

Semi-Annual Report of the State of Illinois to the National Quality Improvement Center on the Privatization of Child Welfare Services

Striving for Excellence: Illinois Expansion of Performance Based Contracting to Residential and Transitional/Independent Living Service Provision

April 15, 2010

I. Project Description

A. Performance-Based Contracting and Quality Assurance Model

The Illinois Department of Children and Family Services (DCFS), in partnership with the Child Care Association of Illinois (CCAI) and the Children and Family Research Center, School of Social Work of the University of Illinois at Champaign-Urbana (CFRC) expanded Illinois' existing performance based contracting initiative to private contract agencies providing residential, group care, independent and transitional living services. The selection of Illinois as a national demonstration by the National Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW) made the documentation and evaluation of this project possible. Illinois has led the nation since 1997 in the implementation of performance-based contracting and quality assurance (PBC/QA) initiatives for foster care case management; this project allowed for the expansion of its use to other populations served by the child welfare system.

Despite the alleged success of the foster care case management performance based contracting initiative in moving over 35,000 children into permanent homes, Illinois failed to achieve substantial conformity on any of the seven child welfare outcome measures in its 2003 Child and Family Services Review (CFSR). One of the weakest areas identified by the federal reviewers was the State's performance on Permanency Outcome 1 (children have permanency and stability in their living situations) wherein Illinois was found to have substantially achieved this outcome in only 36% of the foster care cases reviewed. Reviewers found a lack of consistency with efforts to ensure placement stability, establish permanency goals in a timely manner, and ensure that older children in long-term foster care receive appropriate services to assist them in transitioning out of care into independent living (Illinois CFSR, 2003).

Findings from the Round 2 CFSR site visit held in August, 2009, indicate that these concerns remain. For Permanency Outcome 1, only 12.5% of cases reviewed were deemed to have substantially achieved this measure. The state

continues to struggle with stability in placement, and the appropriateness and timeliness of permanency goals, particularly for older adolescents. Illinois currently serves approximately 2,400 children and youth in residential, independent and transitional living programs. This population has increased slightly during the past two years, markedly in residential care.

Prior research indicates the complexity of the service needs of these target populations. A 2006 study by the Chapin Hall Center for Children at the University of Chicago on placement stability in Illinois found that the placement change rate in Illinois is relatively high when compared to other states and has been steadily increasing. Behavior problems, prior institutionalization and runaway incidents increased subsequent placement stability (Zinn, 2006).

In 2004, Chapin Hall conducted one of the most extensive studies ever done on foster youth in residential care.¹ According to their findings, the residential care caseload has changed over time to include an increasing number of youth who have experienced multiple placement disruptions and failures, longer stays in foster care, and the lack of a permanent home before entering residential care (Budde, 2004).

In Illinois, like many other states around the country, a smaller number of residential service providers are now serving more troubled children and youth than residential programs in the mid-1990s. Children who are discharged from residential care into less restrictive settings are less likely to remain there. Chapin Hall found that 51% of youth discharged from their first residential care setting to a less restrictive setting during the years 1995-2003 were eventually returned to higher levels of care during this time frame (Budde, 2004). It is important to note this study included youth who were placed in shelters while they awaited assessment and treatment, which could have inflated the finding. Nevertheless, there is consensus that the rate of placement in a more restrictive setting following discharge from residential care is unduly high.

The Children and Family Research Center (CFRC or the Center) of the University of Illinois at Urbana-Champaign prepares an annual report on the conditions of children in or at risk of foster care in Illinois as a mandate of the *BH v. McEwen* consent decree. Several recent findings have implications for this project. The 2007 report found that the age group most likely to run away from care is children entering foster care at age 15 or older. Children residing in Cook County (Chicago) are much more likely to run away than children in other parts of the state. Girls are slightly less stable in their placements than boys (Testa & Rolock, 2008). This trend continued during FY 2009. While there has been a slight improvement overall in decreasing the percentage of

¹ “Residential care” is defined in this study as institutional and group care settings. Illinois has adopted the same definition for this project, excluding shelter and diagnostic care programs.

youth who run since 2002, one in five children run in their first year of placement (Rolock & Testa, 2009).

Illinois is also reporting an increase in foster youth over the age of 11 committing at least one delinquent act within a six month period of time. Overall, 52% of foster youth were reported as committing a delinquent act in 2007. For youth in group care (which includes residential treatment facilities and group homes which are the subject of this project) the percentage of youth committing a delinquent act rises to 69% (Testa & Rolock, 2008). Recent research in Los Angeles, California by Dr. Joseph Ryan of the CFRC found that the relative risk of juvenile delinquency is approximately two and one half times greater for adolescents with one group home placement when compared with youth who have been placed in foster care settings (Ryan, Marshall, Herz & Hernandez, 2008).

The Illinois Department of Children and Families has noted a spike in co-occurring delinquency and dependency but it is still too soon to determine if this is a building trend. Dr. Ryan has been awarded a McArthur Foundation grant to investigate dually involved youth in DuPage and Peoria counties with a specific focus on residential, group home and kinship care placements. During the end of this reporting period it was announced that the Illinois Department of Juvenile Justice would be subsumed by the Department of Children and Family Services. Additional discussion about this is contained in Section II.A. below.

Illinois' successful past experience with performance based contracting in foster care case management has led DCFS to believe that the expansion of performance-based contracting and its related quality assurance initiatives into the provision of residential services, independent living (ILO) services and transitional living (TLP) services is a worthwhile strategy for improving outcomes for children and youth. The primary driver of performance based contracting for foster care case management was to reduce the number of children in care by "right sizing" the system. Achieving permanency goals and outcomes were – and remain – the focused priorities of these contracts.

The *Striving for Excellence* project shifts the focus to child well-being. The overarching goals of the current expansion of PBC/QA to residential care are to increase placement stability, sustain treatment gains obtained during residential placement post-discharge, and incentivize shorter lengths of stay in residential care while improving client stability and functioning thereby allowing for expanded availability of residential care beds for children at earlier stages of their need thereby increasing the likelihood of successful intervention. For ILO/TLP programs, the long term goals are to increase client self-sufficiency, stability and healthy living practices thereby improving readiness for successful emancipation and transition to a productive adulthood.

Drawing upon lessons learned in the development and implementation of its foster care case management contracts, a core principle of the *Striving for Excellence* project is allowing all stakeholders to have substantial and meaningful input into the planning and design phases of this project. The operating theory is that this will lead to higher quality of care, increased stability in placement, smoother and effective transition of children to less restrictive environments and successful emancipation of youth from state custody to productive independence as adult citizens. This project must also take into consideration changes in federal and state policy, most particularly changes in Medicaid resulting from the Deficit Reduction Act of 2005, and implementation of the National Youth in Transition Database (NYTD), and the Fostering Connections and Increasing Adoptions Act of 2008 (P.L. 110-351) all of which will have significant impact on this project.

DCFS Director McEwen, DCFS Senior Leadership and the Project Steering Committee strongly believe that improved communication between the public and private sectors, as well as with the community at large, will ultimately improve outcomes for children and youth. This theory of change is best represented in the diagram set forth below in **Figure 1**:

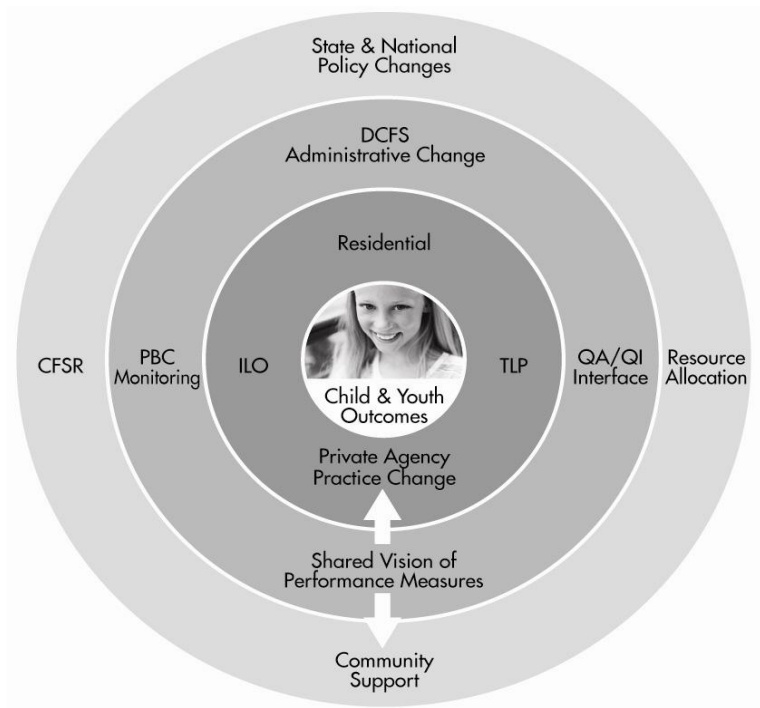


Figure 1: Illinois Theory of Change Model

The project logic model has been revised to incorporate the latest thinking of the Project Steering Committee. See **Exhibit 1**, *Striving for Excellence* Illinois Project Logic Model as revised March 30, 2010.

During prior reporting cycles significant changes in state and federal policy occurred. Congress passed HR 6893 “Fostering Connections to Success and Increasing Adoptions Act of 2008” which was signed into law by then President Bush and incorporated into P.L. 110-351. This legislation significantly impacts the Illinois child welfare system by amending Parts B and E of Title IV of the Social Security Act to extend kinship caregiver supports, provide federal assistance to foster youth over the age of 18, and allow Title IV-E training funds to be used for private non-profit child welfare workers and juvenile court staff. Illinois had a Title IV-E waiver for kinship care which expired on October 1, 2009. P.L. 110-351 has been deemed critical to the entire Illinois child welfare system because it will allow the current kinship care system previously operating under the waiver to remain intact, allow for federal reimbursement for some costs incurred serving youth over the age of 18; and allow for partial federal reimbursement for training costs for private agency staff performing child welfare services. A significant effort is being made by the Department and private purchase of service (POS) agencies to license kinship homes in order to qualify for federal funds.

During this reporting period, Congress passed the Patient Protection and Affordable Care Act of 2010 (PPACA), P.L. 111-148, commonly referred to as the “health care reform” act. Although Administration officials have indicated publicly there are implications for older adolescents in the child welfare system, it is unclear at the time of the writing of this report what provisions, if any, will apply to this population.

Legislative and executive changes have occurred at the state level as well. In prior reports it was noted that judges have been given the authority to commit delinquent youth under the age of 15 to the Department of Child and Family Services for treatment. This has resulted in increased concerns about the ability of the child welfare system to adequately care for youth who are both delinquent and dependent. Although the numbers of youth committed to the Department in this manner has remained relatively low, those who have been committed have been ordered into residential care for treatment without utilizing the Child and Youth Investment Team (CAYIT) mechanism for admission. Late in this reporting period Governor Pat Quinn entered an executive order to begin the merger of the Department of Juvenile Justice into the Department of Children and Family Services. This action has led to increased anxiety on the part of both the public and private sectors as they explore the potential implications of this action.

During this reporting cycle legislation is pending to set up a mechanism by which capital grants can be awarded through a grant program administered by

DCFS to residential service providers. This bill passed and is on the way to the Governor for signature. Another bill is pending which would allow the Department to retain funds earned as a result of Medicaid draw down in the Children's Services Fund. As of the submission of this report this bill has passed their respective chambers and is in the process of being reconciled and submitted for final passage.

In earlier project reporting periods the lack of financial resources to support project implementation had not been an issue. During the past two reporting cycles substantial budget reductions by the State of Illinois impacted the entire system of care and budgetary constraints threatened to derail this project in its entirety. Potential cuts to the Department of Children and Family Services budget were imminent at the start of FY 2010 until forestalled by federal court action in the case of *B.H. et al v. McEwen*. During this reporting cycle, federal legal proceedings related to residential care in California may have potential impact on this project and will be closely monitored. Further discussion is presented below in Section II.A.3.

The *Striving for Excellence* Project, through the CWAC subcommittees and workgroups, the Department of Children and Family Services and the provider community as a whole, completed the following tasks during the past three years of operation:

- Established a Project Steering Committee comprised of the relevant Illinois Child Welfare Advisory Committee (CWAC) Subcommittee and Workgroup Chairs and senior leadership of DCFS to provide oversight and policy direction for the project;
- Convened Illinois Child Welfare Data Summits to bring university partners and representatives of child welfare data repositories together to review existing data sets, discuss implementation challenges and make recommendations to the Department of Children and Family Services and the Child Welfare Advisory Committee (CWAC) about child welfare system reform including residential and ILO TLP program services;
- Used the existing Child Welfare Advisory Committee (CWAC), its Subcommittees and Workgroups to review and develop proposed metrics, process and outcome measures, data collection and quality assurance protocols and the address barriers and challenges identified throughout project implementation;
- Facilitated annual Statewide Provider Forums for child welfare system stakeholders to engage in the planning process, provide critical feedback on the proposed metrics, measures, data collection protocols, program implementation, and ultimately share best practices with one another;

- Implemented a demonstration contract for residential providers effective October 1, 2007 wherein all providers were held harmless under this contract until July 1, 2008 while performance data was collected and analyzed;
- Incorporated lessons learned and feedback received during the demonstration contract period into fully performance based contracts for residential treatment services effective July 1, 2008 and continued to refine contractual terms during the course of FY 2009 to address systemic issues as they arose;
- Evaluated the results of the first full year of implementation of performance based contracts and adjusted performance benchmarks for the FY 2010 contracts based upon the findings;
- Notified residential agencies of penalties to be assessed for failure to attain performance benchmarks during the FY 2009 contract period and established a data reconciliation and collection process;
- Created a reconciliation panel to make findings of fact related to residential provider performance when disputes arose over the assessment of penalties or awarding of fiscal incentive payments between the Department and providers;
- Assessed penalties for failure to attain performance benchmarks in FY 2009 against 24 agencies amounting to over \$712,000;
- Determined eligibility for performance incentives for residential agencies for exceeding FY 2009 performance benchmarks amounting to over \$4.2 million;
- Established data collection protocols and reporting mechanisms to support the implementation of ILO/TLP performance measures developed and incorporated into the FY 2010 contracts;
- Negotiated and executed performance based contracts for ILO/TLP services for FY 2010;
- Reviewed the first two quarters of ILO/TLP performance data for FY 2010 and are in the process of determining criteria for awarding fiscal incentives for successfully achieving performance benchmarks;
- Established a reconciliation process through which data discrepancies can be addressed for ILO/TLP contracts;

- Created an internal DCFS Implementation Team to cut through administrative barriers and silos across Department divisions to facilitate effective implementation of fiscal, programmatic, operational and quality assurance changes resulting from this project;
- Engaged in separate public and private sector strategic planning sessions in FY 2010 to set the future course for residential treatment services in Illinois and to establish a more coordinated system of care; and
- Provided for the on-going documentation of the processes used and evaluation of the project with findings disseminated to the Steering Committee, DCFS and all interested child welfare system stakeholders for their use in system improvement throughout the life of the project.

The essential project format, i.e. developing shared vision through a collaborative planning process through the use of Child Welfare Advisory Committee (CWAC) working groups comprised of both public and private representation, deployment of the developed intervention to the field, and review and analysis of the effect of the intervention with modifications made if necessary has remained intact throughout the life of the project.

Illinois formally institutionalized its child welfare public/private partnership over a decade ago through executive order and ultimately through legislative action. Comprised of representatives from both DCFS and private provider agencies, CWAC and its Subcommittees are tasked with child welfare policy development and large scale system improvement.

This project utilizes the existing CWAC structure, set forth in **Figure 2** below, to develop, implement and monitor this project's outcome measures, fiscal penalties and incentives, risk adjustment strategies and contract negotiation. The *Striving for Excellence* Illinois Project Steering Committee was established to provide overall project guidance, coordination and direction. It continues to be co-chaired by Illinois DCFS Executive Deputy Director Denice Murray and Margaret Vimont, Chief Operating Officer of Jewish Family Services.

