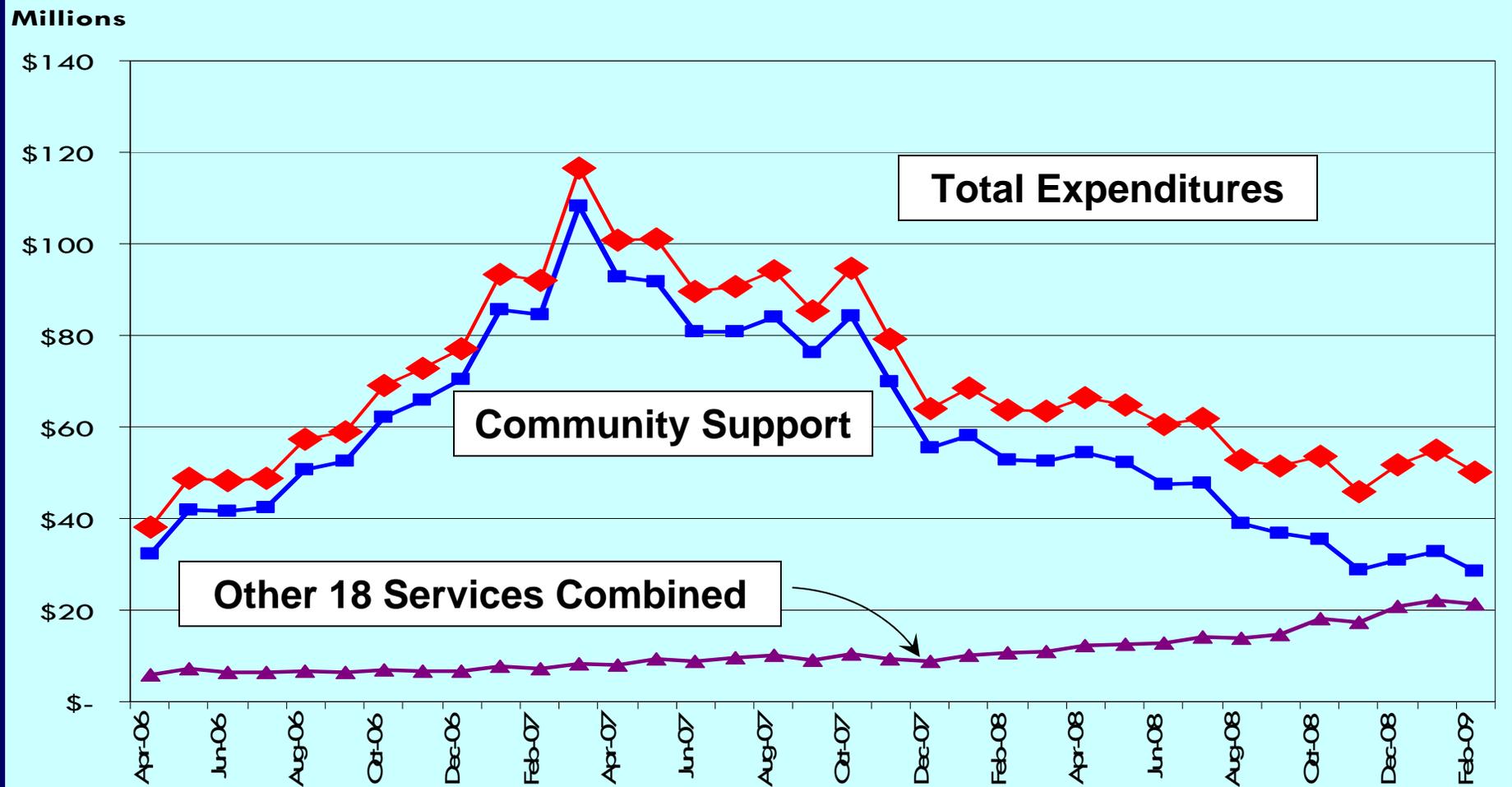
Report Page 6, Exhibit 2



Total Monthly Enhanced Services Expenditures, Apr. 2006 – Feb. 2009



Total Monthly Enhanced Services Expenditures, Apr. 2006 – Feb. 2009

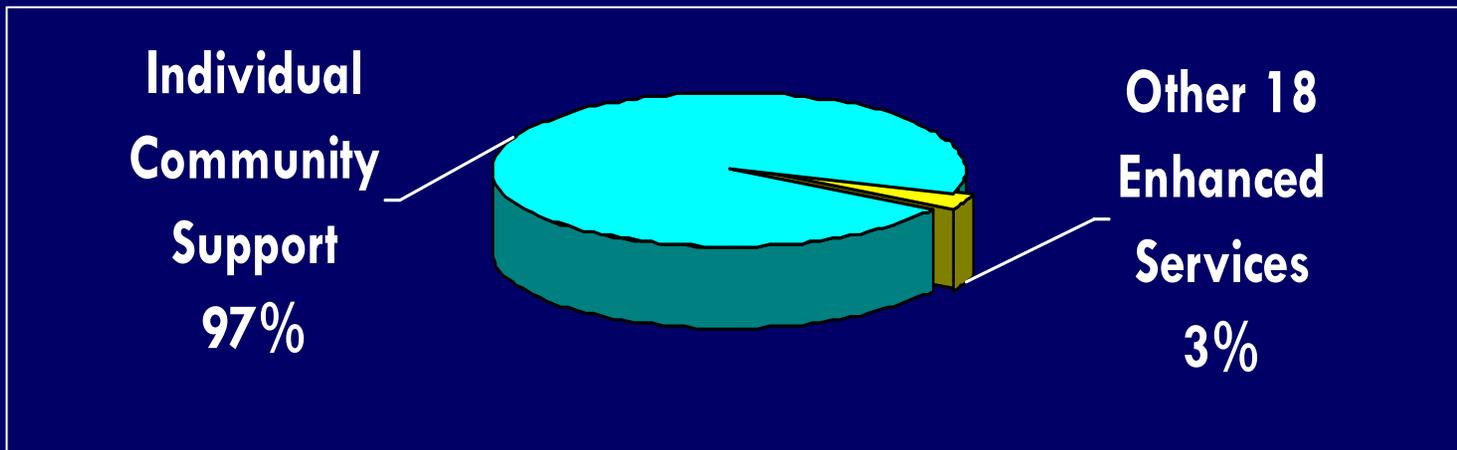


Report Page 4, Exhibit 1



Expenditures: Individual Community Support Services

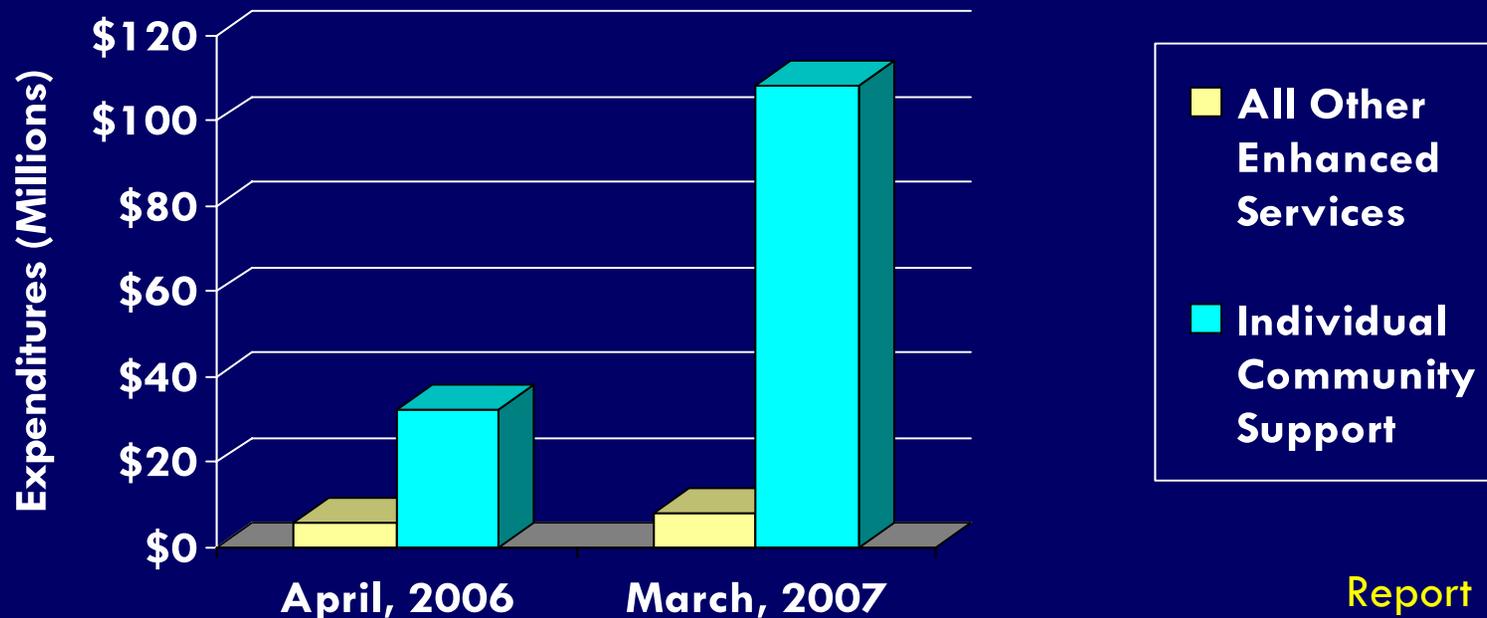
- Individual Community Support services accounted for 97% of monthly expenditures in the first year of implementation (Apr. 2006 – Mar. 2007)
 - The other 18 enhanced services accounted for 3% of total expenditures



Report page 3

Expenditures: Individual Community Support Services

- From April 2006 to March 2007, individual Community Support utilization grew by 235%
 - Utilization of all other enhanced services combined grew by 44%



Report page 5



What Cost-Related Decisions Were Made?

- Department of Health and Human Services was alerted to problems in the fall of 2006
- First key decision to control costs made in February 2007
 - Many cost-control decisions followed

