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*A Response to the*

***State of Michigan***

*For A*

***Juvenile Justice Care Management System***

***A Performance Based Initiative***

*To Be Financed By*

***Social Impact Bonds -***

***Pay For Success Financing Model***

*In Response To A*

**REQUEST FOR INFORMATION**

**PROJECT NUMBER: #0071141113B0000535**

*Submission Date*

**October 24, 2013**



October 24, 2013

WE SEE  
SOMETHING  
GOOD  
IN EVERY  
CHILD<sup>SM</sup>

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**Response to the Request for Information, Social Impact Bonds – Pay for Success Based Financing, Project #0071141113B0000535**

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Starr Commonwealth is pleased to present this Juvenile Justice Care Management System, Performance Based Initiative, in response to the State of Michigan's Request for Information (RFI) enumerated above. It is with enthusiasm and excitement that we submit an innovative, cost effective and impactful solution for consideration and we applaud Governor Snyder's interest in innovative public-private financing partnerships for social impact.

Since 1913, Starr Commonwealth has been helping children and their families through one simple belief: There's no such thing as a bad child. Today, Starr Commonwealth operates dozens of programs aimed at bringing out the best in youth and their families. For 100 years, Starr Commonwealth has been dedicated to the mission of creating positive environments where children and families flourish. Our community-based programs, residential treatment services, educational services and professional training represent the international standard of excellence in identifying, treating and healing trauma and pain-based behavior and building resiliency in children and adolescents. We look forward to working with the State of Michigan through developing and providing excellence in innovative ways to ensure a better future for Michigan's young people.

Starr is sharing this Performance Based Initiative ("Initiative") in juvenile justice built upon the successful outcomes and performance of the Care Management System that has operated since 2000 in Wayne County, Michigan.

Starr Commonwealth is the managing partner of StarrVista, Inc. StarrVista is one of the Care Management Organizations (CMO) contracted in 2000 by the Wayne County Department of Children and Family Services to provide and manage juvenile justice services to Wayne County delinquent youth, their families and the community.

The Initiative presented herein is to implement a juvenile justice care management system approach in other counties, jurisdictions or regions of



the state with the potential to scale the approach statewide. Care management for juvenile justice provides state and local governments, jurists and the courts with a professional manager of care assuring access, quality, outcomes, cost efficiencies and satisfaction. These are accomplished by results-driven management, employing evidence informed practices and effective utilization management models.

Again, Starr Commonwealth thanks Governor Snyder for his commitment to delivering innovative and efficient services to the residents of Michigan and for initiating this Request for Information.

We look forward to discussing this RFI Response in more detail and working together with the state, local governments and court jurisdictions to better the lives of youth and families involved in the juvenile justice system and create positive community impact.

If you have any questions, or require any additional information or assistance, please do not hesitate to contact me ([mitchellm@starr.org](mailto:mitchellm@starr.org)) or Elizabeth Carey, Executive Vice President & Chief Strategy Officer, ([careye@starr.org](mailto:careye@starr.org)) at (517) 629-5591.

Sincerely,

A handwritten signature in black ink that reads "Martin L. Mitchell". The signature is written in a cursive, flowing style.

Martin L. Mitchell, Ed.D.

President and Chief Executive Officer

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## **RFI RESPONSE**

### ***Introduction***

Starr Commonwealth is pleased to present this Response to the State of Michigan Request for Information (RFI) seeking ideas for innovative public-private financing partnerships that will leverage private resources to improve the effectiveness and quality of government services.

Starr Commonwealth believes that its juvenile justice care management system approach is a perfect candidate for a performance based initiative for the delivery of government services using a pay for success model. Starr Commonwealth is the managing partner of StarrVista, Inc. StarrVista is one of the Care Management Organizations (CMO) contracted in 2000 by the Wayne County Department of Children and Family Services to provide and manage mandated juvenile justice services to Wayne County delinquent youth and their families.

This Starr Commonwealth Juvenile Justice Care Management System, Performance Based Initiative, is built upon the lessons learned, and the successful performance and outcomes, from the Wayne County experience. The Initiative presented herein is to implement a juvenile justice care management system approach in other counties, jurisdictions or regions of the state with the potential to scale the approach statewide. Care management for juvenile justice provides state and local governments, jurists and the courts with a professional manager of care assuring access, quality, outcomes, cost efficiencies and satisfaction. These are accomplished by results-driven management, employing evidence informed practices and effective utilization management models.

