

ARCC Consulting Homecare Cost Toolkit Provider Drop-in Session

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June 2022

1. Accounting for Agency pay & enhancements
2. Adapting the model for different service types
3. Understanding the impact of rurality / geography on cost
4. Understanding the impact of varying visit times on cost

Additional Q&A in the chat

Accounting for multiple visit types (1)

Sometimes users may have a complex community care business, and entering individual visit types and visit lengths in Section A may not be feasible. Whilst the toolkit is predominantly aimed at traditional, short homecare visits (i.e. 30-min , 60-min visits), we recognise that users may want to add in more information about the wider organisation (e.g. sit-in services, supported living clients, sleep-ins, live-in care), including specifying different client types (NHS, self-funded etc.)

The example shows the branch in total delivers 7 different visit types across two different local authorities, however may need to combine some of these in order to add more visit types into the table.

In this instance, users may combine all of the hours of different call types into one row, and enter the number of visits per week as the number of client calls per week. The example on the next slide shows how to combine the average visit length for these hours.

Total Visits Breakdown		Visit Length (mins)	No. Visits per week	Contact Hrs per week	Travel Hrs per week	Travel % of Total
Visit Type Breakdown	LA# 1 60 min visit	60	200	200	20	9%
	LA# 1 45 min visit	45	650	488	65	12%
	LA# 1 30 min visit	30	400	200	40	17%
	LA# 2 60 min visit	60	100	100	10	9%
	LA# 2 45 min visit	45	200	150	20	12%
	LA# 2 30 min visit	30	400	200	40	17%
	LA# 2 15 min visit	15	50	13	5	29%
	Visit Type 8			0	0	-
Average Visit Length		40.5	2,000	1,350	200	13%

Accounting for multiple visit types (2)



In this example, the user has combined the total volume of visits for two different visit types (defined as LA#1 and LA#) each into a single row. As a result, the visit length column now represents the average across all visits. The total number of visits per week to LA #1 is 1,250. Given that we know the total number of care hours delivered was 887.5 per week, we can divide 887.5 by 1,250 to give us the average hours per visit (expressed as a decimal). We need to convert this to minutes, and so to do this, we should multiply the whole equation by 60; giving us an average visit length for all LA #1 visits of 42.6.

The same method has been applied to the visits and care hours for LA #2, and so it can be illustrated that the average visit length for 462.5 hours delivered to LA #2 is 37 minutes. The total row shows the user that the model has still calculated 2,000 visits per week and 1,350 hours, as per our first example, so we know that the individual volumes have been calculated correctly, and that the end result within the toolkit will be the same in both examples.

Total Visits Breakdown		Visit Length (mins)	No. Visits per week	Contact Hrs per week	Travel Hrs per week	Travel % of Total
Visit Type Breakdown	LA# 1 all visits	42.6	1,250	888	125	12%
				0	0	-
				0	0	-
	LA# 2 all visits	37	750	463	75	14%
				0	0	-
				0	0	-
	Visit Type 8			0	0	-
	Average Visit Length	40.5	2,000	1,350	200	13%

The calculations for both rows above are as follows:

LA #1

$$=(887.5/E19)*60$$

LA #2

$$=(462.5/E22)*60$$

How the number of visits affects unit costs



SCENARIO 1

10,000 hours & (10,000 visits) = £1,000,000

- £50 direct care cost / hour = £50 / visit
- **£10 travel & indirect care cost / visit**
- £40 indirect costs / hour = £40 / visit

TOTAL = £100 PER HOUR/VISIT

SCENARIO 2

• 10,000 hours (20,000 visits) = £1,100,000

- £50 direct care cost / hour = £25 / visit
- **£10 travel & indirect care cost / visit**
- £40 indirect costs / hour = £20 / visit

TOTAL = £110 PER HOUR / £55 PER VISIT

Travel time and mileage pay is the same PER VISIT, not PER HOUR.

This is why the cost base materially changes depending on the average visit time and number of visits.

In addition, accruing more travel time will accrue more holiday pay and employer's NI, further impacting unit costs.

The cost model only produces 1 rate AT A TIME.

