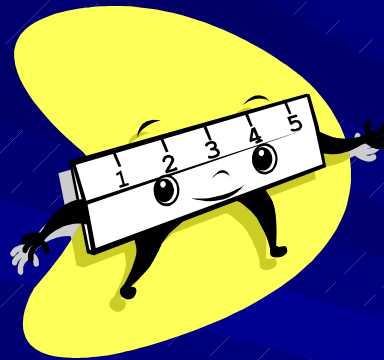


Striving for Excellence: Expanding Performance Based Contracting to Residential, Independent and Transitional Living Programs in Illinois



A Presentation for the
3rd Annual Summit on Public/Private Partnership
August 12-13, 2009

Step 1: Developing PBC Goals for Residential Treatment



Developing PBC Goals for Residential Treatment

- Goal 1: Improve safety/stability during residential treatment
- Goal 2: Reduce severity of symptoms and increase functional skills *effectively* and *efficiently*
- Goal 3: Improve outcomes at and following discharge from treatment

Derived Performance Indicators from Goals

Step 2: Identifying Measurable Performance Indicators

Criteria

- Meaningfully address each goal
- Utilize currently available data
- Utilize reasonably reliable data
 - Unusual Incident v. Payment Data
 - Use of standardized outcome measure

Goal 1:

Improve Safety/Stability
During Treatment



Indicator:

* Treatment Opportunity Days Rate

Goal 2:

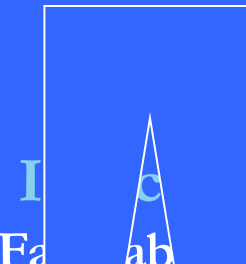
Effectively and Efficiently
Reduce Symptoms/
Increase Functionality

Goal 3:

Improve Outcomes At
And Following
Discharge

(Original) Indicators:

Immediate Discharge Disposition
Sustained Positive Discharge
Length of Stay



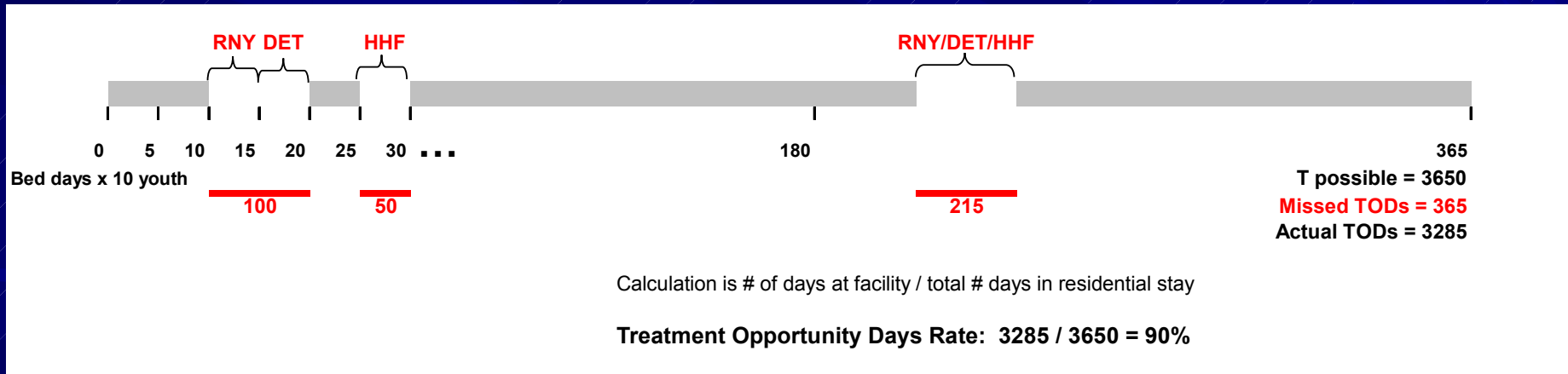
* Sustained Favorable Discharge Rate

Performance Indicators

Treatment Opportunity Days Rate

■ Percentage of time in treatment during residential stay, i.e.

