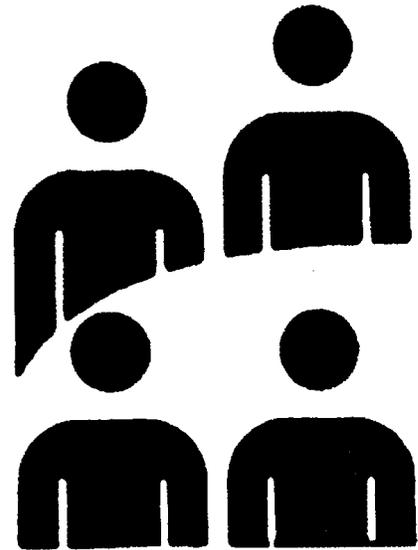


Drug Abuse Treatment Cost Analysis Program



**BRIEF VERSION - User's Manual
First Edition, October 2007**

Cost Interview Guide Drug Abuse Guide Treatment Module

Michael T. French, Ph.D., and his colleagues originally developed the material contained in the DATCAP instrument. Individuals at numerous institutions have contributed to various versions of the DATCAP with subsequent revisions.

The DATCAP is in the public domain: copying, using, or reproducing the contents does not require the permission of Dr. French or participating organizations. Nonetheless, proper training on the usage of the instrument as well as on the interpretation of the cost estimates is strongly recommended.

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WHAT IS DATCAP?

The Drug Abuse Treatment Cost Analysis Program (DATCAP) is a cost data collection instrument and interview guide that can be used in a variety of medical treatment and social service settings. The program version can be customized for use by a variety of programs such as mental health clinics, day treatment centers for alcoholism, outpatient drug abuse treatment programs, and work site employee assistance programs. The guide is intended to collect and organize detailed information on the resources used in service delivery and their associated dollar costs. Resource categories include personnel, supplies and materials, contracted services, buildings and facilities, equipment, and miscellaneous items. The guide also collects information on client case flows.

The Brief DATCAP measures the economic costs of a treatment program or intervention. Economic costs represent the full value of all resources (i.e., opportunity costs) regardless of whether a direct expenditure is involved. In general, economic costs are equal to accounting costs (i.e., direct program expenditures) plus the incremental value of those resources that are partially subsidized or used free of charge by the treatment program.

The DATCAP will generate total cost estimates for individual cost categories and for the program as a whole. Using client case flow data, the DATCAP will also generate average cost estimates, which represent the cost of providing uninterrupted treatment services to a single client for a certain time period. In addition, based on length-of-stay projections, the instrument will compute the average cost for a single treatment episode.

HOW TO PROPERLY USE THE DATCAP INSTRUMENT

It is important that all information collected through this instrument is reliable, permitting program administrators and evaluators to obtain accurate estimates of the opportunity cost of a program. The DATCAP instrument is a carefully structured set of sequential questions, and clear instructions from the accompanying User's Manual, guide the interviewer as well as the respondent through the data collection process. Though the accuracy of the data generated will depend on the knowledge and cooperation of program staff, proper use of the instrument requires some important preliminary and preparative steps.

First, a properly qualified interviewer should administer the DATCAP instrument. Ideally, this interviewer should hold a minimum of a bachelor's degree in economics and have some additional experience with the health research. These are not necessary conditions, since proper training and experience with the instrument may ensure correct use as well.

The interviewer administering the DATCAP should be trained on its use by its principal designer, Dr. Michael French, or by any person designated for that purpose by Dr. French or his colleagues.

Second, two to four weeks prior to the data collection process, the interviewer and respondent should set up a pre-site visit or conference call. During this initial meeting, the respondent should be given a copy of the DATCAP. This will provide the respondent with the opportunity to become familiar with the DATCAP instrument and to ask any preliminary questions. Also during that meeting, the respondent will be informed about existing records and documents that may be used to complete the DATCAP.

Third, the interviewer and respondent should read every section of the DATCAP carefully. This will familiarize the respondent with the type of questions being asked as well as the intent of each question. If the respondent is uncertain about a question, she/he should consult the manual where its intent will be explained.

WHERE SHOULD I GO TO GET THE DATA?

Much of the information collected through the DATCAP instrument can be obtained from existing financial statements, fiscal reports, audit reports, requisitions, patient records, etc. Proper access to and familiarity with these documents, will improve the accuracy of the responses as well as minimize the time necessary to compile the information. The manual specifies the potential sources for each question.

