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

Goal 2: Effectively and Efficiently Reduce Symptoms/Increase Functionality

Goal 3: Improve Outcomes At And Following Discharge

Indicator:
- Treatment Opportunity Days Rate

(Original) Indicators:
- Immediate Discharge Disposition
- Sustained Positive Discharge
- Length of Stay

Indicator:
- 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

Calculation is # of days at facility / total # days in residential stay

Treatment Opportunity Days Rate: \( \frac{3285}{3650} = 90\% \)
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

"Sustained Favorable Discharge" = 180 days

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

### Treatment Opportunity Days Rate

<table>
<thead>
<tr>
<th>agency</th>
<th>contract</th>
<th>program classification</th>
<th>avg. # spells</th>
<th>avg. TOD rate (%)</th>
<th>avg. risk adjusted TOD rate (%)</th>
<th>avg. TOD minus avg. RA rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency A</td>
<td>9999999999</td>
<td>severe</td>
<td>25</td>
<td>89.71</td>
<td>94.64</td>
<td>-4.93</td>
</tr>
</tbody>
</table>

**Statewide medians**
- Avg. TOD rate: 93.25%
- Avg. RA rate: 95.11%
- Avg. TOD minus avg. RA rate: -2.21%

### Sustained Favorable Discharge Rate

<table>
<thead>
<tr>
<th>agency</th>
<th>contract</th>
<th>program classification</th>
<th>avg. # spells</th>
<th>avg. SFD rate (%)</th>
<th># SFDs</th>
<th>avg. risk adjusted SFD rate (%)</th>
<th># SFDs</th>
<th>avg. SFD minus avg. RA rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency A</td>
<td>9999999999</td>
<td>severe</td>
<td>25</td>
<td>18.37</td>
<td>5</td>
<td>22.52</td>
<td>6</td>
<td>-4.15</td>
</tr>
</tbody>
</table>

**Statewide medians**
- Avg. SFD rate: 12.50%
- Avg. RA rate: 15.49%
- Avg. SFD minus avg. RA rate: -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 x 183 = $13,725.
Performance Benchmarks
Sustained Favorable Discharge Rate Example
Calculating the Bonus

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.

"Sustained Favorable Discharge" = 180 days
"favorable" discharges
Residential Spells

"unfavorable" discharges

1 yr evaluation period
Ex: 10 residential spells,
2 favorable discharges sustained 180 days
SFDR = 2/10 or 20%
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 x 270 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)

TLPSR = \# of days present at facility / total \# days in spells

TLPS Rate: \[ \frac{3285}{3650} = 90\% \]
ILO/TLP Performance Measures
Transitional Living Placement Stability Rate

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

<table>
<thead>
<tr>
<th>Contract Y</th>
<th># Spells</th>
<th>T Bed Days</th>
<th>Days Present</th>
<th>Actual TLPSR</th>
<th>RA TLPSR</th>
<th>Difference: Actual - RA TLPSR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
<td>3650</td>
<td>3285</td>
<td>90.0%</td>
<td>95.0%</td>
<td>-5.0%</td>
</tr>
</tbody>
</table>

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)

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

### Discharge Potential Rate

TLP Contract Y example - if Contract Y discharged 4 youth during fiscal year:

1. **(i) youth discharged:**
   - ILO (sup'r) with potential: 1
   - ILO (ss=/>20.5) with potential: 0
   - HMR with potential: 1
   - HMP with potential: 0
   - YIC with potential: 1
   - JTP with potential: 0
   - ASD with potential: 0
   - WUK other (e.g.): 0
   - ILO (ss <20.5) other (e.g.): 0
   - FHB other (e.g.): 0
   - HHF other (e.g.): 1
   - DET other (e.g.): 0
   - IDC other (e.g.): 0
   - UAP other (e.g.): 0

2. **(ii) # spells:** 10

3. **(iii) Discharge Potential Rate (DPR):** \(\frac{3}{10} = 30.0\%\)
**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%

<table>
<thead>
<tr>
<th>Contract Y</th>
<th># Spells</th>
<th>Achieved</th>
<th>Actual DP Rate</th>
<th>Risk Adjusted DP Rate</th>
<th>Difference (Actual - RA DP Rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
<td>3</td>
<td>30.0</td>
<td>20.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>
At end of fiscal year, if ranked TLP Contract Y on DPR with TLP Contracts X and Z:

<table>
<thead>
<tr>
<th>TLP</th>
<th># Youth Served</th>
<th>Actual # of DPs</th>
<th>Actual DP Rate</th>
<th>Risk Adjusted DP Rate</th>
<th>Difference (Actual - RA DP Rate)</th>
<th>Rank: DPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract X</td>
<td>14</td>
<td>0</td>
<td>0.0</td>
<td>16.8</td>
<td>(2.4)</td>
<td>3</td>
</tr>
<tr>
<td><strong>Contract Y</strong></td>
<td><strong>10</strong></td>
<td><strong>3</strong></td>
<td><strong>30.0</strong></td>
<td><strong>20.0</strong></td>
<td>(2.0)</td>
<td><strong>1</strong></td>
</tr>
<tr>
<td>Contract Z</td>
<td>37</td>
<td>6</td>
<td>16.2</td>
<td>12.3</td>
<td>(4.5)</td>
<td>2</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th></th>
<th>youth A</th>
<th>youth B</th>
<th>youth C</th>
<th>youth D</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ed progress</td>
<td>1</td>
<td>1</td>
<td>N/A</td>
<td>HS Diploma</td>
<td>3</td>
</tr>
</tbody>
</table>

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: \( \frac{\text{# of last 4 wks employed}}{4} + \frac{\text{# of last 52 wks employed}}{52} \)

- TLP Contract Y example: Employment Rate if 4 discharged youth achieved the following:

<table>
<thead>
<tr>
<th>(i) total # youth discharged</th>
<th>youth A</th>
<th>youth B</th>
<th>youth C</th>
<th>youth D</th>
<th>Avg. Employ Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 weeks &lt; discharge</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>52 weeks &lt; discharge</td>
<td>42</td>
<td>10</td>
<td>0</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>rate formula</td>
<td>(\frac{3}{4} + \frac{42}{52})/2</td>
<td>(\frac{1}{4} + \frac{10}{52})/2</td>
<td>0</td>
<td>(\frac{4}{4} + \frac{26}{52})/2</td>
<td>0.75</td>
</tr>
<tr>
<td>Employ Rate</td>
<td>0.78</td>
<td>0.22</td>
<td>0.00</td>
<td>0.75</td>
<td>0.44</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th></th>
<th>youth A</th>
<th>youth B</th>
<th>youth C</th>
<th>youth D</th>
<th>Avg. Funds Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly income @ discharge</td>
<td>$1,000.00</td>
<td>$100.00</td>
<td>$0.00</td>
<td>$1,200.00</td>
<td></td>
</tr>
<tr>
<td>x 6 mos</td>
<td>$6,000.00</td>
<td>$600.00</td>
<td>$0.00</td>
<td>$7,200.00</td>
<td></td>
</tr>
<tr>
<td>Total savings @ discharge</td>
<td>$1,000.00</td>
<td>$1,000.00</td>
<td>$300.00</td>
<td>$500.00</td>
<td></td>
</tr>
<tr>
<td>Gross funds available: 6 mos</td>
<td>$7,000.00</td>
<td>$1,600.00</td>
<td>$300.00</td>
<td>$7,700.00</td>
<td></td>
</tr>
<tr>
<td>Monthly funds available</td>
<td>$1,166.67</td>
<td>$266.67</td>
<td>$50.00</td>
<td>$1,283.33</td>
<td>$691.67</td>
</tr>
</tbody>
</table>
### 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:

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

<table>
<thead>
<tr>
<th></th>
<th>ILO</th>
<th>TLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank</td>
<td>DPR</td>
<td>Ed/Voc</td>
</tr>
<tr>
<td>Rank</td>
<td></td>
<td>Employ</td>
</tr>
<tr>
<td>Rank</td>
<td></td>
<td>Financ</td>
</tr>
<tr>
<td>Avg. Rank</td>
<td></td>
<td>Overall Rank</td>
</tr>
<tr>
<td>Overall Rank</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ILO**

<table>
<thead>
<tr>
<th>Contract</th>
<th>Rank</th>
<th>Ed/Voc</th>
<th>Employ</th>
<th>Financ</th>
<th>Avg. Rank</th>
<th>Overall Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1.75</td>
<td>2</td>
</tr>
<tr>
<td>B</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1.25</td>
<td>1</td>
</tr>
</tbody>
</table>

**TLP**

<table>
<thead>
<tr>
<th>Contract</th>
<th>Rank</th>
<th>Ed/Voc</th>
<th>Employ</th>
<th>Financ</th>
<th>TLPSR</th>
<th>Avg. Rank</th>
<th>Overall Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Y</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1.6</td>
<td>2</td>
</tr>
<tr>
<td>Z</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1.4</td>
<td>1</td>
</tr>
</tbody>
</table>

* If Bonus to "Top 33%"
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
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