



STATE OF MICHIGAN  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

RICK SNYDER  
GOVERNOR

NICK LYON  
DIRECTOR

April 21, 2015

The Honorable Peter MacGregor, Chair  
Senate Appropriations Subcommittee on DHS  
Michigan State Senate  
Lansing, Michigan 48933

The Honorable Earl Poleski, Chair  
House Appropriations Subcommittee on DHS  
Michigan House of Representatives  
Lansing, Michigan 48933

Dear Senator MacGregor and Representative Poleski:

This report is provided pursuant to the Department of Human Services' (DHS') Fiscal Year 2015 Appropriations Act, PA 252 of 2014, Article X, Section 503(7). This section requires that the department submit a quarterly report on the status of the implementation of a performance-based contracting model that establishes performance-based funding for public and private child welfare services providers.

Michigan Department of Health and Human Services (MDHHS) continues to lead and utilize the Child Welfare Partnership Council to ensure stakeholder involvement in the development of the performance-based model. Contracted actuarial services have commenced with Public Consulting Group and efforts are underway to identify the unit costs for out-of-home child welfare services. Another contract for project management services provided by Public Consulting Group was finalized on April 7, 2015. The contract scope of work is to facilitate, coordinate, and track the model development. The department continues to plan for the procurement of an independent, third party evaluator in this fiscal year to ensure the evaluation plan is built alongside the model, ensuring greater and more immediate measurement of effectiveness once implemented. A full cost analysis of the performance-based funding model is anticipated to be completed by September 30, 2015.

MDHHS and involved stakeholders and contractors are diligently working to operationalize the proposed model for Kent County, including identifying the outcomes and metrics that will be used to measure performance and ensure integration with the state's child welfare case practice model and continuous quality improvement plan. MDHHS and leaders from Kent County's private child welfare system are working with their contracted technical assistance and other system stakeholders to develop the new performance-based model for Kent County. Efforts include investigating similar models and experiences in other jurisdictions across the nation.

If you have any questions, please contact Steve Yager, Children's Services Administration director, at (517) 241-9859.

Sincerely,

A handwritten signature in black ink that reads "Susan Kangas". The signature is written in a cursive style with a large, looped "S" and a long, sweeping "K".

Susan Kangas  
Chief Financial Officer

cc: Senate and House Appropriations Subcommittees on DHS  
Senate and House Fiscal Agencies  
Senate and House Policy Offices  
Senate and House Standing Committees on Families and Human Services