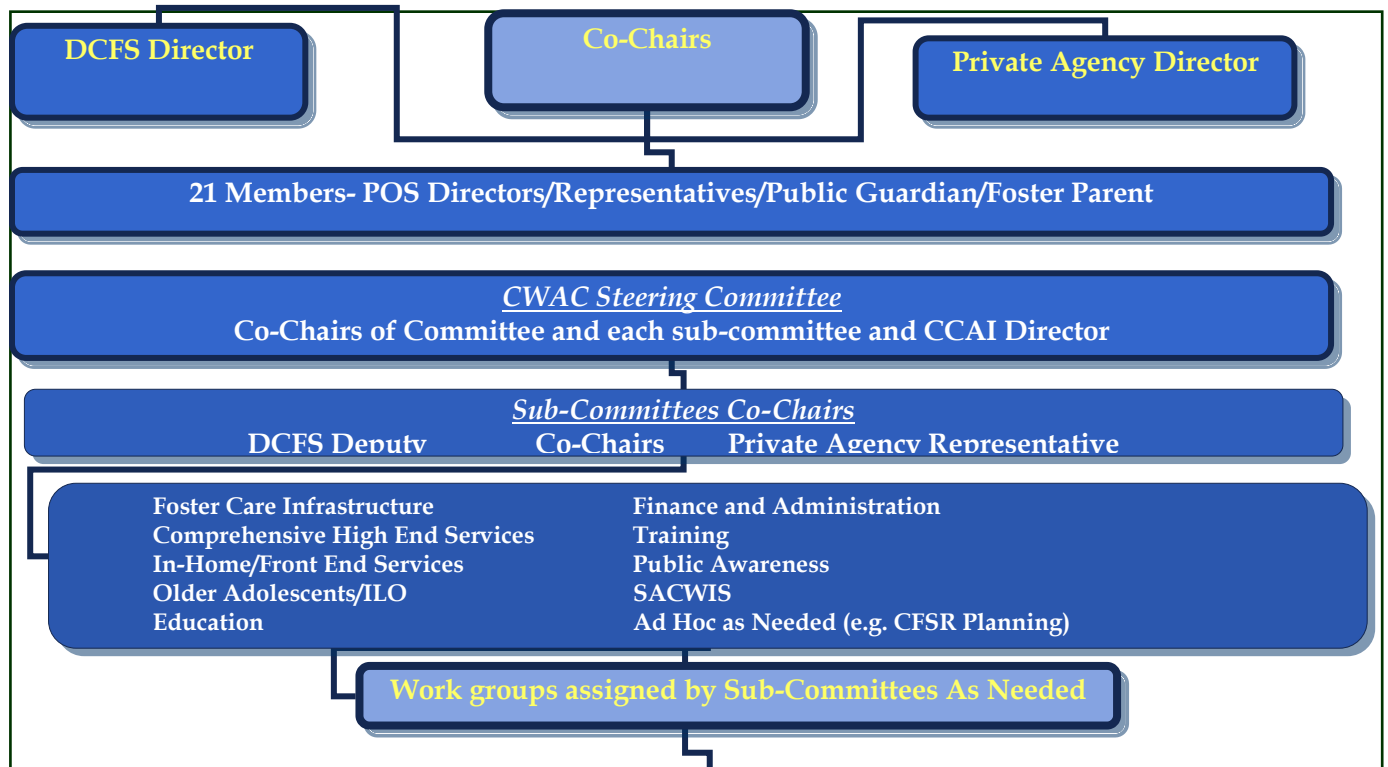
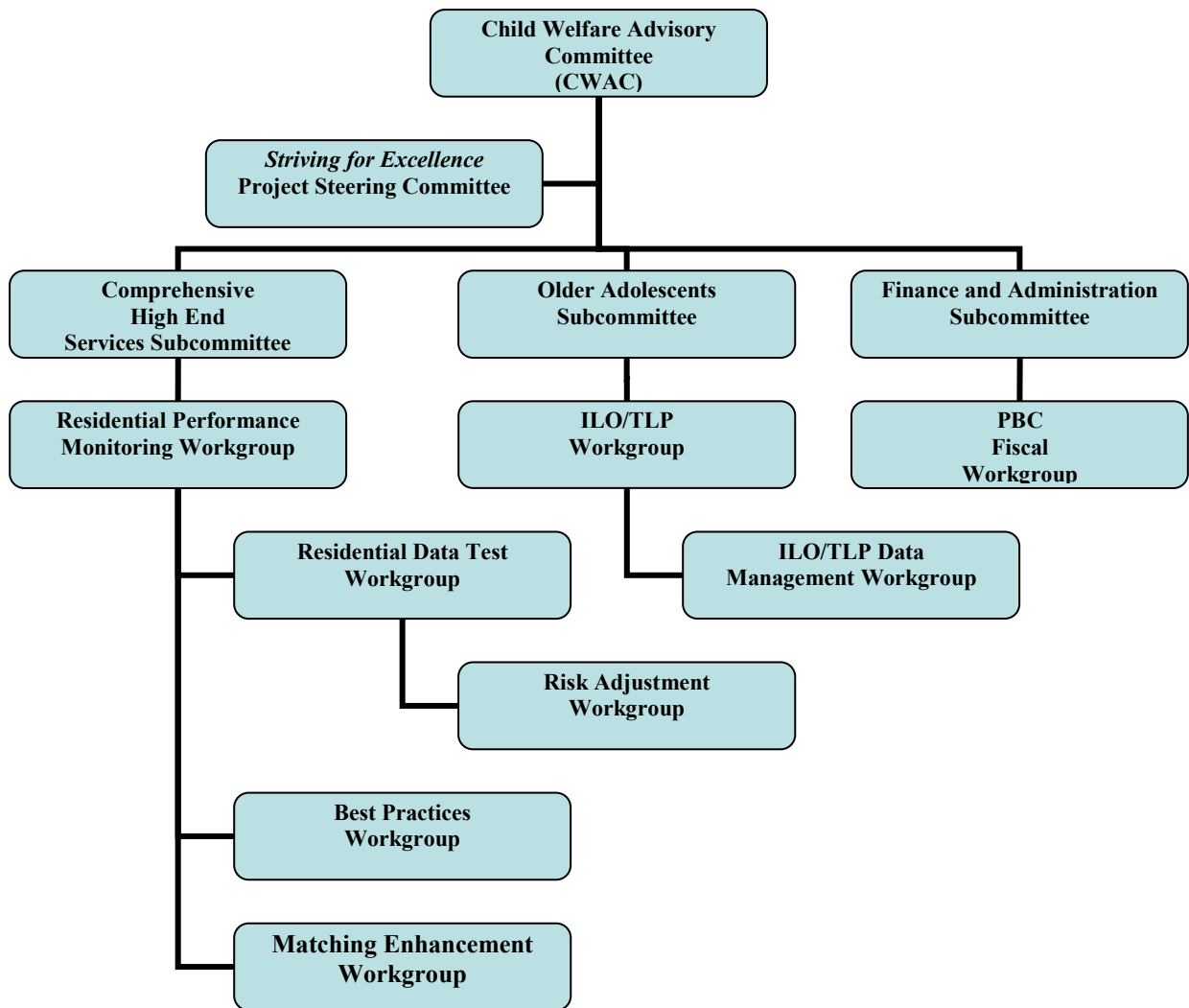


Figure 2: Illinois Child Welfare Advisory Committee (CWAC) Structure

Figure 3 below depicts the organizational structure of this project and the relevant CWAC subcommittees and workgroups.



**Figure 3: Illinois *Striving for Excellence* Project Organizational Chart
April, 2010**

Three standing CWAC Subcommittees currently work on this project. The Comprehensive High End Subcommittee (commonly referred to as “High End”) provides oversight for the implementation, analysis and refinement of performance measures for residential treatment programs. The High End Subcommittee is co-chaired by Karen Rousey of the Babyfold (a private, non-profit child welfare agency) and Michael C. Jones, Associate Deputy Director of the DCFS Permanency and Placement Division. The Residential Performance Monitoring Workgroup, co-chaired by Dennis Wiley of Onarga Academy and Norman Brown, Director of Residential Performance Monitoring for DCFS, is responsible for systemic improvement and quality assurance monitoring for residential treatment programs.

The Residential Data Test Workgroup, which reports to the Residential Performance Monitoring Workgroup, is tasked with examining and refining

the specific outcome measures, data sources, and recommendations for risk adjustment. The Residential Data Test Workgroup has been, and will continue to be throughout the life of this project, the primary workgroup monitoring the data collection and analysis of the residential performance indicators developed for this initiative. It is co-chaired by Dr. Alan Morris of the University of Illinois at Chicago and Brice Bloom-Ellis, DCFS Quality Assurance Director for Residential Treatment. Karen Rousey, Co-Chair of the High End Subcommittee and Dennis Wiley, Co-Chair of the Residential Performance Monitoring Workgroup also serve on the Data Test Workgroup, which enhances the communication between all of the groups working on this project. During the past year, the Data Test Workgroup established a Risk Adjustment workgroup comprised of Dr. Neil Jordan, Dr. Andy Zinn, Dr. Alan Morris, Deann Muehlbauer and Brice Bloom-Ellis to further refine their prior work on risk adjustment. This group has been meeting bi-monthly during this reporting cycle to refine and adjust performance benchmarks based on what was learned during the first full year of implementation. The work of this group is reviewed by the full Data Test Workgroup.

During prior reporting cycles, the Residential Performance Monitoring Workgroup decided to add a new workgroup to address growing issues related to practice. This decision was made following concerns brought forth by Co-Chair Norman Brown pertaining to an increase in suicide attempts by youth in residential treatment as noted in monitoring reports. Mr. Brown requested the assistance of the Residential Performance Monitoring Workgroup in identifying agency protocols which successfully address this issue. From this discussion it was determined that a formal workgroup should be established.

Originally named the “Safety Workgroup” due to the cause of its naissance, the “Best Practices Workgroup” was formed to identify areas of practice for in-depth examination and to identify programmatic best practices. The group has concentrated on issues related to the residential performance measures and is examining differences in practice among providers. Preliminary discussions related to tasks for this workgroup have included the formation of a technical assistance or mentoring network to encourage the sharing of information between agencies currently using the identified best practices with those who are in need of assistance. This workgroup reviewed issues related to minimal staffing for residential agencies during the prior reporting cycle. During this reporting period, issues related to the safe use of prone restraints were discussed due to pending state legislation outlawing its use.

In early October, 2009 the Residential Performance Monitoring Workgroup and the Data Test Workgroup decided it was necessary to “reconstitute” the ad hoc workgroup which had previously worked to establish the centralized matching process. This workgroup, co-chaired by Dr. Jim Guidi of the Data Test Workgroup and Sari Rowitz of DCFS, who leads the Centralized Matching Team, has been meeting to review and standardize the

centralized matching checklist, refine and streamline the referral process, and to discuss challenges and barriers to proper matching of youth to treatment programs and seek solutions to overcome those barriers. Their work during this reporting period has focused on revising the Matching Checklist to ensure agencies accurately describe the populations they are willing and able to serve so matches to their programs can more appropriate.

The Older Adolescents Subcommittee formed the ILO/TLP Workgroup to facilitate ongoing reforms of the ILO/TLP programs. Given the expansion of performance based contracting to ILO/TLP services, and its synergy with ongoing reform efforts, the ILO/TLP Workgroup was assigned to work on this project. The Older Adolescents Subcommittee and the ILO/TLP Workgroup continue to meet jointly, therefore the distinction between the two groups is not clear at the present time. Both the Subcommittee and Workgroup are chaired by Mary Hollie, Chief Executive Officer of Lawrence Hall Youth Services, and Miller Anderson, DCFS Deputy Director of Monitoring.

The ILO/TLP Data Management Workgroup was set up to mirror the successful work of the Residential Data Test Workgroup. This workgroup is comprised of experienced members of the Data Test Workgroup with expertise in Independent and/or Transitional Living, representatives of both Cook County and downstate providers, and university based researchers. It is slightly larger than the Residential Data Test Workgroup with eight provider agencies represented to ensure adequate diversity in agency size, location and specialty populations served. Like the residential workgroup upon which this entity is based, they are charged with refining the data collection protocols and developing a risk adjustment strategy upon which performance benchmarks for ILO/TLP providers can be based. During this reporting period significant work continued under the auspices of this workgroup to analyze both the process used for data collection and the first six months of performance data for ILO and TLP services.

The Finance and Administration Subcommittee (FAS) had previously formed an expanded PBC/QA Fiscal Workgroup to develop and review the financial aspects of this project and make recommendations to the Project Steering Committee. Since the fiscal structure has now been established, this workgroup did not meet during this reporting period separate from the Finance and Administration Subcommittee. The Finance and Administration Subcommittee is co-chaired by Mark Nufer, CFO of Lawrence Hall Youth Services and Matthew Grady, Deputy Director of Budget and Finance, DCFS. Given the substantial budgetary impact of the economic decline nationally and within Illinois, the work of this subcommittee has been predominantly focused on preparation of the FY 2011 budget. FAS continues to monitor the unused capacity situation which has significant fiscal implications for the Department paying providers for one hundred percent of their contracted capacity when beds remain empty.

Additionally, during this reporting cycle issues arose surrounding the awarding of fiscal incentives for exceeding performance benchmarks for Sustained Favorable Discharge (SFDR). Original projections by the Department determined that approximately \$2 million would be awarded incentive payments for FY 2009 contract performance. This projection was inadequate. Due to successful provider performance in attaining SFDR targets, more than \$4.2 million in incentive payments are expected to be made to providers if the FY 2009 contract terms are complied with by the Department. Further discussion of this issue is included in Section II.A. below.

A description and listing of the project meetings held during this reporting period is set forth below in Section II.A.6.

B. Status of Privatization in Illinois

All residential, ILO and TLP services are provided by private agencies in Illinois. Contracts with these entities prior to this project had been on a per diem basis with individual rates negotiated between each provider and the Department of Children and Family Services. The *Striving for Excellence* project standardized the residential treatment rates based upon severity level and staffing patterns. ILO/TLP services underwent significant reform in FY 2006 – 2007 whereby a tier system was instituted based upon client age and educational goals. Rates were standardized by tier level as a result of this reform effort. Foster care case management is 80% privatized statewide with cases assigned to private agencies on a random rotating basis. Intact family services are provided by Department case workers for 80% of the state with approximately 20% provided by POS (private) agencies under contract. Specialized foster care is privatized, although these programs do not operate under a performance based contract.

All child protective investigations are handled by the Department. In December, 2009 the Department was selected as a national demonstration site by the National Quality Improvement Center on Differential Response in Child Protective Services (QIC-DR). DCFS will be adopting a blended public-private model for delivery of differential response services with Department case workers determining child safety and private contracted agencies providing in home services. Contracts will be awarded by July 1, 2010 for these services. They are not expected to be performance-based at this time.

C. History of Performance Based Contracting in Illinois

As previously noted, the Illinois Department of Children and Family Services (DCFS) initiated and implemented a performance-based contracting

system for privatized foster care case management services in fiscal year 1997 starting first with City of Chicago kinship care providers and expanding statewide within a two year period. This system is largely credited with reducing the number of children in out-of-home placement from over 51,000 at its inception to 15,435 as of March 31, 2010 (DCFS Executive Statistical Summary, March 2010). Children no longer languished in foster care and revenue saved through case reduction was reinvested in the system to improve services by reducing worker caseload size. Illinois received a Harvard Innovations in American Government Award in 2000 in recognition of its achievements (McEwen, 2006).

The Illinois model was predicated upon a switch from the per-diem administrative rate based on the number of children and days of care to an administrative rate based on caseworker-to-caseload ratios with a predetermined number of cases expected to move out of the system and an equal number of new cases expected as intake. Cases were assigned to each private agency on a rotational basis thus ensuring each agency would have an equal opportunity to receive new cases. Success was determined by each agency achieving permanency for children through reunification, adoption, or subsidized guardianship on 24% of their beginning caseload. This percentage was increased to 29% in fiscal year 2004 and has remained steady at this rate (Illinois CFSR Program Improvement Plan Round 1).

Foster care case management agency performance is reviewed on an annual basis. Agencies are ranked from lowest to highest in permanency-placement rates. Performance data is public knowledge and readily available. Those with the highest rates are more likely to receive their guaranteed intake of new cases, thereby sustaining a steady revenue stream. In cases where an agency meets, but does not exceed, its desired permanency rate, it is possible that this agency will not be given new clients in favor of an agency that has exceeded expectations (McEwen, 2006). This paradigm shift in contracting for services resulted in the State retaining better performing agencies and eliminating those who failed to meet performance goals (Blackstone, 2004).

DCFS initiated its formal Continuous Quality Improvement (CQI) process in 1997 concurrently with performance-based contracting in foster care case management. The CQI process includes an evaluation of Unusual Incident Reporting (UIR) data and quarterly peer review of records. Frontline caseworkers and supervisors are engaged in the CQI process. Illinois is one of the few state systems where the Council on Accreditation of Services for Families and Children accredits the quality assurance system (Illinois CFSR, 2003).

Illinois established a Residential Performance Monitoring Unit (RPMU) to provide oversight and technical assistance to residential service providers. The RPMU monitors both the quality of care and the appropriateness of the

level of care and is charged with the identification of weaknesses in the overall system of care. A contract with Northwestern University was developed to provide the monitors. This program was discontinued in State Fiscal Year 2007-2008 following the Department's decision to bring the monitors "in house" as DCFS employees. Delays in hiring the monitors were attributed to negotiations with the labor union representing state employees. The Department hired and trained the monitors in the first half of calendar year 2008. The monitors are regionally based. The Department's intent with this redesign was to significantly lower the ratio of youth to monitors from 50:1 to 35:1 although it still remains unclear during this reporting cycle if this staffing ratio has been achieved given continued budgetary constraints described below. During this reporting period DCFS monitors, like other DCFS employees, are subject to work furloughs as means by which the state can save money. The Department's intent was to allow the monitors to spend more time in each agency by lowering the ratio of agency assignments per monitor. Issues continue to arise concerning the performance of the monitors. These issues are addressed by the CWAC Residential Performance Monitoring Workgroup.

II. Process Evaluation

A. Subgrantee Implementation Activities

1. What is the status of your implementation?

The *Striving for Excellence* updated project work plan (from April 1, 2010 through September 30, 2010) is attached as **Exhibit 2** to this report. The project remains on schedule as to implementation and evaluation of performance based contracting for residential programs. The project continues behind schedule for full implementation of performance based contracting for Independent and Transitional Living programs although significant progress has been made during the past year. A more detailed discussion of these efforts is set forth below in Section II.A.2.

The following project milestones have been achieved during this reporting period:

- The Project Steering Committee met monthly except for the month of December, 2009 to provide oversight and policy direction for the project. The Steering Committee is comprised of the CWAC Subcommittee and Workgroup Chairs with equal representation from both the Department of Children & Family Services and private residential, ILO and TLP providers. A list of Project Steering Committee members as of September 1, 2009 is attached as **Exhibit 3** to this report. Judge Kearney attended all Project

Steering Committee meetings in person to observe, document and evaluate the processes used to implement this project.

- The Project Steering Committee closely monitored the progress of the residential performance outcomes throughout this period. They continued to address potential fiscal problems created by unused capacity and worked collaboratively to address identified causes attributed to both DCFS and private providers.
- The Residential Data Test Workgroup comprised of representatives from DCFS, private provider agencies, Northwestern University, Chapin Hall Center for Children, and the University of Illinois at Chicago further refined their risk adjustment model. They continued to work on a more in depth analysis of the causes of poorer performance by a thorough review of the FY 2009 performance data. The focus of their work in the last month of this reporting period has been centered on an analysis of length of stay and the variance evident between agencies serving similar populations. The Director has challenged the Project Steering Committee and the Data Test Workgroup to find ways to shorten lengths of stay in residential care. More detailed information about their efforts is set forth below in Section II.A.
- The ILO TLP Data Management Workgroup examined the data reporting process established for the FY 2010 contracts. They identified barriers to effective data collection through the first two quarters and developed strategies to overcome them.
- The ILO TLP Data Management Workgroup began data analysis of the first two quarters of FY 2010 performance data. Using the data collected they determined the validity of the data and established a formal reconciliation process to address variances between the Department's findings and private agencies. Initial discussions were held regarding the awarding of fiscal incentives for high performance on the FY 2010 measures. The workgroup determined that a ranking system would be most appropriate, with the highest performers being awarded an incentive payment. These discussions are preliminary and a final decision on the fiscal structure has yet to be made.
- The D-Net web-based computer system continues to be used to facilitate the electronic submission and transmission of records in support of the Centralized Matching Team (CMT) which controls admission to residential and ILO/TLP programs through the Child and Youth Investment Teams (CAYIT). All providers are required to use the D-Net system in order to obtain referrals for placement

and treatment services. During this reporting cycle the Matching Enhancement Workgroup was reconvened to address issues raised by providers about the matching process. Providers grew concerned about the effectiveness of the placement process following review of FY 2009 performance data and the imposition of penalties. This workgroup is redesigning the FY 2011 matching checklist to address these concerns.

- The Discharge and Transition Protocol continues to be refined and amended in response to input from both providers and the Department. The Protocol is designed to facilitate continuity of care and supportive transitions for children and youth served through institutional or group home placements. It is deemed of critical importance for improving agencies' sustained favorable discharge rates. The Discharge and Transition Protocol Advisory Council continues to monitor the use and effectiveness of the Protocol. Cross training involving residential staff, foster care case workers, and ILO TLP case workers on the protocol is ongoing. TLP providers continue to report delays in their admissions process due to the lengthy transition process. This issue is being addressed by the DTP Statewide Advisory Council. During this reporting cycle, increased concerns have been noted by residential providers about the lack of "buy-in" from DCFS Operations in the various regional offices for the Protocol. This issue is being addressed at the Deputy Director level and a strategy to address these concerns is being developed by the DCFS Implementation Team and the DCFS Residential Strategic Planning Workgroup.
- The Matching Enhancement Workgroup was reconvened under the leadership of Dr. Jim Guidi and Sari Rowitz of the Department. They are working on six separate issues to improve the matching process. This include: 1) Reviewing the current clinical summary formats to see if they can be combined and streamlined into one form; 2) Developing a standardized provider matching checklist and addressing exclusionary criteria; 3) Developing a revised document checklist for referrals; 4) Improving variability in provider response to the matching e-mail stream; 5) Addressing incomplete and inaccurate clinical summaries completed by all parties, including CAYITs, providers and clinical staff; and 6) Improving youth participation in CAYITs and the decision making process to ensure level of care decisions are not influenced by youth intimidation.
- Director McEwen convened the First Annual Child Welfare Leadership Summit on January 27 and 28, 2010. The two day event was held to bring together senior leaders, practitioners and

researchers from both the public and private sectors to review systemic data and discuss both the history and the future of child protection and welfare services in Illinois. The meeting was facilitated by Director McEwen, Deputy Executive Director Murray and Judge Kearney of the Children and Family Research Center. The presentations were posted on the Department's web site and are listed in **Exhibit 4** attached.