For resources that involve a direct expenditure, it is preferable to consult expenditure reports as opposed to planned budgets, as budgets do not always coincide with actual resource use. Indirect cost, or the market value of resources that were subsidized or used free of charge, can be estimated in two ways: 1) by multiplying the share of a resources used by the treatment program by the estimated market value of that resource, and 2) by estimating the cost that the program would have incurred if the subsidized or free resource had not been available without payment.

INFORMATION CONFIDENTIALITY

The information collected and generated through the DATCAP instrument, or through any other part of this study, will be held in confidence and will not be reported in a way that could directly identify your program unless explicitly approved by you. Despite this assurance, if there is any information that you consider especially sensitive, please alert the interviewer or note your concern on the instrument.

HOW TO USE THIS MANUAL

The purpose of this manual is to provide in-depth instructions for using the DATCAP instrument. The instructions should be followed to ensure that data are collected in an accurate manner. The manual contains information on each question in the DATCAP and has been categorized into the following three groups:

INTENT: The intent describes the reason for including the item in the DATCAP. This section also describes potential problems commonly associated with questions and suggests how to deal with them. By understanding the intent of the question, the user will be better prepared to judge how a question should be handled. For example, the intent may indicate whether an approximation is a valid alternative to the legitimate information.

POTENTIAL SOURCES: This category of information was included to provide the user with a list of commonly available sources that can be consulted before answering the question. Access to and availability of such sources will ensure accuracy of the data collected and expedite the interviewing process.

ALTERNATIVE QUESTION: A situation may arise where the respondent remains unsure about the meaning of a question, even after explaining the intent as stated in the manual. Therefore, the manual provides a reformulation of the question whenever its intent may not be straightforward.

In addition to providing the respondents with guidelines and suggestions for collecting accurate information, questions are asked in different ways throughout the interview, and cross checks are incorporated. The latter will allow the interviewer to determine whether the respondent truly understands the question or whether the information reported is inconsistent.

COMMON QUESTIONS AND ANSWERS

Does DATCAP have to be administered during a face-to-face interview or can the instrument be "self administered?"

Different versions of the instrument are currently being developed and a "self-administered" version will eventually become available for some programs. Nevertheless, it is preferred that the DATCAP be administered during a face-to-face meeting. Also, this way the interviewer will be able to document any questions and comments that the respondents may have regarding DATCAP's format, design, or contents. Such comments are relevant to the continuous improvement of the DATCAP instrument.

What qualifications are necessary to be an interviewer?

No definitive educational background is required. However, it is recommended that the interviewer holds a minimum of a bachelor's degree in economics, and has some experience in health services research. It is strongly recommended that the interviewer administering the DATCAP be trained by its principal designer, Dr Michael French, or by any other person designated by him for that purpose.

How long will the interview take?

The interview is structured such as to minimize the time needed to complete it. The average completion time for a typical program is 5-8 person hours. This includes preparation time as well as face-to-face interview time. Furthermore, a preliminary interview is required prior to the first administration only and does not need to be repeated in subsequent years.

When and how often does DATCAP need to be re-administered?

The interview can be re-administered each fiscal year. However, the necessity for repeated applications will depend upon the individual objectives of the study and needs of the program.

Can I use existing financial statements and reports to help compile the information?

Depending on the type of information requested (e.g., accounting costs vs. economic costs), financial statements may be an important source of information. All documents should relate to the fiscal year targeted. In the case of the next fiscal year, current records may be used to project costs. It is nevertheless important to incorporate any expected changes in resource use and costs.

How should resources (and costs) be allocated across multiple programs/modalities within the same organization?

The allocation will be based on the ratio of program use of a particular resource and total use of that resource for the fiscal year. For instance, if laundry services are provided 5 days a week for the entire organization and the residential program uses these services for two days only, the residential program should account for 40 percent of the total resource cost of laundry services.

How should the value of resources used free-of-charge be estimated?

Donated resources, such as volunteer work, will be valued based on their corresponding market values. For example, the opportunity cost of a program advisor that donates 8 hours per month should equal the highest rate of pay this individual could earn in a paid position.

How can a program use the cost estimates?

In today's managed care environment, cost estimates per week or per episode can be used to justify external funding managed care organizations, or other institutions. Additionally, the cost estimates can be used for internal purposes: the efficiency of current resource allocations.

Will the name of my program be used when the cost findings are reported?

