Leading Change: Using Performance Based Contracting to Improve Outcomes for Children and Youth in Residential Care

A Presentation for
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Presentation Overview

We will answer the following questions during this presentation:

- What role does collaboration play in the success of performance based contracting?
- How did Illinois develop the goals and specific performance measures for residential care?
- What does the Illinois fiscal structure look like?
- What lessons did you learn from the first 3 years of implementation from both the public and private child welfare agency perspective?

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

What Made PBC Successful in Foster Care Case Management?

- Private sector input into decision making on the performance outcomes over time;
- The availability of reliable and verifiable data to measure performance; and
- The state's commitment to reinvest savings earned by a reduction of the number of children in care back into the child welfare system to fund improvements

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

Effective child welfare system reform requires effective collaboration across complex systems…

Duh!

What is collaboration?

- A mutually beneficial and well-defined relationship entered into by 2 or more organizations to achieve common goals

- The collaborative relationship includes:
  - ✓Commitment to common goals
  - ✓Jointly developed structure and shared responsibility
  - ✓Mutual authority and accountability for success
  - ✓Sharing of resources and rewards

Paul Mattessich (2005)

Elements of Successful Collaboration

- Environment
- Membership
- Process and structure
- Communication
- Purpose
- Resources

Paul Mattessich (2005)

Environmental Factors

- History of collaboration or cooperation in the community
- The collaborative group is seen as:
  - A legitimate leader in the community
  - Competent and reliable
- Favorable political and social climate

Membership Characteristics

- Members see collaboration as being in their self interest
- The group has an appropriate representatives from each segment of the community affected by its activities
- Members share an understanding and respect for one another and their respective organizations
- Ability to compromise

Factors Related to Process and Structure

- Members share a stake in both process and outcome
- There are multiple layers of participation
- The group remains open to varied ways of organizing itself and accomplishing its work
- Clear roles and policy guidelines are developed
- The group can adapt to changing conditions and needs
- Activities proceed at the appropriate pace of development

Communication

- Open and frequent communication
- Honest dialogue with all necessary information shared
- Established:
  - ✓Formal channels of communication
  - ✓Informal relationships
  - ✓Communication linkages

Purpose

- Concrete, attainable goals and objectives
- Shared vision with clearly agreed-upon mission, objectives and strategy

Resources

- Sufficient funds, staff, materials and time
- Skilled leadership

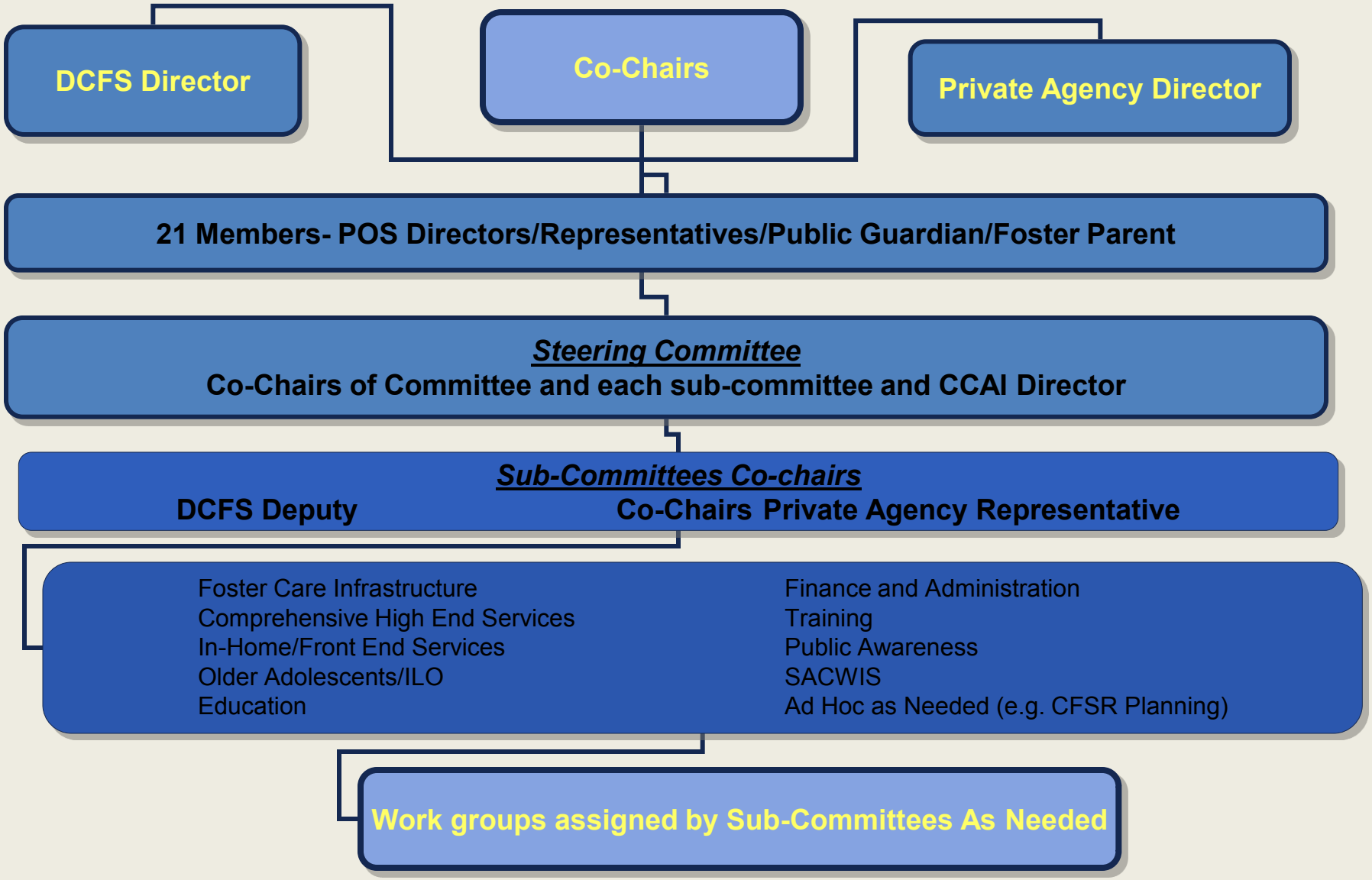
Child Welfare Advisory Committee (CWAC)

