

Status of Performance-Based Contracting Model Quarter 1 Report

(FY2021 Appropriation Act - Public Act 166 of 2020)

February 1, 2021

Sec. 503. (1) *In accordance with the final report of the Michigan child welfare performance-based funding task force issued in response to section 503 of article X of 2013 PA 59, the department shall continue to review, update, or develop actuarially sound case rates for necessary child welfare foster care case management services that achieve permanency by the department and private child placing agencies in a prospective payment system under a performance-based funding model.*

(2) *From the funds appropriated in part 1, by March 1 of the current fiscal year, the department shall allocate \$250,000.00 to provide to the senate and house appropriations committees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget office a report on a full cost analysis to provide annual actuarially sound rates for foster care child placing agency administrative rates and child caring institution residential rates. The report shall include, but not be limited to, all rate factors necessary for consideration and shall give estimates on the cost to implement actuarially sound rates based on actual child welfare data.*

(3) *In accordance with the final report of the Michigan child welfare performance-based funding task force issued in response to section 503 of article X of 2013 PA 59, the department shall continue an independent, third-party evaluation of the performance-based funding model.*

(4) *The department shall only implement the performance-based funding model into additional counties where the department, private child welfare agencies, the county, and the court operating within that county have signed a memorandum of understanding that incorporates the intentions of the concerned parties to implement the performance-based funding model.*

(5) *The department, in conjunction with members from both the house of representatives and senate, private child placing agencies, the courts, and counties shall continue to implement the recommendations that are described in the workgroup report that was provided in section 503 of article X of 2013 PA 59 to establish a performance-based funding for public and private child welfare services providers. The department shall provide quarterly reports on the status of the performance-based contracting model to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on families and human services, and the senate and house fiscal agencies and policy offices.*

(6) *From the funds appropriated in part 1 for the performance-based funding model pilot, the department shall continue to work with the West Michigan Partnership for Children Consortium on the implementation of the performance-based funding model pilot. The consortium shall accept and comprehensively assess referred youth, assign cases to members of its continuum or leverage services from other entities, and make appropriate case management decisions during the duration of a case. The consortium*

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shall operate an integrated continuum of care structure, with services provided by both private and public agencies, based on individual case needs. The consortium shall demonstrate significant organizational capacity and competencies, including experience with managing risk-based contracts, financial strength, experienced staff and leadership, and appropriate governance structure.



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The Michigan Department of Health and Human Services (MDHHS) has continued its collaboration with Kent County MDHHS staff, and the Kent County provider community involved in the West Michigan Partnership for Children (WMPC) to support the Kent County pilot.

The performance-based case rate funding model is intended to improve outcomes for children and families; allow for the effective allocation of resources to promote local service innovation, create service efficiencies, and incentivize service providing agencies to be accountable for achieving performance standards. The funding model reinforces positive outcomes and reinvests savings for continued improvements in foster care service delivery.

Data Overview

The outcomes monitored include the Child and Family Services Review (CFSR) federal measures, Modified Implementation, Sustainability, and Exit Plan (MISEP), and contracted measures. The WMPC is meeting:

- **7 out of the 13** identified permanency performance measures. This is a decrease from last quarter which was 8 out of 13.
- **0 out of the 6** identified well-being performance measures. This is a decrease from last quarter which was 1 out of 6.
- **3 out of the 7** identified safety performance measures. This is a decrease from last quarter which was 5 out of 7.

The detailed quarterly performance measures for are included in the attachment titled *Fiscal Year 2020 Annual Performance Report*.

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Expenses- Cash Basis	FY2018	FY2019	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2020 Projected Spending Compared to FY2019
Foster Care Administration	\$15,240,083	\$15,610,709	\$2,477,158	\$2,985,022	\$1,743,125	\$4,264,899	↓
Caregiver Maintenance Expenses	\$3,648,410	\$4,643,238	\$740,149	\$810,073	\$705,644	\$1,794,650	↓
Enhanced Foster Care Maintenance & Administration	\$1,053,168	\$3,448,756	\$618,800	\$579,221	\$482,058	\$1,280,903	↓
Residential Expenses	\$10,525,555	\$9,042,917	\$2,366,914	\$2,448,294	\$2,296,826	\$1,940,959	↑
Shelter Expenses	\$1,167,662	\$1,247,024	\$279,224	\$228,945	\$174,537	\$98,581	↓
Ancillary Services	\$1,325,453	\$1,399,903	\$194,227	\$254,355	\$165,301	\$46,916	↓
Adoption Administration	\$1,337,245	\$1,648,892	\$123,804	\$486,584	\$245,398	\$591,338	↓

Key Innovations and Status Updates

- WMPC continued to operate in a deficit for most of the fourth quarter of FY20 for its programmatic expenses. In a report from September 3, 2019, Public Consulting Group (PCG), and PCG's contracted actuary, Lewis & Ellis, recommended a retrospective adjustment in the amount of \$6.42 million and a prospective case rate adjustment in the amount of seven percent beginning in FY20, to account for expenses not included in the original case rate methodology. The true-up funds and case rate adjustment were not provided and WMPC's payable balance continued to grow, exceeding \$5 million as of the end of the year with the five PAFC partner agencies bearing most of the risk. WMPC owed each of the five agencies approximately a million dollars, prompting discussions within their Boards of Directors about how long they could continue partnering with WMPC without a solution to fund the model. This was a point of ongoing concern for WMPC's Board of Directors and Leadership Team which had regular conversations with MDHHS Children's Services Agency (CSA) leadership, the Michigan State Legislature, and State Budget Office (SBO) to highlight the urgency and need for solutions. During the final quarter of the year, a new capitated allocation funding model to go into effect in FY21 was agreed to, as well as providing WMPC with a \$1.5 million risk reserve going into FY21, and making WMPC whole so that all payables would be cleared through the end of the year. Further, the cash advances provided in FY19 and FY20 were reclassified as expenditures by the state, and as such did not require WMPC to pay these back.
- PA 144 of 2020 required WMPC to cooperate with MDHHS on an independent fiscal analysis of costs incurred and revenues received during the pilot. Chapin Hall conducted the analysis and offered the following findings. The case rate revenue was sufficient to

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cover all state-initiated reimbursement rates increases made through fiscal year 2019 but fell short of covering WMPC-initiated fiscal changes. (Refer Executive Summary-WMPC Case Rate Review Sub-study.)

- WMPC experienced a change in leadership during the quarter. Kristyn Peck resigned as Chief Executive Officer in November 2020. Sonia Noorman was appointed the new Chief Executive Officer as of November 16, 2020. Sonia previously held the Chief Operating Officer position at the WMPC.
- The WMPC board has decided to restructure the organization's leadership to include some of the more operational responsibilities in the CEO position and develop a new Chief Engagement and Equity Officer (CEEEO) position to better meet the needs of the organization and the foster care system. The CEEEO will provide visionary leadership and galvanize and deploy internal and external resources necessary to execute a model community engagement strategy to galvanize champions for WMPC's vision and mission. The CEEEO will also be responsible for creating and overseeing a Board Program Development and Innovation Advisory Committee which will include representation of persons with lived experience as recipients of services that WMPC oversees.
- WMPC received 61 referrals in quarter 4; nearly double the number of referrals received in the third quarter of FY20. This remains a significantly lower number of referrals than what WMPC included in its FY20 budget.
- Implementation of Enhanced Foster Care and the decrease in number of children in foster care continues to contribute to a decrease in placements in residential settings. Between July and September 2020, the number of days children spent in residential placements has decreased by 5% compared to the previous quarter.
- WMPC's performance and quality improvement team continues to analyze performance data and engage with its network providers monthly to discuss key performance measures, data quality, outcome measures, and quality improvement plans. WMPC also meets with providers on a quarterly basis to assess performance against the contract as a condensed review of contract compliance and achievement of outcomes. (Refer to attachment *Fiscal Year 2020 Annual Performance Report*).
- During quarter four, WMPC's clinical liaison received over 136 screening referrals and subsequent consultations leading to 16 formal assessments and 95 youth connected to open-access services.
- WMPC board recruitment efforts continued to be on pause during the fourth as cashflow and sustainability remained a primary focus. WMPC will resume recruitment efforts to fill four vacant board slots to meet its objective of having members representative of the diversity of the community and to allow for a non-provider quorum.
- WMPC's Diversity, Equity, and Inclusion (DEI) committee continues to meet bi-monthly. The DEI committee continues to partner with our equity consultant Inclusive Performance Strategies (IPS) to drive forward our strategic goals towards being an anti-racist organization. The WMPC CEO won the Everything Business Corp Salute to Diversity award. WMPC was awarded the Grand Rapids Community Foundations LGBTQ+ fund grant to advance LGBTQ+ affirmation in foster care.
- The COVID-19 pandemic continues to have an impact on operations and performance. Performance for in-person visitation with parents and between supervisors and staff have declined due to on-going concerns of transmission for staff and families. Additionally, timeliness of medical and dental visits has decreased due to backlogs at providers and

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de-prioritization of non-urgent visits. On-going disruptions to performance are projected due to the COVID-19 pandemic for the foreseeable future.