Report pages 8-9, Exhibit 3



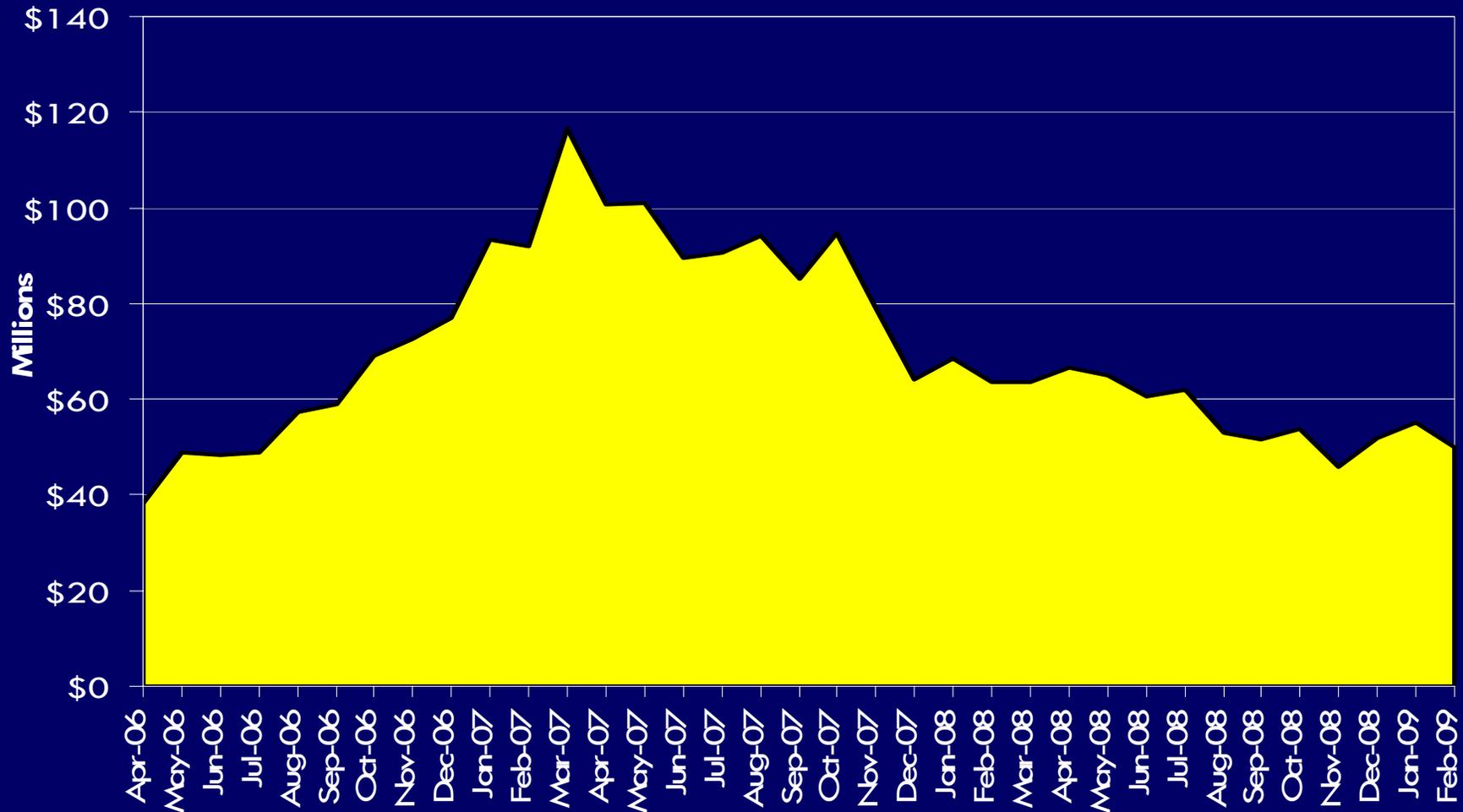
Controlled Implementation Could Have Avoided High Expenditures

- Scenario A (Ideal): Controls in place and operational before implementation
 - Total cost avoidance = \$635 million
 - North Carolina's share = \$226 million