This Initiative, if funded, can have significant benefits for participating county governments, judiciaries and the state, as well as the investors. These benefits are possible because this Initiative:

- Has a high probability of success based on prior evidence;
- Has measurable outcomes supported with authoritative data and strong evaluation methodologies;
- Will be overseen by experienced care managers that have flexibility to adjust the approach to address local conditions and diverse juvenile populations;
- Yields significant future savings to those governmental units if successful.

Not to mention, *but we will*, the benefits to the youth and families that we are charged to serve, and to the communities in which we live.

### ***Prior Evidence***

Quoting from the Plante Moran independent *Operational Review of the Care Management System Agencies*, July 2006:

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“Throughout the 1990’s Wayne County was overwhelmed with juvenile justice issues that were not under their direct control. The County was, however, obligated to pay 50% of the expenses [the state Child Care Fund paid the remainder]. The cost of placing juveniles outside of their home more than doubled in one decade. The state ward caseload in Wayne County ballooned to 3,500 juveniles in 1998.

In response, Wayne County launched its own juvenile services care management network in 2000. The County implemented a locally based network comprised of private, contract management agencies and service providers for the supervision and treatment of adjudicated juveniles.”

Subsequently, in 2003, probation juveniles were added to population under care management.

Starr Commonwealth is the managing partner of StarrVista, Inc. StarrVista is one of five Care Management Organizations (CMOs) contracted in 2000 to provide and manage juvenile justice services to Wayne County delinquent youth and their families. Under this contract, the CMO is charged with developing, implementing, and monitoring a plan of care for each juvenile delinquent. Each CMO is the lead agency for a defined service area and is responsible for development of a locally organized system of services and resources, which includes prescribed community-based care and residential service tracks.

Once a juvenile is enrolled within its service area, StarrVista has full responsibility and risk for planning, care and supervision, until the court terminates enrollment. Each CMO has responsibility to ensure that enrolled juveniles have access to, and receive a full array of services that support accountability, community safety, competency development and that are culturally competent, individualized, and strength based.

Again quoting from the Plante Moran 2006 Operational Review report, Major Findings and Recommendations:

“The care management approach to juvenile justice is working and producing better results.

- There are now [2006] 45 juveniles from Wayne County at Maxey and Adrian Training Schools compared to almost 800 in 1998.
- The state ward caseload has been cut in half.
- 200 juveniles placed in other States have been returned to Michigan and no adjudicated juveniles from Wayne County have been placed in another state since 2000.
- Use of secure detention has been reduced by 50%.
- Post-release recidivism events occurring within Wayne County are less than 10%.
- Since 2003 Wayne County has expanded services to over 2,000 juveniles on court probation, with a 67% positive completion rate. And,

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- For the period 2001 through 2005 total juvenile justice costs in Wayne County declined by 2%.

A centralized system has been replaced with a new county-based approach to serving juveniles that invests tax dollars in alternatives to lock-up facilities. The County's unique partnership with private contractors appears to be working well. The program has successfully involved community leaders and citizens in developing and monitoring services for delinquent youth, resulting in improved quality, better outcomes and lower costs."

Quoting from the Plante Moran 2006 Operational Review report, Summary Findings:

"Since the inception of the JAC/CMS service delivery model in 2000, Wayne County CAFS has been effective in controlling and containing delinquent juvenile services costs."

"Based on the expenditure trend data of costs ..., overall program expenses for delinquent juveniles have stabilized with a net decrease of almost 2% in the past 5 years due to the ongoing utilization management and the close monitoring of CMS expenses."

StarrVista continues to this day as one of the most successful CMOs for Wayne County Children and Family Services. More importantly, CMO and StarrVista performance, outcomes and results continue to improve and the gains sustained. Specifically, from Wayne County reported data:

- The Wayne County cost for the Care Management System has reduced from \$115m in FY2008 to \$59m in FY2013, a reduction of 49% in the last five years. [Some of this reduction could be argued to be putting the current system and the outcomes for youth at risk today. See Funding Issues below for more information.]
- The average daily caseload for the Care Management System has been reduced from 2,615 in FY2008 to 1,115 in FY2013, a reduction of 57% in the last five years, now at record low numbers.
- The number of new cases assigned to the Care Management System has been reduced from 1,769 in FY2008 to 937 in FY2013, a reduction of 47% in the last five years.
- Juveniles with felony convictions after termination [recidivism] remain low at 17.5% [2012 data] compared to the 50% national average. [StarrVista's FY2013 rate is 12.7%.]
- Juveniles are being safely maintained in their communities with a low number of felony convictions during active enrollment (1.9% in 2012).
- Residential placements and length of stay have continued to decline for five straight years and the use of out-of-home placements has been cut in half [2012 data].
- 96.9% of youth in the system have improved 20 or more points on the post-CAFAS measure – an impressive trend in terms of the improved well-being [2012 data].
- Detention (short-term) utilization has been reduced by 67% in one decade [2012 data].