- at the facility
- not on runaway, in detention, or psychiatric hospital



Performance Indicators

Sustained Favorable Discharge Rate

Discharge Definitions

■ “Favorable” Discharge

- Positive - stepdown to less restrictive setting, including residential or group home settings by program classification (within or between agencies)
- Neutral - placement in chronic MI setting

“Sustained” = remain in discharge placement 180 days

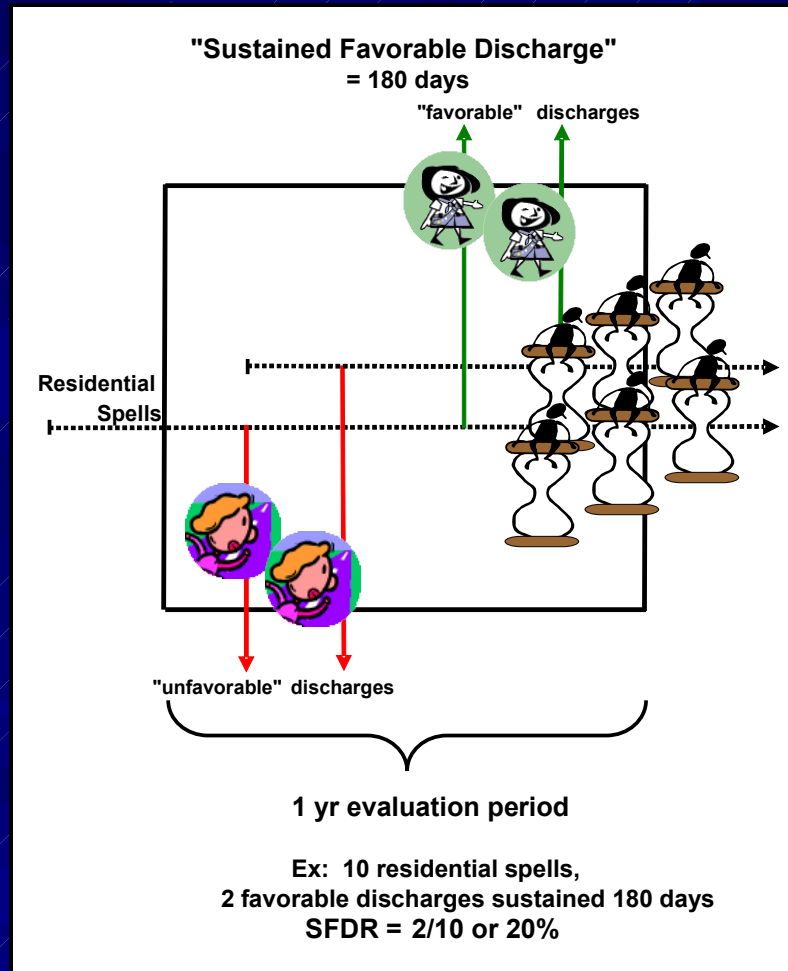
■ “Unfavorable” Discharge

- Negative - lateral residential/group home move, step up to more restrictive setting, disruption from placement via runaway, hospital, detention/DOC