- The Department's internal Performance Based Contracting Implementation Team continued to facilitate internal communication between the Department's various program offices and resolve issues related to existing FY 2010 contracts and the development of the FY 2011 contracts. The Implementation Team, chaired by Deputy Director Kara Teeple, meets weekly on Thursday afternoons unless scheduling conflicts arise which mandate it be held on a different day. Members include high level staff representatives from Fiscal and Budget, Operations, Quality Assurance, Placement and Permanency, and Monitoring. Roger Thompson of the DCFS fiscal office in Springfield continues to prepare weekly reports (referred to as the "Tuesday Report" because they are sent to members of the team by e-mail each Tuesday) which track the unused bed capacity in residential. Judge Kearney attends these meetings to document the process and provide technical assistance.
- The Department engaged in a multi-divisional strategic planning process for residential care to determine short and long term goals for program improvement and enhancement. Senior leaders from Placement and Permanency, Budget and Finance, Monitoring, Quality Assurance, Clinical, Centralized Matching, and Operations began monthly beginning in November 2009 to identify problems and barriers and design strategies to overcome them. Information regarding their preliminary plans is set forth in Section II.A. below. It should be noted the DCFS strategic planning process began prior to the entry of the Governor's executive order instituting the Department of Juvenile Justice merger.
- The residential providers continued to meet informally and engaged in SWOT (strengths, weaknesses, opportunities, threats) analysis of their own to identify system wide issues for residential care to assist them in their own strategic planning efforts. A synthesis of their findings is included in Section II.A. The residential provider meeting where this analysis was conducted was held prior to Governor Quinn's executive order pertaining to merging the Department of Juvenile Justice into DCFS.

- The Department determined which agencies failed to met performance expectation during the FY 2009 contract period. Agencies were identified using the performance based contracting indicators, monitoring reports and unusual incident reports. In February, 2010 eleven agencies were asked to submit short term corrective action plans. These plans were reviewed by senior Department staff and are being monitored to determine if these agencies will be offered a contract for residential services for FY 2011 and/or contracted capacity should be reduced.
- One agency contract was terminated as a result of poor performance. Another agency had four residential units closed due to performance concerns. Youth placed in these agencies are in the process of being transitioned to other programs prior to the end of the fiscal year.
- Penalties were assessed for failure to attain Treatment Opportunity Days Rate (TODR) performance benchmarks in residential care. Twenty-four agencies out of forty-five were assessed penalties. Letters were sent to agency chief executive officers in October, 2009 setting forth the calculation of penalties and advising them that payments would be deducted from their FY 2010 contracts on a monthly pro-rated basis until paid. This fiscal strategy was used to prevent penalty payments from being reverted to state's general fund should an agency write a check for the payment. Penalties ranged from \$1,602.74 to \$108,272.76 for a total penalty amount of \$712,033.10.
- Two agencies sought formal reconciliation of the imposition of fiscal penalties. The Data Test Workgroup, sitting as the Reconciliation Panel, reviewed supporting documentation submitted by the agencies and discussed the merits of the requests. The panel made findings of fact and submitted recommendations to Deputy Director Kara Teeple for her consideration. Deputy Teeple supported the findings of the Reconciliation Panel and sent letters denying the reconciliation requests to the agencies. Members of the Data Test Workgroup met with representatives of these agencies following this denial to explain the basis of their findings and provide technical assistance to the agencies for improvement.
- Initial findings on performance for Sustained Favorable Discharge Rate (SFDR) indicate that the Department failed to adequately budget for incentive payments. Although the final number has yet to be determined, preliminary estimates suggest that the final aggregate amount to be awarded will be in excess of \$4.2 million.

The Department budgeted for \$2 million of which \$712,000 will be off set through the imposition of Treatment Opportunity Days Rate (TODR) penalties. As of the writing of this report, Director McEwen has indicated he intends to honor the payment of incentives earned in the FY 2009 contract period, but wants a more in depth analysis of the SFDR performance measure for the FY 2011 contracts.

- Although the Residential Treatment Outcomes System (RTOS) is now fully operational and is used by residential providers to track their performance on both the Treatment Opportunity Days Rate (TODR) performance measure and the Sustained Favorable Discharge Rate (SFDR) performance measure, problems occurred during this reporting period which delayed its use for tracking FY 2010 performance. This has hampered providers' ability to track their performance during the FY 2010 contract period. See Section II.A.3. below.
- The Department and CCAI convened a "Best Practices" Summit for October 21, 2009 at Governor's State University. Modeled on the annual Forums, this day long meeting highlighted successful strategies to engage children and youth in treatment and in activities proven to lead to improved outcomes. The morning was devoted to residential treatment with representatives from five agencies presenting on a provider panel. An analysis of the first year's TODR data was discussed by Dr. Neil Jordan, Dr. Alan Morris and Brice Bloom-Ellis. In the afternoon, three TLP providers and one ILO provider discussed how they encourage older adolescents to stay in school and become gainfully employed.
- Judge Kearney conducted semi-structured interviews of the Project Steering Committee in January, 2010. A report of her findings comparing interviews over the first three years of project implementation is attached as **Exhibit 5** to this report.

2. Did implementation occur as planned?

No, but significant project milestones were achieved in both residential treatment services and ILO/TLP services.

The magnitude and complexity of this statewide demonstration project, and the socio-political climate in Illinois has made adhering to projected timelines difficult, if not impossible. Although the budgetary crisis of late FY 2009 and early FY 2010 appears to have calmed for DCFS contracted providers, concerns remain for agencies which also

provide services to clients under contracts with the Department of Human Services. Providers continue to express heightened anxiety over penalties to be imposed for failure to document Medicaid compliance. These penalties will be assessed at the close of FY 2010.

Nevertheless, significant progress was made during this reporting cycle following analysis of the first full fiscal year of performance data in residential care and the implementation of the performance based contract for ILO and TLP services.

As discussed above, penalties were assessed for the first time on residential treatment providers who failed to meet their Treatment Opportunity Days Rate (TODR) in FY 2009. Fiscal incentives are being calculated for exceeding Sustained Favorable Discharge Rate (SFDR) performance as of the writing of this report. Director McEwen has issued a direct challenge to the Project Steering Committee and the relevant CWAC subcommittees and workgroups to analyze and address increasing lengths of stay. The number of children and youth admitted to residential (institutional and group home) care has been steadily increasing. Coupled with the cost of care, this population currently takes up over a quarter of the Department's overall child protection and welfare budget.

Figure 4 below, provided by the Department of Children and Family Services depicts the upward trend beginning in August 2007. In addition to increased admissions into residential care, the length of stay for youth in institutional and congregate care has been steadily increasing as well which has led to increasing concerns of the fiscal viability of sustaining this level of care over time. This upward trend has driven the work of the project since the start of the calendar year as the Steering Committee and relevant CWAC groups grapple with how to lower lengths of stay. When stratified by age, the trend is even more alarming with children in programs serving youth under the age 12 have longer lengths of stay on average than programs serving older wards.

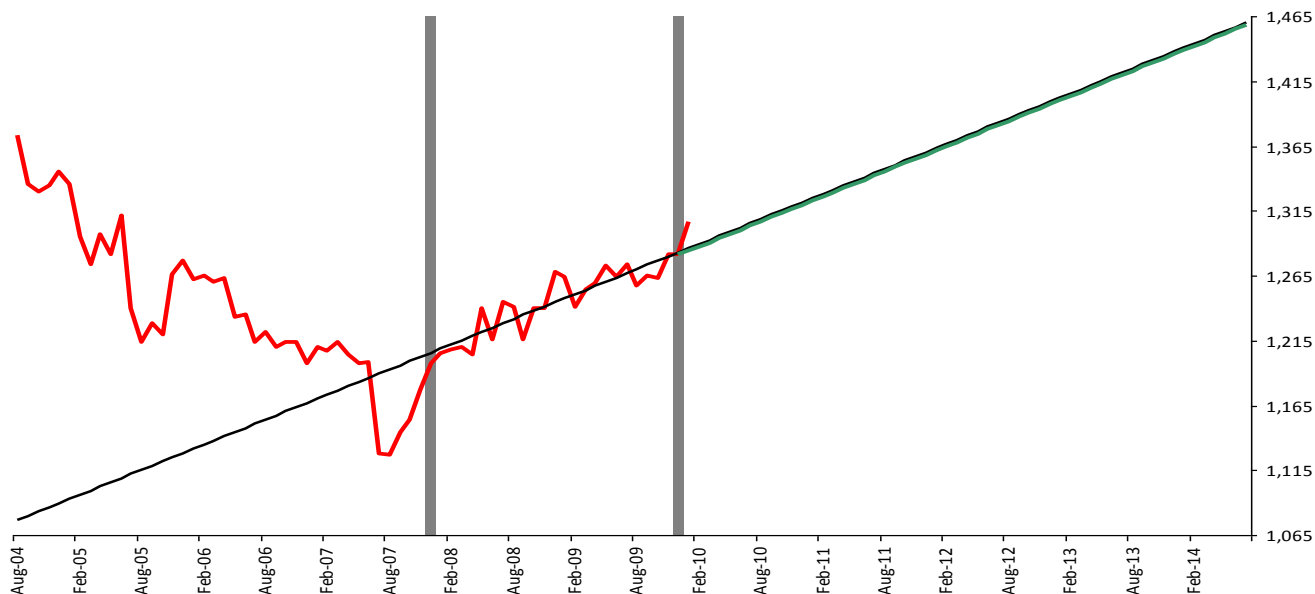


Figure 4: Children and Youth in Illinois Residential Treatment (Institutions and Group Homes) August 2004-February 2010.

At the Director's First Annual Leadership Child Welfare Leadership Summit, Dr. Andy Zinn from Chapin Hall and Dr. Neil Jordan from Northwestern presented on the changing population dynamics in residential care from 1993 to 2010. There are regional differences in utilization rates which must be examined further to determine the cause. Recently entry rates have increased while the long-term increase in length of stay continues. The power point presentation given by Dr. Zinn and Dr. Jordan is attached to this report as **Exhibit 6**.

During this reporting period both the public and the private sectors engaged in meaningful internal dialogue separate from one another on the future of residential care in Illinois. These discussions occurred before the Governor entered an administrative order on April 1, 2010 regarding the merger of the Department of Juvenile Justice into the Department of Children and Family Services, therefore the findings of both groups do not address the potential implications of this on either the public agency or contracted private providers. Implications of this order are discussed below.

DCFS convened a Residential Care Strategic Planning Workgroup. Comprised of senior leaders from various divisions including Placement and Permanency, Fiscal and Budget, Monitoring, Quality Assurance, Operations, Clinical and Centralized Matching, the group meets monthly to identify barriers to system improvement and integration. The

organizational chart of the Department of Children and Family Services is attached as **Exhibit 7**. Dr. Alan Morris and Deann Muehlbauer of the University of Illinois at Chicago also serve on this workgroup. Judge Kearney attends to document the process because of its bearing on the *Striving for Excellence* project. In light of challenges discussed below in Section II.A.3, this interdepartmental Workgroup is timely. **Table 1** below depicts the short and long term goals identified by the Department's Strategic Planning Workgroup during its April 2, 2010 meeting.

Short Term Goals	Long Term Goals
<ul style="list-style-type: none"> ■ Define role/philosophy of residential treatment ■ Examine providers with longer lengths of stay in relation to their peer providers and engage in dialogue with them as to the cause and how it can be addressed ■ Examine youth ages 9-14 with longer lengths of stay in RTCs to look at potential for stepping them down to lower levels of care ■ Review the work and findings of the Data Test Workgroup pertaining to: <ul style="list-style-type: none"> ○ Revised SFDR measure with increased emphasis on length of stay ○ Potential stand alone performance measure on length of stay ■ Redefine CANS algorithm to take into account youth, community and environmental strengths to better define group home, moderate and severe classification levels ■ Joint DCFS and representative providers visit to Wraparound Milwaukee to further examine their model ■ Incorporate family engagement model into Child and Family Team meetings (CFTM) ■ Effectively communicate the Department's vision for residential care through the relevant CWAC subcommittees/workgroup, key stakeholders and with the provider community ■ Continue to enforce the no-decline policy 	<ul style="list-style-type: none"> ■ Research and define what a System of Care in Illinois should look like after visit to Wraparound Milwaukee and examination of other successful models ■ Conduct an examination of Specialized Foster Care with an emphasis on identifying and overcoming barriers to youth stepping down from residential ■ Determine factors which contribute to successful foster parenting in Specialized and Adolescent Foster Care and examine the possibility of specific licensure for these homes ■ Examine further the use of Multi-Systemic Therapy ■ Determine what the role of group homes should be in the residential continuum of care with a focus on youth best served there ■ Review the work and findings of the Data Test Workgroup pertaining to: <ul style="list-style-type: none"> ○ Potential rehabilitative model for providers with increasing lengths of stay ○ Potential implementation of a capitated fiscal model ○ Potential for family engagement as a process measure for PBC ○ Incorporating the CANS into the PBC risk adjustment model ■ Examine and determine the efficacy of a longer term utilization management model for residential care ■ Build a model of "unconditional care" throughout all levels of care to ensure that nobody gives up on a child

Table 1: Long and Short Term Goals Identified for Residential Treatment Services in Illinois by DCFS, April 2010.

The private providers meet monthly in an informal setting separate from the various CWAC subcommittees and workgroups. This meeting occurs at the Babyfold, a private non-profit provider located in Bloomington-Normal, Illinois. Agencies send high level executives, usually the Chief Executive Officer, Chief Operating Officer, or Clinical Director to these meetings. The meeting is open to all providers whether or not they are members of the Child Care Association of Illinois. This group held a strategic planning meeting on February 26, 2010 wherein they conducted a SWOT (strengths, weaknesses, opportunities, threats) analysis to help identify trends in residential treatment services in Illinois and guide their agenda for the upcoming fiscal year. **Table 2** below lists the consensus findings of the residential providers of their SWOT analysis conducted on February 26, 2010. It should be noted that length of stay was not identified by the providers as part of this analysis.

Strengths	Weaknesses
<ul style="list-style-type: none"> ■ Relationships and trust between providers ■ Use of the Residential Provider Group as a forum ■ Ability to adapt and respond to system changes ■ Good working relationship with the Department ■ Expertise in handling difficult youth ■ Quality of care 	<ul style="list-style-type: none"> ■ Limited funding ■ Recruitment and retention of qualified staff ■ Ability to meet expectations based upon staff qualifications ■ Increased complexity of client needs ■ Limited documentation/information regarding client history leads to inappropriate matches ■ No decline policy with limited performance exemptions granted ■ Not enough community supports and services for effective step-downs, e.g. counseling, substance abuse treatment ■ Need to improve work with families ■ PBC data systems are limited which decreases accuracy of data ■ Little collaboration with the adult system ■ Don't have a full range of residential models in Illinois, e.g. secure care ■ Extensive DCFS monitoring with questionable added value ■ Decreasing collaboration between RTC providers and DCFS leads to inaccuracies which precede DCFS decision making

Opportunities	Threats
<ul style="list-style-type: none"> ■ Legislative advocacy ■ Cross-training/shared training resources ■ Credible, unified voice ■ Collaborative partnerships with universities ■ Availability of data demonstrates outcomes and accountability ■ Use of evidence-based practice 	<ul style="list-style-type: none"> ■ PBC is a work in progress, yet the consequences now are severe ■ Lack of funding for Medicaid fee-for-service implementation, but penalties imposed for noncompliance nevertheless ■ Inadequate funding/delayed payments ■ Labor/union issues ■ Lack of support from DCFS on Nurse Practice Act and Prone Restraint legislation ■ Lack of DCFS accountability ■ Monitoring Unit is compliance/"checklist" driven rather than helpful

Table 2: Consensus Findings of Residential Providers; SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis, February 2010

Although the problems identified by both the public and private sector appear different from one another, the mere fact that both sectors are taking the time for introspection is a positive development and demonstrates growth. Both sectors value evidence-based practice and a striving to locate treatment models which are effective. The challenge for the future will be whether or not the two sectors engage in a joint and collaborative planning process to address deficiencies recognized in their separate meetings. If not, the collaborative nature of this project to date could be undermined. It is worth noting that the private sector providers identified issues pertaining to their relationship with DCFS as both a weakness and a threat in their analysis. Additional discussion about the cause of this is included in section II.A.3. below.

Late in this reporting period Director McEwen challenged the *Striving for Excellence* project to more closely examine length of stay in residential care and seek strategies to lower it without negatively impacting the quality of care. He announced to the Department's Strategic Planning Workgroup on March 19, 2010 his intent to more specifically define Sustained Favorable Discharge and potentially add a third performance measure for length of stay. He advised the Department staff of his desire to limit stays in residential care to between 90 to 180 days.

The Data Test Workgroup (DTWG) immediately began work on this endeavor. There is significant variance in lengths of stay between agencies serving like populations. Looking as well at Sustained Favorable Discharge Rates for FY 2009 and the first two quarters of FY 2010 several agencies with lower rates of stay with a higher number of sustained

favorable discharges have been identified. Potential explanations for these variances are being explored at this time by the DTWG.

3. Implementation Barriers

Socio-political factors continue to impact project implementation

As noted above and in prior semi-annual reports, the complexity of this project has presented the largest obstacle to implementation to date. The time commitment required of senior Department and private agency leadership is substantial and is being continuously threatened in these difficult economic times. Throughout the evaluation of the project environmental scans occurred to identify contextual variables which impact project implementation and operation. During this reporting period a gubernatorial campaign is being waged. Current Governor Pat Quinn won the Democratic Primary and will face Republican Bill Brady of Bloomington in November. Since the Director serves at the pleasure of the Governor, should there be a change of administration it is conceivable that Director McEwen could be replaced.

During this reporting period several of the concerns identified by the Project Steering Committee in all three years of project planning and implementation have come to fruition due to internal and external variables beyond the control of this project. Lack or loss of funding and change in DCFS leadership have led the list of members' concerns during all three years of project implementation. **Table 3** below contains a listing of the identified pitfalls for the project as identified by members of the Steering Committee. For Year 1 and Year 2 only those comments made by more than two members are listed in this table. The number in parentheses following the comment indicates the total number of Steering Committee members citing it. For Year 3, all comments made by the members are listed.