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Some of the CMO caseload reduction in the past five years can be attributed to the increased use of prevention and diversion programs, including Youth Assistance Programs (YAP). Starr Commonwealth designed and operates one of these YAPs for Wayne County youth.

The availability of performance measures for assessing outcomes and success is clearly evident in the Wayne County experience. See the citations in the Appendices for additional information on performance measures.

These data and proven history of results provide a strong evidence base indicating that the juvenile justice care management system is likely to achieve outcome targets and has a high probability of success if expanded to other counties, jurisdictions or regions of the state.

### ***Funding Issues***

The Wayne County experience proves that the CMO System works when it is adequately funded. Current budgetary pressures in Wayne County may be calling the adequacy of funding to question and increases in recidivism and other indicators are beginning to be seen.

None the less, the CMO System works. It can deliver better care for youth and families involved in the juvenile justice system – demonstrably better outcomes with significantly reduced cost.

Going forward to replicate the Care Management System, its experience and success, in other areas of the state will require a commitment of resources that currently may not be available given state and local budget pressures. Such commitment of resources is necessary to fund start-up cost, development of community based resources, information technology, and implementation of evidence based practices (including licensing, training and fidelity costs).

The cost to replicate the Care Management System in other areas of the state is an initiative worthy of consideration for Social Impact Bond – Pay for Success Financing.

### ***Components***

Care Management is the applied hybrid of the best practices from managed care, risk management, juvenile justice, child and family services, child abuse and neglect, and community mental health and substance use treatment models.

A Care Management System for juvenile justice consists of two components: the Care System itself, and its Care System Management.

The Care System is an applied extension of evidence informed practices for a safe, effective and efficient juvenile justice system. Its focus is on youth and families and is anchored by solid program philosophy and principles. The components of a successful care system include:

- Prevention Programs (School and Community Partnerships)
- Diversion Strategies (Judicial Partnerships)
- Proactive Case Management
- Community Based Services First

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- Linking with other Systems of Care
- Integration of Mental Health and Substance Use Services
- Managing Court-Ordered Out-of-Home Residential Placements
- Community Reintegration Planning from First Day of Residential Placement
- Intensive Reintegration Aftercare Services
- Intensive Community Based Probation Services
- Evidence Based Practices, Practice Based Evidence

Care System Management is the management and administrative components of Care Management. Critical elements of Care System Management include:

- Effective Care Management Infrastructure
- Care System Research and Development
- Proactive and Concurrent Utilization Management
- Provider Network Development and Management
- Claims and Risk Management
- Quality Management and Continuous Quality Improvement
- Information Systems and Support
- Administrative Services and Support

The Care Manager works with local government administration, the courts, and the elements of the care system to achieve goals and objectives, control cost and assure quality, outcome and satisfaction. *The Care Manager strikes the balance.*

### ***Evidence Based Practices***

The primary goals for management of the Care System for juvenile justice services is adherence to court orders, delivery of quality services and supports for youth and families, and control, containment, or reduction of cost.

Evidence has shown that children do better when supported in community environments compared to out-of-home placements. Maintaining and caring for delinquent youth in their home, with their family and in their community should always be the first preference whenever possible. While there may always be some need for residential services in some cases, optimizing the judicious and appropriate use of out-of-home services, together with lower lengths of stay and effective community reintegration, provides opportunities to reduce cost. Reinvesting these savings in enhanced and expanded community options and programs improves outcomes and further reduces cost.

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These savings can provide necessary funding to develop community based services that are based on evidence informed practices that could replace and eliminate the need for out-of-home placements in the first place.

These savings also provide an opportunity to develop effective prevention and diversion services for at-risk youth and low-risk offenders who are often squeezed out of the system due to lack of financial resources. Attention to these children prevents future juvenile justice involvement and cost.

The role of the Care Manager is to work through a continuously improving Care System that safely and effectively moves cases through the juvenile justice system in the least amount of time and with the least overall case cost, while maintaining outcomes and satisfaction. The Care Manager is to:

- Assess need and risk, and establish goals for each case,
- Arrange for the most appropriate and necessary care to be provided through a network of qualified, credentialed and privileged providers, and
- Concurrently and proactively monitor progress towards goal achievement and positive outcomes.