- Used for organizing discussions between state agency and providers relating to provider program/financing changes:
  - Foster Care Performance Contracting
  - Residential Performance Contracting
  - Differential Response
  - Permanency Innovations Initiative (PII)
- Used for designing, planning, implementing and assessing systemic reform efforts

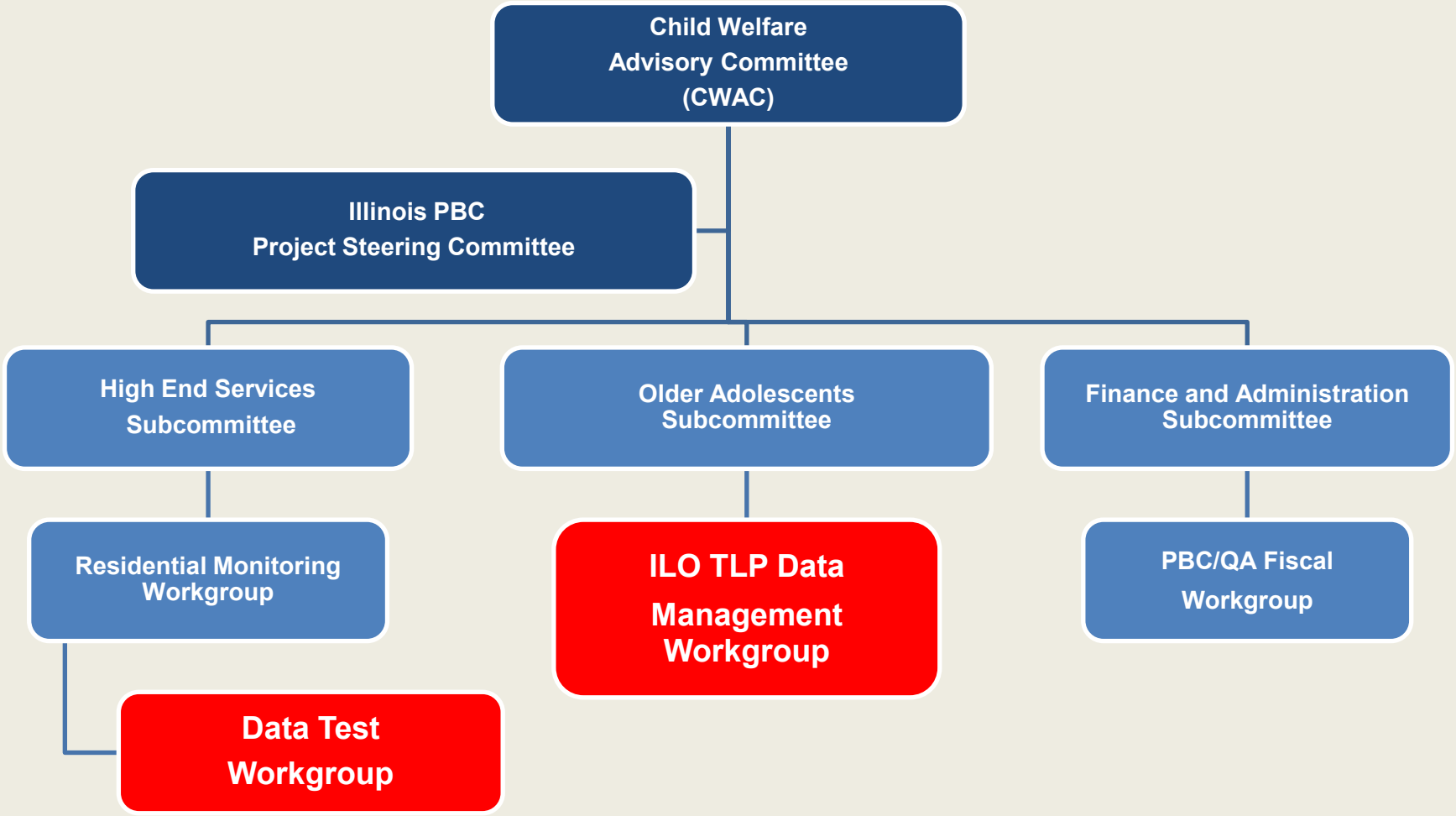
ILLINOIS CHILD WELFARE ADVISORY COMMITTEE

Organizational Structure

CWAC Full Committee



Striving for Excellence Organizational Structure



Collaborative Planning

- Establish regular structures for communication & conflict/problem resolution
- Public agency actions build trust
- Develop strategies to minimize provider fear
- Learn from what we do well and what we need to improve
- Agreed upon system goals
- Reliable and verifiable data
- Contract negotiation

Collaborative Planning

- Private provider buy in
- Commitment to reinvest in the system
- Quality of services for clients
- Availability of services and resources in the community

Increasing Residential Costs

	FY2007	FY2008	FY2009	FY2010	FY2011
Institutions/Group Homes	$ 136,579,223	$ 139,656,125	$ 159,573,894	$ 164,096,410	$ 165,182,300
Independent/Transitional Living	$ 56,842,602	$ 57,289,652	$ 52,966,965	$ 50,960,332	$ 52,706,300
Shelters & Support Costs	$ 19,726,490	$ 25,990,404	$ 28,412,441	$ 28,918,357	$ 29,329,900
Foster Care	$ 261,817,102	$ 250,306,626	$ 257,292,076	$ 252,448,484	$ 255,708,900
Foster Care Support Costs	$ 58,071,948	$ 55,934,887	$ 56,532,322	$ 55,091,789	$ 56,743,100
	$ 533,037,365	$ 529,177,694	$ 554,777,698	$ 551,515,372	$ 559,670,500
Institution/Group Homes % of DCFS Out-of-Home Care Budget	26%	26%	29%	30%	30%

Note: FY 2011 is the projected and estimated budget.