Attachments:

- Fiscal Year 2020 Annual Performance Report
- Executive Summary – WMPC Case Rate Review Sub-study



WMPC Network Performance Report

Fiscal Year 2020

Report Date: November 13, 2020

Total Youth in Care

1,005 FY19
1,270

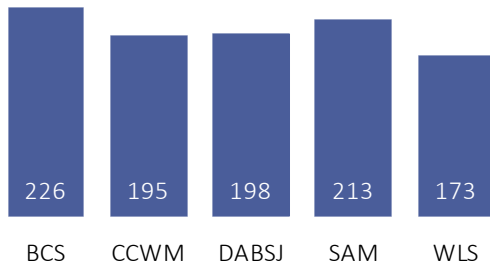
Youth Entering Care

203 414

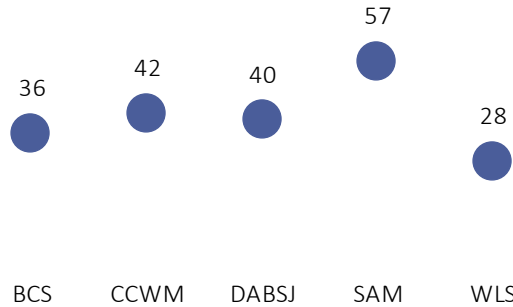
Youth Discharged

307 426

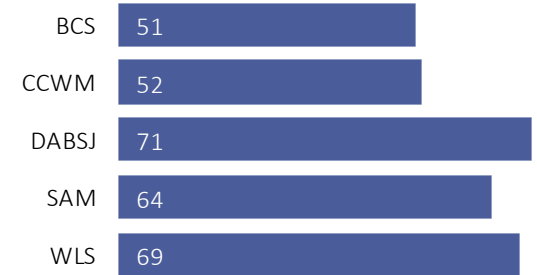
In Care by Agency



Entering Care by Agency



Discharged by Agency



Entering Care by Month



Youth in Care Source: Mindshare Active Children Dashboard 10/1/19 - 9/30/20; Accessed 10/19/20; Youth Discharge Source: Mindshare Case Closing List 10/1/19 - 9/30/20; Accessed 10/19/20; Entering Care Source: Mindshare CPN Intake List 10/1/19 - 9/30/20; Accessed 10/20/20

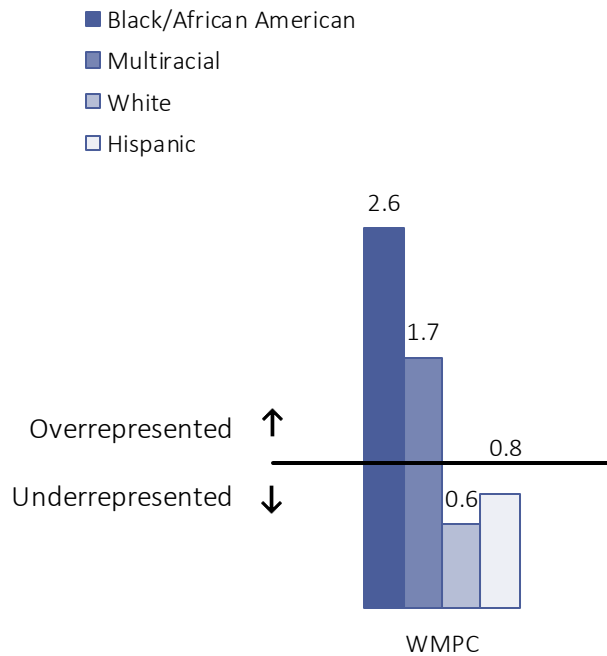
BCS=Bethany Christian Services; CCWM=Catholic Charities West Michigan; SAM=Samaritas West; DABSJ=DA Blodgett St John's;

WLS=Wellspring Lutheran Services Kentwood.

Disproportionality is the underrepresentation or overrepresentation of a racial or ethnic group compared to its percentage of the total population. WMPC used the total population of Black/African American, Multiracial, Hispanic, and White children ages 0-18 living in Kent County to understand the disproportionality of children in WMPC's care in FY2020.

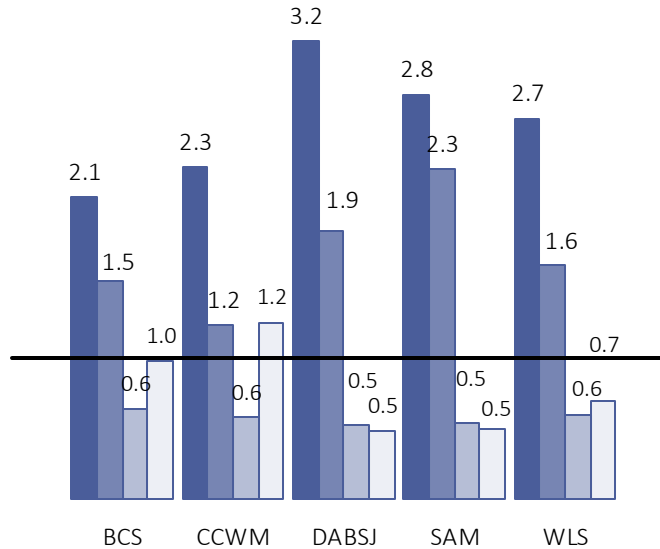
Racial Disproportionality In Care

WMPC had 1,005 children in foster care this fiscal year. Black and Multiracial children were over-represented compared to the general population's percentage of Black and Multiracial children.



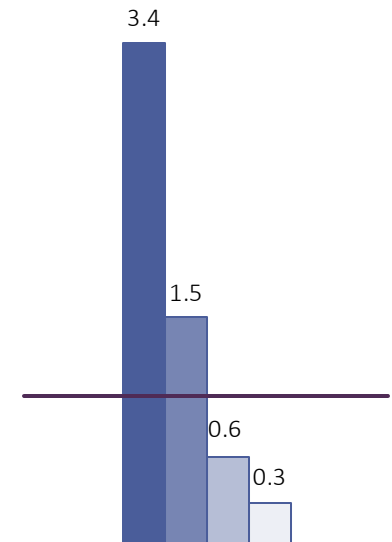
Disproportionality By Agency

Racial disproportionality varied slightly between agencies' children in foster care compared to the general population. Black children were far overrepresented for each agency, while White and Hispanic children were underrepresented.



Disproportionality in Intakes

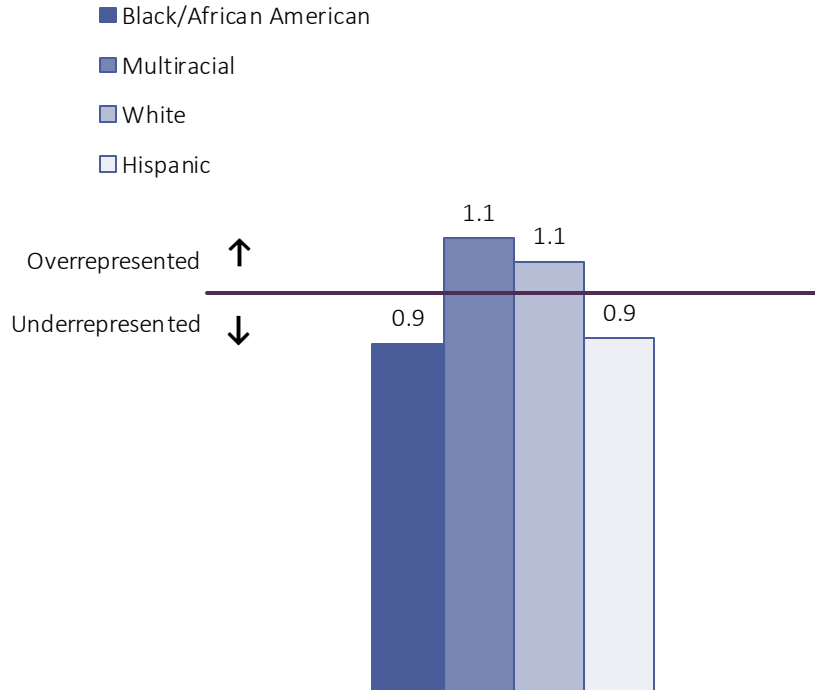
Black youth were represented nearly three and a half times the rate of the total population in the county. This disproportionality index for intakes is higher than it is for Black children in care, which suggests the disproportionality rate could be increasing if intakes continue this way. White and Hispanic children coming into care were underrepresented.



WMPC used the population of children in care to understand the disproportionality of children discharging foster care for the fiscal year.

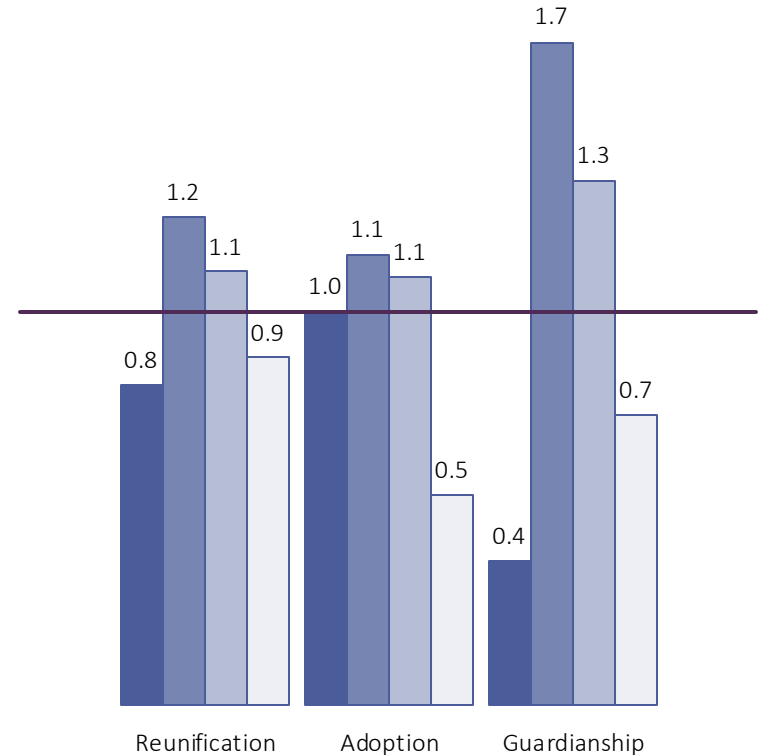
Disproportionality in Discharges

WMPC had 307 children discharge from foster care this fiscal year. Black children and Hispanic children are discharged at a lower proportion than the representation of Black and Hispanic children in foster care.