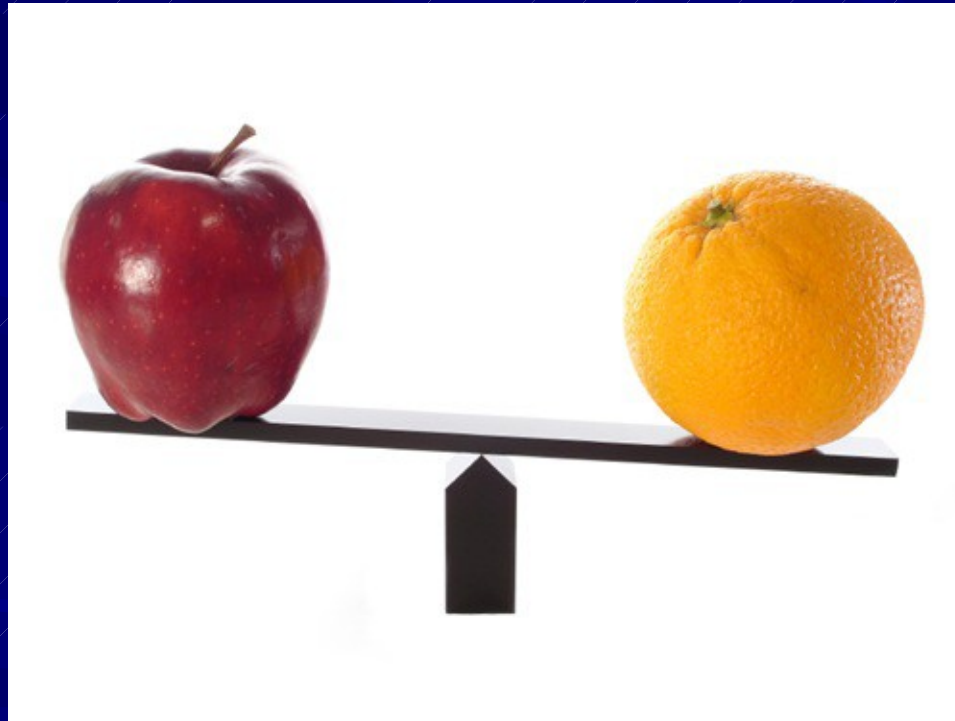
Performance Indicators

Sustained Favorable Discharge Rate

■ Percentage of total annual residential spells resulting in sustained favorable discharges



Step 3: Leveling the Playing Field for PBC



Why Risk Adjust Performance?

- Each provider serves youth with a different mix of characteristics/risk factors that are related to residential treatment outcomes
- Accounting for these differences allows us to fairly measure performance on outcomes across all providers

What is Risk Adjustment?

- A statistical procedure to determine the significance and relative weights of identified risk factors related to performance outcomes
 - Risk factors = mostly child and some placement characteristics (e.g. geography)
- RA results are then used to calculate each provider's expected performance based on the severity of their case mix, relative to the statewide residential treatment population

Leveling the Playing Field

- Identified child and placement characteristics, or risk factors, that appear to impact performance outcomes
- Tested these via regression analysis on DCFS population of youth placed in residential treatment over 3 year period
- Reassessed impact of risk factors in aggregate for consistency with generally accepted clinical profiles of residential programs

Specific Risk Factors Included

- Historical child systems involvement
 - e.g. history of runaway, detention/DOC placement or psychiatric hospitalization
- Demographic characteristics
 - e.g. age, gender, child's geographic origin
- Other placement characteristics related to “spell” (placement)
 - e.g. length of spell (< 1 yr.), severity level and/or specialty population served, program's geographic location

Risk Adjustment: Calculating Expected Performance

- Calculate expected value of TODR and probability of SFD for each child
 - Input each child's risk characteristics to the RA model
- These expected values are then averaged at the agency level

Step 4: Setting Performance Benchmarks

■ FY09 Performance benchmarks are based on

- Characteristics of agencies' client population in FY06 and FY07
- Agencies' expected outcomes, given characteristics of resident population, and
- The average of expected outcomes for the 2 years weighted by population size for each year

Setting Performance Benchmarks

FY09 Benchmark

Treatment Opportunity Days Rate

			FY06/07 averages		avg. risk adjusted TOD rate (%)	avg. TOD minus avg. RA rate
agency	contract	program classification	avg. # spells	avg. TOD rate (%)		
Agency A	999999999	severe	25	89.71	94.64	-4.93
			statewide medians		95.11	-2.21

Sustained Favorable Discharge Rate

			avg. # spells	avg. SFD rate (%)	# SFDs	avg. risk adjusted SFD rate (%)	# SFDs	avg. SFD minus avg. RA rate
agency	contract	program classification						
Agency A	999999999	severe	25	18.37	5	22.52	6	-4.15
			statewide medians			15.49		-2.06

