

IL-NET

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Establishing and Managing Fees-for-Service in Centers for Independent Living

Introduction to Fees-for-Service

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Presenter:

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Why Bother?

- Future for continued, expanding or robust government-based funding is problematic
- To insure sustainability of any business, new opportunities—especially new revenue sources—must be explored and developed
- Self-reliance is hardwired into the IL philosophy

Foundational Principles

- Making money is not bad thing if done ethically, with proceeds reinvested to support the community
 - No margin – no mission
 - An expanded revenue stream means more opportunities for services to constituents
- If someone is going to make revenues providing goods or services to people with disabilities, why shouldn't it be a CIL?
 - Who knows disability better?
- Use what you know – employ the lessons of living with disability

Some Business Basics



- Know the market – meet the market
 - All markets are cyclical—even the best products don't last forever
 - Compete where you have the best opportunities
- Some factors are beyond your control
 - General market / economic conditions
 - Changes in third-party payer or government policies
 - Innovations by competitors

Some Business Basics, cont'd.

- Opportunities based on recurring revenue are strongest
- Boutique vs. Commodity* business opportunities
- Take a longer view
 - Get in when the time is right
 - Have an exit strategy and get out when the time is right
- Never invest more than you can afford to lose
- Can you capitalize by deploying under-utilized existing capacity?

*Boutique is small scale, isn't price sensitive and won't compromise the customer experience to save a few dollars. It offers service, a quality product and the experience rather than price. Alpha One's Driver Evaluation fits this description. Commodity is larger in scale and produces predictable recurring revenue and expense and is used by more people. For Alpha One this would be the 3 consumer-directed personal assistance programs we administer. This all began as a "boutique" type business then grew to a commodity type.

Anticipating Pitfalls

- Working fees-for-service contracts can create conflicts of interest
 - Advocacy may be questioned
 - Perception vs. reality
 - Perception is reality
- Focus on fees-for-service can divert important organizational energy
- Indemnify, indemnify, indemnify
- Will fees for service require a different staff mix?

For more information



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