Disproportionality in Discharge Reasons

Black children were underrepresented in reunifications and guardianships compared to the representation of Black children in foster care. Hispanic children were underrepresented in every discharge type, while Multiracial and White children were slightly overrepresented in each type.



State and Local Guidance Affecting MISEP Measures

In March 2020, guidance was released for Michigan Department of Health and Human Services (MDHHS) and contracted child placing agency Children's Protective Services (CPS), foster care, and juvenile justice caseworkers regarding conducting face to face contacts, parenting time, and sibling visits for children and families in response to COVID-19 health concerns. From March 25, 2020 to April 25, 2020, guidance restricted in-person visits, stating that no in-person worker contacts or parenting time visits should occur, but allowable virtual alternatives were required. On April 24 Governor Whitmer issued an updated Executive Order which allowed some activities to resume. As a result, agencies, caregivers, and parents were provided new guidance with safety protocols for face-to-face contacts for healthy families, but virtual conferences remained an allowable alternative. This guidance remained in effect until June when the stay home order was lifted. Local agencies were advised to create and follow individual plans to resume face to face visits safely with families.

Social Work Contacts

While virtual alternatives were used throughout the network to complete visits, data warehouse reports do not include virtual contacts. The following contract measures were directly affected by MDHHS policy changes: worker-child, worker-parent, parent-child, and return home children case contacts. In addition to the measures affected by guidance from MDHHS, agencies implemented work from home policies which had an impact on worker-supervisor contacts, which began occurring virtually instead of face-to-face and were not counted in data warehouse reports.















Medicals and Dentals

While there were no policy changes for PAFC's requirements for children's initial and periodic medical and dental appointments, MDHHS sent several issuances guiding agencies as medical and dental offices were not providing routine care into June 2020. Staff were instructed to document when well-child appointments are canceled or unable to be scheduled with the reason of "COVID-19." In June, a communication issuance was released to urge agencies to begin rescheduling these appointments as offices re-opened for routine appointments. However, performance was affected in following months as offices may have had a backlog of patients and agencies may have been overwhelmed in scheduling canceled appointments in addition to upcoming appointments.







Service Plans

Adjusting to remote work may have affected initial service plan timeliness, updated service plan timeliness, and service plan approval timeliness for some agencies.








Permanency

Measure	FY2020	Benchmark	Achieved?
Worker-parent Contacts	66%	71%	
Worker-supervisor Contacts	65%	95%	
Parent-child Contacts	45%	55%	
Worker-child Contacts	97%	95%	
Days in Residential	- 5%	-8%	
Days in Emergency Shelter	- 35%	-2%	
Children First Placed in Shelter	21%	25%	
Adoption Disruptions	0%	<5%	
Adoption Finalizations	*	80%	
Permanency in 12-23 Months	39.5%	45.9%	
Permanency in 12 Months	18.2%	24%	
Permanency in 24+ Months	48.3%	31.8%	
Placement Stability	3.25	4.44	
Re-Entry to Care in 12 Months	3.2%	8.1%	

Well-being

Measure	FY2020	Benchmark	Achieved?
In County Placements	65%	68%	
Community Placements	89%	94%	
Initial Medical Exams	73%	85%	
Periodic Medical Exams	78%	95%	
Initial Dental Exams	75%	90%	
Periodic Dental Exams	62%	95%	

Safety

Measure	FY2020	Benchmark	Achieved?
Initial Service Plans	89%	95%	
Update Service Plans	96%	95%	
Plan Approvals	91%	95%	
Relative Placements	38%	38%	
Licensed Foster Homes	92	89	
New Relative Licensed Homes	30	45	
Maltreatment in Care	12.95 / 5	9.67	

*WMPC is awaiting data from MDHHS

Monitored Measures

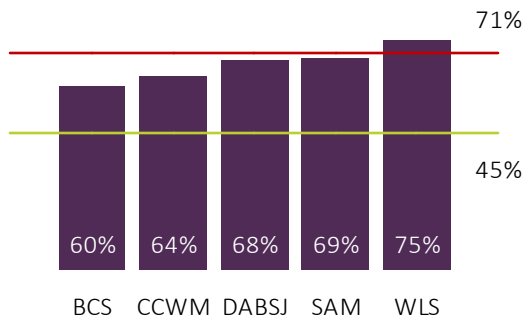
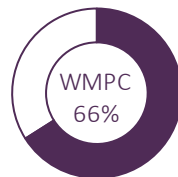
WMPC Contract:

At least 82 percent of parents whose children have a permanency goal of reunification and are supervised by the Grantee, shall have face-to-face contact by the assigned caseworker in accordance with the guidelines in FOM by the end of FY22 with annual goals of 71 percent in FY20, 76 percent in FY21, and 82 percent in FY22.

Case workers' timely, monthly face-to-face contacts with parents of children who have a permanency goal of reunification increase by 12% from the previous year OR at least 85% of the possible monthly face-to-face contacts occur within the time frame.

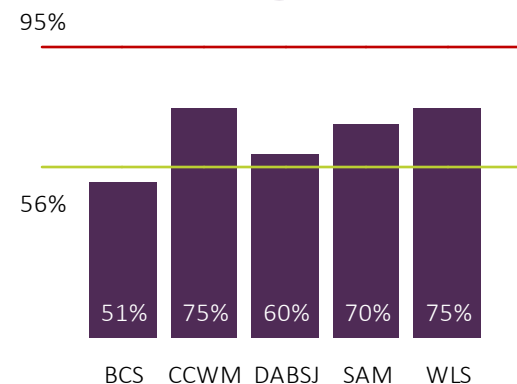
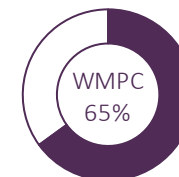
At least 95% of supervisors shall meet at least monthly with each assigned case worker to review the status and progress of each case on the worker's caseload.

Network Annual Performance Worker-Parent



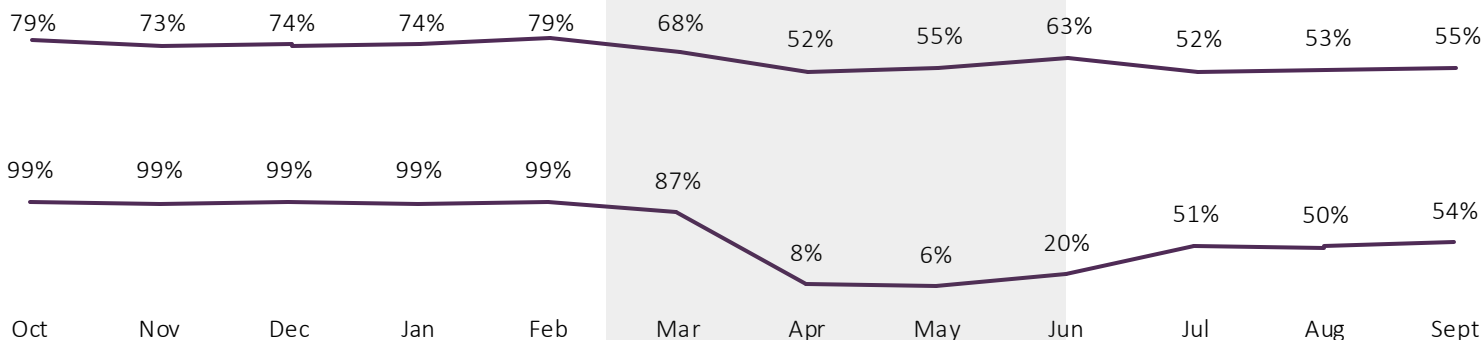
Worker-Supervisor

MISEP

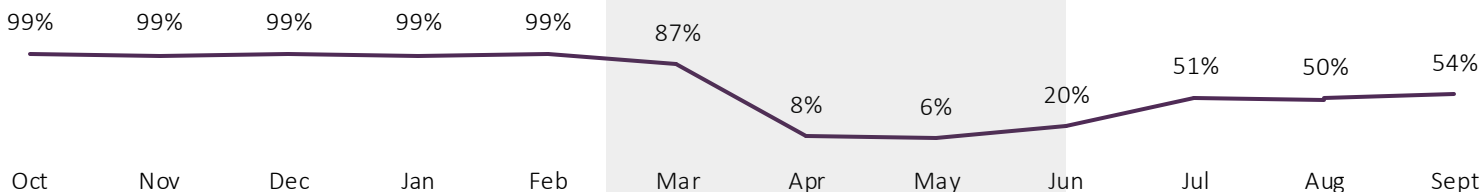


Network Monthly Performance

Worker-Parent



Worker-Supervisor



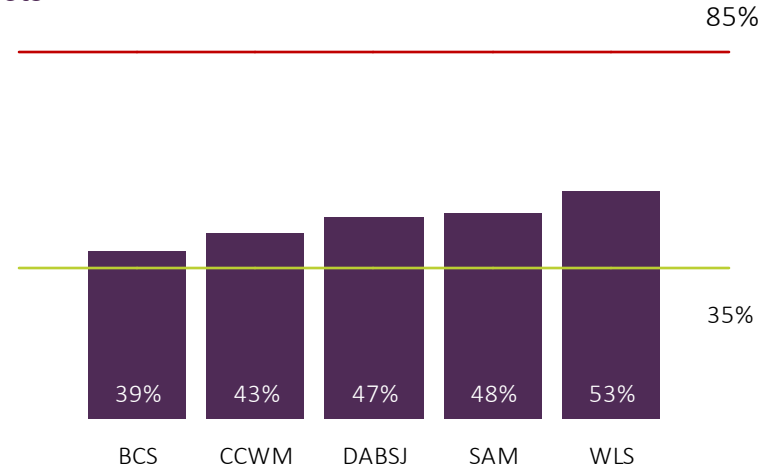
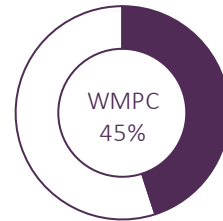
Monitored Measures

