

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



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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

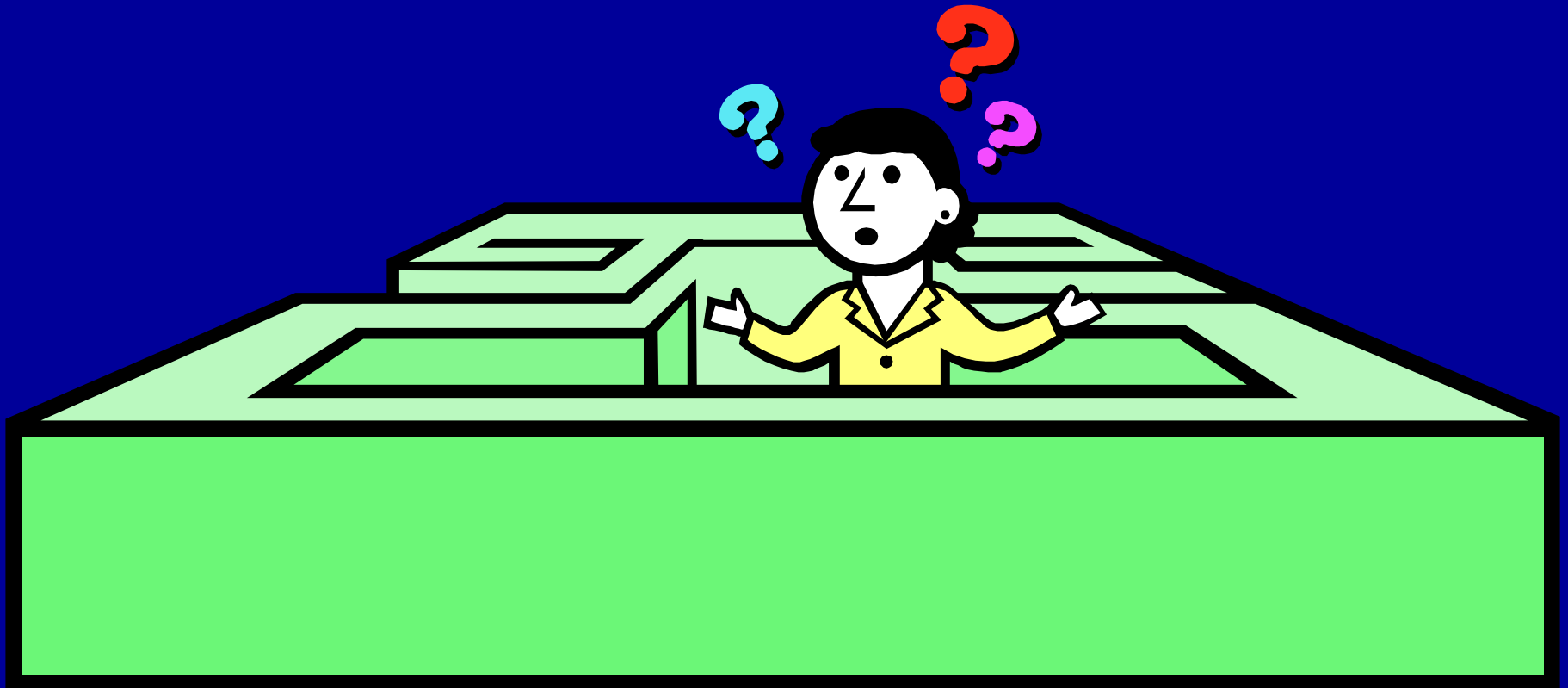
Ever Increasing Challenges

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

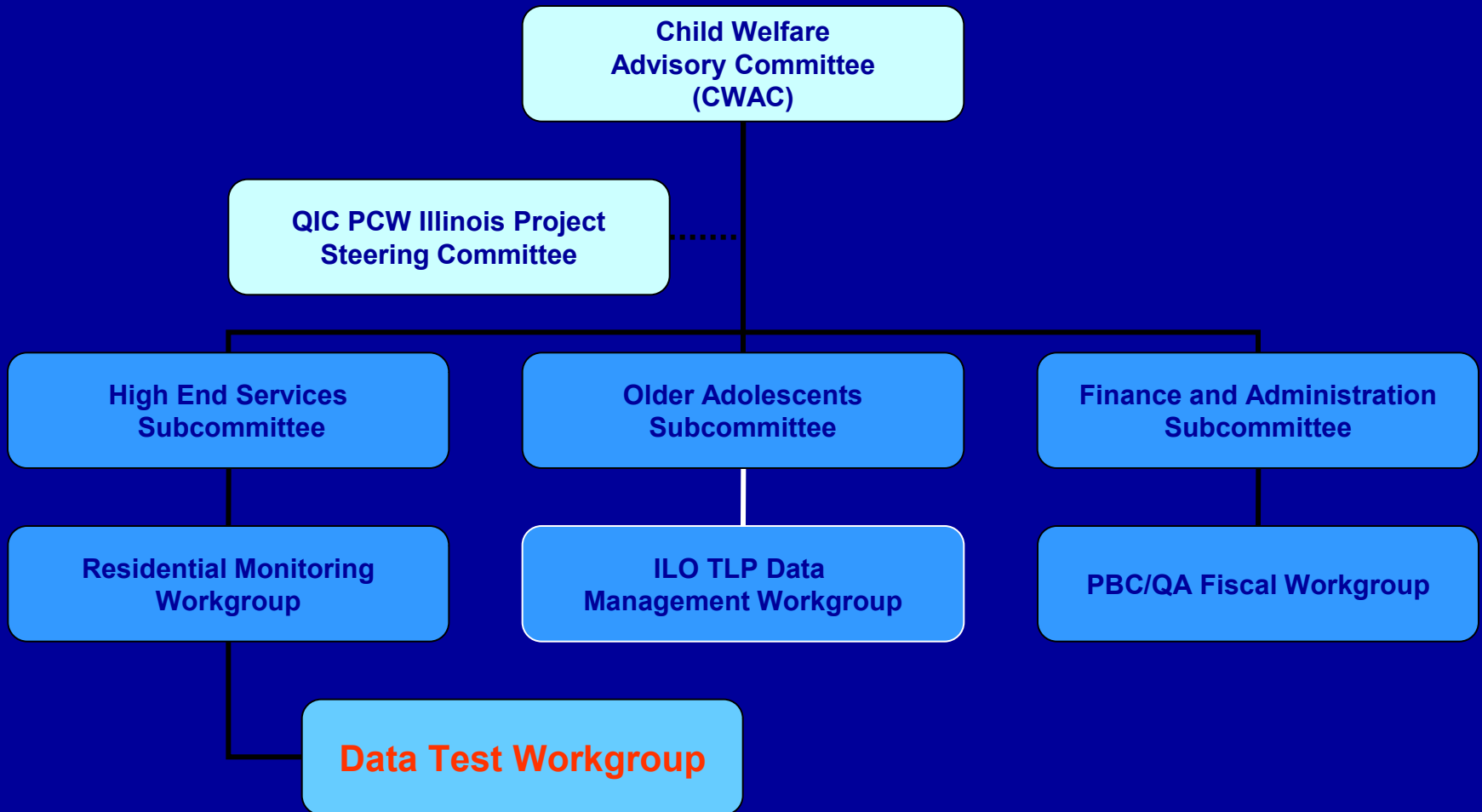
Okay, where do we start?



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



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**

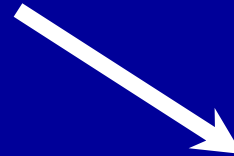


Indicator:

*** Treatment Opportunity Days Rate**

Goal 2:

**Effectively and Efficiently
Reduce Symptoms/
Increase Functionality**



(Original) Indicators:

**Immediate Discharge Disposition
Sustained Positive Discharge
Length of Stay**

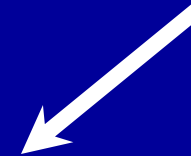


Indicator:

*** Sustained Favorable Discharge Rate**

Goal 3:

**Improve Outcomes At
And Following
Discharge**



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

Active Days + Interruption Days

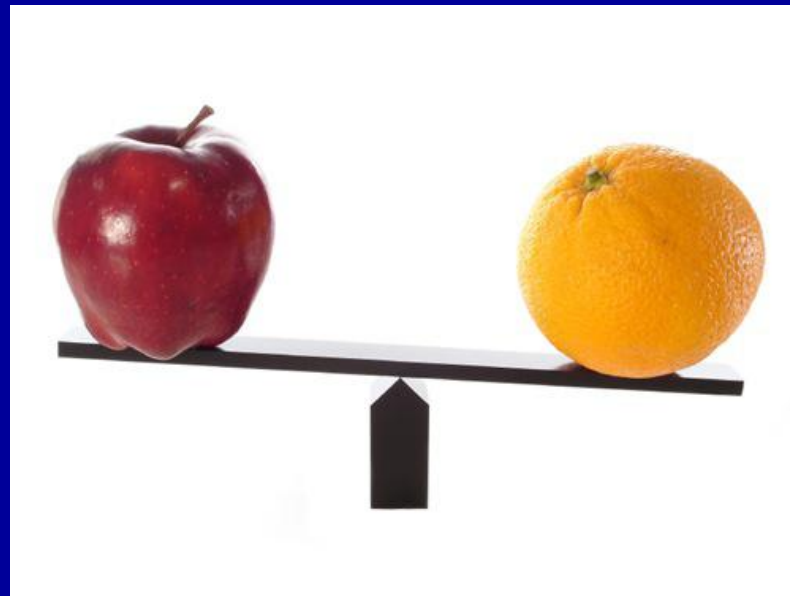
Sustained Favorable Discharge Rate

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?

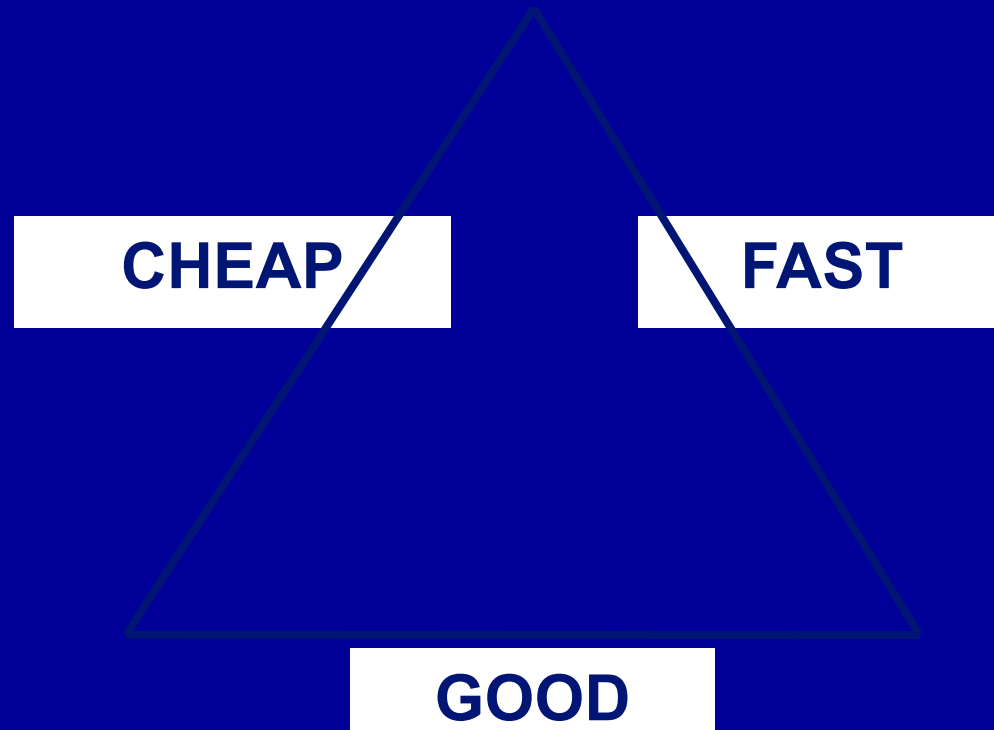
How do you manage utilization?

- 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?





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Redefine What's Possible.

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