The information collected and generated through the DATCAP instrument, or through any other part of this study, will be in confidence and will not be reported in a way that could directly identify your program, unless approved by you.

DEFINITIONS

This section of the manual defines some of the terms that are used in the DATCAP. In order to fully understand the the questions contained in the DATCAP, it is recommended that individuals using the instrument become familiar with the terms.

- Accounting Cost:** The actual expenditures and depreciation of all resources used by the treatment program
- Economic Cost:** The full value or "opportunity cost" of all resources. Generally equal to accounting costs plus any incremental value of those resources that partially are partially subsidized or used free of charge by the program.
- Fiscal Year:** The 12-month period during which the program delivers services and plans the use of funds.
- Full Time Employee:** A salaried, or hourly employee who works at least 35 hours per week.
- Length-of-stay:** The total time that an individual continually receives treatment services during a single episode.
- Market Rate:** The value of a resource in a fully competitive market.
- Program:** Designates the treatment activities provided by an organization at a particular location. Programs are often delineated along the following therapeutic lines: outpatient non-methadone, day treatment, outpatient methadone, short-term residential, long-term residential, therapeutic community, inpatient or outpatient detoxification, hospital inpatient, and prison-based treatment.
- Average Daily Census:** The average number of clients that a program serves on a particular day during the fiscal year.

SECTION A. CLIENT INFORMATION

A1. What was/will be the program's number of new admissions or episodes (excluding readmissions)?

INTENT: The answer to this item will be used to document the cost per new admission. Following subjects are considered to be readmissions should not be included: 1) clients returning to the program after having entered another program, at this or any other facility, 2) clients returning to the program after a period of incarceration, 3) clients directly returning to the program without any period of absence. These clients will be accounted for in question A2.

The question is asked in reference to several time periods with the aim of determining the degree of constancy in admissions over a few years.

POTENTIAL SOURCES: patient records, admission documents, counselor records, etc.

ALTERNATIVE QUESTION: How many new clients entered the treatment program during the past fiscal year?

A2. What was/will be the program's number of readmissions?

INTENT: To distinguish new admissions from those re-entering the program. This question was developed to account for the clients that are readmitted.

POTENTIAL SOURCES: patient records, admission documents, counselor records, etc.

A3. What was/will be the program's total admissions?

INTENT: This question is designed to determine the total number of admissions (i.e., the sum of admissions and readmissions).

POTENTIAL SOURCES: patient records, admission documents, counselor records, etc.

A4. What was/will be the program's total number of active clients?

INTENT: This question is designed to measure the total number of clients being served by the program.

POTENTIAL SOURCES: patient records, admission documents, counselor records, etc.

A5. What was/will be the program's licensed capacity?

INTENT: This question is designed to measure the size of the program. Information about the licensed capacity will be compared with actual capacity to see if the variables correspond.

POTENTIAL SOURCES: fire inspection documents, building codes, State Health Department license.

A6. What was/will be the program's actual physical capacity?

INTENT: By comparing the actual physical capacity with the licensed capacity of the program, the degree of capacity utilization can be determined. Actual physical capacity is defined as the maximum number of clients that the program could treat given the available resources.

POTENTIAL SOURCES: expert judgment, inpatient numbers based on rooms, etc.

A7. What was/will be the program's average daily census?

INTENT: This is to approximate the average number of clients attending the program per day, during the fiscal year. This will be used to determine the average cost per client for a specified period of time (e.g., one year, month, or week). An alternative term is 'static caseload.'

POTENTIAL SOURCES: expert judgment, inpatient numbers based on rooms, etc.

ALTERNATIVE QUESTION: On any given day, what is the typical number of clients?

A8a. What was/will be the program's mean length-of-stay for all clients (weeks)?

INTENT: To document the cost of treating an individual for the average length-of-stay. Length-of-stay relates to a single episode of treatment, not to the sum of repeated episodes of a single client.

POTENTIAL SOURCES: client records, case workers records, etc.

A8b. What was/will be the program's median length-of-stay for all clients (weeks)?

INTENT: To document the cost of treating an individual for a typical length-of-stay. Length-of-stay relates to a single episode of treatment, not to the sum of repeated episodes of a single client.

POTENTIAL SOURCES: client records, case workers records, etc.

SECTION B. PERSONNEL

B1. For the fiscal year, list all program personnel. Include percentage of time devoted to the program, annual salary, and adjusted salary.

INTENT: This will document the opportunity cost of all paid labor at the program.