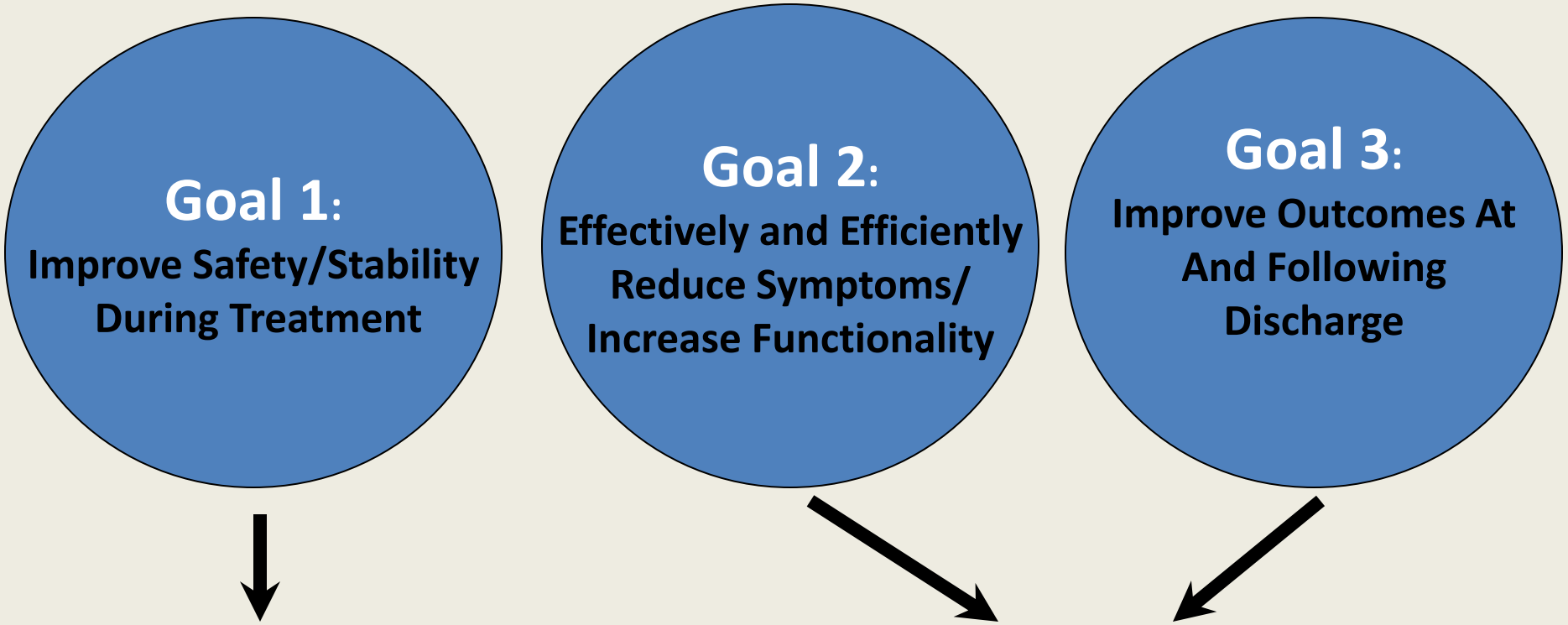
For 8% of Total Youth in Care

Goals of the *Striving for Excellence* Project

- Improve outcomes for children and youth
- Build on previous success in foster/kinship care case management
- Enhance existing public-private partnership
- Address CFSR deficiencies in Permanency and Well Being