To be a network provider, the caregiver agency must utilize evidence informed practices and deliver individualized services tailored to meet intended goals and successful outcomes.

Where achievement of goals and outcome is not occurring within timeframes and expectations, the Care Manager in consultation with the provider must make changes to the plan of care.

Concepts such as “care appropriate to circumstance” and “right treatment, right dose” are the principles that deliver successful results and contain or reduce costs.

Starr Commonwealth, in its care management system approach, uses best practices and emerging technologies, together with practice based evidence gathered from its many years of serving children and families. Starr Commonwealth draws on a number of common strengths and techniques from these to address case specific needs. The following is a list of some of the best practices and emerging technologies employed by Starr Commonwealth that have relevance to this Initiative. These are viewed as tools in a toolbox.

- Positive Peer Culture
- Balanced and Restorative Justice
- Wraparound Case Management
- Strengthening Families Program
- Cognitive Behavioral Therapy
- Trauma Informed Care
- Motivational Interviewing

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- Life Space Crisis Intervention
- The Seven Challenges – Making wise decisions about alcohol and other drugs.

Specifics of these can be found in the reference links contained in the Appendix.

Starr Commonwealth, in its provider network development activities would look to support and nurture providers who practice these evidence based, and evidence informed practices.

***Sufficiency of Target Participant Base***

Depending on the area chosen to replicate the Care Management System model, there is clearly a sufficiency of target participant base.

According to the Michigan Juvenile Justice Collaborative in its report entitled *Demographics of Michigan’s Juvenile Justice Population* (see citation and web link in Appendices), fifteen counties account for 75% of juvenile arrests statewide.

Similarly, based on Circuit Court data from 2009, fifteen counties account for 70% of New Delinquency Filings statewide.

These data are presented in the following tables:

<b>Juvenile Arrests (UCR, 2005)</b>		<b>Delinquency New Filings (2009)</b>	
Wayne	8,259	Wayne	8,021
Kent	2,969	Kent	3,627
Oakland	2,469	Oakland	3,167
Ottawa	2,011	Macomb	2,989
Macomb	1,372	Kalamazoo	2,442
Genesee	1,233	Genesee	1,668
Kalamazoo	786	Muskegon	1,646
Ingham	717	Ottawa	1,431
Berrien	540	Jackson	1,096
Washtenaw	537	Berrien	1,047
Saginaw	528	Calhoun	1,018
St. Clair	430	Washtenaw	917
Lenawee	425	Monroe	833
Van Buren	397	Ingham	784
Jackson	390	Livingston	722
All Other	<u>7,530</u>	All Other	<u>13,305</u>
Statewide	<u>30,593</u>	Statewide	<u>44,713</u>

Other than Wayne County (already under a care management system), the next five to ten counties appear to have sufficient numbers of participants to justify and support a care management system model.

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Another effective strategy could be regionalizing multiple adjacent counties or jurisdictions where the lower numbers of participants in the surrounding counties combine to provide the critical mass necessary to justify the care management initiative.

Based on the data for 2009, Starr Commonwealth has identified various combinations of the 83 counties into as many as 20 logical JJ Care Management regions with consideration of efficient caseload size, court jurisdictions and other appropriate factors. Should this Initiative go forward, we would be happy to share our considerations and conclusions.

These data are significantly affected by county population size and may not reflect the counties in greatest need for improvement in juvenile justice services. The Michigan Committee on Juvenile Justice, Delinquency Prevention Subcommittee (MCJJ-DPS) recently set a goal to provide funding to the communities in the greatest need of juvenile delinquency prevention resources. To identify these communities, the subcommittee selected six risk factor categories related to juvenile delinquency. They are: (1) educational success, (2) economic conditions, (3) involvement in the juvenile justice system, (4) involvement with Child Protective Services, (5) teen pregnancy, and (6) population-related data for minors. From these six categories the subcommittee selected 12 indicators of risk. Counties ranking two or more times in the top ten for any given indicator are considered priority counties by the subcommittee.

The MCJJ-DPS concluded the following lists and rankings of Counties in Greatest Need based on the number of times the county appears in the top ten for the indicators of risk.

