Public/Private Partnerships: Improving Outcomes for Children and Families in Illinois through Residential Performance Based Contracting

Margaret Vimont, Jewish Child & Family Services
Judge Kathleen A. Kearney, Children & Family Research Center, University of Illinois, Urbana-Champaign
Are you nuts?!? Why go there?
History of Performance Based Contracting (PBC) in Illinois

- Began in 1997 with foster care case management
- Objectives included:
  - Reduce the # of children in substitute care through improved permanency
  - Improved stability of placement
  - Align performance incentives with desired outcomes
- Credited with right sizing and reforming Illinois child welfare system
- Developed predominantly by DCFS with little, if any, private sector involvement
- No formal evaluation was ever done
Striving for Excellence: Can PBC make a difference in residential care?

- Expands Illinois’ PBC to residential treatment, Independent Living and Transitional Living Programs
- Grant from the National Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW) to document and evaluate how it is done
Ever Increasing Challenges

Fewer youth in residential care overall, but greater proportion referred to residential care with histories reflecting severe psychiatric and behavioral problems

High concentration of extraordinarily challenging youth
Okay, where do we start?
Collaborative Planning

- Existing Child Welfare Advisory Committee (CWAC) structure used to develop proposed outcome measures, fiscal structure and risk adjustment strategy

- Child Care Association of Illinois holds Statewide Provider Forums to inform all private providers and get feedback

- Illinois Child Welfare Data Summits held by Children & Family Research Center to engage university partners and researchers
Striving for Excellence Organizational Structure

Child Welfare Advisory Committee (CWAC)

QIC PCW Illinois Project Steering Committee

High End Services Subcommittee

Residential Monitoring Workgroup

Older Adolescents Subcommittee

ILO TLP Data Management Workgroup

Finance and Administration Subcommittee

PBC/QA Fiscal Workgroup

Data Test Workgroup
Developing PBC Goals for Residential Treatment

- Goal #1: Improve safety and 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
Criteria for Identifying Measurable Performance Indicators

- Do the indicators meaningfully address each goal?

- Do they utilize current available data?

- Do they utilize reasonably reliable data?
  - Unusual incidents (UIRs) 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
Treatment Opportunity Days Rate

- Percentage of time in treatment during a residential stay (spell) at a facility where the child/youth is not on the run, in detention or in a psychiatric hospital

Active Days

\[\frac{\text{Active Days}}{\text{Active Days} + \text{Interruption Days}}\]
Sustained Favorable Discharge Rate

Percentage of total annual (fiscal year) residential spells resulting in sustained favorable discharges

- **“Favorable”** = positive step-down to less restrictive setting or a neutral discharge in a chronic setting (e.g. mental health or DD)

- **“Sustained”** = remain in discharge placement for 180 days or more

- **“Unfavorable”** = negative step-up to a more restrictive setting, disrupted placement, or lateral move to another residential facility or group home
But my kids are more difficult than your kids!!
How can you compare my agency with others when I have the harder to serve kids?
Specific Risk Factors Included in the Illinois Risk Adjustment Model

Historical child systems involvement

- Juvenile detention or corrections
- Runaway
- Prior placement in residential care
- History of aggression and antipsychotic use
- Medicaid-paid psychiatric hospitalization

Demographic characteristics

- Age
- Gender
- Child’s geographic origin upon entering state custody
Specific Risk Factors Related to Placement Characteristics

Placement characteristics related to “spell”

- Length of spell (< 1 yr.)

- Severity level and/or specialty population served
  - Levels = severe, moderate, mild
  - Institutions and group homes
  - Specialty population, e.g. pregnant and parenting or sexually problematic behavior

- Program’s geographic location/population density
Connecting Payment to Performance

- Agencies are penalized if they fail to attain their Treatment Opportunity Days Rate at the end of the fiscal year.

- Agencies are given an incentive payment if they exceed their Sustained Favorable Discharge Rate.
Lessons Learned

It’s not rocket science… it’s harder!
Expectation and Benefits of PBC

- Encourages innovation and competition
- May result in both lower costs and improved performance
- Shifts some risk to contractors so they are responsible for achieving outcomes
- Encourages governmental entities and contractors to work together to provide the best services to clients
- Documents results for fiscal accountability
QIC PCW Research Questions

- Does an inclusive and comprehensive planning process produce broad-scale buy-in to clearly defined performance based contracting goals and ongoing quality assurance?