Step 5: Connecting Payment to Performance



Penalties & Rewards

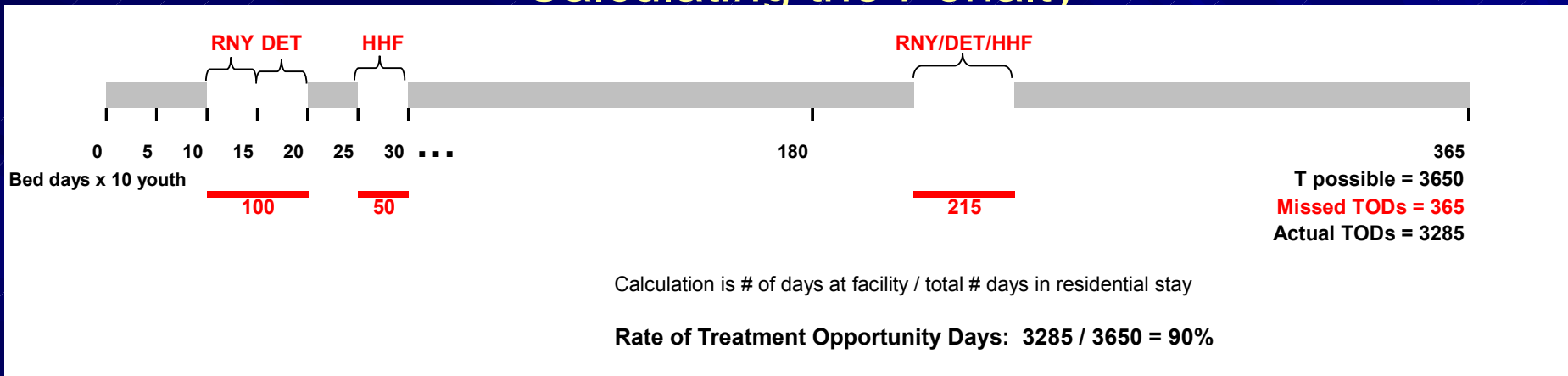
Residential PBC Fiscal Structure

- Standardized rates by program classification, e.g. mild, moderate, severe
- 100% guarantee for beds purchased
- “No decline” clause in the contracts
- Fiscal penalty for falling below TODR benchmark
- Bonus for exceeding SFDR benchmark

Performance Benchmarks

Treatment Opportunity Days Rate Example

Calculating the Penalty



If TODR risk adjusted benchmark is 95%:

95% of 3650 = 3468 days

3468 – 3285 = 183 days below benchmark

Agency is penalized 25% of per diem payment for 183 days.

Example:

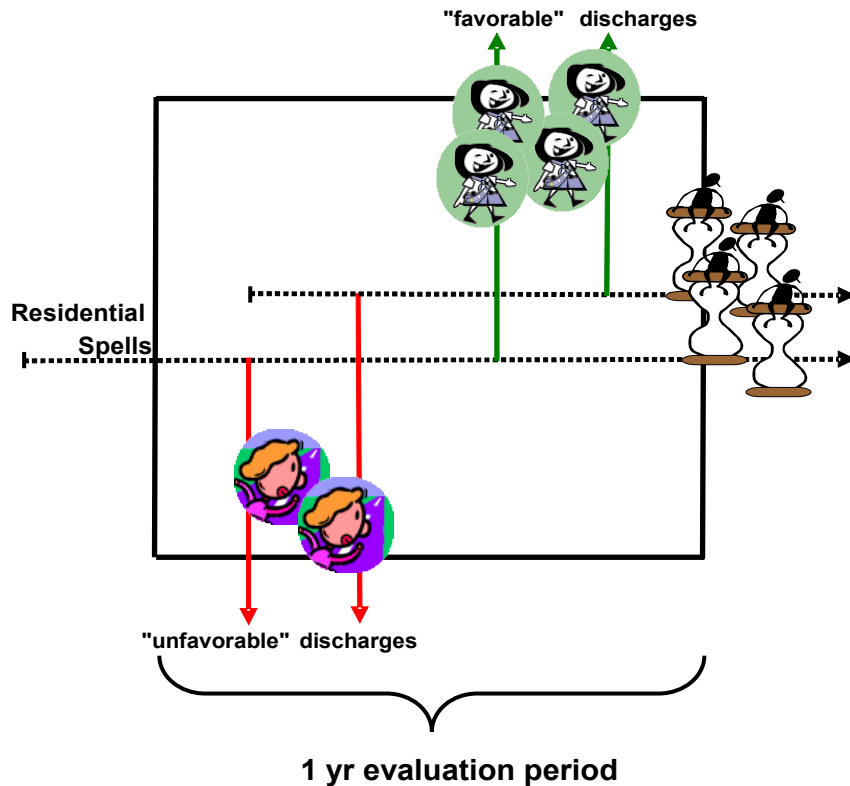
If per diem is \$300, penalty is $\$75 \times 183 = \$13,725$.

Performance Benchmarks

Sustained Favorable Discharge Rate Example

Calculating the Bonus

"Sustained Favorable Discharge"
= 180 days



Ex: 10 residential spells,
2 favorable discharges sustained 180 days
SFDR = $2/10$ or 20%

If SFDR benchmark = 20%
(2 favorable discharges / 10 residential spells)
Agency receives bonus for sustained
favorable discharges above
benchmark.

Example:
If actual SFDR performance = 40%
the # of SFDs is 4, or 2 over the
benchmark.

