

## In Fee For Service Only - Travel Costs Can Blow Your Budget

Managing community care is a complex business. It presents a different set of challenges to managing health care and personal support in residential or other institutional settings.

The nature of the hands-on-care services for the clients is mostly the same. However, the logistics of delivering the care are very different. In a residential care or other institutional setting, the service provision environment is geographically defined within known boundaries. For service provision in a residential care site staff come to the site and walk between residents/clients as they deliver services.

When care is provided at-home in the community the staff must drive between the clients. The extremes of a rural services geographical boundaries may involve extensive travel. In some urban areas, even over a short distance heavy traffic congestion may cause long delays. In both environments the travel to and from some clients will be more than the time taken to deliver the care.

Managers who want to achieve maximum service outcomes from their budgets have expressed a need to identify four basic cost elements in delivering community care:

1. Client contact time,
2. Travel time,
3. Non-Contact time,
4. Administration time.

The impact of the travel component in service overheads will vary from program to program and from location to location. In an urban environment some early studies looking at the four central cost factors of providing community care, (client contact, travel, non-contact, administration) indicated that there can be wide variations in the time spent travelling in a day. The graphs on page two provide an urban ratios sample of the four cost factors.

The travel component of providing care-at-home in the community impacts in two ways:

- 1/. the cost per kilometre travelled ;
- 2/. the worker's time taken to travel.

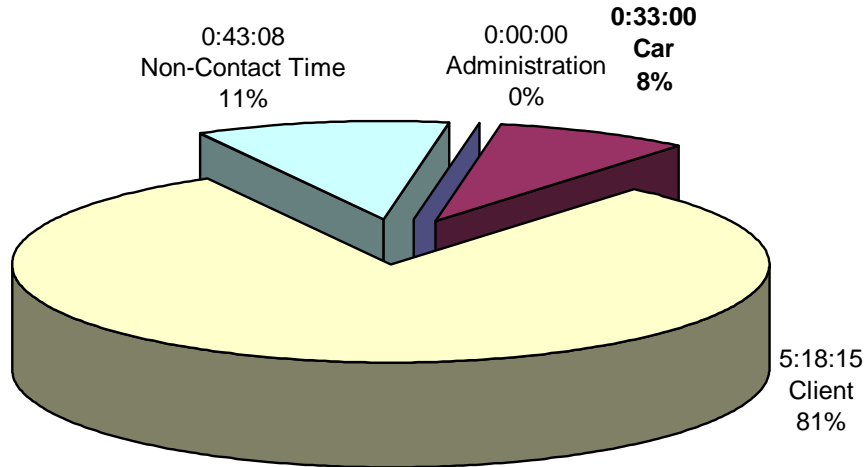
Travel has a direct impact on the cost of client contact time. It is thought that travel will impact more on client contact time in a rural region than in an urban environment. Is that likely to be so?

A theoretical comparison of delivering the same type of services daily for 300 days, to 30 clients living in an urban setting and to 30 clients living in a rural setting reveals some significant cost variations. The rates are based on paying a travel allowance of \$0.59 cents per kilometre and a wage rate of \$20.00 per hour, including on-costs. An Excel Worksheet for your testing of this theory is available, from Ian Bruce, contact : [ibruce@daelibs.com](mailto:ibruce@daelibs.com).

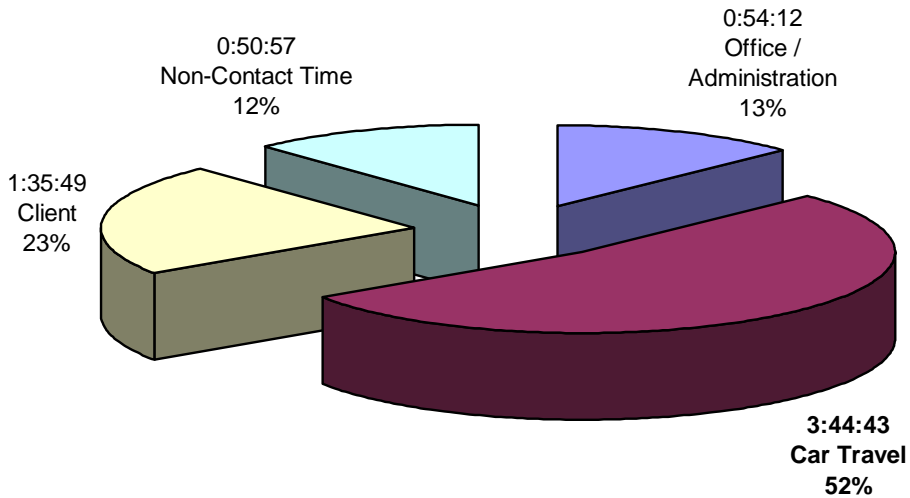
Item	Urban	Rural
Clients receiving service	30	30
Minutes travel time per client contact	4	15
Km distance per client contact	3.2 km	18 km
Travel hours per day – all clients.	2 hrs	7.5 hrs
Travel distance per day	96 km	540 km
Cost per day - Travel time	\$ 40.00	\$150.00
Cost per day - Travel km	\$ 56.64	\$318.60
Travel time cost per year (300 days)	\$12,000.00	\$45,000.00
Travel cost per km per year (300 days)	\$16,992.00	\$95,580.00
Total cost Travel + Time per year	\$28,992.00	\$140,580.00
Cost differential of the travel factor		\$111,588.00

These illustrations of the travel component have been taken from two separate pilot studies conducted in an urban setting (1995-1996).

**Trial 1**    **Provider 2**



**Trial 2**    **Provider 3**



In any one day the impact of travel time upon the time available for client contact can be significant. Understanding the cost effect of travel time can be achieved if the relevant data is documented to present a clear picture of these four central components of service delivery.

For further information or discussion on this topic contact:

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