- Inform the field through documentation and evaluation of the process

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
  - CANS/clinical measure



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

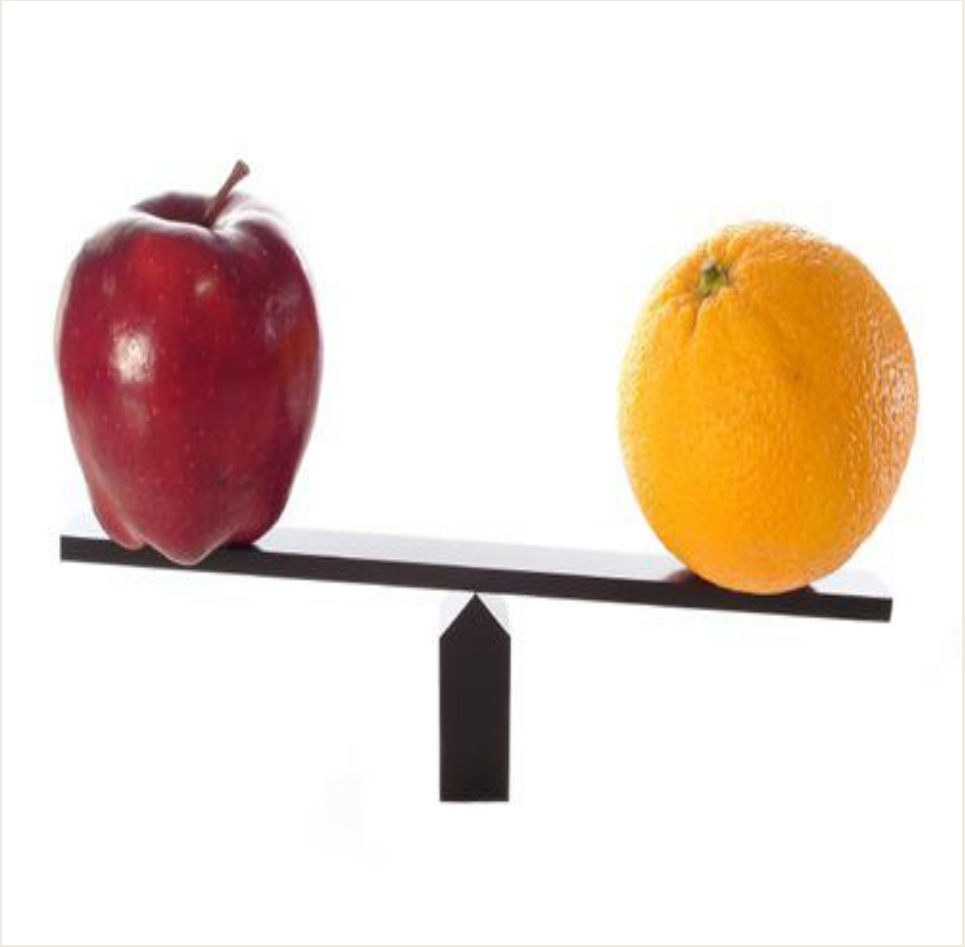
$$\frac{\text{Active Days}}{\text{Active Days + Interruption Days}}$$