2007-2008 (Year 1)	2008-2009 (Year 2)	2010 (Year 3)
<ul style="list-style-type: none"> ■ Lack of sustained funding (10) ■ Changes in DCFS leadership (5) ■ Loss of focus or momentum (4) ■ Discharging clients before clinically appropriate for agency fiscal gain (4) ■ Lack of reliable data (3) ■ Poor matching of clients to providers (3) 	<ul style="list-style-type: none"> ■ Budget cuts resulting from the downturn in the economy (13) ■ Loss of the leadership of Director McEwen due to change in administration (8) ■ Funds for the project will be pulled prematurely by Illinois legislature and decision makers before the project has the ability to demonstrate its efficacy 	<ul style="list-style-type: none"> ■ Loss of funding (11) ■ Changes in DCFS leadership (6) ■ Lack of passion for the work; getting "lax" (4) ■ Continued lack of rate increases for providers (3) ■ Inability to hold providers accountable (2) ■ Fragmented system with

<ul style="list-style-type: none"> ■ Problems with other parts of the system of care, e.g. foster care case management (3) ■ Lack of proper planning for implementation (2) ■ Lack of engagement of frontline staff (2) 	<ul style="list-style-type: none"> and effectiveness (8) ■ Underutilization of residential beds causing wasted funds (7) ■ Providers “gaming the system” to get around the no decline policy (4) ■ Resistance to change (2) 	<ul style="list-style-type: none"> cuts to other critical systems such as mental health (1) ■ Lack of a clinical performance measure (1) ■ Inability of providers to have a cohesive advocacy strategy to allow them to effectively implement PBC and improve outcomes (1) ■ Medicaid (1)
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Table 3: Potential Project Pitfalls Identified by *Striving for Excellence* Project Steering Committee, 2007-2010

Economic and budgetary concerns pose a substantial risk to this project

Budgetary problems have been discussed in prior semi-annual reports. The budgetary crisis at the start of FY 2010 as reported at length in the October, 2009 report, while temporarily averted, has not been resolved. Many private agencies laid off staff in anticipation of the cuts and have made a conscious decision not to rehire them. Other agencies, particularly those with limited lines of credit, have curtailed services.

As previously reported, DCFS’ sister agency, the Department of Human Services (DHS), which provides substance abuse and mental health services in local communities, had already experienced significant cuts to its infrastructure during both FY 2009 and FY 2010. Many residential agencies serve clients referred to them by DHS in addition to those placed in their care by DCFS. Many of these agencies report not being paid for youth referred by DHS since the start of FY 2010... This has made it difficult to preserve their infrastructure and placed increasing fiscal burdens upon them. Current budgetary discussions taking place in the General Assembly in Springfield continue the cuts to DHS and anticipate additional cuts for FY 2011.

Additionally, these budgetary cuts were previously identified by providers as having the potential to effect residential agency performance if foster care case managers were not able to actively pursuing post-discharge placements in the community either due to their own increased case loads or the lack of supportive treatment services in less restrictive settings. Coupled with the loss of support services, the Transitional Living and Independent Living providers have expressed concern about meeting employment outcomes when fewer jobs are available for youth given the economic downturn.

While the overall state budget picture remains bleak, there is cautious optimism that the Department of Children and Family Services will not experience budget cuts in the upcoming fiscal year. Deputy Director Matthew Grady advised providers at the Director's Child Welfare Leadership Summit on January 28, 2010 to prepare for a "flat budget" with no increases or cuts for FY 2011. His power point presentation detailing the Department's budgetary "challenges and opportunities" is attached as **Exhibit 8**.

The *Striving for Excellence* project changed the fiscal model to do away with the former bed hold policy and guarantee each provider payment for one hundred percent of their DCFS purchased bed capacity during a given fiscal year. Prior to the inception of this project, providers were operating at approximately ninety-two percent bed capacity, so this guaranteed rate amounted to a substantial increase in revenue. Additionally, the new model gave providers a stable revenue base which was not dependent upon client census.

Increasing concerns in the Governor's Office and the General Assembly about the cost of residential care has led to increased anxiety in both the public and private sectors about the fiscal viability of the project over time. With an increasingly complex residential population with increasing lengths of stay, these concerns are not misplaced. One fourth of the Department's budget is allotted to institutional and group home services. The Department's ability to forecast the types of beds needed to serve this population remains in question. Department projections on the number and type of beds needed for FY 2009 and FY 2010 were not as accurate as anticipated. The ever increasing need for placements which serve severe youth became more evident. The DCFS Strategic Planning Workgroup has assumed the role of determining system capacity needs for FY 2011 and beyond.

Providers attempted to "push back" against the no decline policy in their contracts during this reporting period. They closely examined youth referred to their agencies. Some providers made claims that the youth referred were outside the scope of their program plans detailing the type of children and youth they will treat. Providers attribute this to both the potential penalties imposed as a result of failing to meet Treatment Opportunity Days Rate benchmarks and the costs of serving a youth with more complex needs beyond their capacity. The providers have asked for more clarification about the criteria for declaring a youth "performance exempt."

The DCFS Implementation Team continues to track the costs of unused bed capacity weekly. The Implementation Team continues to

closely monitor this phenomenon with weekly data runs prior to their weekly Thursday meetings. A fiscal comparison of unused capacity by month between FY 2009 and FY 2010 prepared by Roger Thompson of the DCFS Fiscal and Budget Office is attached as **Exhibit 9**. As reported in the October 2009 semi-annual report, Mr. Thompson compared the costs spent under the prior model (i.e. the bed hold costs when the bed was left intentionally vacant in the expectation the youth would eventually return to this placement) and the current fiscal model. Mr. Thompson has reported the cost of unused capacity became obvious as a result of the introduction of performance based contracting. He indicates the Department is paying relatively less for unused capacity now than was paid under the prior fiscal model (Thompson, 2009).

Unease and uncertainty over potential impact of the merger of the Department of Children and Family Services and the Department of Juvenile Justice

On April 1, 2010 Governor Pat Quinn entered an Executive Order which commissions a plan for integrating the Department of Juvenile Justice into the Department of Children and Family Services. The Executive Order is attached to this report as **Exhibit 10**. The order recognizes the different missions of these executive agencies. The Department of Juvenile Justice was established as a stand-alone agency from the Illinois Department of Corrections to “manage delinquent youth.” The mission of the Department of Children and Family Services, according to the Executive Order, is to “provide social services to children and their families, to operate children’s institutions, and to provide certain other rehabilitative and residential services.”

Furthermore, the Executive Order lays out the rationale for the integration of the two agencies as a means by which Illinois can “best advance a cultural change from a punitive approach toward a rehabilitative treatment-focused model of care that engages families, promotes public safety, and holds youth accountable for their actions while providing better services for young people in facilities after their release.” The order directs all employees of enumerated Illinois executive branch agencies to “cooperate and assist” in the integration.

These executive agencies are to work together to develop an “integration plan” to include proposed legislation, regulations and interagency agreements necessary to enact the plan. The governmental agencies were further ordered to collaborate with organized labor, advocacy organizations and the Legislature. There is no timeline given for development of the plan, but it is a widely held belief in both the public and private sector that the plan was to be developed and implemented by the start of the FY 2011 fiscal year on July 1, 2010.

Questions about the impact of this proposed merger on both residential and ILO/TLP programs are being raised by both the public and private agencies. Many states use Title IV-E funds for eligible youth in correctional settings. It is believed that many youth currently incarcerated in Illinois juvenile justice facilities are in need of residential treatment and/or behavioral health care. A merger of DJJ into DCFS would give juvenile justice authorities the ability to determine eligibility for Title IV-E funds for these youth and to amend the state IV-E plan accordingly. The potential cost savings to the state have yet to be determined, but they are believed to exist. There is also the potential to bill Medicaid for eligible behavioral and mental health services.

Residential and ILO/TLP providers have expressed their concerns in the CWAC subcommittees and workgroups that a “tsunami of delinquent youth” will overwhelm the Illinois child welfare system unless a carefully crafted plan is developed collaboratively to identify services gaps and the resources required to fill them. Providers question their capacity to serve youth with extensive delinquent and criminal histories and the impact of admitting these youth to their programs. The impact on this project has the potential to be substantial as limited historical data exists for DJJ clients upon which to model a risk adjustment strategy. Providers are also inquiring as to whether “performance exempt” status would apply to youth convicted of offenses involving extreme violence and if the “no decline” policy would apply to all youth referred to them through juvenile justice channels. The Department indicates they are only in the exploratory phase at the time of this report’s submission and answers to provider concerns will be forthcoming as the integration plan is developed.

It is unclear at the time of submission of this report if the existing CWAC structure will be used to develop this integration plan. Although the Executive Order requires collaboration from “advocacy organizations, individuals experienced in juvenile court issues and other stakeholders” in developing the plan, it does not specifically name the Child Welfare Advisory Committee or the provider community as entities which should be consulted about the potential impact of the merger. Because the Illinois child welfare system has relied upon CWAC for all major policy and practice reforms and innovations, the current climate of uncertainty about the role of the private sector in the merger has led to increased unease among providers.

Perception by private provider agencies that the Department is not attentive or supportive of their needs may have impact on the collaborative nature of this project

A hallmark of this project to date has been the strong working relationship between the public and private sector to make systemic improvements to better serve children and families. Although disagreements have arisen over the best approach, both the public and private sectors have used data to drive their decision making and have worked collaboratively through the existing CWAC structure to identify and resolve systemic problems and conflicts. During the course of this reporting cycle, providers have expressed dissatisfaction over what they perceive to be the Department's lack of understanding of and support for the private agencies' ability to deliver quality services to children and families. During this reporting cycle, in CWAC subcommittee and workgroup meetings, the informal Residential Provider Group strategic planning session and in postings on the provider list serve increased anxiety and unease over the collaborative working relationship with the Department has been openly expressed by providers.

As previously described, Director McEwen has voiced his concerns about the increasing length of stay of youth in residential care. He has been exploring options with members of his internal staff to contractually mandate reductions in lengths of stay. Persons not involved with this project have proposed options based upon data which has not been vetted through the collaborative process used for this endeavor, i.e. the Data Test Workgroup and the Project Steering Committee. Whether intentional or not, this has undermined the confidence of active and contributing members of this project in the collaborative nature of the project. Should any changes to the contractual performance measures be made outside of the existing process, the perception of diminished emphasis on collaboration may become a reality.

Residential providers have repeatedly raised concerns over the past eighteen months in CWAC subcommittees and workgroups about the impact of the shift to Medicaid fee-for-service has had on day-to-day operation of their agencies. They report they have borne the cost of this transition and are concerned about the fiscal liability they bear for non-compliance. Additionally, many providers report they have had to either replace staff that were not capable of documenting Medicaid compliance or hire additional staff members to perform these duties. This staff turnover has led to workforce destabilization and increased training needs. According to the providers, this has resulted in additional operational costs for which they are not compensated. Some providers have expressed resentment over bearing the cost of Medicaid implementation when the moneys recouped by the state through Medicaid draw down will not be shared with them.

Providers have also repeatedly voiced concerns over the Nurse Practice Act to the Department. This legislation placed restrictions on the

administration of medications to clients by non-medical staff without the documented approval of a psychiatrist. Many residential providers do not have 24 hour nursing coverage and their psychiatrists have refused to authorize non-medical staff to administer medications. This has resulted in an impasse which the providers find untenable. During the last six weeks of this reporting cycle, D. Jean Ortega-Peron, DCFS Deputy Director for Guardianship and Advocacy has attempted to assist the providers by speaking with psychiatrists working with and for the private agencies to encourage them to grant approval for non-medical staff to administer medications. Although this appears to be a welcome move, providers in the CWAC High End Subcommittee and in the Residential Provider Group have articulated their dissatisfaction with the Department's delay in addressing this issue.

During this reporting cycle legislation supported by the Department of Human Services outlawing the use of prone restraints was moving forward in the General Assembly. The Department of Children and Family Services supported this legislation on behalf of its sister agency. Providers felt that this decision was made unilaterally by DCFS without consulting them about the impact of this legislation on residential programs. The Child Care Association, acting on behalf of providers, was successful in delaying legislation until further examination of this issue and the input of the residential providers could be sought.

Coupled with the anxiety over the pending Department of Juvenile Justice merger, the perceived lack of support by the Department of private providers over issues of importance to them (i.e. Medicaid fee-for-service implementation, the Nurse Practice Act, and the ability to use restraints as they find clinically warranted) has led to a period of "us vs. them" mentality not previously seen throughout the life of this project to date.

There has been some limited discussion between a small group of provider agencies about approaching Ben Wolfe of the American Civil Liberties Union (ACLU) who serves as counsel for the Plaintiff class in *BH v. McEwen*. They are interested in discussing the potential implications of the recent case in California which held the state to be out of compliance with the federal Child Welfare Act's mandate that a participating state "cover the cost" of certain enumerated items for foster group homes². This writer is unclear at the time of this report's submission as to whether this discussion has yet taken place. Although a review of both the appellate and trial court opinion on remand indicates distinct factual dissimilarities between the California rate setting methodology at the heart of the court's factual determination with the

² See *California Alliance of Child and Family Services v. Allenby*, ___ F.3d ___, 2009 WL 4755730 (9th Cir. Dec. 14, 2009) and *California Alliance of Child and Family Services v. Allenby*, No. C06-4095 MHP (N.D. Cal. February 23, 2010).

Illinois method, litigation over this could undermine the collaborative process.

Delays in rectifying technological glitches to the Residential Treatment Outcomes System (RTOS) undermined provider ability to reconcile performance data

The contract between the Department of Children and Family Services and Objective Arts for programming the Residential Treatment Outcomes System (RTOS) was ended and the work brought “in house” to the Department during the last reporting cycle. There were some delays in hiring staff capable of doing this technical work. Additionally, since the programmers are now employees of the Department’s Office of Information Technology (OITS), their work is prioritized through this office. There are several large technology projects currently being undertaken by the Department, most notably the changes to the state’s SACWIS system mandated by the new Differential Response initiative. As a result of these delays, the performance data for FY 2010 contracts for residential care was not current on RTOS for the first two quarters of FY 2010. This created difficulty for providers who used RTOS to reconcile their own performance data with that of the Department. This problem has been corrected and the system is now fully operational.

Identified barriers with step-downs and the Discharge and Transition Protocol

The Department’s Residential Strategic Planning Workgroup has looked closely at 160 youth in residential treatment for longer than 18 months who are currently in Phase II of the Discharge and Transition Protocol. The purpose of this review was to identify barriers to step-downs to lower levels of care. As part of this review, conducted by the University of Illinois at Chicago, it was determined that lack of “buy in” regarding the efficacy and usefulness of the Protocol by Department case workers may be contributing in some way to these delays.

Although residential providers and those programs to which youth are stepped down have seen the value of the Protocol, the training of the case managers has been sporadic. Providers have reported case managers are not following the mandates of the Protocol and have been discharging youth from facilities without following the steps required to prepare the youth for that discharge through an orderly transition process. The Residential Strategic Planning Workgroup is continuing to examine this reported phenomenon and will work with DCFS Operations to address concerns.

Uncertainty as to the future of the Project Steering Committee and their role in project oversight

The formal QIC PCW project will end September 30, 2010. The Project Steering Committee was formed to provide guidance and oversight for project planning, development and implementation. Because at that time the national demonstration sites will no longer be accountable to the QIC PCW, there is a question about the role of the Project Steering Committee. Although only 1 year of performance data has been obtained related to residential care and the ILO TLP aspect of the project is in the early phases of implementation, the mandate of the Steering Committee going forward needs to be clarified.

Multiple reform and innovation efforts underway at the same time may divert energy and focus from this project

As reported in the last semi-annual report, Director McEwen is known for his innovation and creativity. He is a dynamic leader who infuses a sense of urgency in his staff and other child welfare stakeholders. He has become a nationally known leader because of his demonstrated passion for the work and data-supported results. Overarching efforts to make the Department and its providers more family-focused and strengths-based in their approach continue throughout all of the Department's divisions.

With the pending merger of the Department of Juvenile Justice, all of the Department's efforts must by Executive Order be focused elsewhere at this critical time. In addition to this major undertaking, the statewide implementation of differential response and participation as a national demonstration site for the randomized control trial being conducted under the auspices of the National Quality Improvement Center on Differential Response in Child Protective Services (QIC-DR) has required significant attention from senior DCFS leadership.

The implementation case studies conducted by Judge Kearney indicate that the impact of multiple reform efforts had a significant impact on frontline staff and supervisors in residential agencies, particularly the conversion of agencies to Medicaid at the same time as performance based contracting was being implemented. The extent and magnitude of work required of residential agencies to successfully convert to Medicaid billing and its impact on the delivery of services was not adequately planned for not fully understood by the Project Steering Committee and DCFS leadership. Provider members of the High End Subcommittee and the Residential Provider Group continue to stress the impact of Medicaid conversion during every scheduled meeting.

4. Implementation Facilitators

Several factors have contributed to the success of the significant work which has been done to date in Illinois, including:

Child welfare system leadership in the face of continued economic stress

During the last reporting period FY 2010 funding for the Illinois child welfare system was preserved as a result of concerted efforts on the part of Director McEwen's leadership team and the private sector agency executives. Together they advanced a strong advocacy agenda which was successful in preventing draconian cuts. Director McEwen's knowledge and expertise were singled out in Judge Grady's order entered in *BH v. McEwen* as being essential in the court's findings of fact that proposed legislative budget cuts would be harmful to the Plaintiff class.

Although the so-called budget crisis was averted, the impact of the recession remains evident throughout the system. Department staff have been subject to furlough days without pay throughout this entire reporting period. In essence, they are required to take one day off without pay during every month. It is not unusual for Department staff to work on these days without pay any way. In the private sector, as previously described, substantial cuts were experienced in those agencies serving clients referred by the Department of Human Services. For those agencies serving a diversified referral clientele, executives have had to seek alternative funding to support these children and youth. Despite the economic hardships evident in both the public and private sectors, both remain committed to serving the children, youth and families entrusted to their care.

Sophistication of data analysis being conducted in Illinois and stakeholder commitment to determining the effectiveness of the performance based contracting model and improving it

The level of sophistication in data analysis in Illinois is extraordinarily high. Although the ability of the Department to make this data readily available to providers for the first two quarters of FY 2010 was hampered by problems related to RTOS programming, the data is now available and is being used. The TODR agency aggregate report for the first three quarters of this fiscal year is attached as **Exhibit 11**; the SFDR report for this same period is attached as **Exhibit 12** to demonstrate their capacity to garner this data. This ability, coupled with the help of university based child welfare researchers to analyze the performance data is unique and will not be easily replicable in other states. It remains the culture in Illinois to continuously strive for excellence to better understand the driving factors which lead to better outcomes for children and youth.

During this reporting period the work of the Data Test Workgroup was driven by a closer analysis of the Sustained Favorable Discharge performance measure. In the latter weeks of the reporting cycle this was driven in part by the need to look at length of stay which is imbedded in this measure in an attempt to allay the Director's concerns.

During this reporting period tasks performed by the Data Test Workgroup included:

- Establishing a reconciliation process similar to the one used for TODR wherein data discrepancies between the Department's records and the agency's are first reviewed by Brice Bloom-Ellis. If conflicts between the data still exist, or if a provider agency wishes to contest the data, the issue is presented to the Data Test Workgroup (sitting as the Reconciliation Panel) to make findings of fact. These findings are then put into writing and submitted to Deputy Director Kara Teeple to either accept or reject.
- Hearing two appeals from agencies protesting the imposition of penalties imposed for exceeding Treatment Opportunity Days Rate (TODR) benchmarks. The findings of fact made by the DTWG sitting as the reconciliation panel were given to Deputy Director Kara Teeple.
- Examining the prior living arrangements of youth and their impact on TODR.
- Developing proposed contract amendments for FY 2010 and for inclusion in FY 2011 contracts which included:
 - Capping the total SFDR incentive payout to the budgeted \$2 million dollars available;³
 - Allowing for qualitative reviews to determine if discharges were in fact "favorable" and sustained;
 - Adding the SFDR reconciliation process;
 - Establishing guidelines for the use of incentive payments by the agencies receiving them;
 - Creating a reporting mechanism through which agencies can report how they spent incentive payments to ensure transparency and instill confidence that the funds were used to support system improvements and enhancements; and

³ Director McEwen decided not to adopt this recommendation of the DTWG since provider agencies had relied on the language of the FY 2010 contract for calculating both potential penalties and incentives. There will be a cap set on the FY 2011 incentive payments for an amount yet to be determined and incorporated into the contracts.