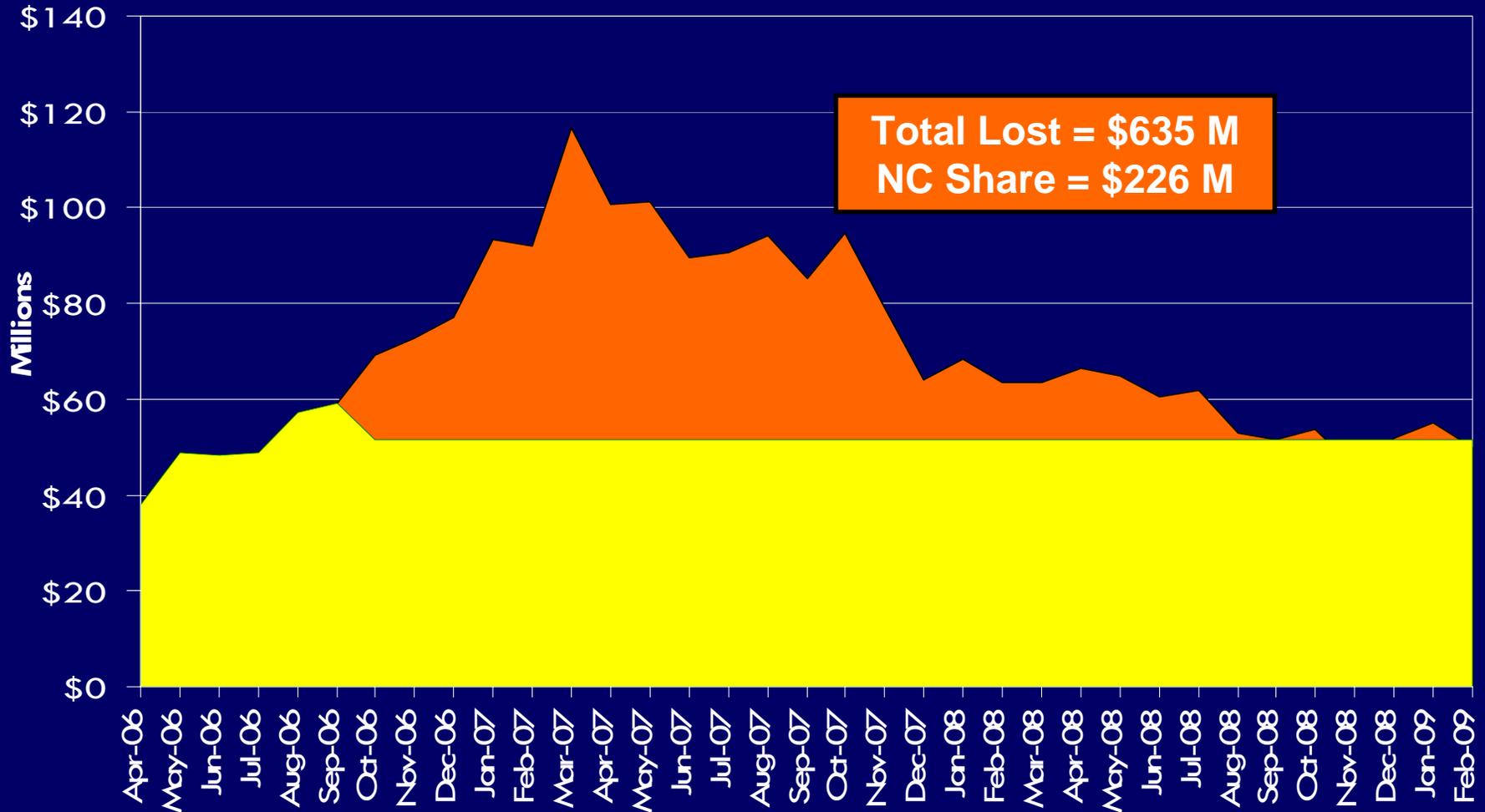
Report page 10



Total Actual Expenditures of \$2.4B



Hypothetical Scenario A (Ideal): Controls in Place At the Start



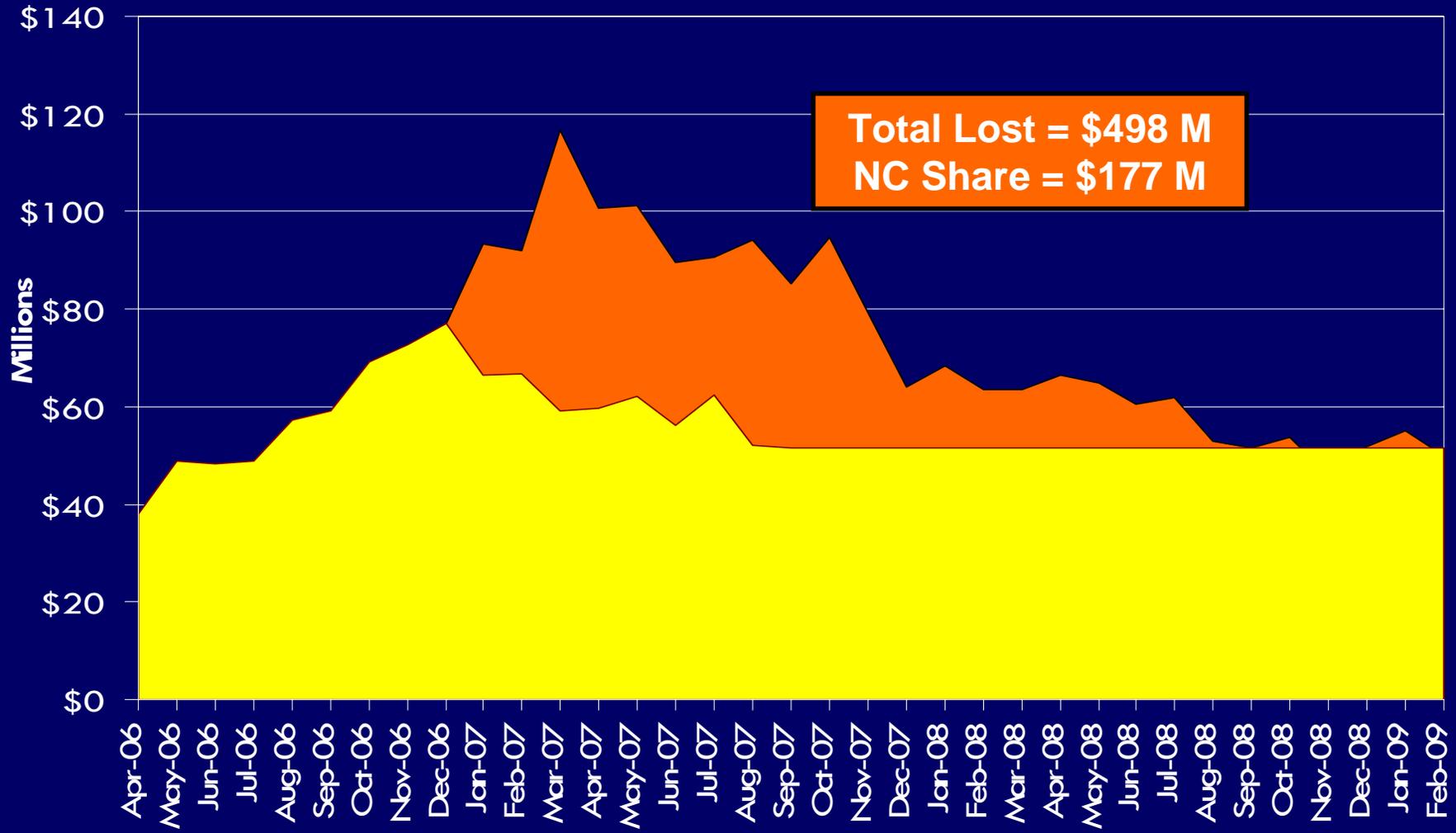
Stronger Implementation Could Have Avoided High Expenditures

- Scenario A (Ideal): Controls in place and operational before implementation
 - Total cost avoidance = \$635 million
 - North Carolina's share = \$226 million
- Scenario B: Earlier detection and reaction to soaring expenditures
 - Total cost avoidance = \$498 million
 - North Carolina's share = \$177 million

Report page 10



Hypothetical Scenario B: Better Oversight in Place At the Start



Were Changes in Leadership Associated with Implementation?

- There were 10 changes in key agency leadership positions in the three years following implementation (2006 – 2009)
- By contrast, there were 6 changes in the five years before implementation (2001 – 2006)

Report pages 11-12, Exhibits 4 and 5



Summary

- Total Enhanced Services Package expenditures (Apr. 2006 – Feb. 2009) = **\$2.4 billion**
 - North Carolina's share = **\$827 million**
- Controlled implementation could have avoided total expenditures of **\$498 to \$635 million**
 - **\$177 to \$226 million** in state funds



Summary

Implementation lessons extend beyond this initiative

- Take time for planning
- Use pilot programs to test systems
- Develop benchmarks
- Conduct exception analyses
- Ensure effective data reporting to inform decision makers