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 stable in discharge placement for 180 days (FY 2008-2010)/90 days (FY 2011-2012)
- **"Unfavorable"** = negative step-up to a more restrictive setting, disrupted placement, or lateral move to another residential facility or group home

"How can you compare my agency with others when I have the harder to serve kids?"



First things first…

- Getting the right service, at the right time, for the right price, for the best results
- Importance of standardizing the rates
  - Prior to PBC, rates were set using an individualized cost based rate methodology
  - Different levels of care with different staffing patterns needed to be considered
  - Staffing may be dependent on site specific issues, e.g. a cottage model versus a unit model

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

Strengths of Risk Adjustment

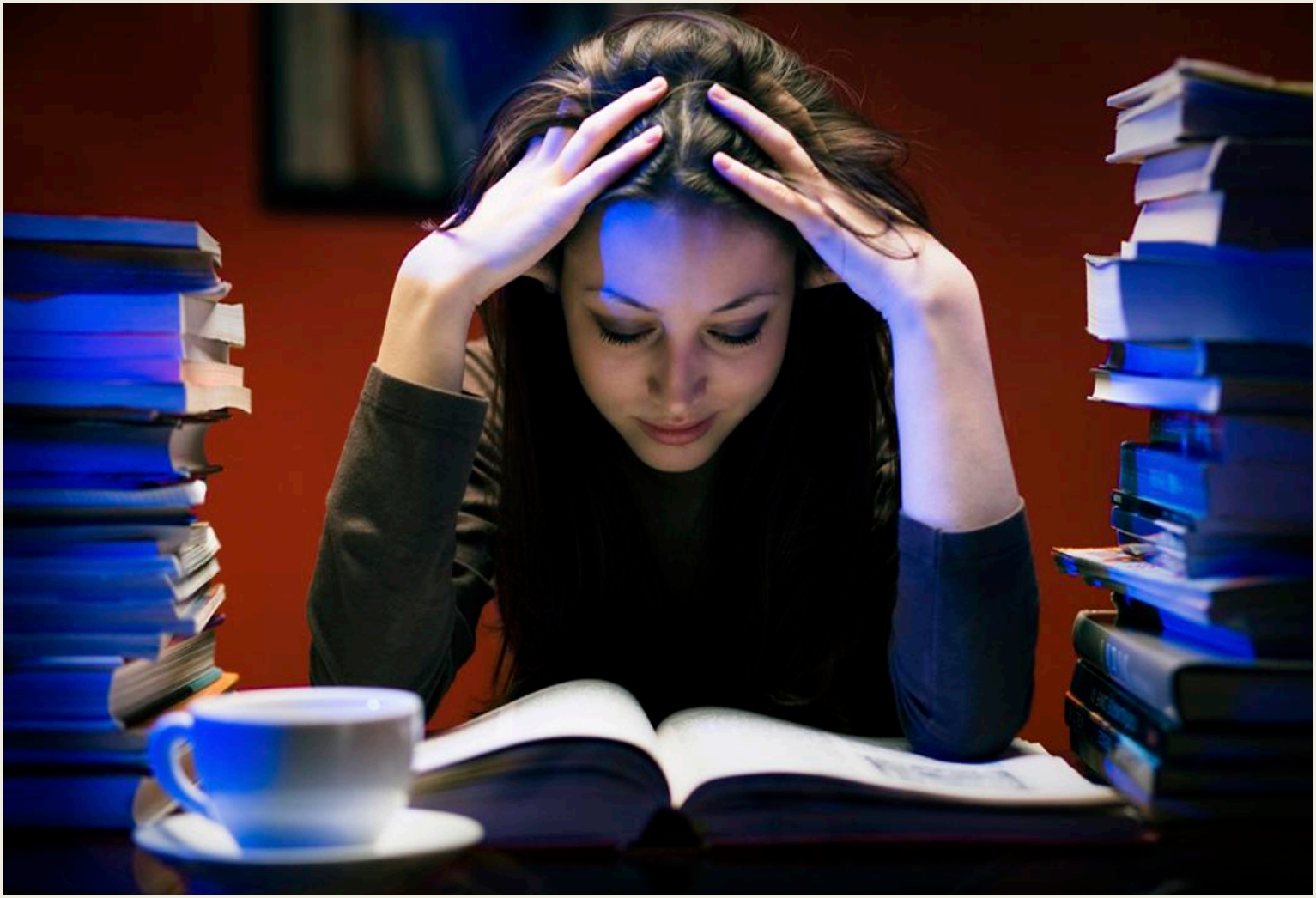
- Levels playing field
  - Makes PBC feasible where youth are not randomly / systematically assigned to agencies
  - Reduces *incentive* to avoid serving difficult youth
- Allows for modification as better data become available or as populations change
- Supports continued performance improvement
  - Current year's thresholds based on (adjusted) average performance
  - As PBC incentives increase performance, risk-adjusted performance thresholds will also increase – continuously raising the bar