POTENTIAL SOURCES: employee files, audit reports, human resources records, payroll, general ledgers, etc.

B2. Do these salaries include employee benefits?

INTENT: Employee benefits should be part of the opportunity cost of labor. If employee benefits are not already included in the salaries listed in C1, direct costs of the employee benefits should be determined, and included in this question.

POTENTIAL SOURCES: employee files, audit reports, human resources records, benefits department, employee handbook, payroll, general ledgers, etc.

B3. What was the total cost of employee benefits, as a percentage of annual base salary, and in dollar terms for all personnel during the fiscal year?

INTENT: To determine the percentage of annual base salaries allocated to employee benefits. This figure should be aggregated for the entire program.

POTENTIAL SOURCES: employee files, audit reports, human resources records, benefits department, employee handbook, payroll, etc.

B4. What was the total overtime cost during the fiscal year?

INTENT: Overtime cost is another opportunity cost of labor and will be included in the total labor cost. It also gives an indication of personnel workloads.

POTENTIAL SOURCES: employee files, audit reports, human resources records, benefits department, employee handbook, payroll, etc.

ALTERNATIVE QUESTION: How much did the program pay the personnel for work that was performed after normal work hours and that was not compensated for in its base rate of pay?

B5. What was the total of any other personnel cost during the fiscal year?

INTENT: This question aims to document the cost of any other labor resources that have not been recorded under any other item in this interview. Examples include fees for consultants, advisors, temporary help, etc.

POTENTIAL SOURCES: employee files, audit reports, human resources records, benefits department, employee handbook, payroll, etc.

**B6. What volunteer labor services did the treatment program receive during the fiscal year?
What would be the estimated cost of these volunteer services if the program had to pay for them?**

INTENT: The fact that this work is considered "voluntary" does not exclude it from the costs of the program. Volunteers have an opportunity cost associated with their work time, which equals the value/cost of the volunteer services if these services had to be purchased. An estimate based on existing market rates is necessary to effectively determine this value/cost. Keep in mind that there should be no revenue allocation attributable to these volunteers. For example, a graduate student from University A may be working at the program while receiving a stipend for her/his services directly from the university. Alternatively, the program may receive funds from University A to pay the graduate student. Because the graduate student is paid for services rendered, she/he cannot be considered a volunteer. On the other hand, a retired individual who answers phones without receiving any payment for such services is considered to be a volunteer.

POTENTIAL SOURCES: If the program does not have an employee rendering similar services to those of the volunteer, it may be difficult to find a good estimate of the market price for her/his services. Good indications of the market price can be found in newspaper ads for jobs or services similar to the ones performed by these volunteers.

ALTERNATIVE QUESTION: If (an) individual(s) had been hired to perform the same duties/services as the volunteer(s), how much would the program have to pay the(se) individual(s) per hour?

SECTION C. CONTRACTED SERVICES

If the treatment program has a contract with a company/corporation/internal department to provide a service, then enter the corresponding cost in questions C1 through C11. If the treatment program has a contract with a person/individual to provide a service, then enter the corresponding cost in Question C12.

What was the cost of the following contract services during the fiscal year?

- C1. Laboratory Services**
- C2. Repairs and Maintenance**
- C3. Security Services**
- C4. Housekeeping Services**
- C5. Advertising Services**
- C6. Pest Control Services**
- C7. Transportation Services**
- C8. Wellness and Fitness**
- C9. Smoking Cessation**
- C10. Parenting and Day Care**
- C11. Other Contracted Services**

INTENT: To estimate the cost of contracted services used by the program. If these services are contracted by the larger organization rather than directly by the program, then estimate the percentage of the service actually used by the program and multiply that by the total cost for the service.

POTENTIAL SOURCES: invoices, purchase orders, contracts.

C12. List consultants and contracted personnel, the number of hours they worked, and their average hourly wage rate, for the fiscal year. (Exclude costs included in questions C1 through C11, or personnel costs included in Section B.)

INTENT: Any persons or consultants that are used by the program on a contract basis must be included in this question, unless they are already accounted for. It is important to include only the services delivered to the individual program.

POTENTIAL SOURCES: invoice from the contracted personnel, performance reports, contracts, general ledgers.

SECTION D. BUILDINGS AND FACILITIES

D1. What is the name of the facility and where is the building located?

INTENT: By indicating the building location and mailing address, the real estate market value of the building can be assessed and the geographic layout of the program be determined.