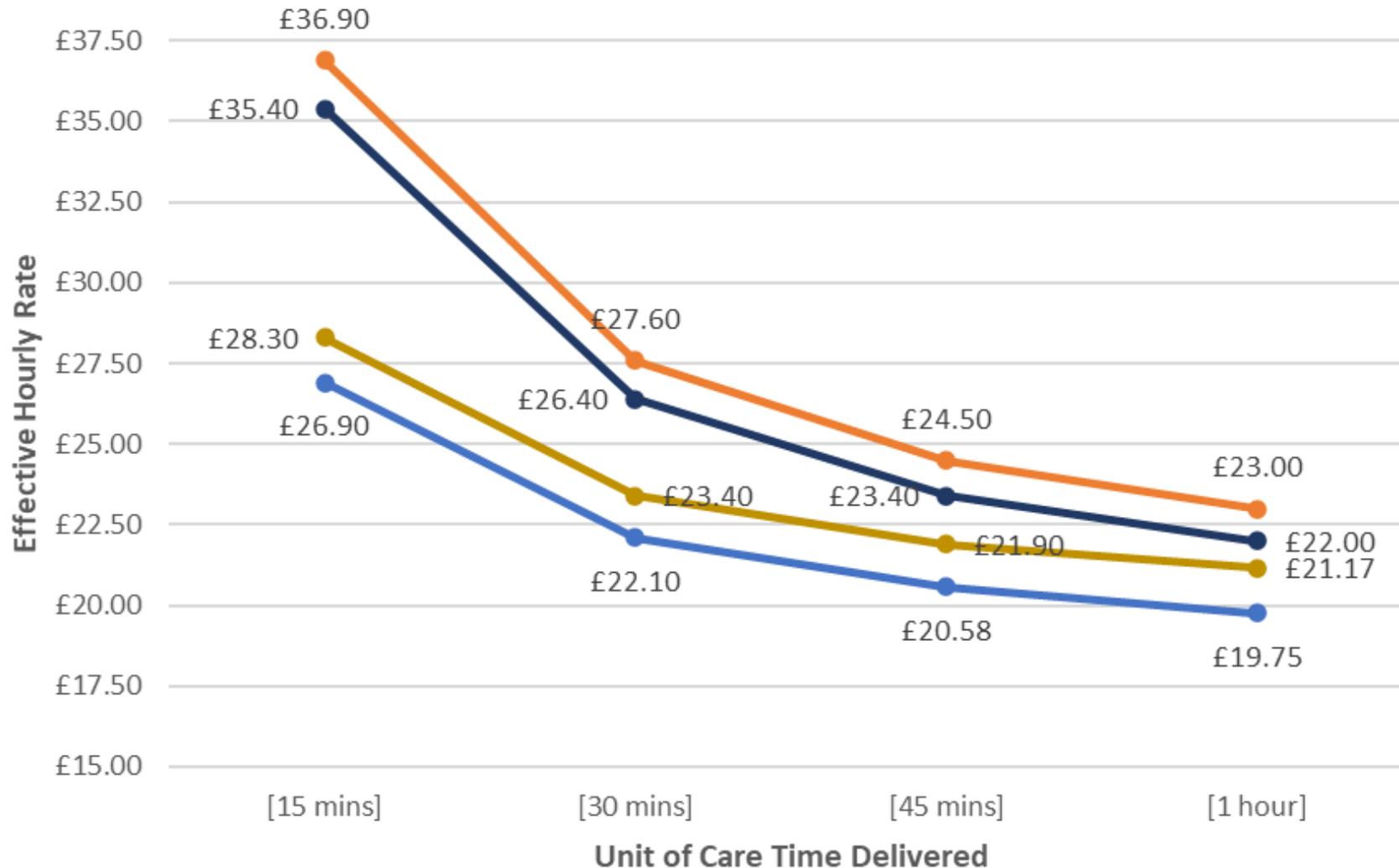
It is a COST model, not a PRICING model.

It is more accurate and straightforward to model (from a cost perspective) a single, aggregate number of visits and annual hours.

Variants on this can then be modelled using the same volume of hours.

Unit rate comparison (visit length & travel time variations)

Effective Hourly Rate vs. Unit of Care Time Delivered



The chart on the left is an example of how the unit cost can change based on varying visit lengths. Each line represents a variable based on different instances of travel costs as well.

Typically, a “weighted average” unit cost is used, which is correct if all variables in the mixed cost model have been considered. However it is sometimes useful to disaggregate these and treat them as separate unit costs.

Thank You

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