WMPC Contract:

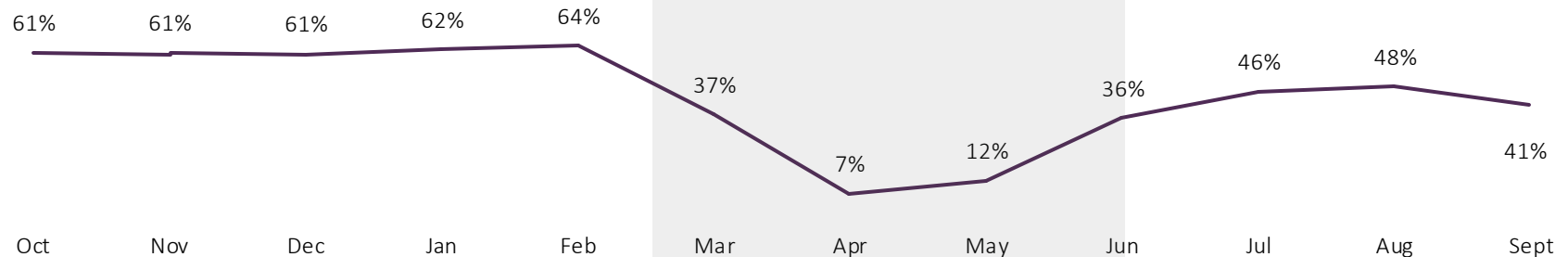
At least 65 percent of children supervised by the Grantee with a goal of reunification shall have visitation with their parent(s) in accordance with the guidelines in FOM 722-06I Policy by the end of FY22 with annual goals of 55 percent in FY20, 59 percent in FY21, and 65 percent in FY22.

Network Annual Performance Parent-Child Contacts

MISEP



Agency Monthly Performance

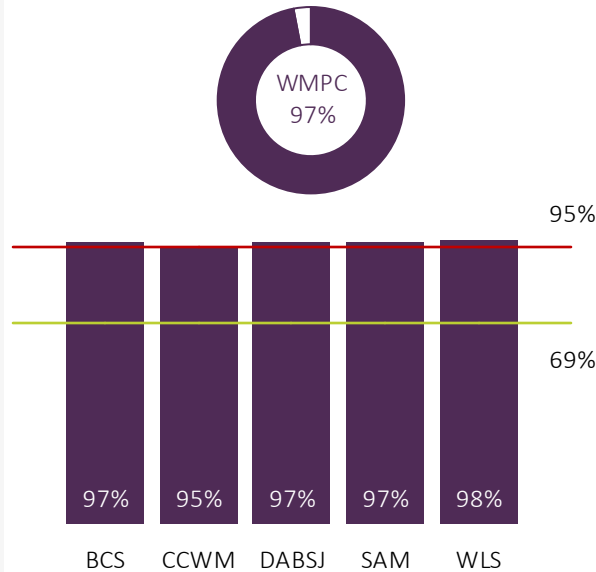




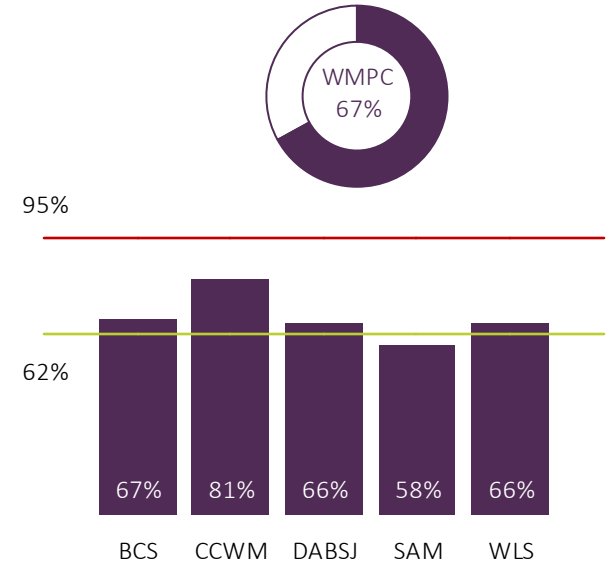
Monitored Measures

ISEP Standard:
At least 95% of children will be visited by their assigned worker.