- Setting a cap on continuous absence days to 30 for calculation of TODR.
- Developing proposed contract language for FY 2011 which changes SFDR including:
 - Changing the definition of SFDR to begin calculation on the 90th day post discharge making the incentive payment attached to sustaining post-discharge stability 90 to 270 days;
 - Measure placement stability rate for 90 to 360 days;
 - Calculate incentive payments by the number of days actually present in the step-down placement multiplied by the per diem savings thereby not awarding credit for days where the youth may have been absent through runs, detentions or psychiatric hospitalizations;
 - Applying a multiplier to those Sustained Favorable Discharges where length of stay is less than one year;
 - Rank contracts by post-discharge stability rate with incentives paid to as yet to be determined top percentile;
 - Assess penalties to be determined for the lowest performing agencies for SFDR.
- Proposing increase the accuracy of both SFDR and TODR by revising the FY 2011 program plan language to issue preliminary benchmarks at the beginning of FY 2011 based on each individual agency's case mix/population at that time. The final benchmarks will then be adjusted at the end of the FY 2011 based upon the actual population case mix served during that year. Although there was debate in the Workgroup about "sacrificing predictability" for accuracy, the group decided to recommend to the Steering Committee this model to ensure more accurate determination of performance within a given fiscal year.
- Reviewing and enhancing the risk adjustment model for FY 2011 to more fully develop the embedded length of stay measure. The Workgroup identified significant variances in length of stay between agencies which cared for similar populations. See attached **Exhibit 13** for their comparison of length of stay with Sustained Favorable Discharge Rates. The Workgroup is in the process of reviewing data assess whether changing the length of spell risk factor from dichotomous to a continuous variable and applying a multiplier to the length of spell coefficient will effectively lead to higher benchmarks incorporating length of stay.

- The Residential Data Test Workgroup (DTWG) continues in its efforts to refine the risk adjustment model to include a clinical variable. The addition of data from the Child and Adolescent Strengths and Needs (CANS) instrument is still being discussed as a source of clinical data for the model although it has yet to be included. When data becomes available from the 2010 census the population density variable in the model will be adjusted accordingly.

Continued active participation by both the public and private sectors in the workgroups responsible for project implementation

As noted in prior Semi-Annual Reports filed on behalf of this project and in the table of meetings set forth in Section II.A.6. below, the Project Steering Committee and the relevant CWAC Subcommittees and Workgroups continue to meet frequently. This does not include the countless hours spent in researching best practices, preparing for meetings, scheduling, traveling to and from meetings and completing tasks assigned as a result of each meeting.

It should be noted that for most members of the Project Steering Committee, who also chair CWAC Subcommittees and Workgroups, participation in this project averages as many as 15 to 20 hours per month in actual meeting time, exclusive of travel, preparation time and tasks resulting from the meetings attended.

During the final month of this reporting cycle the Data Test Workgroup met weekly to try to expedite their recommendations pertaining to changes to the proposed FY 2011 contracts. Overall, the *Striving for Excellence* project has held over 400 related meetings since its inception.

The coordination of efforts internally by DCFS under the guidance of the Performance Based Contracting Implementation Team

The DCFS PBC Implementation Team was formed to coordinate internal Department PBC/QA efforts across divisions and units. This team is chaired by Deputy Director Kara Teeple and is comprised of senior DCFS representatives from each division impacted by this project, including: Budget and Fiscal (including contracts, budget, and Medicaid specialists), Policy, Operations, Placement and Permanency, Monitoring, and Quality Assurance. Communications and Legal are included on an “as needed” basis. The Implementation Team meets every Thursday for at least one hour. The fiscal staff, located in Springfield, Illinois and Judge Kearney attend the meeting

telephonically. A formal agenda is disseminated via e-mail prior to the meeting.

The coordination of efforts between both the fiscal staff and the programmatic staff remains an important factor in the successful implementation of the project. During this reporting period the Implementation Team tracked unused bed capacity weekly. The weekly reports prepared by the DCFS Fiscal Office and provided to the Placement and Permanency division of the Department has led to increased communication between the two divisions and identification of barriers to successful placement of youth in beds which have been set aside for their needs in the most fiscally sound manner.

During this reporting period the Implementation Team reviewed performance data and determined which agencies should be placed upon a corrective action plan to rectify poor performance. One agency contact was terminated and youth transitioned from the program. The Department made the decision to close four residential units in an agency and is in the process of transitioning youth to other facilities prior to the end of the fiscal year. Eleven other agencies were asked to submit corrective action plans targeting specific deficiencies in performance. These plans were reviewed for sufficiency by the Implementation Team and members of the DCFS Residential Strategic Planning Workgroup. The Team is in the process of determining which of these agencies will be offered a contract for FY 2011, which agencies will have their FY 2011 contract capacity reduced and which agencies will have their program plans modified to serve either a different classification of youth or a specialty population. This level of coordination between DCFS divisions had not been attempted in the past and has been essential in overcoming existing bureaucratic silos.

The continued involvement of university partners in providing technical assistance and expertise to the Project Steering Committee as well as the CWAC Subcommittees and Workgroups.

Support for this initiative continues to be very strong among university based researchers without whose assistance a project of this statistical sophistication could not continue. Dr. Alan Morris of the University of Illinois at Chicago (UIC) continues to co-chair the Residential Data Test Workgroup with Brice Bloom-Ellis of DCFS. Dr. Neil Jordan of Northwestern University and Dr. Andy Zinn of Chapin Hall also serve as members and continue to refine the residential risk adjustment model. Dr. Zinn along with Dr. Morris and Deann Muehlbauer of UIC are also serving as members of the new ILO TLP Data Management Workgroup. Dr. Zinn's work remains

critical in helping this group more clearly define the performance outcomes and adjust them for risk.

During this reporting period the DCFS Strategic Planning Workgroup was formed. Dr. Morris and Ms. Muehlbauer lend technical expertise to this group. Judge Kearney also attends meetings to provide the group with evaluation findings relevant to their work and to document the process.

The use and availability of multiple communication strategies to disseminate information about this project statewide.

CCAI Executive Director Marge Berglind's weekly *Monday Report* continues to update all CCAI member agencies of the project's status and how to provide feedback to the Project Steering Committee. The five previous Statewide Provider Forums hosted by CCAI proved to be very valuable opportunities for face-to-face communication between attendees and project leaders. The Best Practices Summit held on October 21, 2009 at Governor's State University highlighted successful strategies employed by residential, ILO and TLP agencies to improve their performance on the contractual outcome measures.

The Residential Data Test Workgroup's electronic "base camp" continues to be used to post minutes, reports, relevant research, and meeting notices. This tool is also useful both between and during meetings where documents can be posted and reviewed by members who attend the meetings telephonically. Residential service providers continue to disseminate information about the project on their informal list serve which also provides information to non-CCAI members thereby increasing the project's outreach. This has been important during this reporting period to obtain information and provider feedback on proposed changes to the performance measures related to length of stay.

The residential service providers continue to meet monthly in an informal setting at the Babyfold in Normal, Illinois. These meetings have also been listed in the table in Section II.A.6. below.

Increasing emphasis on the identification and sharing of best practices

A stated goal of the *Striving for Excellence* project has always been the identification and sharing of best practices. As the comfort level in the performance outcome measures increased following the first full fiscal year, the Project Steering Committee has stressed the need to look at those agency practices which lead to success and to share those practices with agencies which may be struggling. The Residential Performance

Monitoring Workgroup has established a sub workgroup to address best practices which will be responsible for this work. The Older Adolescents Subcommittee meetings include discussions of identified best practices pertaining to working with older youth.

The CCAI Best Practices Summit held on October 21, 2009 reflects the shift in emphasis at this stage of project development towards sharing best practices and learning from mistakes made following the first year of residential performance based contracting and during the initial phases of ILO TLP implementation. The culture in Illinois is one of collaboration. Now that the performance data is readily available to all providers, the Project Steering Committee are discussing opportunities for private agencies to network informally to allow for mentoring and technical assistance between those agencies that perform well with the lower performing agencies. There will be one more Statewide Provider Forum on a date yet to be determined prior to conclusion of formal QIC PCW funding to discuss project findings and their implications for practice.

The informal Residential Providers Group monthly meeting at the Babyfold is also used as a means to disseminate information about “what is working and what is not” to help improve practice. Providers willingly share techniques with one another to engage youth which make them less likely to run or engage in delinquent acts likely to cause them to be detained. Smaller workgroups have been formed to address specific issues such as gender related programming, treating conduct disordered youth, and the challenges of serving youth in an urban setting. Providers recently joined together to sponsor a day long workshop on April 1, 2010 by Dr. Ross Greene a nationally known expert on a collaborative problem-solving approach to working with adolescents to discuss strategies for working with youth with conduct disorders.

The ability to solve problems collaboratively and rapidly deploy systemic changes to enhance project implementation The flexibility to revise programs as warranted and solve problems collaboratively

The Project Steering Committee has continuously demonstrated its ability to identify problems as they surface and work collaboratively to rapidly solve them so that project implementation is not hampered. The development and implementation of the Centralized Matching Team (CMT) during previous reporting cycles is an example of this. During this reporting period, the providers expressed concerns that the matching process was not as effective as it could be. The ad hoc workgroup which designed the CMT was reconvened to address these issues immediately.

The Director's challenge to reduce length of stay has "laid down the gauntlet" to the project on figure out how to do this without negatively impacting clinical integrity. This has required weekly meetings of the Data Test Workgroup as they attempt to identify strategies to safely reduce lengths of stay through the existing risk adjustment model in which they have confidence. The Project Steering Committee endorsed the proposed approach of the Data Test Workgroup to adjust the SFDR measure to "ramp up" the length of stay variable in the model at its April 15, 2010 meeting. At the May, 2010 Project Steering Committee the final FY 2011 model will be reviewed and finalized. Although this compresses the time for the DCFS Fiscal Office to finalize contracts, it is necessary to ensure the performance benchmarks are adequately adjusted for risk.

Enhanced focus on strategic and long-term system wide planning

During this reporting period as discussed above both the Department and the residential providers engaged in a strategic planning process to identify their respective needs and lay out a vision for an integrated system of care going forward. Although this process was done separately, both sectors remain committed to effectively serving this vulnerable population through the use of evidence based and informed practices. The Department's Strategic Planning Workgroup is planning a site visit to Wraparound Milwaukee for June, 2010 which will include representatives from the private sector. Both sides recognize that significant resources are needed at the community level to support step-downs from more restrictive settings. The nature and breadth of these service needs will need to be determined through a collaborative planning process.

5. Coordination/Collaboration

Project Partners and Entities

There has been no change in project partners since the last reporting cycle. The principle partners remain the Illinois Department of Children and Family Services, the Child Care Association of Illinois, and the Children and Family Research Center of the University of Illinois at Urbana-Champaign.

The existing Child Welfare Advisory Committee (CWAC) structure, as set forth above in Section I.A., which is equally comprised of members from both the public and private sectors, continues to be the vehicle used to implement and refine this project. The Project Steering Committee is responsible for coordination of Subcommittee and Workgroup meetings. As reported by Judge Kearney in her report of the three years of findings from the Project Steering Committee semi-structured interviews attached as **Exhibit 5**, all members continue to

believe the use of this existing structure was appropriate and necessary in order to facilitate system change of this magnitude. All members also indicated this collaborative structure should be used in the future for other large scale system reform efforts. In light of the success of the project model used for this project, an organizational structure similar to the one used for this project has been designed for the new differential response initiative. New task groups, such as the ILO/TLP Data Management Workgroup and the Best Practices Workgroup, and the Centralized Matching Workgroup were formed to resolve specific issues which have surfaced through project implementation.

With its long-standing representation of private child welfare agencies CCAI continues to provide leadership for this project. CCAI continues to update its members through the use of a computerized electronic mail system, the dissemination of a weekly report detailing issues of concern to child welfare professionals, and facilitating meetings for stakeholders in the child welfare system.

Although not a “formal” partner of this initiative, the “informal” Residential Provider Group has been an essential means by which information about the project is disseminated and feedback is provided to the Project Steering Committee. Providers attending the monthly Provider Group meetings are not necessarily members of CCAI and view these meetings as critical to developing their knowledge of the project, therefore during this reporting period the evaluator has included them in this section as a designated partner.

Challenges to Collaborative Activities

This is a statewide demonstration project expanding performance based contracting to three distinct child welfare services: residential and group home services, independent living services, and transitional living services. The providers of these services are located throughout the state. They vary in size from six-bed group homes to large residential campuses. The size and scope of this initiative, by its very nature, has hindered collaborative efforts. Strong efforts were made to ensure that all providers, regardless of their size or geographic location, were given the opportunity to provide input in the development and design phases of the project. These efforts continue during the reporting cycle although they are somewhat hampered by economic and budgetary constraints.

Initially, many of the scheduled CWAC Subcommittee and Workgroup meetings were scheduled at the same time in different locations, making it impossible for interested parties to attend both meetings. The Steering Committee resolved this issue by urging Subcommittee and Workgroup Chairs (who are also members of the

Steering Committee) to avoid scheduling overlaps. Although the majority of all project meetings have been held in Cook County, workgroups have made concerted efforts to hold some of their meetings in various locations around the state to encourage attendance by provider and local DCFS staff members who would be unable to attend meetings in Chicago.

During the latter half of this reporting period the frequency and duration of meetings, particularly those of the Data Test Workgroup and the ILO TLP Data Management Workgroup increased. Given the challenges impacting the Illinois child welfare system as documented elsewhere in this report, it is remarkable that Workgroup members have continued to attend lengthy meetings, often at great distances from their place of work or residence. It is difficult to determine if this level of intensity can be maintained over time.

Outreach efforts continued during this reporting period to ILO TLP agencies which are operating under a performance based contract during this fiscal year. To ensure that all agencies, no matter how small had the opportunity to fully understand the measures and how they will be measured, Brice Bloom-Ellis held meetings in each of the five DCFS regions to meet with providers at the local level. The providers report this was extremely helpful to them. The Older Adolescents Subcommittee meets monthly in Chicago at Lawrence Hall Youth Services. These meetings continue to be well attended. Agencies located downstate attend through teleconference capability provided.

Teleconference numbers have been provided for almost all *Striving for Excellence* project related meetings, but occasionally there are technical difficulties associated with the calls. The Babyfold, which hosts the monthly Residential Provider Group meetings, invested in a new phone to increase the likelihood of clearer service and to allow additional callers to gain access to the meetings telephonically. The residential providers participating in this meeting have made a conscious decision to make every attempt to attend these monthly meetings in person to enhance the likelihood that all providers will fully understand the discussions and the policy changes being considered. Although technology has allowed greater access to information, most agencies prefer to attend meetings in person to network with providers face to face. Many smaller agencies have reported increased travel costs have inhibited their ability to attend project meetings making teleconference their only means of actively participating.

A concern noted in previous Semi-Annual Reports has born fruit in that several member agencies pulled out of the Child Care Association of Illinois due to budgetary constraints. CCAI activities and services are paid for through membership dues. If providers can no longer afford to pay

dues it could further impact CCAI's ability to provide the services which have enhanced the collaborative efforts of this project. During this reporting period, Marge Berglind has been active in legislative affairs and updating her members on the status of pending legislation and the DJJ proposed merger. She is also serving on the task force to look more closely on the use of restraints and serving as the conduit for the residential providers through which their concerns about this issue can be expressed.

The Project Steering Committee semi-structured interviews conducted over the past three years indicate project leadership views collaboration as a positive by product of this project, although there is recognition of the need for increased diversity in the subcommittees and workgroups tasked with project planning and implementation. **Table 4** below lists comments cited by the Project Steering Committee pertaining to the collaborative process used for this project. Only those comments made by more than two members are listed in this table for all three years. The number in parentheses following the comment indicates the total number of Project Steering Committee members citing it.

2007-2008 (Year 1)	2008-2009 (Year 2)	2010 (Year 3)
<ul style="list-style-type: none"> ■ The process was highly collaborative (6) ■ The right people were at the table to do this work (6) ■ Stakeholders are missing from the table including (3): <ul style="list-style-type: none"> ○ DHS ○ County probation ○ Schools ○ Courts ○ Community mental health agencies ○ Smaller agencies ○ Downstate providers ■ A high level of trust already existed and this project took advantage of it (2) ■ The use of the existing Residential Monitoring 	<ul style="list-style-type: none"> ■ The collaborative process was positive overall (18) ■ Need to increase diversity on CWAC, its subcommittees and workgroups to ensure adequate voice is given to (6): <ul style="list-style-type: none"> ○ Minority owned agencies ○ Geographically diverse agencies, especially downstate providers ○ Smaller agencies ○ Youth and consumers ○ Faith based providers ○ Other child serving entities such as the schools, county probation and community mental health providers 	<ul style="list-style-type: none"> ■ The collaborative process was positive overall (17) ■ The use of the existing CWAC structure enhanced collaboration (9) ■ Communication between the public and private sectors is open and honest (4) ■ The Data Test Workgroup modeled the collaborative process (4) ■ The project was inclusive and had the right people at the table (3) ■ Other stakeholders should have been included (2): <ul style="list-style-type: none"> ○ Judges ○ Public Guardian ○ Schools

<p>and Data Test Workgroups was very helpful (2)</p> <ul style="list-style-type: none"> ■ There needs to be a more defined communication strategy beyond the existing CWAC structure (2) 	<ul style="list-style-type: none"> ■ Collaboration between the public and private sectors is part of our culture and expected (5) ■ We have a proven track record of working well together to implement reform (4) ■ The existing CWAC structure provides a forum of open dialogue and honest discussion (4) ■ The CWAC structure creates a learning environment (2) ■ Private agencies do not all speak with one voice and their different voices must be heard and considered (2) 	<ul style="list-style-type: none"> ○ Juvenile Justice ○ Mental health providers <ul style="list-style-type: none"> ■ Collaboration brought accountability for both the public and private sectors (2) ■ This project would not have been possible without both public and private partners at the table (2) ■ Collaboration in ILO/TLP is not where it should be – need to re-engage senior executive leaders from the private sector (2) ■ CCAI needs to provide a forum for the private sector to support one another and encourage best practices (2)
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Table 4: Comments of the *Striving for Excellence* Project Steering Committee pertaining to collaborative process, 2007-2010

During this reporting cycle, no additional members were added to the Project Steering Committee or the CWAC subcommittees and workgroups responsible for the implementation and management of this project. Although members of the Project Steering Committee previously identified the need to increase diversity, no action has been taken to do so during this reporting period.