PBC Fiscal Model

- DCFS forecasts the number & types of beds needed each FY and determines agency specific capacity
- 100% of agency capacity is guaranteed for each fiscal year
- In exchange – there is a "no decline" policy in the contract
- Penalties were imposed for exceeding Treatment Opportunity Days Rate until FY 2010
- Incentives are awarded for exceeding Sustained Favorable Discharge Rate until FY 2010
- Due to the Illinois budget crisis it was determined in FY 2010 that incentive payments would be inappropriate; in the interest of fairness, penalties were not imposed either
- Performance is still tracked, monitored and published
- Agencies failing to achieve benchmarks are placed on corrective action plans

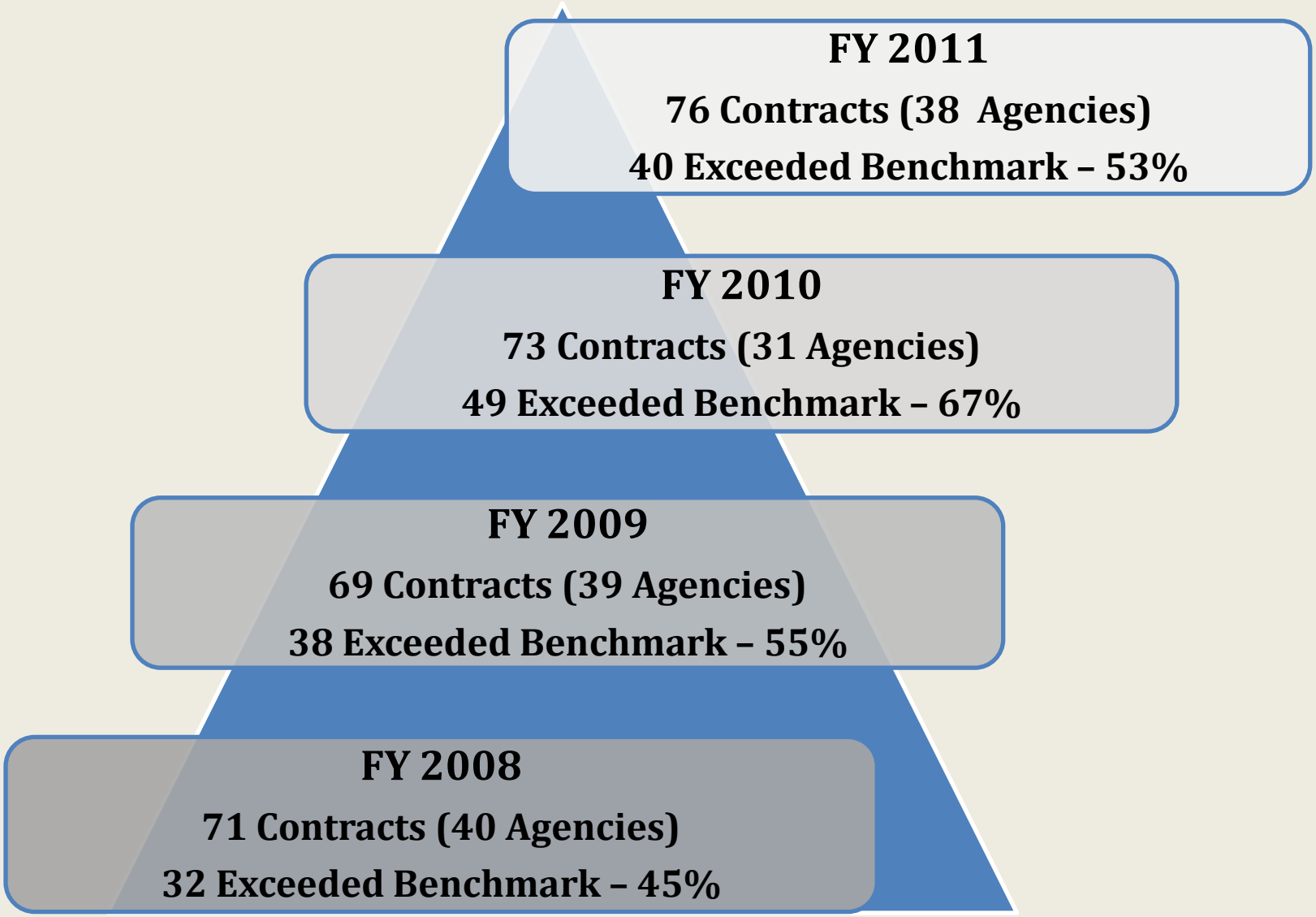
But, what if the provider isn't set up to handle the kids you send them?