Network Quarterly Performance Worker-Child

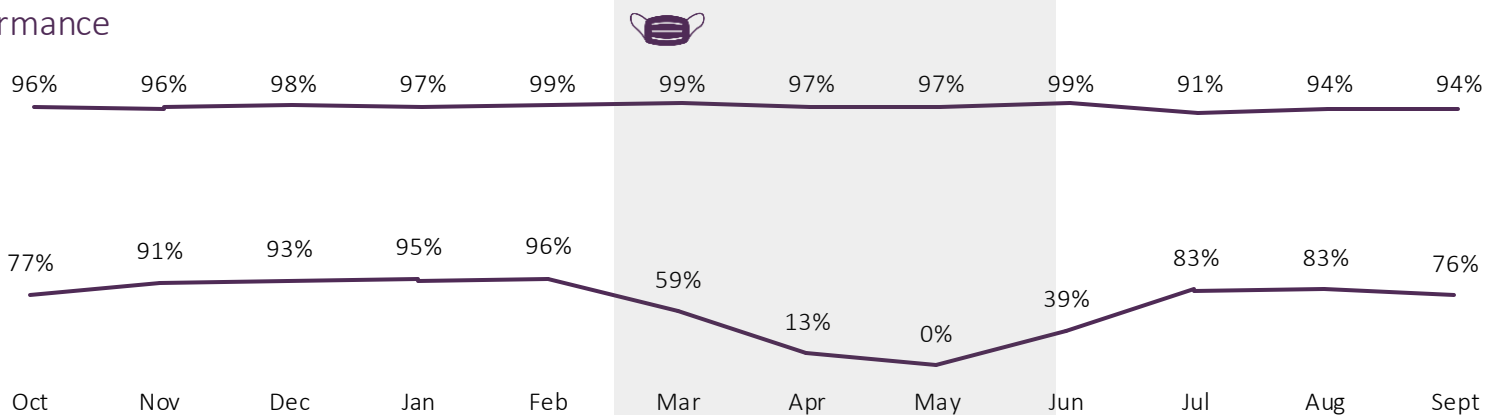


Return Home Children

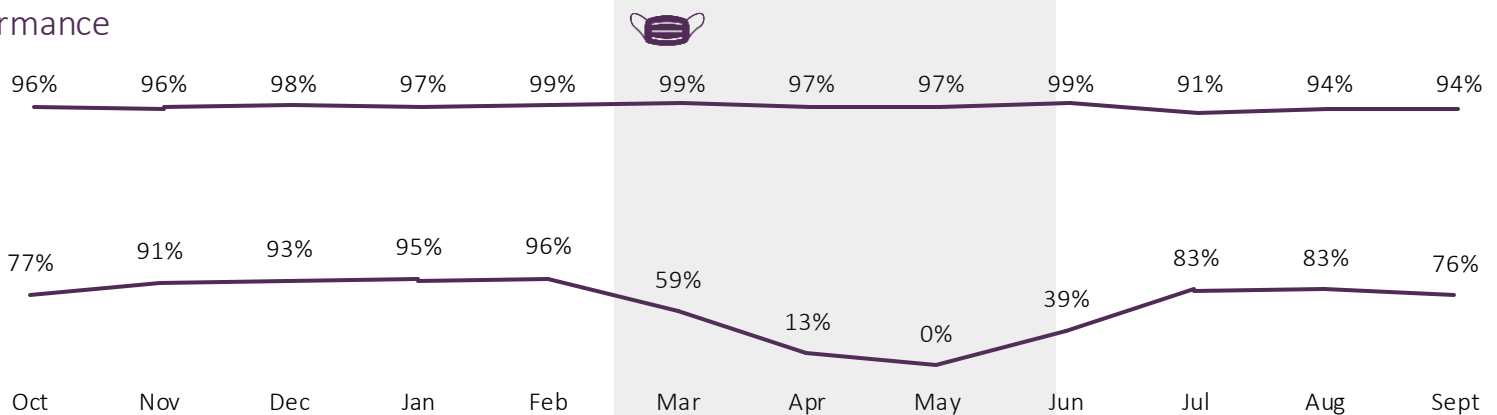


Agency Annual Performance

Worker-Child



Return Home Children



Monitored Measures

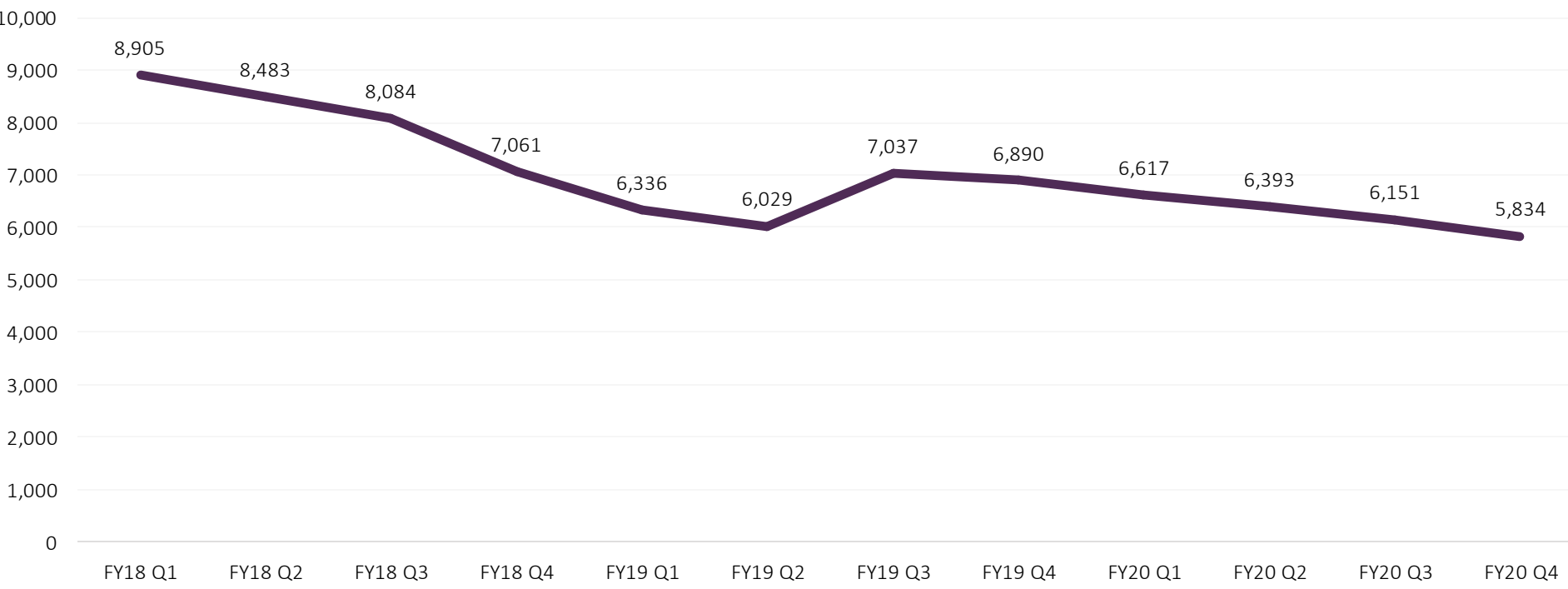
WMPC Contract:

The total number of days children placed in residential care will reduce by 8 percent in FY20.

Days in Residential Care Performance by Quarter

The total number of days in residential placements decreased in every quarter since FY19 Q3. The total number of days in FY20 20 was 24,876 days, down from 26,205 days in FY2019. Unfortunately, this annual decrease was 5 percent, which did not reach the goal of reducing days by 8 percent.

WMPC's total days in residential placements has declined significantly since the beginning of FY2018.



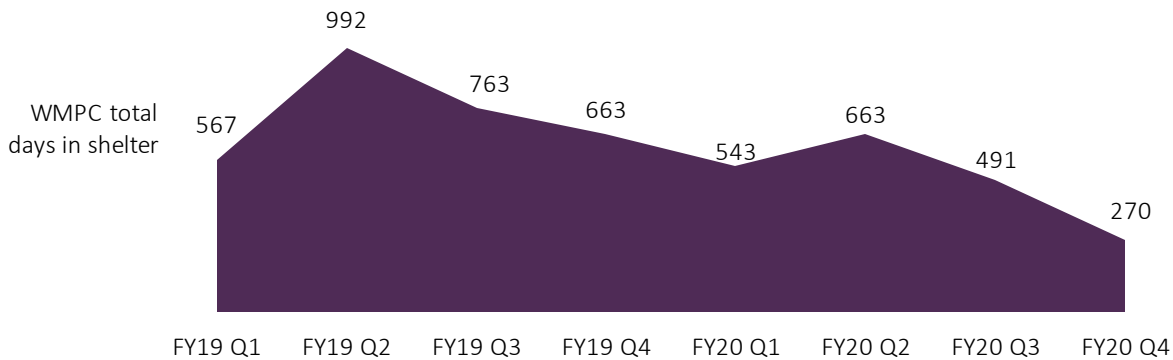
Monitored Measures

WMPC Contract:

The total number of days children placed in emergency shelter will reduce by 2 percent in FY20.
 The percentage of children for whom shelter is their first placement will not exceed 25 percent by the end of FY20.

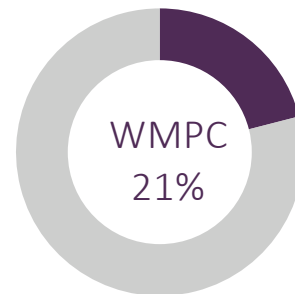
Days in Shelter Performance by Quarter

The network achieved its goal by decreasing the number of days in shelter 35% this fiscal year. The total number of days was 3095 in FY2019 and 1999 in FY2020.



Network First Placement Shelter Performance

With just 9 of 42 youth in shelter as their first placement, the network reached the fiscal year goal of having fewer than 25% of youth with shelter as their first placement in care.



First Placement Shelter Performance by Agency

Agency shelter usage varied across the network agencies in FY20. DABSJ had the highest proportion of their youth in shelter as their first placement, while BCS had the fewest total youth and the fewest youth in shelter as their first placement. CCWM had the most youth in shelter this fiscal year.





PERMANENCY

Adoption Disruptions, Adoption Dissolutions, Days to Adoption

Monitored Measures

WMPC Contract:

Of all children in care on the first day of a 12-month period who had been in care continuously between 12 and 23 months, what percent discharged to permanency within 12 months of the first day? The national standard is 45.9%, and higher is better for this measure.

Adoption Disruptions

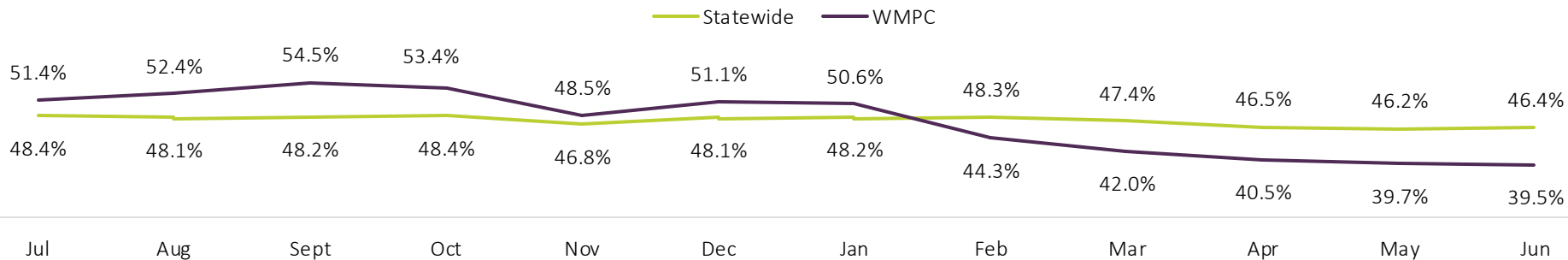
0% *There were no adoption disruptions in the network between October 1, 2019 and September 30, 2020.*

Adoption Finalizations

Awaiting confirmation of performance from MDHHS

Permanency in 12-23 months

National Standard: 45.9%



Days in Residential Source: MindShare CCI Placement Dashboard, data retrieved on 4/29/2020.

Adoption Disruption Source: Agency self-reported.



PERMANENCY

Permanency in 12 Months, 24+ Months

Monitored Measures

WMPC Contract

At least 24 percent of children shall achieve permanency within 12 months for children entering foster care, as defined in the CFSR, in FY20. The national standard is 42.7%, and higher is better for this measure.

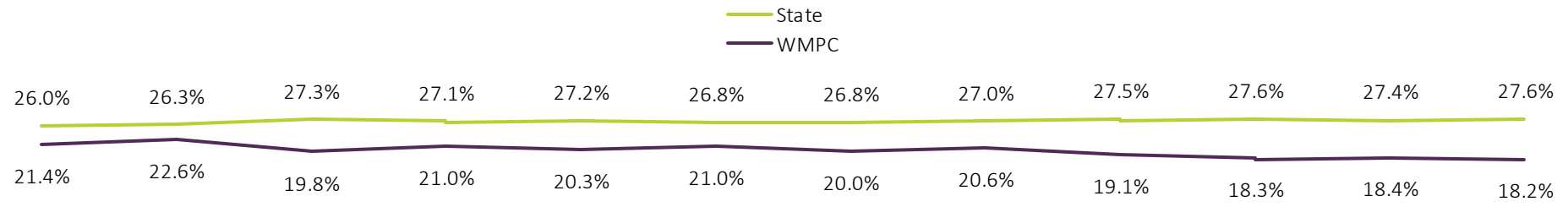
Performance Outcome Measures

Permanency in 12 months for children in care 24 months or more

Of all children in care on the first day of a 12- month period, who had been in care continuously for 24 months or more, what percent discharged to permanency within 12 months of the first day? The national standard is 31.8%, and higher is better for this measure.

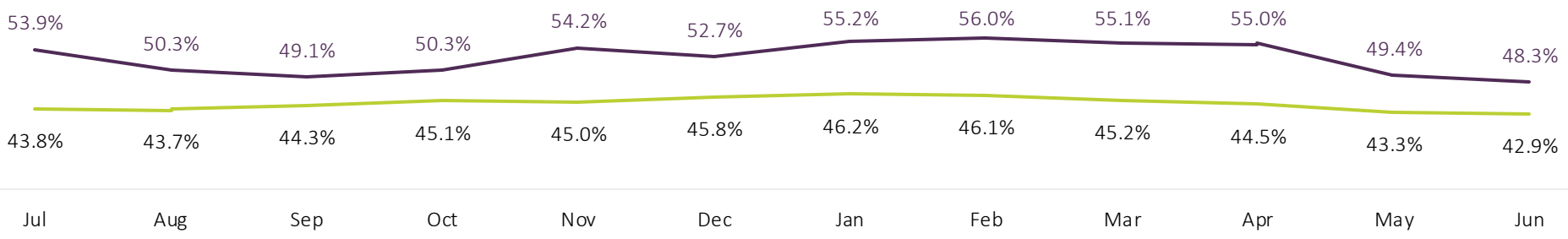
Permanency in 12 months

National Standard: 42.7%
WMPC Contract: 24%



Permanency in 24+ months

National Standard: 31.8%



Source: NCANDS entry cohort July 2017 – June 2018, prepared by DTMB in October 2020.