<b>Occurrence in Top Ten</b>			
<b>Tier 1</b>		<b>Tier 2</b>	
Crawford	7	Alcona	2
Oceana	5	Allegan	2
Wayne	5	Cass	2
Calhoun	4	Cheboygan	2
Genesee	4	Chippewa	2
Gladwin	4	Gogebic	2
Iosco	4	Ingham	2
Lake	4	Kalamazoo	2
Oscoda	4	Kalkaska	2
Roscommon	4	Montmorency	2
Saginaw	4	Osceola	2
Clare	3	Ottawa	2
Iron	3	Shiawassee	2
Luce	3		
Muskegon	3		
Ogemaw	3		
Otsego	3		
Saint Clair	3		

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Many of the counties on the MCJJ-DPS listings are the more rural communities that that suffer from a shortage of funding, programs and providers for services for delinquent youth. These present significantly different environments when compared to the larger more urban communities. These conditions must be specifically accounted for and addressed in the design and development of a juvenile justice care management system for those service areas.

We take note that Governor Snyder has taken steps to address high crime rates in cities along the I-75 corridor (namely Detroit, Pontiac, Flint, and Saginaw). We further note that these cities are in counties that appear on the lists above. We suggest that a juvenile justice care management system approach would help with this situation.

### ***Use of Funds***

Since funding to provide juvenile justice services are straining state and local budgets, very little funding is left to fund innovation and change. The Initiative we are suggesting would best be implemented and successful with properly funded start-up investments. These investments would be repaid from savings achieved from effective and efficient care management. The use of funds could be described as follows.

**Care Management Organization Start-Up Cost.** Replicating the care management organization in another county, jurisdiction or region will require startup of a complete operating care management business unit including site director, supervisors and case managers, together with the occupancy and other operating resources necessary to conduct business. This will require a lead time to startup that could be between 90 and 180 days to recruit and train staff, locate and equip office space, establish a network of providers, and make the linkages with government, judicial, enforcement, education and other community stakeholders. This startup will not be starting from scratch because Starr has already developed care management approaches, policies, procedures, etc. These may require some modification during startup to address local conditions and circumstances.

**Information Technology Investment.** StarrVista has developed its Care Management Information System specifically focused on juvenile justice care management. This system has been designed to exchange data with the Wayne County JAIS system and could be adapted to exchange data with other state, county or jurisdiction information system databases. Further, due to the lack of available funding, many desired enhancements and improvements to the system have not been implemented.

**Community Provider Development.** The key to success in juvenile justice care management is having the availability of a wide range of community based providers and resources. Assessing the needs of the juvenile justice population and the availability of quality providers in the service area is critical to the startup. Addressing service gaps will often require developing new providers, new programs within current providers, and establishing methods of integrating multiple services provided by a number of providers for an individual youth and family in ways to assure consistency of treatment goals and avoid redundancies. The CMO, if adequately

funded, could provide development grants to providers to start new programming or implement evidence based practices.

**Integration of Juvenile Justice Services with Mental Health and Substance Use Services.** As youth with lessor offenses are diverted to prevention and youth assistance programs, those remaining in the formal juvenile justice system are requiring more treatment attention to serious emotional disturbances and substance use disorders (e.g., MH/SA Services). Currently in Michigan, funding for MH/SA services is provided with Medicaid and other public funds through the community mental health services programs. The successful care management program will be the point of connection for integration of JJ and MH/SA services. Grants and other supports for MH/SA providers to adapt their systems to the needs of juvenile justice involved youth and families may be beneficial, if not a necessary investment.

**Evidence Based Practice Investment.** Evidence Based Practices have a proven record of success and financial payback. These however require a significant investment, the funds for which are not often available within usual and customary fee-for-service rates. These include licensing fees, training costs and on-going fidelity cost. Training costs include not only the cost of trainers and materials but also the cost of compensation for the people being trained and opportunity cost of lost productivity while those persons are being trained. The CMO, if adequately funded, could provide for these costs directly or by grants to providers willing to implement the practice.

**CMO Operating Cost during the Project.** Adding a care management organization to the juvenile justice system of care initially adds cost to the system. The Wayne County experience demonstrates that the outcome and success more than adequately pays for itself in a reasonably short period of time. Depending upon the scope and circumstance of the pilot project, the cost of operating the care management system could be put at risk (or shared risk) as a further commitment towards success. After the initial project period, after success and cost savings are demonstrated, the cost of on-going care management to retain the gains and continue with improvements could be folded into the future recurring juvenile justice budgets.