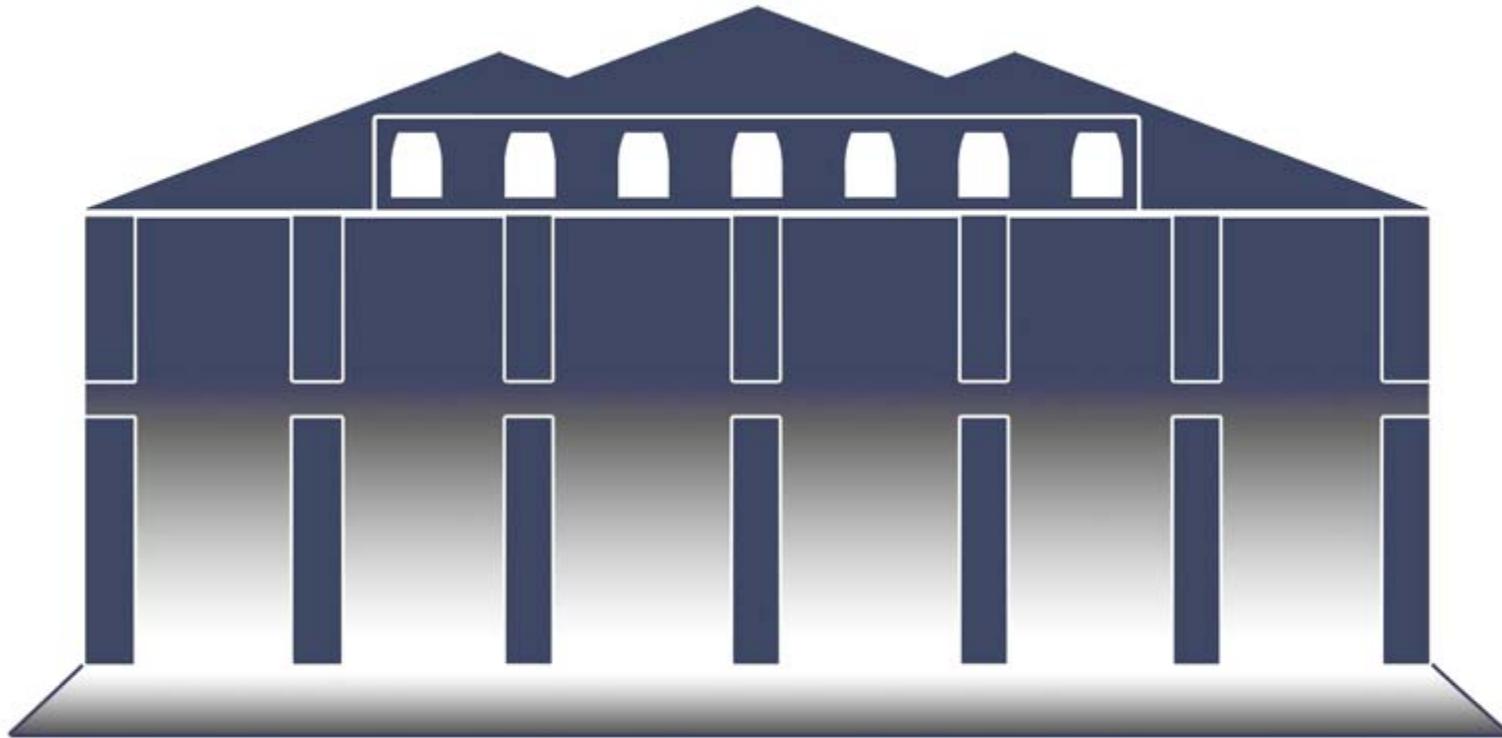


Report Available Online

www.ncleg.net/PED/Reports/Topics/Health.html

Carol H. Ripple, PhD
carol.ripple@ncleg.net





PROGRAM EVALUATION DIVISION
NORTH CAROLINA GENERAL ASSEMBLY