Performance Benchmarks

Sustained Favorable Discharge Rate Example

Calculating the Bonus

- Bonus = difference between avg. res'l per diem and avg. stepdown per diem
 - applied to average # of days for all SFDs up to 270 days (x 2 in this example).
- Example: $\$300 - \$150 = \$150$.
 - for each youth $\$150 \times 270 \text{ days} = \$40,500$.
 - agency total for two youth = \$81,000.

Controversies? Some examples....

- Including psych hospitalization rates as part of performance measure
- Holding providers responsible for post-discharge outcomes
- No decline clause in contract
- Underused capacity/empty beds
- Staffing ratios

Systemic Changes to Support PBC in Residential Care

- “Drilling” down into the PBC data continues in the Data Test Workgroup
- Centralized matching process for admissions
- Transition & Discharge Protocol implemented
- Runaway Assessment & Treatment Planning Process pilot
- Residential-Hospital Networks pilot
- Residential Treatment Outcomes System (RTOS) reports available to providers to track their outcomes

FY10 Performance Measures for ILO/TLP

- PBC implementation about 1 year behind residential
 - ILO/TLP workgroup counterpart to residential established in Fall '08
- Data limitations significant and limit use of risk adjustment to measure performance
- FY09 contract amendment required development of Outcomes Enhancement Plans (QI plans) focused on prospective PBC measures
- FY10 contracts include PBC performance measures

ILO/TLP Performance Measures

■ ILO/TLP Data Test Workgroup

- Developed quantifiable measures from broad domains identified, e.g.
 - Placement stability
 - Positive discharge outcomes
 - Educational attainment
 - Employment and financial competence
- Built on work of Residential Data Test Workgroup
 - Adopted residential method to quantify placement stability
 - Used parts of risk adjustment model



ILO/TLP Performance Measures

■ Key differences from residential PBC

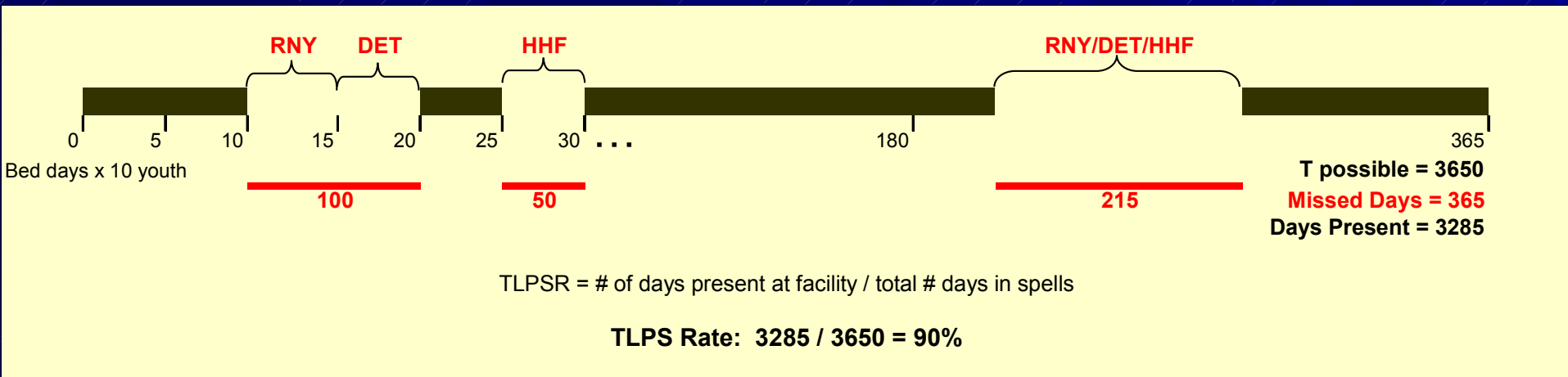
- Length of stay less of an issue
 - Focus for most youth, esp. in ILO, on remaining in care until age 21
- Though risk adjustment model similar to residential, only partial implementation to ILO/TLP (for 2 of 5 performance measures)
 - Lack of historical data re: 3 performance measures
 - Unable to use RA to set benchmarks and measure performance strictly in relation to benchmarks
 - Agencies to be ranked on performance instead

ILO/TLP Performance Measures

- Two broad outcomes related to placement stability and discharge determined through five performance measures
 - Transitional Living Placement Stability Rate (TLPSR) – *TLP only*
 - Discharge Potential Rate (DPR)
 - Indicators of Self-Sufficiency (ISS):
 - Educational/Vocational Rate
 - Employment Rate
 - Financial Stability – Avg. Monthly Funds Available