**On-going Cost of Care.** Throughout the project timeline, state and local governments would continue to pay for the cost of care for juvenile justice youth on an on-going basis. Those payments would however route through the care management organization and be subsequently paid to the direct service providers. The care management organization would be at risk for the cost of care and services. As contemplated herein, social impact bond funds would not be used to pay for the on-going cost of care. Of course, the cost of care is expected to be reduced under care management, hence the source for return on investment and repayment of the social impact bond funds.

### ***Experienced Care Managers***

Assuring the success of a care management initiative will require the oversight of experienced care managers that have flexibility to adapt and adjust their approach to meet the unique needs of the youth population and communities to be served. The strength of the CMO System

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in Wayne County has been the ability of each CMO to model its community based provider network and programs to fit with the communities in which they manage care.

Starr Commonwealth has the specific human service and juvenile justice experience necessary to decipher the unique needs of a community and its juvenile justice population. From this, it can apply its knowledge and experience, knowing what works and what doesn't, to adapt its approach to appropriately, efficiently and effectively managing care and services.

*Helping Kids Flourish.* For 100 years, Starr Commonwealth has been helping children and their families through one simple belief: There's no such thing as a bad child. Today, Starr Commonwealth operates dozens of programs aimed at bringing out the best in youth and their families. Since 1913, Starr Commonwealth has been dedicated to the mission of creating positive environments where children and families flourish. Our community-based programs, residential treatment services, educational services and professional training represent the international standard of excellence in identifying, treating and healing trauma and pain-based behavior and building resiliency in children and adolescents. [www.starr.org](http://www.starr.org)

StarrVista, Inc., with Starr Commonwealth as its managing partner, has fourteen years of experience in managing the juvenile justice and delinquency services as one of the most successful CMOs in the Wayne County system.

Starr Commonwealth's professional training division, Starr Global Learning Network, focuses tools, techniques and models to heal trauma, build resilience and focus on racial healing. The Network consists of:

<http://www.starrtraining.org/home>

- Starr's National Institute for Trauma and Loss in Children.

<http://www.starrtraining.org/trauma-and-children>

- Starr's Reclaiming Youth International, Resilience

<http://www.reclaiming.com/content/>

- Starr's Glasswing, Racial Healing

<http://www.starrtraining.org/glasswing>

### ***Measurable Outcomes***

Should this Initiative be selected to move forward and a county, jurisdiction or region be selected for pilot implementation, Starr Commonwealth would want to negotiate the acceptable standards of care with the state, county, courts and other stakeholders. A very early step in this implementation would be to establish the baseline data for a number of critical indicators from which to measure progress and success over the project life.

Significant measurable outcomes could include:

- Reduction in Recidivism

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- Reduction in Felony Convictions during Active Enrollment
- Successful Completion of Diversion or Probation
- Reduction in Use of Out-of-Home Placements
- Reduction in Length of Service (Days LOS, etc.)
- Improvement in CAFAS Score at Termination
- Reduction of Escalations and Violations
- Reduction in Cost per Completed Case

The outcomes for these measures will be negotiated based on baseline amounts, conditions and situations going into the project. Starr Commonwealth is confident that the gains to be achieved under a care managed system will be significantly better compared to an unmanaged system.

### ***Use of Independent Evaluator***

Evaluation and research at Starr occurs across all programs to monitor program performance, clinical outcomes, and treatment fidelity. Starr maintains a Research and Evaluation Department for these quality purposes. Directed by an MSW in child program evaluation, Starr's evaluation activities are driven by the latest in treatment research, agency direction and customer and community needs. Starr often receives the support of academic institutions for individual evaluation projects. Beginning in 2011, Starr collaborated with Eastern Michigan University for the evaluation of our Montcalm Autistic Boarding School. In the upcoming months, we will partner with the University of Michigan to begin an evaluation project that will further prove Starr treatment approaches. Through the M-Cubed research award with the University of Michigan, Starr hopes to begin a multi-disciplinary, collaborative community-based project that will provide valuable research to the field. The \$180,000 awarded through the fund acts as seed money for community providers to receive the expertise and support for high quality program research.

For this Initiative, if funded, Starr Commonwealth would utilize its working relationship with the University of Michigan to obtain independent evaluations of the various components and outcomes for this project.

### ***Scalability***

The objective of scalability for this Initiative is to centralize the administrative functions while maintaining the local presence and flavor necessary to address the unique juvenile populations, stakeholders, characteristics and issues of each county, jurisdiction or region for local care management operations.

Administrative functions that would be centralized include executive administration, information technology, program development, evaluation and fidelity, quality assurance, provider network management, claims and risk management, and other back office functions.