- Certain populations (e.g. DD) and the providers serving them are excluded from PBC
- New providers added can elect not to have a PBC contract for the first year
- Youth can be determined to be "performance exempt" and not counted for PBC purposes (this is very rare)
- Streamlining the admissions and referral process through electronic transmission of records
- Providers detail the characteristics of youth they can best serve in a "matching checklist" each year
- Centralization of matching process into a Centralized Matching Team (CMT)



Okay… so how did Illinois do?

Treatment Opportunity Days Rate



Sustained Favorable Discharge Rate

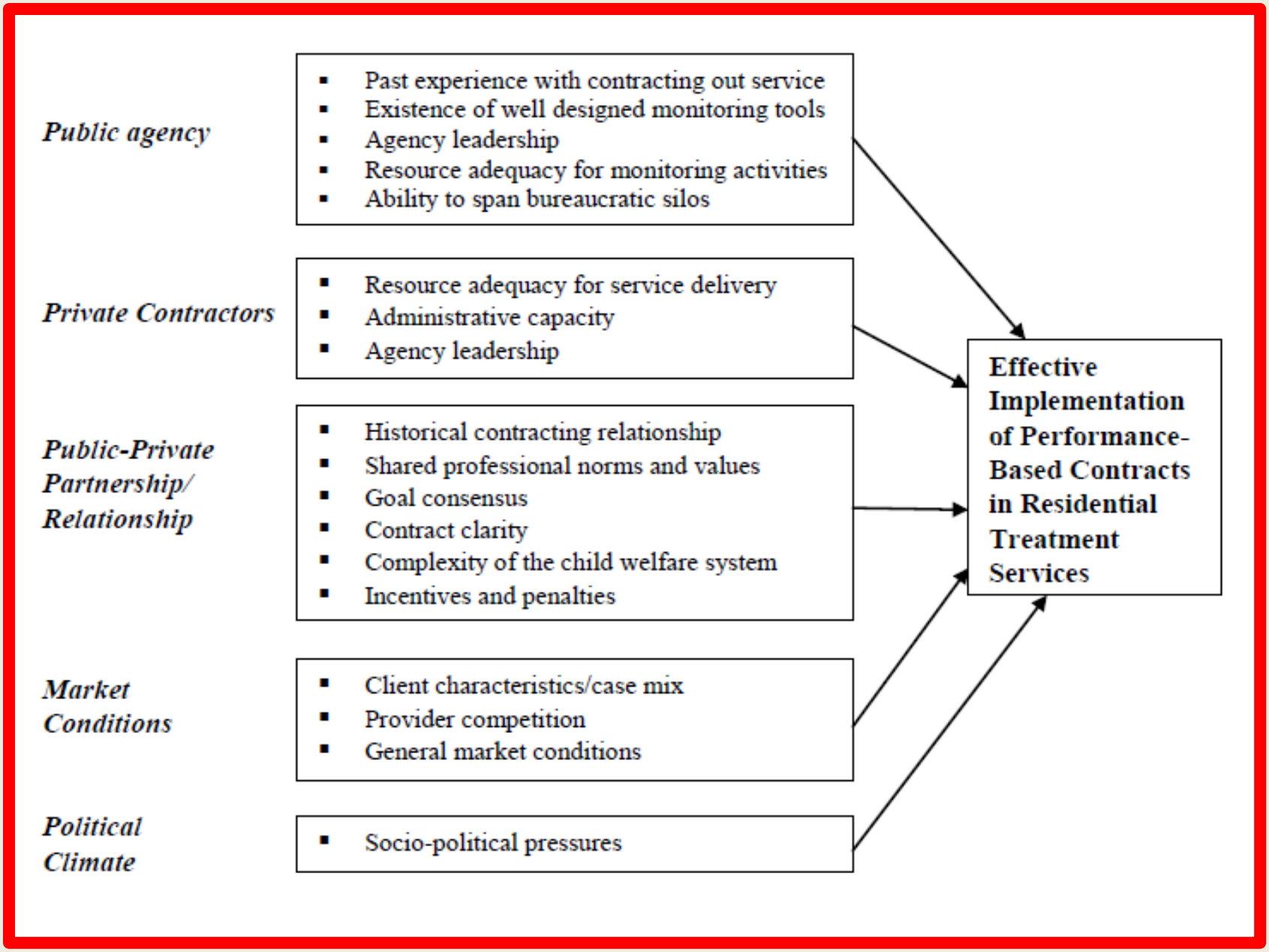
FY 2009	FY 2010	FY 2011
1969 spells	2012 spells	2162 spells
Projected SFDs: 294 (14.9%)	Projected SFDs: 238 (11.8%)	Projected SFDs: 504 (23.3%)
Actual SFDs: 342 (17.1%)	Actual SFDs: 369 (18.3%)	Actual SFDs: 568 (26.3%)

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

Yes!

- 500 + Collaborative Meetings since project inception
- Performance measures developed and refined through public/private partnership using the existing CWAC structure
- Statewide provider forums, D-Net, list serve, informal monthly Residential Provider Group, and CCAI *Monday Report* used as communication tools

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



Kearney, Bloom-Ellis & Thompson (2012)

Do not even attempt PBC without:

- Good, reliable data which will be consistent over time
- Capacity for QA/CQI in both the public and private sectors
- A significant (1 year) period of time to jointly plan and develop:
  - ✓Outcome measures
  - ✓Operational definitions
  - ✓Communications plan
  - ✓Conflict resolution and reconciliation process

Alignment is Critical

- Align the following in both the public child welfare agency and private agencies:
  - ✓ programmatic,
  - ✓ fiscal/budget,