6. Service Outputs

The Illinois project model was designed to obtain significant and meaningful input from the private sector throughout the life of the project. As described in Section I.A. above, the model requires the Project Steering Committee, CWAC Subcommittees and Workgroups to develop, implement and monitor the performance measures, fiscal incentives and risk adjustment strategies employed in the performance based contracts. Each collaborative meeting listed below was held for a minimum of two hours in duration, with whole or half day sessions held by several workgroups as project development needs required. The DCFS Internal Project Implementation Team calls usually last for one hour every Thursday. The Residential Provider meetings at the Babyfold are scheduled for

four hours, but frequently last longer. The new DCFS Strategic Planning sessions have also been held for at least four hours.

During the course of the past two years this project has been operating on two separate tracks: residential and ILO/TLP. Therefore, the primary focus of these meetings during this reporting period has differed depending on whether the Subcommittee or Workgroup was working on issues pertaining to residential or ILO TLP. The primary focus for meetings addressing residential care was to further refine the risk adjustment strategy, monitor the performance indicators and analyze agency performance on TODR and SFDR. In the last two months of this reporting period significant time and effort has been placed in making changes related to length of stay in the contracting model and developing strategies which can be rapidly implemented by agencies in the upcoming FY 2011 contracts. In ILO TLP related meetings, work focused on analyzing the first six months of performance data, developing a fair incentive process to encourage improved performance, increasing the reliability and fidelity of the data collection process.

Residential Programs

The performance measures for residential care previously described in detail in the second Semi-Annual Report and used for both the demonstration contract period from November, 2007 to June 30, 2008, FY 2009 and FY 2010 remained essentially the same. Individual agency performance benchmarks were adjusted for risk and given to the agencies prior to the start of each fiscal year.

Data from the Department's CYCIS database continues to be used to determine both the Sustained Favorable Discharge Rate and Treatment Opportunity Days Rate. Client discharges from residential facilities are reported monthly to the Residential Monitoring Unit of DCFS. The Residential Treatment Outcomes System (RTOS) provides monthly updates on both TODR and SFDR outcome measures. Agencies have the ability to reconcile their own internal data which that of the Department at the individual client level. As reported above, RTOS reports on agency performance on both TODR and SFDR were not available throughout this reporting period due to issues related to the cancellation of the Objective Arts contract and the programming function being subsumed by the DCFS Office of Information Technology.

During this reporting cycle, the Residential Data Test Workgroup deployed its reconciliation process to address inconsistencies between the Department's RTOS data and information collected by residential providers pertaining to TODR. Two agencies formally requested reconciliation and gave written reasons to the reconciliation panel on why they believed their penalties for failure to attain TODR benchmarks were calculated in error. The Data Test Workgroup, sitting as the reconciliation panel, made findings of fact pertaining to these reconciliation requests. Deputy Director Kara Teeple reviewed these findings and determined the imposition of penalties for both agencies was appropriate.

Fiscal penalties amounting to over \$712,000 were imposed for the first time upon agencies who failed to attain their Treatment Opportunity Days Rate. Agencies were notified by letter of the potential penalty, how the penalty was calculated and the data upon which the Department relied in determining it, and the process by which they could request reconciliation. The penalties are being paid through a reduction in current FY 2010 monthly payments on a pro-rated basis until paid in full. This allows the Department to retain funds for use in the child welfare system. If agencies wrote a check to the Department to cover the penalty the funds would be sent to the General Fund and subject to appropriation for other non-child welfare related purposes in Illinois state government.

Fiscal incentives for exceeding Sustained Favorable Discharge Rate are being calculated at the time of submission of this report. Concerns arose about the stability of youth who were stepped down to a home of relative (HMR) or reunified with their biological families. In many of these cases there is limited monitoring and the Department's Quality Assurance and Monitoring divisions were concerned about the potential for incentive payments being paid for sustained favorable discharges which may in fact not be favorable or sustained. A survey was conducted of case managers for youth who were stepped down to these levels of care to determine the stability and continued appropriateness of the placement. While the vast majority of youth were stable in placement, there were glaring examples where youth had been arrested and incarcerated for new crimes. One youth was placed in the sex offender registry due to offending against another youth in the step-down placement. Alarmed by these findings, as well as the policy implications for awarding monetary incentive payments to agencies which exceed their SFDR benchmarks – yet still discharge negatively more youth than they discharge positively – significant restructuring of the SFDR performance measure is being considered for the FY 2011 contracts. In addition to “ramping up” the reduction in length of stay expectations, the Project Steering Committee is considering the imposition of penalties for poor performance on this outcome measure. This is based on the positive impact the penalties for TODR have appeared to have on agency practices related to reducing runs, detentions and psychiatric hospitalizations.

Independent and Transitional Living Programs

As reported in the third Semi-Annual Report, the long term goals for the Independent Living and Transitional Living programs are to increase client self-sufficiency, stability and healthy living practices thereby improving readiness for successful emancipation and transition to a productive adulthood. The overarching goals were divided into six domains by the Older Adolescents Workgroup: education, employment, financial competence, placement stability, planned positive discharge, and engaged in healthy living practices and behaviors. Youth are expected to be enrolled in and attending school, earning credits and making progress towards diploma and/or certificate completion. Additionally,

youth will be employed full or part time with individual bank accounts established and active.

Like youth in residential treatment facilities, placement stability has been monitored by the Department using the CYCIS database to determine if youth in the ILO/TLP programs are remaining in care and maximizing treatment opportunity days, or absent from care due to running away, detention or psychiatric hospitalization. ILO TLP agencies, like residential agencies, are required to file a “906” report if a youth is absent from the facility. For youth in the Independent Living Program and the highest tier of Transitional Living, current performance indicators for placement stability include having no more than two moves in a twelve month period. Youth in these programs are expected to have a lease and utilities in their own name six months prior to emancipation.

A planned positive discharge to Independent Living or the Youth in College programs is the preferred outcome for TLP program youth. Successful emancipation in a planned and positive manner is the discharge outcome for ILO. To encourage engagement in healthy living practices, all youth in ILO and TLP programs are expected to remain arrest and detention free. Pregnant and parenting teens are expected to appropriately care for their children. Youth with substance abuse or mental health issues, are expected to engage in treatment services. The performance measures, reported at length in the last semi-annual report remain unchanged during this reporting period.

The primary focus of work for ILO TLP during this reporting period involved the refinement and testing of the data collection and verification process for these performance measures. Monitors and providers have worked together to iron out the process by which youth and provider compliance is reported and verified. Issues arose related to the format and transmission of the reports to the agencies. Unlike residential, where the providers have access to the RTOS database to check the Department’s performance data at the agency, contract and client levels, the ILO TLP data is not maintained on a web-based system which allows for this. The data system is antiquated and contains much room for error. The providers submit a report to the monitors who are then responsible for verifying the data contained therein. For example, if a provider reports that a youth has obtained his GED, the monitor will verify this by visually checking the document and in turn reporting this is accurate. Monitors reports are then transmitted to Chrysalis to be placed in the data base. Initial reports during the first quarter of this fiscal year contained many errors. Providers were asked to reconcile the reports with their own data and work closely with the monitors to rectify discrepancies. This process has been very time consuming for all parties, but over the second quarter the data reporting became more accurate.

The fiscal strategy for awarding financial incentives for successful performance on the FY 2010 contract measures was undetermined contract execution. Language was inserted which indicated the process by which

incentives would be determined would be developed after an analysis and review of the first two quarters of verifiable data. This analysis is taking place at the present time. Initial review by the ILO TLP Data Management Workgroup demonstrated agency variance in performance across all five performance measures. Further analysis is required before a final recommendation can be made to the Project Steering Committee and incentive payments determined.

The ILO TLP Data Management Workgroup has also adopted the reconciliation strategy employed by the residential providers wherein this Workgroup will serve as the Reconciliation Panel and make findings of fact pertaining to the data discrepancies. These findings of fact will be submitted to Deputy Director Miller Anderson for review and final decision.

Tasks Accomplished During Reporting Cycle

The Project Steering Committee, CWAC Subcommittees and Workgroups, DCFS Implementation Team, DCFS Residential Strategic Planning Workgroup, and the informal Residential Provider Group performed the following tasks during the course of the meetings held from October 15, 2009 through April 20, 2010:

- Monitored, reported, analyzed and refined the FY 2009 and first two quarters of FY 2010 residential treatment performance indicators, i.e.
 - Treatment Opportunity Days Rate (TODR)
 - Sustained Favorable Discharge Rate (SFDR);
- Determined which residential agencies would be required to submit corrective action plans to address performance deficiencies for FY 2009; reviewed these proposed agency plans and monitored them to determine if these agencies would continue to provide residential treatment services for FY 2011 and if so at what capacity;
- Terminated one residential agency contract for poor performance and closed four units of another residential agency; and executed transition plans to successfully relocate the youth placed in these programs;
- Imposed fiscal penalties upon residential agencies for failure to attain TODR benchmarks set for FY 2009 through a reduction in FY 2010 payments;
- Created a fidelity review process by which SFDR can be verified for youth stepped down to home or relative or reunified with their biological parents; conducted these reviews and identified deficiencies in both policy and practice which needs to be addressed in the FY 2011 contracts;

- Entertained two reconciliation requests for the imposition of TODR penalties; the Data Test Workgroup sitting as the reconciliation panel made findings of fact related to these requests.
- Established a reconciliation process similar to that used for TODR for SFDR;
- Further analyzed TODR to explore suspected variances caused by prior living arrangement to determine if the risk adjustment model should be changed or modified if this variable shows statistical significance;
- Continued to monitor the unused capacity and established a communication line between the Division of Placement and Permanency and private providers to assess the causes of delay.
- Conducted a case file review of 160 youth awaiting step down from residential care to determine the cause(s) for delay and rectify systemic barriers to moving them to lower levels of care;
- Addressed provider feedback and concerns about the Centralized Matching Team (CMT) to further improve appropriate client matching and referrals to private agencies by reconvening the Matching Enhancement Workgroup under the auspices of the Residential Performance Monitoring Workgroup; refined the Centralized Matching Checklist for use in FY 2011;
- Identified problems related to the use of the Discharge and Transition Protocol by case workers and are in the process of developing strategies to overcome their reluctance to adhere to the Protocol or to modify the Protocol to address their concerns;
- Accepted the challenge of Director McEwen to lower lengths of stay in residential by directing the Data Test Workgroup to develop strategies by which SFDR performance benchmarks can be adjusted to incentivize reductions in lengths of stay;
- Considered imposition of a penalties for poor performance for SFDR for FY 2011;
- Included contractual performance outcomes for ILO/TLP for FY 2010, i.e.
 - Transitional Living Placement Stability Rate (TLPSR);
 - Discharge Potential Rate with Indicators of Self-Sufficiency (DPR/ISS)

- Tested and refined the reporting process for ILO and TLP performance outcome measures; verified the first two quarters of performance data and identified barriers impacting successful data collection and reporting;
- Reviewed initial ILO TLP performance data to determine a fair and transparent fiscal incentive strategy to award agencies for high performance upon completion of FY 2010;
- Convened Director McEwen’s First Annual Illinois Child Welfare Leadership Summit to bring together public and private sector leaders, child welfare system stakeholders and child welfare researchers to review system performance data for the past decade and set the stage for a planning process to move the system forward;
- Passage of HB 5905 on April 26, 2010 sets up the DCFS Residential Services Construction Grant Program which gives DCFS a line item in the capital construction bill which it currently does not have. These DCFS capital monies would then be allocated to private agencies through direct grants or capital rate enhancements for new construction or renovations. Currently the only way for private agencies to capture funds for capital projects is through the rate enhancement process which then places capital needs and operating needs in direct competition. This new legislation gives DCFS access to a separate sources of funds to support capital needs at its partner agencies. Both the Department and private agency providers advanced this legislative issue.

Table 5 below reflects the meetings held during this reporting period pertaining to the *Striving for Excellence* project where the project was the principle agenda item. Dates marked with an “*” under the Residential Data Test Workgroup section of the table are for sub-working group meetings or conference calls held to address statistical risk adjustment models for both residential and ILO TLP. These meetings do not have equal representation of public and private members, but are held with Brice Bloom-Ellis of DCFS and university partners only. They are included here to reflect the necessary time commitment required of critical stakeholders for a project such as this.

<i>Committee/Workgroup</i>	<i>Purpose</i>	<i>Meeting Dates</i>
Project Steering Committee	Provide overall project direction and guidance, assign tasks to and review products of the CWAC Subcommittees and Workgroups, make recommendations on PBC/QA implementation	September 17, 2009 October 21, 2009* November 19, 2009 January 21, 2010 February 18, 2010 March 18, 2010 April 15, 2010
CWAC High End Subcommittee	Review and approve, modify or reject the recommendations for PBC/QA developed by the Residential Monitoring Subcommittee	October 8, 2009 December 10, 2009 February 11, 2010 April 8, 2010
Residential Monitoring Subcommittee	Review and approve, modify or reject the recommendations for PBC/QA of the Data Test Workgroup	September 10, 2009 October 2, 2009 November 20, 2009 March 12, 2010 April 23, 2010
Data Test Workgroup (Residential)	Refine, implement and evaluate the effectiveness of performance measures and risk adjustment strategies for residential providers	September 14, 2009 September 24, 2009* September 29, 2009* October 2, 2009 October 5, 2009* October 13, 2009* October 15, 2009* November 6, 2009* November 13, 2009 November 30, 2009* December 11, 2009* December 13, 2009 December 18, 2009 December 22, 2009* January 6, 2010* January 13, 2010* January 20, 2010* January 25, 2010 February 3, 2010* February 5, 2010*

* This meeting was very brief and held in conjunction with the Best Practices Summit at Governor's State University.

		February 11, 2010 February 17, 2010 March 3, 2010* March 11, 2010* March 12, 2010 March 17, 2010* March 24, 2010* March 31, 2010* April 1, 2010 April 5, 2010* April 12, 2010* April 14, 2010 April 23, 2010
Best Practices/Safety Workgroup	Identify best practices in residential care and treatment and disseminate findings to the field	December 3, 2009 January 14, 2010 February 18, 2010 March 11, 2010
Discharge and Transition Protocol Advisory Council	Oversee implementation of the Residential Discharge and Transition Protocol	October 5, 2009 November 2, 2009 December 7, 2009 January 4, 2010 February 1, 2010 March 1, 2010 April 5, 2010
ILO/TLP Data Management Workgroup	Develop, refine, implement and evaluate the effectiveness of performance measures and risk adjustment strategies for ILO/TLP providers	September 11, 2009 September 21, 2009 September 28, 2009 October 6, 2009 October 14, 2009 November 19, 2009 December 17, 2009 January 20, 2010 March 2, 2010 April 6, 2010 April 27, 2010
Older Adolescent Subcommittee and ILO/TLP Workgroup⁴	Develop, refine and PBC/QA for Independent and Transitional Living providers	October 15, 2009 December 17, 2009 January 21, 2010 February 18, 2010 March 25, 2010 April 15, 2010

⁴ The Older Adolescent Subcommittee and the ILO/TLP Workgroup have held joint meetings at this stage of project implementation.

Finance and Administration Subcommittee	Develop, refine and implement the financial structure for the performance based contracts	September 11, 2009 November 13, 2009 January 15, 2010 March 12, 2010
Residential Provider Group⁵	Provide input and inform the CWAC Subcommittees and Workgroups on project impact from the greater child welfare residential provider community	September 25, 2009 October 30, 2009 January 8, 2010 January 29, 2010 February 5, 2010 February 26, 2010 March 19, 2010
DCFS Internal Implementation Team	Coordinate DCFS implementation efforts internally	September 10, 2009 September 24, 2009 October 1, 2009 October 8, 2009 October 15, 2009 October 29, 2009 November 5, 2009 November 12, 2009 November 19, 2009 December 3, 2009 December 10, 2009 December 17, 2009 December 29, 2009 January 7, 2010 January 14, 2010 January 26, 2010 February 4, 2010 February 18, 2010 February 25, 2010 March 4, 2010 March 11, 2010 March 18, 2010 April 1, 2010 April 8, 2010

⁵ The Residential Provider Group is not a CWAC Subcommittee or Workgroup. It is an informal group comprised of residential providers which meets monthly to discuss issues of interest and concern for the provider community. The meetings are held at The Babyfold located in central Illinois and are regularly attended by approximately thirty providers both in person and telephonically. The performance based contracting initiative has been a central focus of this group's meetings during this and previously reported periods and they have provided valuable input to the CWAC Subcommittees and Workgroups, therefore their meetings are noted in this report.

DCFS Strategic Planning Workgroup	Develop long range strategic plan for residential treatment services in Illinois	October 8, 2009 November 20, 2009 January 13, 2010 February 26, 2010 March 19, 2010 April 16, 2010
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Table 4: Collaborative Meetings Held Pertaining to the *Striving for Excellence* Project from October 1, 2009 to April 23, 2010

Over 400 collaborative meetings have been held since the inception of this project in January 2007.

7. Lessons Learned from Intervention to Date

Need for a sustained, clear and consistent communication strategy between the public and private sector

Illinois learned from its past experience with the implementation of performance based contracting in foster care case management the necessity of providing meaningful opportunities for both the public and private agencies to engage in dialogue to develop a shared vision of success (McEwen, 2006). Despite the challenges inherent in a project of this size, complexity and magnitude, these opportunities have been provided through the use of the existing CWAC Subcommittee and Workgroup structure.

All members of the Project Steering Committee reported in stakeholder interviews conducted at the end of the first year of this project that this was a critical component of the success achieved to date because it fostered structured monthly communication opportunities between the public and private sectors. This was reaffirmed in subsequent rounds of semi-structured interviews of the Steering Committee.. The current fiscal challenges being experienced in Illinois and other states across the nation underscore the need to institutionalize formal communication structures which will survive in times of economic downturn. During the prior reporting period, the budget crisis was weathered by both the public and private sectors because of a shared advocacy strategy which would not have been possible without well established communication pathways engaging all stakeholders.

The established communication strategies have provided valuable information which the Project Steering Committee and Workgroups used to adapt and modify their work processes to ensure additional opportunities for stakeholders to be heard. Communication strategies

continue to include weekly updates by the Child Care Association of Illinois to all association members through its *Monday Report* newsletter disseminated electronically every Monday. The Data Test Workgroup uses an electronic “base camp” to post minutes, reports, relevant research, and meeting notices. Residential and ILO/TLP service providers have disseminated information about the project on their informal list serve which also provides information to non-CCAI members thereby increasing the project’s outreach. The residential service providers meet separately every month where they are updated on this project during each meeting.

Given the potential merger of the Department of Juvenile Justice into the Department of Children and Family Services, and the significant proposed changes to the FY 2011 residential performance measures, it will be critical over the next 6 months for the existing communication strategies to be used more effectively and for other less traditional measures be considered to ensure all stakeholders have access to the most up-to-date and accurate information. Rumors related to the Juvenile Justice merger are already circulating with the potential for inaccurate information being disseminated widely. The Department should consider using social networking sites such as Twitter and Facebook to rapidly disseminate notice of project updates to the providers and other child welfare stakeholders pertaining to both the merger and the *Striving for Excellence* project and refer them to the D-Net for more detailed information.

Need for sustained and committed leadership dedicated to project implementation

There was considerable anxiety exhibited during the past reporting cycle over the potential for DCFS leadership changes due to the strong positions taken by Director McEwen in response to the budget crisis. While Director McEwen earned the respect of the federal court overseeing the *BH* consent decree, he serves at the pleasure of Governor Pat Quinn and could be removed at any time. It appears that Director McEwen has the complete support of the Governor at this time. Although, Governor Quinn is engaged in a hotly contested re-election campaign to retain his office in November, 2010 which leads to increased anxiety about the future status of Director McEwen as Director in the event a new Governor is elected who wishes to appoint someone else as Director.

