



## *BUSINESS CASE PROFILE*

Prairie Ridge Addiction Treatment Services  
320 North Eisenhower Avenue  
Mason City, IA 50402  
(641) 424-2391  
www.prairieridge.net



The mission of Prairie Ridge Addiction Treatment Services is to reduce the impact of alcohol and other drug use on the affected individuals, families, and communities of north Iowa. Our ASAM Level I program provides nearly 2,500 individual assessments annually and, over the past four years, requests for assessments have increased 15 percent annually, fueled largely by the state's methamphetamine crisis. We provide adult services at ASAM Levels I, II.1, and III.5 and adolescent services at Levels I and II.1.

**PROJECT AIM:** Increase Admissions

**CHANGE LEADER:** Jay Hansen

### **GOALS AND MEASURES**

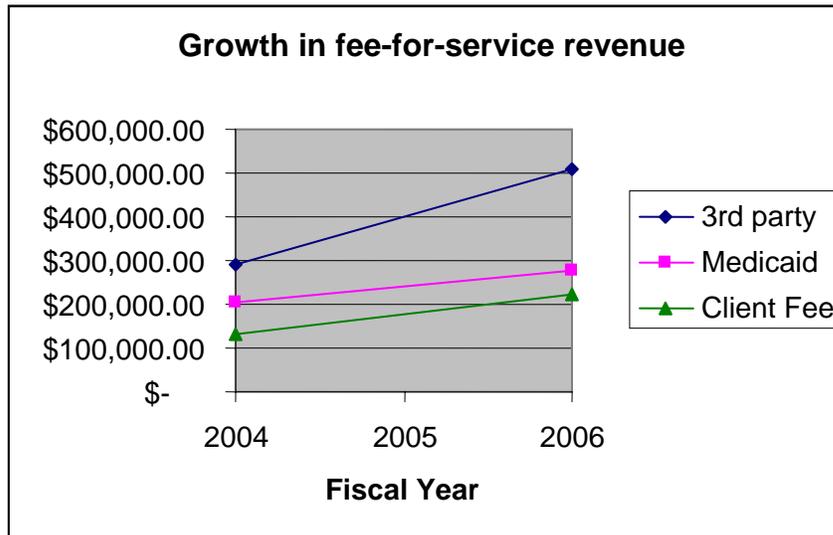
Prairie Ridge has historically received a majority of its revenue through state the SAPT Block Grant, a capitation contract of 1,100 clients. With no increases in state or federal appropriations for eight consecutive years, the agency averaged 42 percent over-utilization of block grant funds between 2000–2005, resulting in up to \$462,000 of annual un-reimbursed care. Costs continued to rise steadily due to annual salary increases, higher energy costs, and increased costs for food and supplies. The organization faced a challenge: how was Prairie Ridge going to keep afloat with the main funding source flat?

### **CHANGES IMPLEMENTED**

Prairie Ridge had traditionally viewed increased admissions as increased risk. Beginning in 2005, Prairie Ridge set out to remedy their funding deficit by targeting increased admissions in the 40 percent of their business that was fee-for-service. The organization's Accounts Supervisor was a member of the original NIATx Change Team, and she put small Change Teams together within her department to increase collections of (3rd party, Medicaid, and client-fee receipts using PDSA Cycles.

### **BUSINESS CASE IMPACT**

The 40 Percent Solution has made dramatic bottom-line improvements, with increases in fee-for-service revenues (3rd party, Medicaid, and client-fee receipts) from \$627,193 in Fiscal Year 2004 to \$1,008,367 in Fiscal Year 2006.



How did Prairie Ridge handle all these new admissions? They found extra capacity by driving out inefficiency in their operations. Outpatient direct service rates have gone from 40 percent pre-NIATx to 53 percent post-NIATx, an effective increase of 3.12 new FTEs.

#### LESSONS LEARNED

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There is a business case for process improvement, even in a capitation environment. Increasing admissions usually affects some part of your payer mix and translates to bottom line results. Using process improvement allows an organization to do more with the same resources. Prairie Ridge has enjoyed further benefits beyond the bottom line. Since adopting NIATx process improvement principles, the agency has only lost two counselors, well below the average turnover rate in the field. Counselors were surveyed to understand why they've stayed, and identified things such as:

- Being on the cutting edge
- Dedication to a client-centered culture

Improved workforce stability has been an extremely valuable byproduct of the organization's commitment to a process improvement culture.