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The local care management unit(s) operations would consist of a site director, clinical team supervision, and care management teams that meet the criteria and staffing caseload requirements of the Child Care Fund. The care management teams would consist of masters-level mental health professionals, bachelor-level case managers, and other interdisciplinary team members (i.e., tutors, mentors, supervisory trackers, etc.).

***Significant Future Benefits***

The benefits to a community as these outcomes are achieved will include:

- Improving the lives of youth and families
- Stronger school connectedness (Attendance, Grades, Promotion, Graduation)
- Increased community partnerships and wrap around services
- Increased access to specialty services (Mental Health, Substance Use, Medical)
- Access to a full continuum of community based care
- Less utilization of out of community placements (residential, youth home, jail, prison)
- Breaking the cycle of School to Prison

***Significant Future Savings***

The FY2013 DHS Appropriations applicable to this Initiative include the following:

- DHS Juvenile Justice Services, \$35.1m. These funds include certain community-based services, detention services and treatment services for youth in state operated facilities.
- Child Care Fund component of DHS Child Welfare Services, \$400m. Of these funds approximately 60% or \$240m is spent for juvenile justice cases. This represents 50% of the total cost that is shared with county governments.
- County funds are currently required to match state Child Care Funds on a 50/50 basis.

Just these three funding sources alone total to over \$500m of funds spent each year on juvenile justice services for youth in Michigan. These amounts do not consider the additional funds spent when these juveniles age out of the juvenile system, or become incarcerated in later life as repeat offenders or for other criminal activity. And these also do not consider the lost productivity, lost economic potential, cost of wasted or lost lives of youth and destruction of families and communities.

A delinquent juvenile who is taken from home and placed in a residential facility will often have a length of stay in excess of six months, as much a one year or more. The residential facility cost alone for this youth could range from between \$36,000 and \$72,000 per case for a non-secure facility, between \$50,000 and \$100,000 per case for a secure facility, or between \$86,000 and \$172,000 for a State Training School. In addition, that case could incur additional costs for community reintegration and aftercare for an additional six months or more for a cost of

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between \$15,000 and \$25,000 depending on the resources required. Should the youth re-offend, violate conditions and be escalated back to a residential facility, costs easily double.

If instead, the youth could be maintained in the home and engaged in community based intensive intervention, treatment and supervision, or be diverted with supportive resources in probation, the cost per case decreases dramatically. Over the same six to twelve month period, the cost of effective community based services could be between \$25,000 and \$40,000.

It is possible that with effective and efficient care management and a fully developed range of comprehensive community services that the savings in cost per case could easily range from \$50,000 to \$100,000 per case. Evidence has shown that even high risk offenders can be safely maintained and treated in the community. If a county, jurisdiction or region could divert 100 cases from residential placement and serve those cases in the community, as much as \$5,000,000 to \$10,000,000 per year could be saved. Half of this savings would be retained by local government and the other half saved by the state.

The math on this is pretty straight forward. The sufficiency of target participation is apparent. The outcomes of a care management system approach are measurable and have been proven in Wayne County.

**Fund Summary**

To fund an initial pilot project in a large county or multiple county area could require the following funding estimates:

<b>Funding Summary</b>	<b>Range of Funds Required (in \$000s)</b>	
	<b>From</b>	<b>To</b>
<b>Use of Funds</b>		
Care Management Organization Start Up	\$ 500	\$ 750
Information Technology Investment	300	500
Community Provider Network Development	300	500
Integration with Other Systems of Care	100	150
EBP Investment for Community Providers	400	600
Investment, Development & Start Up	<u>\$ 1,600</u>	<u>\$ 2,500</u>
Annual Cost of CMO Operations (inclgd Case Mgmt)	<u>\$ 2,500</u>	<u>\$ 3,000</u>

As contemplated herein, the Investment, Development and Start Up cost would be funded from the proceeds of the Social Impact Bond. The Annual Cost of CMO Operations would be funded from within the budget for on-going juvenile justice services as a shared cost between state and local government via the Child Care Fund. The savings resulting from care management of

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utilization and services will offset the increased cost associated with care management operations within the first year. The on-going cost of services and supports for delinquent juveniles will continue to be paid on a pay as you go basis from the Child Care Funds.

Savings beyond the cost of care management operations would first be used to pay return on investment for the social impact bonds, and then be shared between a sinking fund to repay the bonds, an incentive payment (reinvestment) to the (nonprofit) CMO, and budget savings shared by state and local governments. The financial amounts, target savings, sharing of risk and return, and repayment schedules would all be subject to negotiation should this Initiative be selected for implementation.