The Project Steering Committee members noted the importance of the full engagement of Director McEwen in project activities and implementation during interviews conducted following Year 1 and Year 2. They stress his high level of commitment to this project and the level of trust invested in his leadership ability by both the public and private sectors. As the fiscal situation has worsened for the Department, it has

become harder for the Director to attend Project Steering Committee meetings given the need for him to spend a majority of his time in Springfield to respond to legislative and gubernatorial requests for information on fiscal impacts. The lack of the Director's presence at Steering Committee meetings has led to private provider members questioning his support and commitment to this project, although Executive Deputy Director Murray continues to attend meetings and co-chair.

The private agency executive leadership engaged in this project remains strong and consistent. The private agency leaders who serve on the Project Steering Committee are now viewed by the wider child welfare community as experts in performance based contracting. Their willingness to provide technical assistance and support to agencies struggling with implementation has helped to allay anxiety and fear. They are perceived as advocates for the private sector, but also as strong partners of the public sector.

Need to effectively and efficiently manage utilization of residential treatment services

This project has highlighted the need to take a systemic and holistic approach to child welfare system reform. The use of performance based contracting in residential care would not have been possible without the changes made to streamline, automate and centralize the admissions process. The Centralized Matching Team (CMT) has decreased the time from referral to admission. Providers report the youth now being referred to them are more appropriate. It should be noted that Director McEwen, a strong proponent of the "no decline" policy, has publicly stated the Department's own staff has now been forced because of performance based contracting and the no decline policy to take ownership of and responsibility for the matching process. He reports that the Department can no longer just refer a youth to any bed which is available, but has the obligation to refer youth to programs in which they can be successful.

The Department recognizes the need to improve its forecasting of need. This project highlighted gaps in information and data needed to more effectively project from one fiscal year to the next the types of beds needed, particularly for specialty populations such as pregnant and parenting teens and sexually problematic behavior youth.

The Discharge and Transition Protocol has proven to be a valuable tool to help streamline the discharge process and heighten the likelihood of sustained stability in step-down placements. Coupled with the new Statewide Provider Database, it is addressing problems and gaps in service assessment and provision. It also helped to identify other systems, such as

community mental health, education, and foster care case management, which impact residential agency performance. Agencies are reporting increased awareness of the performance of other agencies, particularly those foster care or specialized foster care agencies to which youth could be stepped down, although during this reporting period the role of the case manager in either facilitating or impeding step-downs has become more apparent. The need to more fully engage case managers in understanding the Discharge and Transition Protocol and to use it as a tool to guide successful step-downs must be more thoroughly examined during this upcoming review period.

This will be particularly important now that all agencies are aware of the performance of other agencies. Although there is no formal process by which a residential agency can mandate placement in a particular step-down program, many agencies are reporting they are increasing their advocacy efforts in the CAYIT process and being more forceful in recommending post-discharge placements with those providers with which they have developed a good working relationship as a result of contacts now mandated by the Discharge and Transition Protocol. With agency performance now transparent, it is expected that advocacy efforts will increase with sending agencies more actively engaged in the post-discharge placement decision. Given the potential rewards for exceeding SFDR performance benchmarks and the potential penalty to be assessed for low performers on this measure which are being discussed, the likelihood of agencies assertively making their step-down preferences known has increased.

In these times of economic decline, when resources are scarce and the cost and duration of residential care continues to rise, it is imperative that services purchased by the state on behalf of vulnerable children and youth be of the highest quality and in the words of Director McEwen, “provide the right service, at the right time, at the right place and for the right price.” The forecasting of need is more an “art” than a “science” at the present time. While there will always be a certain percentage of residential beds open and unfilled to accommodate the best interest of children and youth who will either return to those placements or are transitioning to and/or from them, the Department is aware of the need to build better forecasting models to assist in managing capacity.

The preliminary findings from the implementation case studies and the residential corrective action plans resulting from the FY 2009 contract performance have demonstrated the need for the Department to be very clear about the type and quality of services it wishes to purchase on behalf of children and youth. A clear treatment/clinical model should be required of all agencies with a demonstrated evidence base to support it.

Need to establish clear definitions and consistent data collection

Although Illinois has a robust and reliable child welfare data system, with databases maintained by several university partners, definitional issues continue to arise. The decision to, in essence, separate the residential component of this project from the ILO/TLP component is a recognition that the two programs are at very different stages of program implementation. The main cause of this was the lack of clear and consistent data protocols and a means by which to automate and report on the status of performance outcomes in the ILO TLP programs. In prior reports, coding issues in residential treatment services were detailed. During the prior reporting period because of the large amount of time dedicated to examination of the data available in the ILO TLP programs which could be used to support performance based contracting, issues arose over the recording and coding of reasons youth were absent from care. This problem has continued to plague the implementation of performance based contracting in ILO TLP. This underscores the principle that “words matter.” Definitions and the policies clarifying them should be fully developed prior to implementation and not during it.

It is still not clear that all ILO TLP providers code absences from care in the same way. The issue continues to arise in the ILO TLP Data Management Workgroup. This issue will continue to take on increasing significance once the fiscal incentives are determined and data reconciliation begins. It is evident that until clear definitions and coding guidelines are established and consistency in recording is maintained by both the private agencies and the DCFS monitors, it will be difficult to ensure the integrity of the performance data in ILO TLP. Without reliable data upon which to measure performance outcomes, performance based contracting cannot be an effective tool to drive system improvement. While both the private providers and DCFS staff serving on the ILO TLP Data Management Workgroup believe they can overcome these data challenges, the need to educate the greater provider community and the DCFS monitors to consistently apply shared contractual standards to daily practice is daunting.

Need for transparency in fiscal penalties and incentives.

Transparency in the development of the fiscal structure for this project has been critical. The DCFS Implementation Team, established in May 2008, continues to spend the majority of its time addressing fiscal problems and concerns. Their “Frequently Asked Questions” document has been useful in helping residential providers understand the relationship between their performance on the two residential outcome measures and their potential fiscal penalties and rewards. With the deployment of the RTOS reporting mechanisms, agencies now have the ability to closely

monitor their performance and calculate their potential penalties for failure to reach their benchmarks for Treatment Opportunity Days Rate and their potential reward for exceeding their benchmarked Sustained Favorable Discharge Rate.

Now that the FY 2009 TODR performance data for residential agencies has become public and fiscal penalties have been assessed, agencies are reporting that the ability to calculate their potential penalty has allowed them to prepare for this assessment and make contingency plans for diminished FY 2010 payments. They also report closely monitoring the progress of youth post-discharge to increase the likelihood of a successful sustained placement which would entitle the agency to a bonus. Although this ability was disrupted from the start of the FY 2010 fiscal year until after the start of the calendar year due the change in programmers from Objective Arts to Department employed, agencies rely about RTOS to reconcile data and forecast their fiscal liability.

In an effort to increase the transparency of governmental funds expended, contract amendments have been developed for existing FY 2010 contracts and for the proposed FY 2011 contracts which require agencies receiving fiscal incentive awards under performance based contracting be required to report how they spent the funds awarded to them. It is expected the money will be used to support system innovation and improvements. Funds can be spent to offset deficits in the operating budget if necessary.

Criticality of internal coordination of efforts in the public agency

The DCFS Implementation Team has taken the lead in coordinating efforts and overcoming internal bureaucratic barriers within the Illinois Department of Children and Family Services. The organizational structure of the Department is complex. There are six different divisions with direct impact on this project: Placement/Permanency, Clinical Practice/Professional Development, Service Intervention, Budget/Finance, Field Operations and Monitoring. Three other divisions have tangential involvement: Child Protection, Planning/Performance Management and Communications. The Implementation Team, led by Placement and Permanency Deputy Director Kara Teeple, identifies the division with oversight and authority to address problems which arise.

Using a collaborative model, the Team analyzes the problem and works with staff assigned to the division impacted to resolve the issue. This has been particularly helpful in assessing the issues raised as a result of the underused capacity in residential care. The complexity of the problem could not have been identified without the full engagement of the

Fiscal Office, Field Operations, Monitoring and Placement/Permanency. The Team continues to closely monitor bed capacity each week and regularly communicates on the status during the week. The ability of the Team to work collaboratively to ensure the needs of children and youth entrusted to its care are appropriately treated is critical.

The increasing number of youth needing intensive residential services with increasing lengths of stay has impacted the ability of the Department to control costs. The 100% bed guarantee, while critical to obtain provider buy in to performance based contracting by allowing them to develop a budget from a steady and known revenue stream, is difficult to justify in a constrained fiscal environment. The close coordination of the Fiscal Office with Placement and Permanency has led to a reduced number of empty beds and an effective cost containment strategy. This level of coordination between the Department's divisions will become more critical with the impending merger of the Department of Juvenile Justice.

Recognition this is “a work in progress” from which both the public and private sector can learn and improve services

The fiscal crisis during the prior reporting period and the pending merger, significant amendments to the residential contracts, and the first performance data reporting for ILO TLP agencies during this reporting period heightened the anxiety of both the Department and the private sector and undermined their confidence in being able to continue the viability of this project without the necessary resources to support it and the collaborative effort required to maintain it. Although the Department ultimately prevailed in thwarting the impacts of the proposed FY 2010 budget cuts, the child welfare system remains vulnerable due to cuts in support services funded through the Department of Human Services, and if the Department of Children and Family Services fails to achieve its necessary targets for HMR and Medicaid draw down. The lack of community based system of care services will continue to impact the effectiveness of step-down placements to less restrictive settings.

The Project Steering Committee has discussed the role they should play in alleviating this anxiety and increasing their educational outreach efforts to ensure everyone fully comprehends the performance expectations and individual agency benchmarks set. Concerns reported in the last four reporting periods continue to persist over the consistency of the message being delivered both internally and externally. This has been heightened during the current reporting cycle because of the public dissemination of performance data and the infusion of competition resulting from it.

A strong sense of trust has developed over time in the work of the Data Test Workgroup because of their measured and data driven approach. The providers and the Department staff have confidence in the ability of this group to objectively review data, interpret the meaning behind the data, and make recommendations for practice and policy changes based upon their independent analysis. Because of this high sense of trust, it is important to maintain the role of the Data Test Workgroup and continue to give them the ability to drive this project. If their role is undermined by external sources unrelated to the project or by the need to cut costs because of fiscal constraints without giving them the opportunity to look for cost savings based upon a data driven approach, the collaborative nature of the project could be severely hampered.

The Project Steering Committee continuously strives to let all child welfare providers and stake holders know this “is a work in progress.” At this time in project development, this message needs to be reiterated as often as possible. Project stakeholders over the last month of this reporting cycle have reported their concerns that the project is being “taken away from them” because of the rising costs. Since a hallmark of this project has been that change will not be driven by anecdotes, but by data – now is not the time to abandon the approach. The CWAC Subcommittee structure, and especially the Data Test Workgroup provides all parties with a feedback loop which allows for in-depth analysis and discussion of all aspect of this project.

Importance of determining the potential impact of multiple reform efforts being implemented simultaneously on the frontline staff responsible for service delivery

As mentioned throughout this report significant child welfare reform and innovation in occurring in Illinois. Differential Response will be deployed by the start of the FY 2011 fiscal year. The proposed merger of the Department of Juvenile Justice and the implementation planning process required by the Executive Order are by necessity requiring intense focus from the DCFS leadership team. During the last reporting cycle the preliminary findings of the implementation case studies revealed the negative impact on frontline staff of rolling out performance based contracting, conversion to Medicaid fee for service and the Discharge and Transition protocol at the same time. While the Project Steering Committee and the Department were aware of the need and rationale for successfully certifying private agencies so that they could bill Medicaid for services rendered, the magnitude of the workload implications on agency staff was unanticipated. This highlighted the need for better coordination of reform and innovation efforts prior to implementation. It is critical that a high level of coordination – coupled with collaboration

with the private sector to ensure their unique perspective is considered – take place as the new innovations are deployed.

III. Outcome Evaluation

Evaluation Overview

This statewide demonstration project does not have a treatment control site. Because of the substantial investment the State has made in reliable databases, the project can use historical data for a pre- and post-intervention analysis of performance outcomes. The Residential Treatment Outcomes System (RTOS) is now generating performance reports at the agency, contract and child levels. Judge Kearney has been given unfettered access to RTOS to review residential outcome data reports. There is no automated data system for ILO TLP, therefore Excel spreadsheets showing preliminary FY 2010 performance data for these providers is sent directly to this evaluator by Brice Bloom-Ellis.

The project evaluation plan includes multiple data collection methods relevant to the five federal research questions. Unlike the previous Illinois performance based contracting initiative for foster care case management every stage of the implementation process has been documented in descriptive evaluation notes from initial concept design through the development and implementation of the demonstration, FY 2009, FY 2010 and the contemplated FY 2011 contracts. Individual structured interviews of both the public and private members of the Project Steering Committee were conducted by Judge Kearney during all three years of planning and development of this project to explore individual members' perceptions of the collaboration and planning process during the first year of this grant.

Given the contextual variables inherent in a project of this type, environmental scans are conducted every six months in conjunction with the writing of these semi-annual reports to determine if other socio-political factors may be influencing the evaluation results obtained.

Additional perceptual data was obtained in the spring 2008 and 2009 and in December 2009 – January 2010 through the administration of the cross-site instrument developed by the QIC PCW evaluation team entitled the "Staff Survey Regarding Training, Supervision and Evidence Informed Practice." The survey inquires about how frontline staff measure and promote client outcomes in their work, clinical supervision and its impact on practice, training, quality assurance and improvement activities. This survey was administered to five different classifications of workers employed by Illinois private child welfare agencies providing residential, ILO and TLP services for children and youth. Data collection for the final administration of this survey has been completed, recorded

and submitted to the cross site evaluation team for analysis during this reporting cycle.

Staffing estimates for residential, ILO and TLP agencies were obtained from DCFS based upon their contractual requirements to ensure adequate staffing ratios of frontline staff and supervisors to the number of children placed. Residential agencies are classified as *mild*, *moderate* or *severe* based upon the clinical severity of the children and youth they serve. Each of these classifications has a different staffing ratio required with the highest level of staffing required for the severe agencies. Each private agency determines the duration of the shift to be worked. Most agencies use five 8 hour shifts or four 10 hour shifts per week as the equivalent to 1 FTE (full time equivalent) for residential staff. Additionally, each agency must have extra staff to cover for personnel absent due to sick leave, vacations, court hearings, and personal leave.

Staffing estimates were calculated for each agency and surveys sent to agency executive directors with self-addressed stamped envelopes for the participants to return their surveys anonymously. For frontline residential staff, all first and second shift workers in agencies classified as *mild* were offered the opportunity to participate. This is because there are fewer agencies serving children classified as mild and the mild agency staffing ratio is much higher, thereby fewer staff members are required for supervision of the children and youth. For 2008, frontline residential staff employed by agencies classified as moderate or severe, one half of the first and second shift workers were offered the opportunity to participate. For the 2009 and 2010 survey administration, all frontline staff members regardless of acuity level were given surveys.

The Project Steering Committee is particularly interested in knowing what variances in practice exist, if any, between those agencies providing services to children and youth in Cook County versus those agencies providing services to children and youth in all other Illinois counties, referred to by Illinois child welfare stakeholders as “downstate” agencies. In order to ensure a representative sample from mild, moderate and severe agencies, as well as from agencies located geographically in both Cook County and downstate, and to enhance overall statistical power, it was determined that all residential frontline supervisors, would be surveyed.

Although the frontline staff and supervisor survey return rate was at 36.6% for the 2008 survey administration, when the Project Steering Committee was consulted about how to increase participation for the FY 2009 administration, they indicated the estimated staffing ratios used to determine the potential number of frontline staff members to be surveyed may have been calculated at too high a rate, therefore the return

percentage rate may actually be much higher than 36.6%. Residential providers also reported being confused about their classification level and whether they should have administered the survey to all of their frontline staff or only half as directed for the moderate and severe agencies.

Taking these comments into consideration, the “Staff Survey on Training, Supervision and Evidence-Informed Practice” for the spring 2009 administration, all frontline staff members were asked to participate to increase statistical power. Despite efforts to increase participation, this did not occur. . Four hundred and sixty nine valid surveys with the requisite informed consent documentation were returned in 2009 for a return rate of 22.7%. In 2010 the return rate remained relatively stable with 470 surveys returned with a return rate of 23.5%.

The “Quality Improvement Survey” developed for cross-site purposes by the QIC PCW was administered in the spring of 2008 and 2009 and in December 2009 – January 2010 to the person in each residential, Independent Living and Transitional Living Program who has the most knowledge of and responsibility for quality assurance and/or quality improvement activities within that agency. In smaller agencies, i.e. those with less than a ten bed capacity, the person most knowledgeable of quality assurance and improvement activities was usually the Chief Executive Officer, Chief Operating Officer, or Clinical Director. For larger facilities, the survey was filled out by a person fulfilling these duties on a full time basis, usually the Quality Assurance Manager or Director. For the 2009 administration, of the 63 surveys sent, 20 were returned for a return rate of 31.7%. During the 2010 administration, 22 surveys were returned for a return rate of 32.2%.

Evaluation Methodology

A mixed method approach is being utilized to evaluate this project. The March 2010 evaluation matrix is attached to this report as **Exhibit 14**. Designed in consultation with the cross-site evaluation, it utilizes the following methods to obtain data for the five federal research questions:

Q1 Collaborative Planning Process	Q2 PBC/QA Necessary Components	Q3 Outcomes Better under New System	Q4 Contextual Variables	Q5 Program Features and Evolvment of Monitoring Over Time
<ul style="list-style-type: none"> ▪ Surveys (P) ▪ Interviews (P) ▪ Focus Groups (P) 	<ul style="list-style-type: none"> ▪ Surveys (P) ▪ Interviews (P) ▪ QI (P) ▪ QA(P) 	<ul style="list-style-type: none"> ▪ Pre- and Post-Administrative Data (O) ▪ Focus Groups (P) 	<ul style="list-style-type: none"> ▪ Scans of Environment Every 6 Months (D) 	<ul style="list-style-type: none"> ▪ Surveys (P) ▪ Interviews (P) ▪ QI (P) ▪ QA (P)

<ul style="list-style-type: none"> ▪ Observation of Process and Notes (D) 	<ul style="list-style-type: none"> ▪ Contract Monitoring (P) ▪ Agency Assessments (D, P) 	<ul style="list-style-type: none"> ▪ Agency Assessments (D,P) 	<ul style="list-style-type: none"> ▪ Interviews (P) ▪ Focus Groups (P) ▪ Agency Assessments (D, P) 	<ul style="list-style-type: none"> ▪ Contract Monitoring (P)
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O = Outcome P = Perceptual D= Descriptive

Table 5: Evaluation Methods Employed for *Striving for Excellence* Project

During the prior reporting period in-depth agency assessments of the three highest performing residential agencies and two lowest performing agencies on the contract performance measures were begun. Dr. Dean Fixsen's implementation assessment tool is being utilized to obtain descriptive and perceptual data and determine if correlations can be drawn between agency implementation drivers (such as training, hiring, coaching, etc.) and successful performance on the designated residential outcome measures. The agency assessments include surveys of frontline staff responsible for the direct care and treatment of children and youth; focus groups of frontline staff members, supervisors, and administrators in each agency; and document review. The review of this data has taken longer than anticipated therefore the formal findings have not yet been reported. Preliminary findings were of the focus groups held were reported to the Project Steering Committee during its November 2009 meeting. The power point of this presentation is attached as **Exhibit 15**.