ILO/TLP Performance Measures

Transitional Living Placement Stability Rate (TLP only)



ILO/TLP Performance Measures

Transitional Living Placement Stability Rate

- TLP Contract Y example - if TLP Contract Y has risk adjusted TLPSR benchmark of 95%:

						Difference:
		T Bed	Days	Actual	RA	Actual - RA
		Days	Present	TLPSR	TLPSR	TLPSR
		# Spells				
Contract Y	10	3650	3285	90.0%	95.0%	-5.0%

*Note: 90% TLPSR = avg. of 36.5 missed days per youth per year
95% TLPSR = avg. of 18.25 missed days per youth per year*

ILO/TLP Performance Measures

Transitional Living Placement Stability Rate

- At end of fiscal year, if ranked TLP Contract Y on TLPSR with TLP Contracts X and Z:

Example: Ranking by Transitional Living Placement Stability Rate (*TLP only*)

	# Spells	T Bed Days	Days Present	Actual TLPSR	RA TLPSR	Difference (Actual - RA TLPSR)	Rank: TLPSR
Contract X	21	7665	6439	84.0%	92.0%	-8.0%	3
Contract Y	10	3650	3285	90.0%	95.0%	-5.0%	2
Contract Z	47	17155	16126	94.0%	93.0%	1.0%	1

ILO/TLP Performance Measures

Discharge Potential Rate

■ “Discharged with Potential”

- Supervised ILO – *TLP only*
- Self-selected ILO AND 20.5 yrs - *emancipation*
- Home of relative
- Home of parent
- Youth in college
- Job training program
- Armed services

ILO/TLP Performance Measures

■ TLP Contract Discharge Potential Rate
 Discharge Potential Rate
 youth discharged 4
 youth during fiscal year:

(i) youth discharged:		<u>with potential</u>		<u>other (e.g.)</u>	<u>total discharged</u>
	ILO (sup'r)	1		WUK	0
	ILO (ss=>20.5)	0		ILO (ss <20.5)	0
	HMR	1		FHB	0
	HMP	0		HHF	1
	YIC	1		DET	0
	JTP	0		IDC	0
	ASD	0		UAP	0
	Total	3			4
(ii) # spells: 10					
(iii) Discharge Potential Rate (DPR): $3/10 = 30.0\%$					

ILO/TLP Performance Measures

Discharge Potential Rate

■ TLP Contract Y example - If TLP Contract Y has risk adjusted DPR of 20%:

(i) risk adjusted DPR = 20.0%

	# Spells	Actual # of DPs Achieved	Actual DP Rate	Risk Adjusted DP Rate	(RA #)	Difference (Actual - RA DP Rate)
Contract Y	10	3	30.0	20.0	(2.0)	10.0

ILO/TLP Performance Measures

Discharge Potential Rate

■ At end of fiscal year, if ranked TLP Contract Y on DPR with TLP Contracts X and Z:

TLP	# Youth Served	Actual # of DPs Achieved	Actual DP Rate	Risk Adjusted DP Rate	(RA #)	Difference (Actual - RA DP Rate)	Rank: DPR
Contract X	14	0	0.0	16.8	(2.4)	-16.8	3
Contract Y	10	3	30.0	20.0	(2.0)	10.0	1
Contract Z	37	6	16.2	12.3	(4.5)	3.9	2

ILO/TLP Performance Measures

Indicators of Self-Sufficiency

- Three Indicators of Self-Sufficiency
 - Educational/Vocational Rate
 - Employment Rate
 - Financial Stability – Avg. Monthly Funds Available
- Compensates for imprecision of DPR
- ALL youth discharged during year included

ILO/TLP Performance Measures

Indicators of Self-Sufficiency

■ Educational/Vocational Rate

- Includes diploma / certification OR educational progress
- TLP Contract Y example – Ed/Voc Rate if 4 discharged youth achieved the following:

(i) total # youth discharged = 4

(ii) educational outcomes:

youth A	youth B	youth C	youth D	total	Ed/Voc Rate
Ed progress	Ed progress	N/A	HS Diploma		
1	1	0	1	3	$3/4 = .75$

ILO/TLP Performance Measures

Indicators of Self-Sufficiency

■ Employment Rate

- Number of weeks employed during last 4 weeks and last 52 weeks before discharge
- Rate formula:
$$\frac{(\# \text{ of last 4 wks employed}/4) + (\# \text{ of last 52 wks employed}/52)}{2}$$
- TLP Contract Y example: Employment Rate if 4 discharged youth achieved the following:

(i) total # youth discharged = 4

(ii) employment outcomes:

	youth A	youth B	youth C	youth D	Avg. Employ Rate
4 weeks < discharge	3	1	0	4	
52 weeks < discharge	42	10	0	26	
rate formula	$(3/4+42/52)/2$	$(1/4+10/52)/2$	0	$(4/4+26/52)/2$	
Employ Rate	0.78	0.22	0.00	0.75	0.44

ILO/TLP Performance Measures

Indicators of Self-Sufficiency

■ Financial Stability – Avg. Monthly Funds Available

- Monthly gross income at discharge projected over next 6 mos. plus total savings at discharge, averaged over 6 mos.
- TLP Contract Y example - avg. monthly funds available if 4 discharged youth achieved the following:

(i) total # youth discharged = 4

(ii) financial outcomes:

	youth A	youth B	youth C	youth D	Avg. Funds Available
monthly income @ discharge	\$1,000.00	\$100.00	\$0.00	\$1,200.00	
x 6 mos	\$6,000.00	\$600.00	\$0.00	\$7,200.00	
total savings @ discharge	\$1,000.00	\$1,000.00	\$300.00	\$500.00	
Gross funds available: 6 mos	\$7,000.00	\$1,600.00	\$300.00	\$7,700.00	
Monthly funds available	\$1,166.67	\$266.67	\$50.00	\$1,283.33	\$691.67

ILO/TLP Performance Measures

Indicators of Self-Sufficiency

■ At end of fiscal year, if ranked TLP Contract Y on 3 ISS with TLP Contracts X and Z:

TLP	# Total Youth Discharged	Avg. Ed/Voc Progress	Rank: Ed/Voc	Rate of Employment	Rank: Employ	Monthly Funds Available	Rank: Finance
Contract X	4	0.25	3	0.17	3	\$256.62	3
Contract Y	4	0.75	1	0.44	2	\$691.67	2
Contract Z	11	0.55	2	0.47	1	\$733.33	1

ILO/TLP Performance Measures

Summary Rankings

- Then, at end of fiscal year, will rank TLP Contract Y on all 5 measures:
 - Transitional Living Placement Stability Rate (TLPSR)
 - Discharge Potential Rate (DPR)
 - Indicators of Self-Sufficiency (ISS):
 - Educational/Vocational Rate
 - Employment Rate
 - Financial Stability – Avg. Monthly Funds Available
- and

- Rank ILO contracts on DPR and ISS

ILO/TLP Performance Measures

Summary Rankings

Example

ILO							Overall Rank	* If Bonus to "Top 33%"
	Rank: DPR	Rank: Ed/Voc	Rank: Employ	Rank: Financ	Avg. Rank			
Contract A	1	2	2	2	1.75		2	
Contract B	3	3	3	3	3		3	
Contract C	2	1	1	1	1.25		1	
TLP							Overall Rank	
	Rank: DPR	Rank: Ed/Voc	Rank: Employ	Rank: Financ	Rank: TLPSR	Avg. Rank		
Contract X	3	3	3	3	3	3	3	
Contract Y	1	1	2	2	2	1.6	2	
Contract Z	2	2	1	1	1	1.4	1	

ILO/TLP Performance Measures

About the money...

- No financial penalties – for FY10
- Financial bonus for highest ranked performers
 - Uncertainty due to lack of historical data
 - Difficult to project cost
 - Department will review data – first 2 qtrs. FY10
 - In consultation with PBC Steering Committee, set percentile threshold for top ranked performers
 - Issue Contract Addendum establishing threshold and dollar amount attached to bed care days for eligible providers

Lessons Learned from Implementing PBC Initiative

- Formal structure for public/private partnership is essential
- Substantial time is required to develop performance measures and benchmarks
- Fiscal structure should be developed simultaneously with outcomes and piloted
- Technical/expert support needed to review and refine data
- You cannot ever communicate enough
- “Nothing is written in stone...”

So, how are residential agencies
performing in the first year of
implementation?

A look at performance
from an agency
perspective in RTOS

For More Information:

- Brice Bloom-Ellis, LCSW, DCFS
Statewide Residential QA Manager
(618) 583-2169
brice.bloom-ellis@illinois.gov
- Judge Kathleen A. Kearney
Project Evaluator
(312) 519-1183
kkearney@illinois.edu