- What are the necessary components of performance based contracts and quality assurance systems that promote the greatest improvements in outcomes for children and families?

- When operating under a performance based contract, are the child, family and system outcomes produced better than those produced under the previous contracting system employed?

- Are there essential contextual variables that independently appear to promote contract and system performance?

- Once implemented initially, how do program features and contract monitoring systems evolve over time to ensure continued success?
For Illinois, the jury is still out…

but the early results are promising!
Challenges of PBC

- What outcomes are you measuring?
- What baseline data are you relying on?
- How reliable is the data?
- How do you define your outcomes?
- Should the public agency “punish” contractors for legitimate effort that falls short of the goals set?
- How do you manage other systems impacting your performance?
Define What Is Important to **Your** System of Care

- Child welfare is not a passive activity it is a full contact sport – you need both the public and private sectors to make it work
- How do you define “success”?
- What improvements to the system are you trying to make?
- Does your local community understand what you do and who you serve?
Identify Your Sphere of Influence
Is your performance contingent upon others?

- Do you have subcontractors?
- Do you have a provider network?
- Who has control over intake of cases?
- How well do you interface with other critical child welfare stakeholders?
  - Juvenile courts
  - Community mental health & substance abuse providers
  - School system
Establishing Performance Measures

- What do you measure now?
  - CFSR measures?
  - State performance goals?
  - Consent decree/legal requirements?
  - “Special” items of interest?
  - Quality standards for accreditation?

- How do you measure?
  - Consistent standards?
  - Do you benchmark? From when to when?
  - What are your data elements?
  - Do you – and everyone else – have confidence in the data used?
Establishing Performance Measures

- What do you want to measure?
  - Define and agree on a FEW critical areas
  - Define and agree on the “cause and effect” data which feeds into your critical few
  - Don’t allow crisis or personality to choose your critical few
  - Don’t measure for the sake of measuring
Establishing Performance Measures

- What IT systems do you have in place to collect all of the data required to measure?
- Is the data currently “clean” and ready to be used?
- If not, what will it take to clean it and get ready?
- Have you agreed on a baseline so effective goals can be established?
Align PBC with QA/CQI

- How do you know what you don’t know?
- How do you ensure fidelity to the model?
- What capacity do you have for
  - ✔ Data collection?
  - ✔ Data analysis?
  - ✔ Contract management?
- There should be formally established links between IT, records management, QA, fiscal/budget, programs, operations and leadership
Establish Consistent Definitions

- You must be PAINFULLY aware of each and every definition of every word in the contract.
- You cannot assume that everyone has a clear understanding of what the measures are unless you work through various scenarios and contingencies in advance.
- All contracts require a “meeting of the minds” to be binding – how comfortable are you that the terms in the contract are clearly understood?
You must marry your fiscal and programmatic goals!

- For the public agency: what are you buying?
- For the private agency: what are you selling?
- For PBC we buy and sell outcomes:
  ...Which ones?
  ...Evidenced by what?
  ...Paid for in what amount?
You must marry your fiscal and programmatic goals!

- **Incentives** should encourage production of what we want to buy
- What type of incentives should/can you use?
  - ✔ Share in savings?
  - ✔ Revenue enhancement?
  - ✔ Milestone payments?
  - ✔ Bonus payments?
You must marry your fiscal and programmatic goals!

- Penalties should be based upon the logical consequence of non-performance
- What type of penalties/disincentives should/can you use?
  - Risk/cost sharing
  - Capacity reduction
  - Termination
  - Fiscal penalties/fines
You must marry your fiscal and programmatic goals!

▪ Both the public and private sector entities should closely track the fiscal implications of PBC from its inception – there should be no surprises at the end of the fiscal year.

▪ Processes should be put into place in advance for reconciliation of data discrepancies and errors.

▪ How do you set rates? Is your process transparent or politically driven?
How do you determine what you need?
How do you manage utilization?

- How much control do you have over admissions?
- How strong is your capacity to project future bed needs based upon changes in the population?
- What management systems do you have in place to address fluctuations in current capacity or increased need?
- How do you plan for discharges?
Remember….

- There is no “one size fits all” version of performance based contracting
- PBC involves a change in business relationships that many public and private agencies have had for years
- Beware of “innovation fatigue”
- Trust, open communication and strong leadership are required on all sides in order to be successful
Remember Wexelblatt’s Scheduling Algorithm

When developing a program you may pick any two. You can’t have all three.
ANY QUESTIONS?