A. Research Question 1: Does an inclusive and comprehensive planning process produce broad-scale buy-in to clearly defined performance based contract goals and ongoing quality assurance?

Documentation of the Illinois project in evaluative notes as it has progressed from initial concept through the design and development of the proposed performance measures through initial implementation has been kept by Judge Kearney. She has attended all of the Project Steering Committee meetings and most of the meetings held by the Workgroups responsible for project development and oversight to observe and record the interaction between the public and private members as they revised and refined the contracts for FY 2009 and FY 2010. She also attends the DCFS Implementation Team meetings telephonically each week unless she is in Chicago whereby she attends these meetings in person. During this reporting period, her attendance at the monthly DCFS Residential Strategic Planning Workgroup meetings has been added. She has attended the majority of these meeting in person.

The Wilder Collaboration Factors Inventory, based upon research examined by Mattessich, Murray-Close and Monsey (2001) was administered in 2007, 2008, and 2009 at the Statewide Provider Forums.

The 2007 administration established the baseline perception of residential, ILO and TLP providers and a limited number of DCFS staff prior to the demonstration contract terms being established, negotiated and measured. Overall, the findings reflected positively on the private sector providers' view of the collaborative process at this stage of project development. Discussions within the Steering Committee following baseline administration attributed these relatively high scores to the constructive working relationship which has been forged over time between the public and private sectors through the CWAC Committee process.

The Wilder Collaboration Factors Inventory was administered for the second time at the Third Statewide Residential Provider Forum on April 25, 2008. It was also administered at two separate Provider Forums for ILO/TLP providers on May 7, 2008 in Normal, Illinois and May 8, 2008 in Chicago. The instrument was administered for a third time at the Fourth Statewide Provider Forum on May 29, 2009. It is important to note that the survey was administered prior to budgetary crisis of FY 2009 which may have slightly downplayed the current fiscal impact upon the collaborative process.

The six domains identified by Mattessich, et al within the Wilder Collaborative Factors Inventory are: 1) collaborative structure, purpose, common mission and communication; 2) human and financial resources; 3) existence of a collaborative "attitude" evidenced by history of collaboration in a community, trust and respect among members; 4) environmental conditions in which the collaboration operates, such as the respect and hope of others in the community, timing and political/social climate; 5) characteristics of the collaborative members; and 6) communication issues. Psychometric analysis by Dr. Teri Garstka of Pal Tech indicates that although there are distinct differences and some similarities between the QIC PCW cross site data (which included the Illinois project data) and previous research, the items on the existing scale held together as the original scale developer intended (Garstka, 2009).

Analysis of the data by Dr. Teri Gartska of Pal Tech were reported in the last semi-annual report at length and will not be repeated here.

It is the intent of this evaluator to repeat the administration of the Wilder Collaborative Factors Inventory at the final Statewide Provider Forum to capture data which more accurately depicts the current collaborative climate and compare it to the earlier phases of project implementation.

A second round of implementation case studies will be conducting in the upcoming reporting cycle. Additional questions will be added to the focus groups conducted with administrators, supervisors and frontline staff to collect perceptual data on collaboration. Should the continuation of this

project evaluation be funded through the research contract between the Department of Children and Family Services and the Children and Family Research Center for FY 2011, the Project Steering Committee will again be questioned about their perceptions of collaboration.

B. Research Question 2: What are the necessary components of performance based contracts and quality assurance system that promote the greatest improvements in outcomes for children and families?

The Staff Survey Regarding Training, Supervision and Evidence-Informed Practice and the Quality Improvement Surveys were administered three times during the course of this project as part of the cross-site evaluation to private frontline staff and supervisors as well as the person with most knowledge of and responsible for quality assurance and/or improvement in each private agency. Analyses of these surveys are being reported by Dr. Teri Gartska in the Pal Tech report during this reporting period.

The in-depth agency implementation case studies conducted by Judge Kearney during the last reporting cycle are being finalized at this time. The document review and analysis of survey data has taken longer than expected to complete. A full report of findings will be included in the final semi-annual report.

C. Research Question 3: When operating under a performance-based contract, are the child, family and system outcomes produced by private contractors better than those produced under the previous contracting system?

During the last reporting period the Data Test Workgroup broke down the FY 2009 TODR results by interruption category. Significant improvement occurred in the rate of use of psychiatric hospitalization and preventing runs. Overall, residential providers decreased their psychiatric hospitalization usage by 15% in FY 2009 when compared to FY 2008. This resulted in a reduction of 2,400 hospital days. Dr. Alan Morris of UIC calculates this to be approximately \$2.4 million in taxpayer savings, predominantly through Medicaid savings. Runaway rates decreased by 10% between FY 2008 and 2009 resulting in 800 more days in treatment statewide. Detention rates increased statewide by 9% with 350 more days spent in juvenile detention or the Department of Corrections by Illinois child welfare system wards who are placed in residential care. This analysis has not yet been conducted for the first three quarters of FY 2010 because of other competing priorities related to length of stay modifications for the proposed FY 2011 contracts.

Previously, there were significant differences noted across classification (i.e. mild, moderate, moderate group home, severe, and chronic) level. Overall, institutional care (severe and moderate levels) are trending up in TODR performance overall. Community based settings, (i.e. mild, moderate, and moderate group homes) trended down in TODR. Moderate group homes increased their use of psychiatric hospitalization overall by 9%. Severe providers decreased their use by 28%. Mild providers increased their runaway rate by 38 percent. Providers report this is the result of the minimal staffing ratios in these programs. Severe providers also improved their detention rates by 27%, while moderate programs increased theirs by 22%, moderate group homes by 29% and mild agencies by 64%. Analysis of this trend data will occur again following completion of FY 2010.

Private agencies surpassed performance benchmarks set for Sustained Favorable Discharge Rate for FY 2009. The Department had budgeted \$2 million dollars to provide incentive payments to agencies which exceeded their targets. Although final calculations are being verified at the time this report is submitted, the incentive payments projected to be awarded exceed \$4.2 million dollars. Director McEwen has announced his intent to honor the FY 2009 contract terms and award these payments to agencies which qualify for them. As discussed above, problems have been identified related to the performance measure itself, the time period in which data is measured post discharge, the risk adjustment model pertaining to length of stay, and the calculation of the incentive payment. Therefore, although it may be seen as a positive sign that agencies vastly exceeded their benchmarks, these results need to be interpreted with caution. Until adjustments and corrections are made to the SFDR measure and a second year of performance data analyzed, it is too early to assess the impact of this measure.

The Residential Data Test Workgroup still plans to examine how agency culture and practices which may be influencing these outcomes, although this analysis may not be accomplished before the end of the QIC PCW project given the current demands on their time to more effectively control lengths of stay. Further analysis is warranted to determine what agency practices, if any, may be impacting either improvement or decline in TODR. Although these findings are only preliminary and much work remains to be done to examine the drivers behind this data, it appears that residential agencies are making concerted efforts on improving use of psychiatric hospitalizations. Although the inclusion of psychiatric hospitalization in the calculation of TODR remains a controversial issue, there are strategies in place which appear to be driving system improvement. The most notable, and one which is being reported in the implementation case studies, is the UIC Psychiatric Hospital – Residential Treatment Network pilot.

Although it will most likely occur after the formal conclusion of the QIC PCW project, it will be important to document the implementation and impact of the enhanced SFDR measure to determine if it is feasible to safely reduce length of stay without negatively effecting clinical integrity. It will also be important to more thoroughly analyze the variances between like agencies serving similar populations to determine the cause of this variance.

D. Research Question 4: Are there essential contextual variables that independently appear to promote contract and system performance?

Data for this question is captured through environmental scans done every 6 months by Judge Kearney. The contextual variables for this reporting period are those discussed in Sections II.A. above.

E. Research Question 5: Once implemented, how do program features and contract monitoring systems evolve over time to ensure continued success?

Preliminary findings from implementation case studies held in the residential agencies who did not perform well on TODR in FY 2009 show the necessity of full integration of quality improvement and assurance activities into daily milieu management in residential care. Neither of the two poorly performing agencies engaged frontline staff or supervisors in quality improvement activities. A more detailed report of findings from all five implementation case studies pertaining to quality assurance and monitoring systems put in place as a result of this initiative will be forthcoming in the next semi-annual report.

The DCFS Residential Strategic Planning Workgroup also identified deficiencies in quality assurance and improvement programs within the eleven lower performing agencies. These deficiencies are being addressed during this reporting period and will be discussed in the final semi-annual report.

F. Other Site Specific Research Questions

Specific work pertaining to the impact of geography on performance is ongoing. This is being driven by the performance data which reflects that agencies located in the city of Chicago attain lower Treatment Opportunity Days Rates (TODR) than residential agencies located in other less populated areas. Although the risk adjustment model was refined for the FY 2010 contracts by including population density as

reported in the 2000 census, work remains to further analyze the causes of poorer performance by Cook County providers.

The implementation case studies conducted by Judge Kearney during the prior reporting period included two agencies located in highly populated areas of the City of Chicago. One agency is a small moderate group home. The other is a larger residential treatment center with a severe unit for pregnant and parenting teens (the only unit in the state) and a moderate program. The results of the surveys, focus groups and interviews being conducted on site are in the process of being compared to the findings of the three other agencies located outside of Chicago which performed significantly better on TODR. The results of the implementation case studies, and preliminary findings from the second round of studies, will be reported in the next semi-annual report.

Length of stay variances were examined during this reporting period. When compared to SFDR results as well as to severity classification, additional research is needed to determine the cause of the variance. With the modification to the risk adjustment strategy contemplated for the FY 2011 contracts, a more precise analysis should be possible.

IV. Sustainability

The Child Welfare Advisory Committee structure has been in existence for over a decade and provides the appropriate forum to address public/private child welfare partnership issues of a systemic nature. The CWAC Subcommittees and Workgroups were working on performance improvement issues prior to this initiative for both the residential and ILO/TLP populations. The PBC/QA project is consistent with these efforts and will continue to be monitored by these Subcommittees after the life of this federal grant. In the upcoming reporting period, the Project Steering Committee intends to engage in a discussion about continuing its oversight role or disbanding and assigning its current functions to standing CWAC subcommittees and workgroups.

Director McEwen has indicated his intent to continue the evaluation of this project after the QIC PCW funding ends. Judge Kearney remains as a Clinical Professor for the Children and Family Research Center of the University of Illinois at Urbana-Champaign. A modified evaluation proposal for continuation has been submitted as part of the Center's proposed program plan for FY 2011. Negotiations of the terms of the Center's plan are on-going at the time of submission of this report.

There has been no discussion to date of whether or not the Statewide Provider meetings will continue to be funded by DCFS and hosted by CCAI once QIC PCW funding is discontinued. If not, other means by which to disseminate information and obtain feedback for performance based contracting changes should be considered.

V. Dissemination

A. Publications

An article entitled “Performance Based Contracting in Residential Care and Treatment: Driving Policy and Practice Change through Public-Private Partnership in Illinois” was authored by Judge Kearney, Director McEwen, Dr. Neil Jordan and Brice Bloom-Ellis. This article is to be published by the Child Welfare League of America’s special issue on of its peer reviewed journal *Child Welfare* on residential care. Initial revisions to the article were submitted to the editors in September, 2009. Final edits were submitted on April 20, 2010. CWLA was to publish the issue in March, 2010. To date the issue has not yet been released for publication but is expected to be before the end of April.

A special edition of the Journal of Public Child Welfare is being edited by QIC PCW Project Director Dr. Crystal Collins-Camargo. Judge Kearney will be submitting an article focusing on public sector implementation issues and the lessons learned from the Illinois project. Co-authors of this article include Director McEwen, Roger Thompson, and Brice-Bloom Ellis.

CCAI continues to report on the progress of this initiative in its *Monday Report* weekly which is disseminated to its members via e-mail and on the CCAI website. This vehicle has been used to update all CCAI member agencies on the status of this project.

B. Presentations and Dialogue

This project has caught the interest of national organizations and has several presentations and meetings to report during this period including:

- American Association of Children’s Residential Centers Annual Conference, October 5-6, 2009, Cleveland, Ohio. Update on the status of the Illinois demonstration project by Judge Kathleen A. Kearney, Margaret Vimont and Mary Hollie to the AACRC Board of Directors during their annual meeting.

- Presentation by Judge Kathleen A. Kearney to the Texas Child Welfare Reform Advisory Panel of the *Striving for Excellence* performance based contracting model for residential care on December 7-8, 2009 in San Antonio, Texas. This meeting was sponsored by Casey Family Programs as a peer-to-peer initiative.
- An abstract to present the results of the first full fiscal year of data in residential treatment services and the development of the ILO TLP performance measures was submitted to the 13th National Child Welfare Data and Technology Conference in Bethesda, Maryland in July, 2010. Notification of acceptance or denial is pending at the time of submission of this report.

VI. Conclusions and Recommendations

A. Recommendations for policy makers and program makers

Extension of the QIC-PCW and Illinois Demonstration Project

The data which has been and will be collected and analyzed for this project has significant national implication. All states are struggling with meeting the needs of older adolescents with multiple service needs. The ever increasing fiscal demands placed on state and local child welfare systems mandates the effective use of the limited resources allocated to serve children and families. The Illinois project has now been bifurcated into two separate components. The residential project, while currently underway, will need at least 5 full years to determine its efficacy. The ILO/TLP component has not yet been fully implemented and is approximately one year behind residential. There will be very little relevant ILO TLP outcome data obtained by the time the current QIC PCW grant expires.

The QIC PCW Summits consistently demonstrate national interest in the findings of the demonstration site projects and the need for a national dissemination strategy which extends beyond the current life of the grant. In these times of economic downturn, the findings of these demonstration projects, and the work of the QIC PCW overall, are even more necessary to ensure the wise use of taxpayer funds to assistance vulnerable children and families. The ability of the QIC PCW to continue its dissemination activities beyond September, 2010 is critical.

Support for Institutionalization of a Collaborative Planning Process

As previously reported in prior Semi-Annual reports and highlighted in the presentation by Mary Hollie and Miller Anderson at September, 2008 QIC PCW Summit in Lexington, Kentucky and the April, 2009 presentation by Director McEwen, Mary Hollie and Judge Kearney at the National Child Abuse and Neglect Conference in Atlanta, Georgia, the planning and implementation phase of this project has underscored the need to establish and institutionalize a mechanism through which leaders from both the public and private sector can engage with one another and seek shared solutions to child welfare policy and practice problems. A safe venue where critical thinking can be done through dialogue – which at times may be challenging and provocative – is an essential requirement for effective planning and realistic assessment of implementation barriers and potential solutions to overcome them. The existing CWAC Committee structure was the appropriate venue for a project of this complexity in Illinois.

The level of trust in the collaborative process reflected in the interviews of the Project Steering Committee is indicative of the success of the institutionalization of such a forum in Illinois which gives meaning to the public/private partnership prior to undertaking such an aggressive project as this. The Wilder Collaboration Factors Inventory reflects that CWAC participation results in higher factor means in all six domains than those who do not participate in CWAC. State and local child welfare systems who seek to use performance based contracts as a strategy to improve child welfare outcomes should consider establishing a structure similar to CWAC prior to undertaking efforts such as this one. At least one state (Texas) to our knowledge has instituted a similar structure to provide a forum for public-private collaboration.

There is no other entity in the existing national child welfare landscape which can serve as a forum for discussion of public-private partnership. The National Association of Public Child Welfare Administrators (NAPCWA) has reduced their annual meetings to one per year where other policy related priorities are discussed. The Alliance for Children and Families and the Child Welfare League of America conferences focus predominantly on practice issues rather than the nature of partnership. Continuation of the work of the QIC PCW could provide the forum for the important – and difficult – work of engaging public and private partners in dialogue over systemic change. The QIC PCW could continue to serve as a clearinghouse for information related to systems wherein child protection and welfare services are purchased from the private sector.

B. Recommendations concerning QIC activities

The working relationship between the National QIC PCW and the Illinois site has been excellent. Dr. Crystal Collin-Camargo and Jennifer Hall, and members of the University of Kentucky staff have been extremely responsive to our needs throughout the life of this project.

The Project Steering Committee benefited from the final onsite project meeting in April. The Project Steering Committee found the questions posed by Ms. Hall, Dr. Collins-Camargo and Dr. Teri Gartska to be helpful in calling them to reflect on the project in its entirety.

The project is grateful for the continued involvement of Dr. Teri Garstka. Dr. Garstka has been particularly helpful in assisting Illinois in site specific analysis of the survey instruments used for the cross-site evaluation. Her contributions to this project overall have been invaluable. Her move from Pal Tech to the University of Kansas was a potential loss to the project which was averted by the QIC PCW's leadership in seeking alternatives to ensure Dr. Garstka's continued involvement at this critical stage of our work.

Figure List

1. Illinois Theory of Change Model
2. Illinois Child Welfare Advisory Committee Structure
3. *Striving for Excellence* Organizational Chart, April 2010
4. Children and Youth in Illinois Residential (Institutional and Group Home) Care, August 2004 to February 2010

Table List

1. Long and Short Term Goals Identified for Residential Treatment Services in Illinois by DCFS, April 2010.
2. Consensus Findings of Residential Providers; SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis, February 2010
3. Potential Project Pitfalls Identified by *Striving for Excellence* Project Steering Committee, 2007-2010
4. Comments of the *Striving for Excellence* Project Steering Committee pertaining to collaborative process, 2007-2010
5. Listing of collaborative meetings held pertaining to the *Striving for Excellence* project between April 15, 2009 and October 15, 2009
6. Evaluation methods employed for the *Striving for Excellence* project

Exhibit List

1. *Striving for Excellence* Illinois Project Logic Model, Revised as of March 31, 2010.
2. Illinois Project Work Plan for Year 3 (April 1, 2010 to September 30, 2010).
3. *Striving for Excellence* Project Steering Committee Members as of April 1, 2010.
4. Director McEwen's First Annual Illinois Child Welfare Leadership Summit; Presentation List
5. Report of Findings of the Project Evaluator of the *Striving for Excellence* Project Steering Committee Interviews, 2007-2010
7. Population Dynamics of DCFS Contracted Residential Treatment 1993 to 2009; Using Risk Factors to Describe Recent Residential Treatment Population.
8. Organizational Chart of the Illinois Department of Children and Family Services, March 2010
9. DCFS FY 2010 Budget Update: Challenges and Opportunities

10. DCFS Fiscal Residential Comparisons FY 2009 and FY 2010
11. Executive Order of Governor Pat Quinn, April 1, 2010 regarding Integration of the Department of Juvenile Justice into the Department of Children and Family Services
12. Treatment Opportunity Days Rate (TODR) RTOS Agency Aggregate Report for FY 2010, July 1, 2009 through March 31, 2010.
13. Sustained Favorable Discharge Rate (SFDR) RTOS Agency Aggregate Report for FY 2010, July 1, 2009 through March 31, 2010.
14. Agency length of stay, severity level and SFDR comparison.
15. Evaluation update presentation with preliminary findings of agency implementation case study focus groups, November 2009.

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