Monitored Measures

Federal Performance Outcomes Measures

Placement Stability

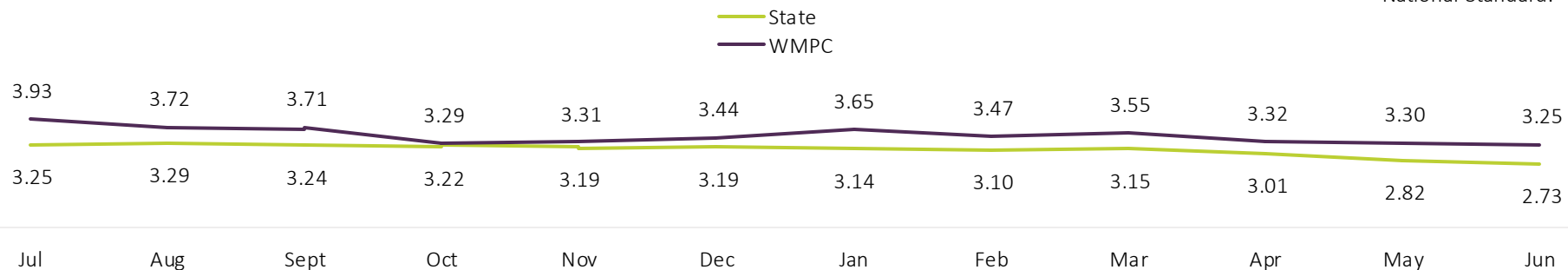
Of all children who enter care in a 12-month period, what is the rate of placement moves, per 1,000 days of foster care? The national standard is 4.44, and lower is better for this measure.

Re-entry to Foster Care in 12 Months

Of all children who enter care in a 12-month period, who discharged within 12 months to reunification, live with relative, or guardianship, what percent re-entered care within 12 months of their discharge? The national standard is 8.1%, and lower is better for this measure.

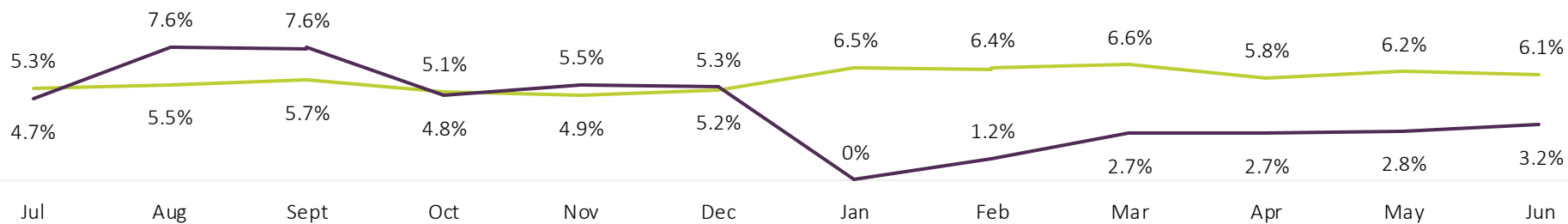
Placement Stability

National Standard: 4.44



Re-entry to Foster Care in 12 Months

National Standard: 8.1%



Source: NCANDS stability cohort July 2019 – June 2020, prepared by DTMB in October 2020.

NCANDS re-entry measure based on entry cohort of July 2019 – June 2020, prepared by DTMB in October 2020.

Monitored Measures

WMPC Contract

In County Placements

Of all placements supervised through the Grantee, 72 percent of placements will occur in Kent County by the end of FY22, with annual increases of 2 percent in FY20, 2 percent in FY21, and 2 percent in FY22.

Community Placements

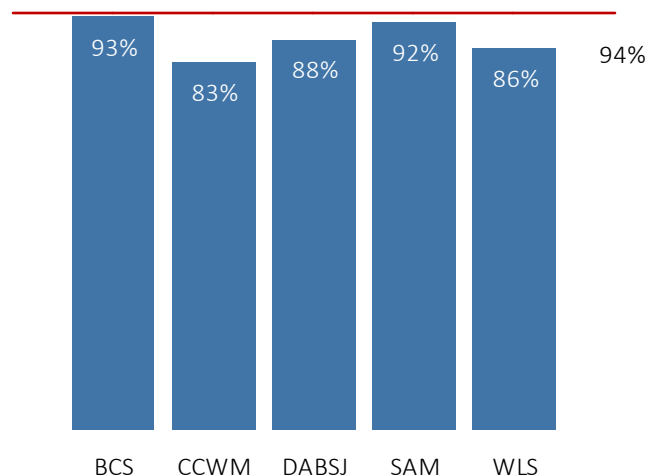
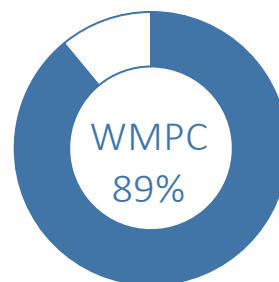
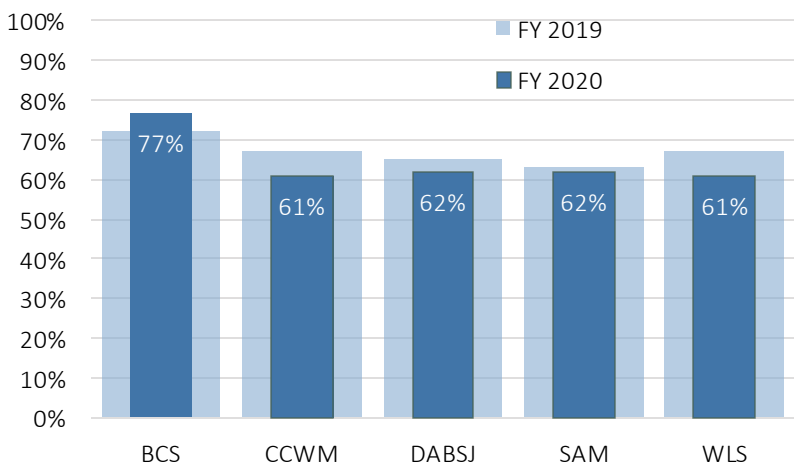
The percentage of days WMPC network children placed in community-based foster care in the most family-like setting increases by 3% from the previous year OR the percentage of days WMPC network children placed in community-based foster care in the most family-like setting will meet or exceed 94%.

In County Placements

Bethany was the only organization to surpass their FY2019 performance for youth in Kent county placements. The total network in county placements was 65%, failing to meet the goal of 68% for the fiscal year.

Community Placements

Youth in WMPC's care experienced 89% of their days in community placements, missing the benchmark by 5% in 2020.





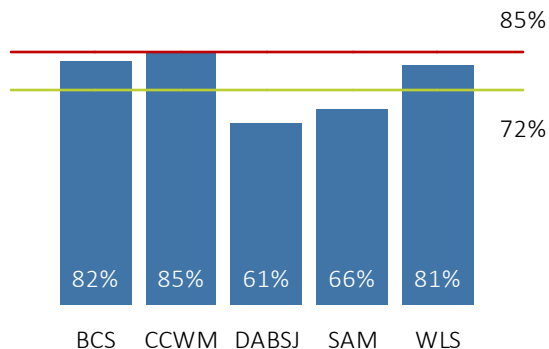
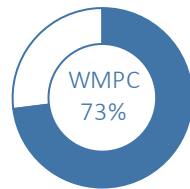
Monitored Measures

ISEP Standard:

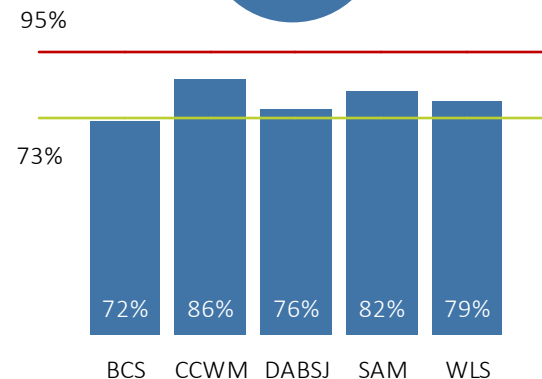
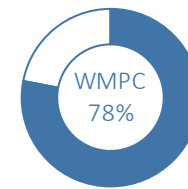
At least 85% of children will have an initial medical examination within 30 days of removal.

Following an initial medical examination, at least 95% of children shall receive periodic medical examinations and screenings according to the guidelines set forth by the American Academy of Pediatrics.