As contemplated herein, the timeline for realization of outcome, benefits, financial savings and return on investment would be negotiated but is anticipated to be between three and five years from CMO startup.

This is a conceptual design and all provisions, scope, outcomes, results and financing will need to be further refined and be subject to negotiation. Starr Commonwealth is confident that this concept, if adequately funded, will succeed and that this Initiative is worthy of serious consideration.

## **APPENDIX**

Rather than reproduce the entire documents in this Appendix, we have provided the internet website address and links to aid in retrieval of the documents. These documents were referenced in the development of and support for this Initiative and RFI Response.

### ***Demographics of Michigan's Juvenile Justice Population***

<http://www.miccd.org/wp-content/uploads/2013/09/MJJC-JJ-Kids-Stats-Final-Draft.pdf>

### ***Counties of Greatest Need***

<http://michigancommitteeonjuvenilejustice.com/michigan-data/counties-of-greatest-need.html>

### ***Michigan's School-to-Prison Pipeline***

<http://www.miccd.org/wp-content/uploads/2013/09/MJJC-School-to-prison-Final-Draft.pdf>

### ***The Lasting Consequences of Teenage Mistakes***

<http://www.miccd.org/wp-content/uploads/2013/09/MJJC-Consequences-Final-Draft.pdf>

### ***The Socio-Economic Benefits and Associated State Budget Savings of Community-Based Programs for Juvenile Offenders***

<http://www.miccd.org/wp-content/uploads/2013/09/GLECRReport-IHC.pdf>

### ***There's No Place Like Home - Making the Case for Wise Investment in Juvenile Justice***

<http://www.miccd.org/wp-content/uploads/2013/09/MCCD-No-Place-Like-Home-2013.pdf>

### ***Community-based Services: Cost-Effective Juvenile Justice***

<http://www.miccd.org/wp-content/uploads/2013/09/MJJC-Comm-based-models-Final-Draft.pdf>

***Investing in Kids: Fiscal Lessons from Other States***

<http://www.miccd.org/wp-content/uploads/2013/09/MJJC-Other-state-models-Final-Draft.pdf>

***Resolution, Reinvestment, and Realignment: Three Strategies for Changing Juvenile Justice***

<http://www.reclaimingfutures.org/blog/sites/blog.reclaimingfutures.org/files/userfiles/Resolution-Reinvestment-JButts-DEvans-JohnJay-Sept2011.pdf>

***Systems Integration: Treating the Whole Child***

<http://www.miccd.org/wp-content/uploads/2013/09/MJJC-System-of-Care-Final-Draft.pdf>

***Adolescent Development: Juveniles are Different than Adults***

<http://www.miccd.org/wp-content/uploads/2013/09/Youth-Dev-Issue-Brief.pdf>

***Wayne County Juvenile Justice CMO System, Measures and Outcomes***

<http://www.co.wayne.mi.us/cfs/512.htm>

Metrics, Key Performance Measures & Outcomes, Juvenile Justice Services thru FY2010

Comprehensive Statistical Report through Fiscal Year 2011

Operational Review of the Juvenile Justice Programs, Plante Moran, Final Report, 2006

***Positive Peer Culture***

Reclaiming Youth International

<http://www.reclaiming.com/content/trainings>

***Balanced and Restorative Justice (BARJ)***

<http://www.ojdp.gov/pubs/implementing/balanced.html>

**Wraparound Case Management**

<http://www.ojdp.gov/mpg/progTypesCaseManagementInt.aspx>

**Strengthening Families Program**

<http://www.strengtheningfamiliesprogram.org/about.html>

**Cognitive Behavioral Therapy**

[http://www.nami.org/Template.cfm?Section=About\\_Treatments\\_and\\_Supports&template=/ContentManagement/ContentDisplay.cfm&ContentID=7952](http://www.nami.org/Template.cfm?Section=About_Treatments_and_Supports&template=/ContentManagement/ContentDisplay.cfm&ContentID=7952)

**Trauma Informed Care**

<http://www.starr.org/tlc>

**Motivational Interviewing**

*A Guide for Probation and Parole – Motivating Offenders to Change*

<http://static.nicic.gov/Library/022253.pdf>

**Life Space Crisis Intervention**

<http://www.lsci.org/research-studies>

***The Seven Challenges – Making wise decisions about alcohol and other drugs.***

<http://sevenchallenges.com/Overview.aspx>