POTENTIAL SOURCES: inventory records, mortgage documents, rental contracts.

D2. How large was the total usable space in this building during the fiscal year?

INTENT: To determine the total square footage available in this building. Records verifying the square footage provided by the respondent would be of use.

POTENTIAL SOURCES: blueprint, lease contracts, expert judgment.

D3. How much of the total usable space in this building was used by the treatment program?

INTENT: To determine how much of the square footage available in this building was actually used by the program. Records verifying the square footage provided by the respondent would be of use.

POTENTIAL SOURCES: blueprint, lease contracts, expert judgment.

D4. If the program space noted in D3 was used full-time during the fiscal year (i.e., approximately 40 hours per week or 2080 hours per year), write 100 in the space below. Otherwise, estimate the percentage of time it was used.

INTENT: To assess the program demand for and use of building space. Since variation in the program use of the building space over the year is possible, estimate the average rate of use.

POTENTIAL SOURCES: program's fiscal reports

D5. Please provide the annual lease/rental price per square foot, or an estimated fair market value per square foot applicable for this building.

INTENT: This is to determine and record the difference between what the program pays for the building and the fair market value for the property. The market value should be verified by two independent real estate agents or other experts who are familiar with real estate prices.

POTENTIAL SOURCES: real estate agent, expert judgment.

Note. If it is not possible to estimate the fair market lease or rental price, please give us the name, address, and phone number of a local real estate agent/company who may be able to provide an estimate.

INTENT: It is important that an accurate estimate of the fair market value of the building be obtained. Therefore, any source of information about rental values in the area will be useful.

POTENTIAL SOURCES: yellow pages of a local phone book, local contacts.

SECTION E. EQUIPMENT

E1. What was the cost of all leased/rented equipment during the fiscal year?

INTENT: This is to determine how much was spent on leasing and renting equipment used at the program during the fiscal year.

E2. What was the total depreciation expense for the equipment used by the program during the fiscal year? Do not include depreciation on buildings previously included in Section D.

INTENT: This question only asks about the depreciation of equipment and is not concerned with building or facility structures. Is the method of depreciation straight line, that is, where the equipment depreciates by the same dollar amount each year for the life of the equipment? Is the method of depreciation declining balance, that is, does the asset depreciate more rapidly in the beginning years of the asset's life and depreciate by a smaller amount each year after? Is some other method used to calculate the depreciation of the equipment?

POTENTIAL SOURCES: equipment purchases, expenditure reports, inventory reports, etc.

E3. What was the fair market value of equipment used by the program during the fiscal year that was donated free of charge?

INTENT: This question seeks to determine the current value of equipment donated free of charge to the program.

POTENTIAL SOURCES: equipment purchases, expenditure reports, inventory reports, etc.

SECTION F. SUPPLIES AND MATERIALS

F1. List the total cost of supplies and materials for the fiscal year.

INTENT: Programs vary widely in the use of supplies that are necessary for treatment services. This question is designed to document the exact expenditures on the itemized supplies. Some of the items may not be applicable to the program. Use caution in determining which items are actually used by the program, and prorate the supply costs based on usage rates by the program. Also, try to be accurate for the larger cost items, such as food for residential programs. Do not include items that were depreciated and included in Section E.

POTENTIAL SOURCES: purchase orders, expenditure reports, etc.

F2. Estimate the market value (or cost) of supplies and materials used by the treatment program free of charge for the fiscal year?

INTENT: To determine the cost of the supplies and materials that the program receives free of charge.

POTENTIAL SOURCES: acquisition records, expert judgment, donation ledgers.

ALTERNATIVE QUESTION: If supplies and materials have been donated to the program, how much would the program have paid per item or group of items in case they had to be purchased?

SECTION G. MISCELLANEOUS RESOURCES AND COSTS

G1. What was the cost of the miscellaneous items listed below used by the treatment program during the fiscal year?

INTENT: The miscellaneous items listed in this question are also important for estimating total treatment costs. They are listed as miscellaneous because they do not fit easily into other categories.

POTENTIAL SOURCES: accounts payable, expenditure reports, etc.

G2. What was the estimated cost of the specific miscellaneous items listed below used by the treatment program free of charge during the fiscal year?

INTENT: The miscellaneous items that were received free of charge have direct implications for the opportunity cost of the program. Although they were received without payment, the market value of these items should be included.

POTENTIAL SOURCES: acquisition ledgers, expert judgment.