Network Quarterly Performance Initial Medical Exams

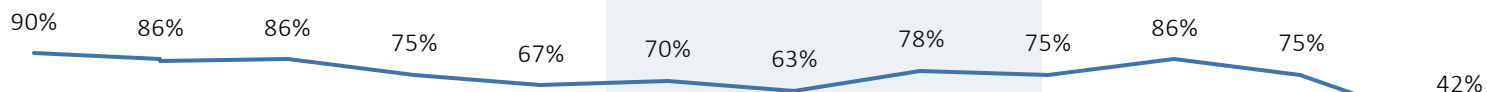


Periodic Medical Exams

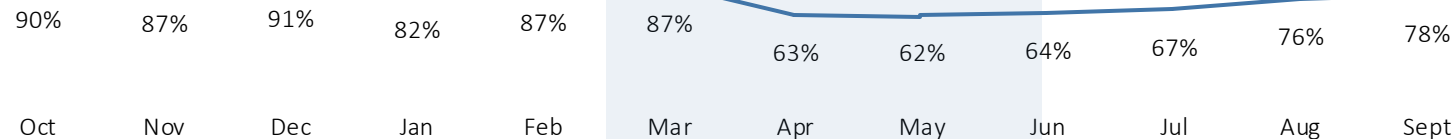


Agency Annual Performance

Initial Medical Exams



Periodic Medical Exams



MISEP



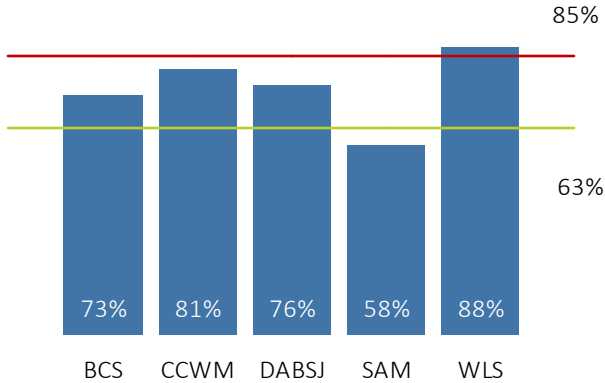
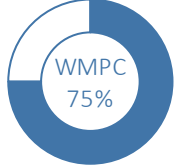
Monitored Measures

MISEP Standard:

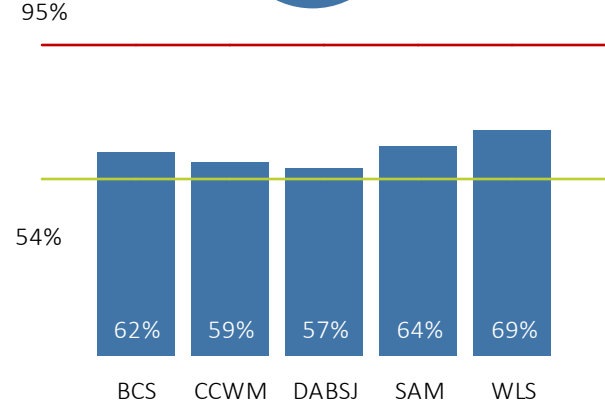
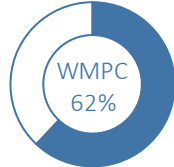
At least 90% of children shall have an initial dental examination within 90 days of removal unless the child has had an exam within six months prior to placement or the child is less than four years of age.

At least 95% of applicable children shall have a dental examination at least every 12 months.

Network Quarterly Performance Initial Dental Exams



Periodic Dental Exams

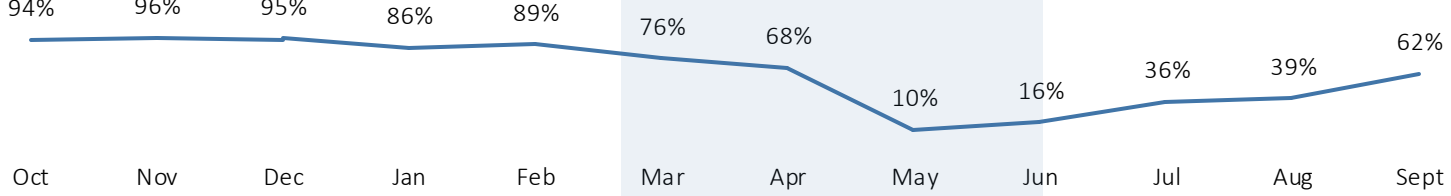


Agency Annual Performance

Initial Dental Exams



Periodic Dental Exams



Initial Service Plans, Updated Service Plans, and Plan Approvals

Monitored Measures

ISEP Standard:

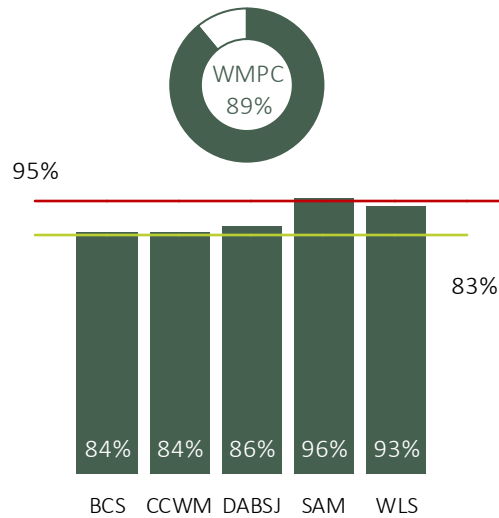
At least 95% of children shall have an initial service plan completed within 30 days of entry into foster care and quarterly thereafter.

At least 95% of children shall have a service plan updated quarterly.

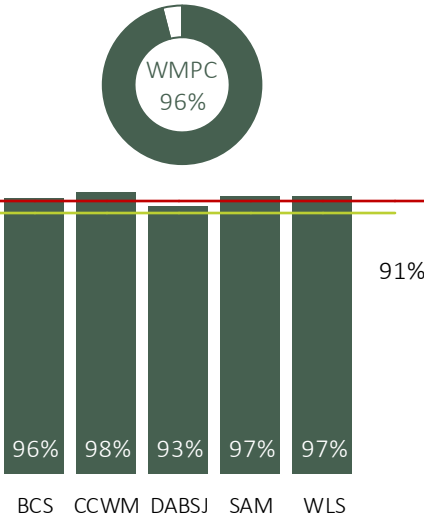
At least 95% of children shall have a case service plan approved within 14 days of case worker submission to the supervisor for review.

Network Quarterly Performance

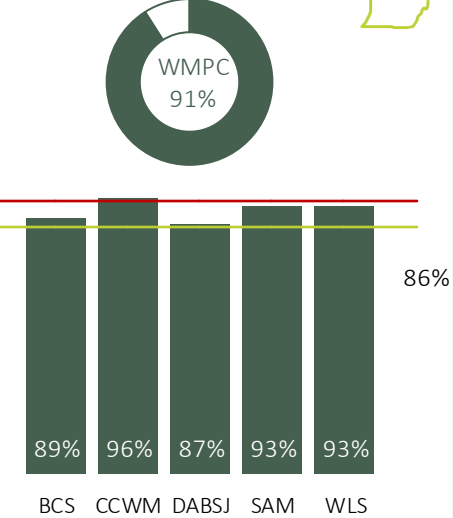
Initial Service Plans



Updated Service Plans



Plan Approvals

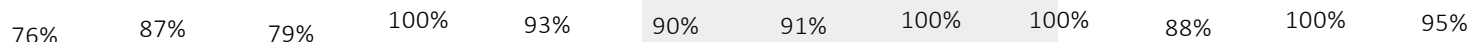


MISEP

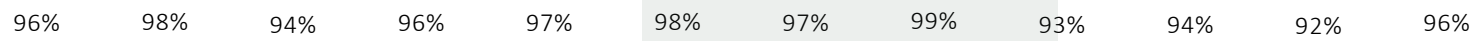


Agency Annual Performance

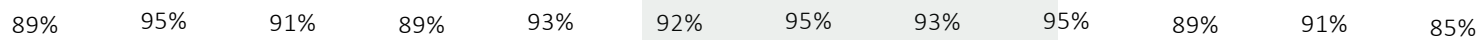
Initial Service Plans



Updated Service Plans



Plan Approvals



Relative Placements, Licensed Foster Homes, New Relative Licensed Homes

Monitored Measures

WMPC Contract

Relative Placements

The percentage of days children placed in relative care increases by **6%** from the previous year OR at least **35%** of all children served by the WMPC network are in relative care each year.

Licensed Foster Homes

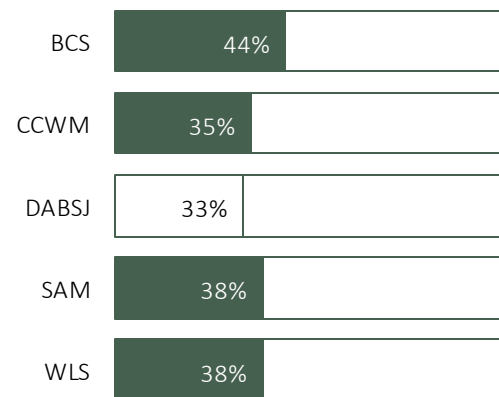
The WMPC network will license the number of foster homes required to meet or exceed their benchmark for total number of licensed homes as determined by the Kent County AFPRR licensing calculator.

New Relative Licensed Homes

Relatives successfully completing the licensing process will increase 30 percent by the end of FY2022. The Grantee shall achieve the following annual goals at the conclusion of each fiscal year: 10 percent increase in FY20, 10 percent increase in FY21, and 10 percent increase in FY22.

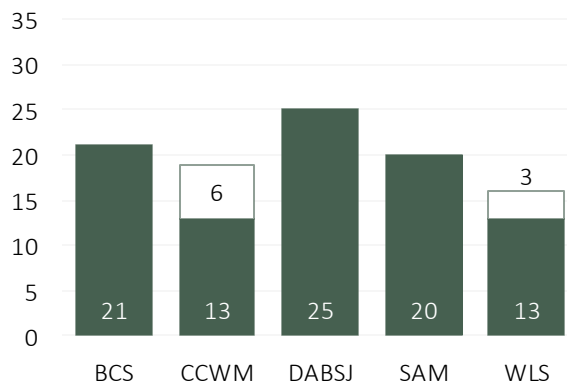
Relative Placements

Four agencies exceeded the benchmark of 35%. The network performance is at 38% for FY20.