  - ✓ quality assurance,
  - ✓ operations, and
  - ✓ leadership
- Determine if other external entities must also be aligned, e.g. schools, community mental health
- Establish an Implementation Team in the public child welfare agency to cut through bureaucratic silos

Lower Performing Agencies

- Staff in the lower performing agencies blamed the children and youth for their poor performance
  - "Toxic parents" caused this damage and we are trying to save these kids and shouldn't be punished for taking care of them
  - "I don't care what they say, our kids are tougher than anyone else's"

Lower Performing Agencies

- Did not have a clearly defined treatment model
- Did not have functioning quality assurance systems
- No changes were made to hiring practices, supervision, or training protocols to support implementation of PBC
- Staff were aware they should discourage runs, psychiatric hospitalizations and detentions, but did not understand why

Higher Performing Agencies

- Had more defined treatment models and quality assurance systems in place to track fidelity to the model
- But, most had not totally infused PBC measures into their QA systems
- Had staff meetings to describe PBC, but most did not formally train on the fundamentals or best practices associated with the measures

Why should we care about measuring performance?

- What gets measured gets done
- If you don't measure results, you can't tell success from failure.
- If you can't reward success, you're probably rewarding failure.
- If you can't see success, you can't learn from it.
- If you can't recognize failure, you can't correct it.
- If you can demonstrate results, you can win public support.

From "Reinventing Government"

Remember…

Nothing

is written in stone!

You have to be able to adapt and change!

ANY QUESTIONS?

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