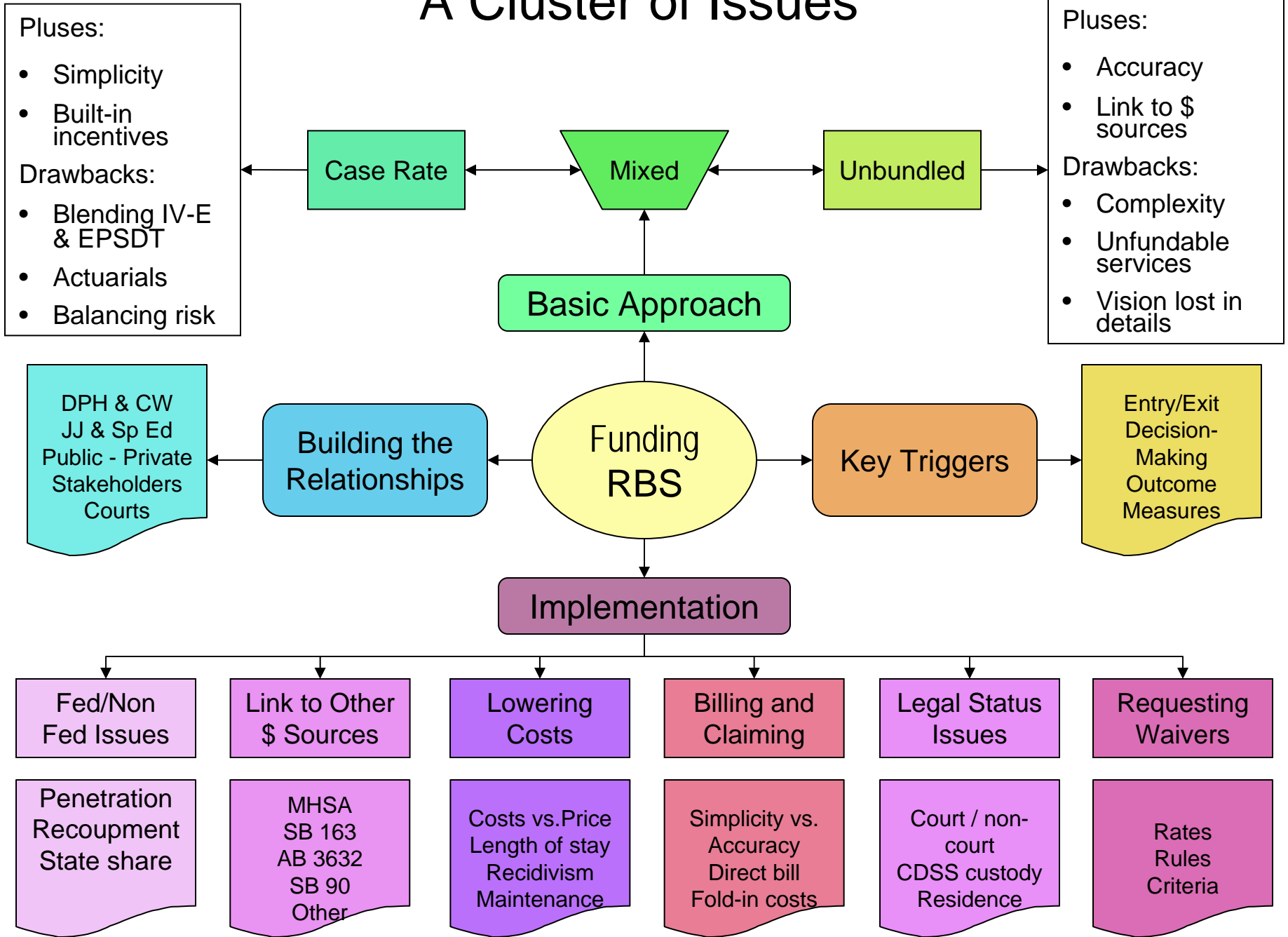


Framing the Fiscal Discussion



Creating a Functional and Efficient System for
Funding the Transition from High-Level,
Long-Term Group Home Placement to RBS

A Cluster of Issues



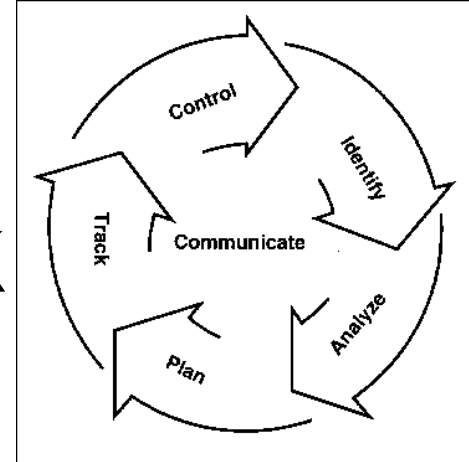
Order Up: 5 Menus for Funding



- **Cafeteria:** Unbundle all services, lead agency coordinates each individual serving tray, pay for what you consume
- **Prix Fixe:** Fully bundle soup to nuts but create a special version for each guest
- **A' la carte:** Main course provided at a set rate, pay extra for sides, including dessert
- **Early Bird Special:** Highest prix fixe or a' la carte rate for 3 months, declining for each subsequent course (quarter) to a maintenance fee or bar tab in second year
- **Smörgåsbord:** like cafeteria, each person gets their own tray, but the same amount flows into risk pool for each customer

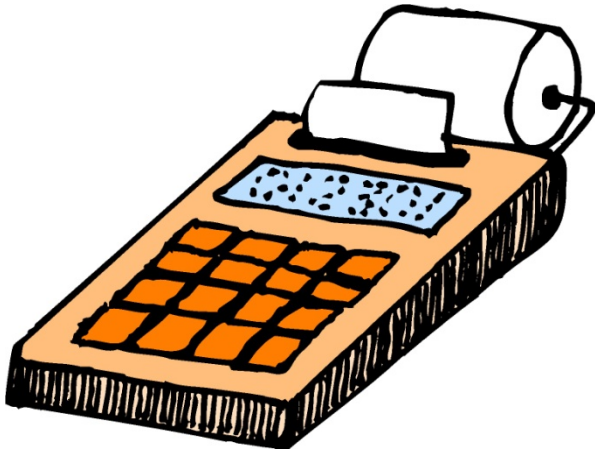


Talking About Risk



- **Risk** is a factor in all system design choices
- The question **is how much** risk is carried, **who** carries it, and **how** it is managed
- **Stakeholder**: not enough or inadequate services or wrong services available
- **Public agency**: demand exceeds allocated budget
- **Provider**: Costs of service delivery exceed payments for services
- **Risk pools** are mechanisms for balancing overs and unders across time

The Risk 'o' Lator



- Enter estimate of **base line cost** for item or group (Actuarial or guess)
- Enter risk tolerance of **purchaser** (Current reserves x political will)
- Enter risk tolerance of **provider** (Current reserves + donor support x board expectations)
- Enter risk tolerance of **stakeholders** (Perceived need x default costs)
- Negotiate **hold back and release** formulae (Projected swing x acquired trust)