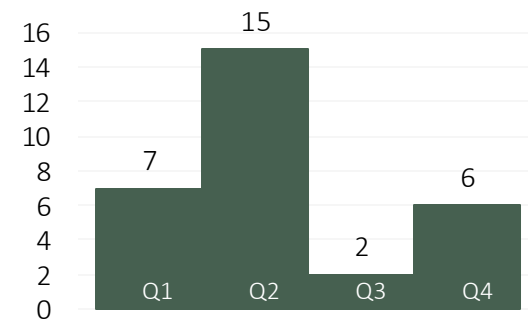
Licensed Foster Homes

Three of five agencies reached or surpassed their goals of licensures completed during the fiscal year.



New Relative Licensed Homes

The network reported 30 total new licensed relative homes in 2020, failing to meet the goal by 15 homes.



Relative Placements Source: Mindshare Incentive Three Dashboard, data retrieved 11/4/2020

Licensed Foster Homes Source: Non-related Foster Home Dashboard MDHHS, September 2020 and FY End.

Mindshare Agency Homes Table – 10/1/2019 – 9/30/2020; Accessed 10/25/20

Monitored Measures

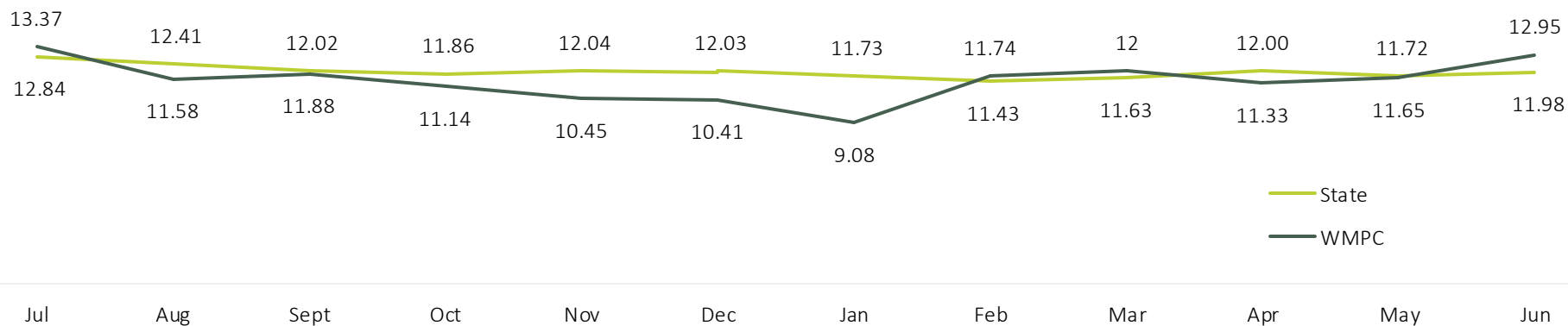
Performance Outcome Measures (lower is better)

Of all children in care during a 12-month period, the rate of maltreatment in care shall not exceed 8.5, as defined in the federal Child and Family Service Review, Round 3 (CFSR).

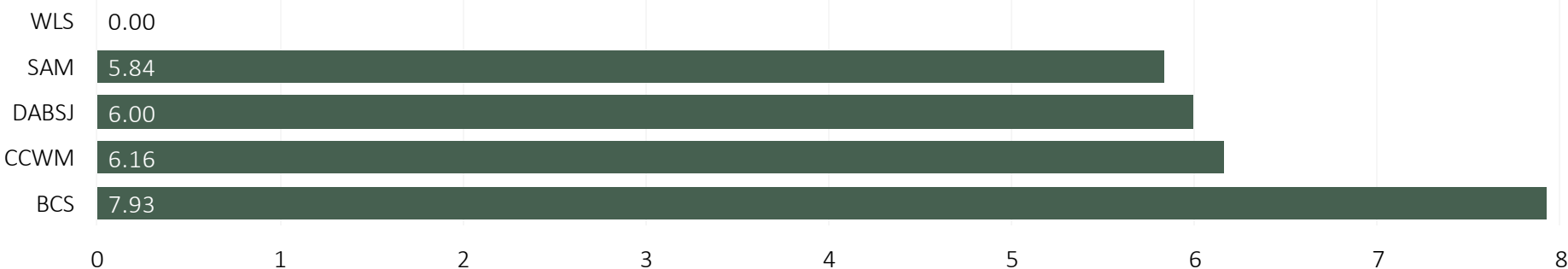
WMPC and Michigan Performance

FY2020 performance is measured with a cohort from July 1, 2018 to June 30, 2019.

National Standard: 9.67



Agencies' MIC Rates in FY2020



Source: NCANDS entry cohort July 2018 – June 2019, prepared by DTMB in October 2020.

MEMO

TO: Michigan Department of Health and Human Services (MDHHS), Children's Services Agency

FROM: MI PBCWS Cost Evaluation Team – Fred Wulczyn, Laura Packard Tucker, Emily Rhodes

DATE: December 7, 2020

RE: Executive Summary - WMPC Case Rate Review Sub-study

Executive Summary

As part of Kent County's implementation of a performance-based case rate funding model (Kent Model), the West Michigan Partnership for Children (WMPC) receives revenue for services in the form of a semi-annual case rate payment. In this memo, we take a look at the gap between the revenue generated by the case rate and WMPC expenditures for the services WMPC is obligated to provide under the terms of its contract. In undertaking this exercise, our aim is to understand whether the gap is attributable to what has been described as the case rate insufficiency problem – the issue that case rate revenue received by WMPC has not been enough to cover expenditures.

The revenue/expenditure gap has been extensively documented as part of the Kent County Case Rate Pilot Fiscal Monitoring reports prepared quarterly by Lewis & Ellis and Public Consulting Group. In Lewis and Ellis' FY 2019 Quarter 4 Case Rate Fiscal Monitoring Report, WMPC's case rate revenue was reported to be \$5.5 million short of covering expenditures incurred during the first two years of the Kent Model.^{1,2}

Although the revenue/expenditure gap is well documented, less is known about the specific fiscal drivers behind the gap. Units of service and price (i.e., the reimbursement rate for a day in care) are the two primary fiscal drivers which impact child welfare expenditures. Insofar as we have found little evidence of units of service being a root cause in this case (i.e., changes in admissions and length of stay), we focus in this analysis on reimbursement rates and the assumptions that went into building the case rate. Building on prior Chapin Hall fiscal study findings, this report breaks down the reimbursement rate components of a day in out-of-home care in Kent County to show how those components have changed over time. In doing so, we articulate and quantify the dollar amount that specific reimbursement rate adjustments and fiscal policy changes have had on the daily rate of reimbursement for care in Kent County over the period of FY 2015 through FY 2019. These cost elements are then compared to average daily case rate revenue to measure the revenue/expenditure gap on an aggregate and per diem basis.

In prior annual evaluation reports, we have reported that overall, total child welfare placement expenditures have been increasing in Kent County beginning in the baseline period (by 15% from FY 2015 to FY 2017) and extending into the pilot period (by 30% from FY 2017 to FY 2019). During this five year

¹ This calculation excludes any cash advances that the WMPC received from MDHHS.

² Michigan fiscal years run from October through September.

period, MDHHS and the WMPC have instituted many adjustments to both the administrative and maintenance per diem reimbursement rate components which attributed to this growth in expenditures.

By modeling various rate scenarios against actual care days utilized in the first two years of the Kent Model, we found the following:

- Reimbursement rate adjustments made by MDHHS prior to and at the beginning of the implementation of the Kent Model contributed to elevated expenditures from their FY 2015 and FY 2016 levels:
 - The adjustment of congregate care institution (CCI) maintenance reimbursement rates under the rate standardization project led by MDHHS and PCG resulted in a 10% increase in overall maintenance expenditures when comparing FY 2017 rates to FY 2015.
 - Additional reimbursement rate adjustments made by MDHHS in FY 2018 and FY 2019 increased costs by another 3% from baseline. The case rate methodology did take into account these state-initiated rate changes planned for FY 2018, such as the foster care administrative reimbursement rate increase.
- Fiscal policy changes made by the WMPC during the first years of the pilot contributed to rising placement costs by increasing the average daily reimbursement rate by 14% and account for the observed revenue/expenditures gap. This increase was a result of four primary factors – listed below in order of magnitude:
 - Paying maintenance rates for kinship placements – This additional payment accounted for 32% of the daily reimbursement rate increase.
 - Increasing the administrative (i.e., staffing) rate – Increased the administrative rate 8% above state levels accounted for 26% of the daily reimbursement rate increase.
 - Increasing CCI maintenance costs - During the Kent Model, the average daily maintenance rate for a day in a CCI facility rose by 8%. This change attributed 18% to the overall daily reimbursement rate increase during the pilot.
 - Shifting the administrative payment structure – Shifting the payment of administrative rates from a utilization to a capacity structure contributed 13% of the pilot’s average daily reimbursement rate increase.
- Although the WMPC saw a move to less restrictive placement settings (more kinship and less CCI and shelter) in FY 2019, a shift within CCI placements towards facilities with higher reimbursement rates cancelled out the majority of those savings.

Case rate revenue was sufficient to cover all state-initiated reimbursement rate increases made through FY 2019 but fell short of covering the WMPC-initiated fiscal changes. The average daily reimbursement rate under the WMPC was about \$104, 9% higher than the daily revenue received. Extrapolated out, given the total care days experienced in the first two years of the pilot period, this gap between revenue and expenditures amounted to approximately \$5.44 million.