

Status of Performance-Based Contracting Model First Quarter Report

(FY 2018 Appropriation Act - Public Act 107 of 2017)

December 31, 2017

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 develop actuarially sound case rates for necessary out-of-home child welfare services that achieve permanency by the department and private child placing agencies in a prospective payment system under a performance-based funding model.*

(2) *The department shall continue to develop a prospective rate payment system for private agencies that includes funding for adoption incentive payments. The full cost prospective rate payment system will identify and cover contractual costs paid through the case rate developed by an independent actuary.*

(3) *By March 1 of the current fiscal year, the department shall 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 the full cost analysis of the performance-based funding model. The report shall include background information on the project and give details about the contractual costs covered through the case rate.*

(4) *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. The evaluator shall be selected through a competitive process by a rating committee that includes, but is not limited to, representatives from the department and private child placing agencies.*

(5) *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 in order to implement the performance-based funding model.*

(6) *The department, in conjunction with members from both the house of representatives and senate, private child placing agencies, the courts, and counties shall 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 a quarterly report 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.*

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(7) 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 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.



Michigan Department of
Health & Human Services

RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

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The Michigan Department of Health and Human Services (MDHHS) continues to lead and utilize the Child Welfare Partnership Council to ensure stakeholder involvement in the development of a performance-based funding model. MDHHS has collaborated with Kent County MDHHS staff and the Kent County provider community involved in the West Michigan Partnership for Children (WMPC) to continue moving the Kent County pilot forward.

MDHHS and WMPC kicked off *Implementation Phase 4: Case Management and Service Delivery* on October 1, 2017. As Phase 4 is the final implementation phase, the pilot has officially reached full implementation.

Recent accomplishments include:

- MDHHS and WMPC successfully launched the Kent County child welfare funding pilot on October 1, 2017.
- MDHHS transferred approximately 815 foster care cases to the WMPC on October 1, 2017. MDHHS processed case rate payments for these same children.
- WMPC had signed subcontracts in place for approximately 40 foster care, residential, and ancillary service providers as of October 1, 2017. Three additional subcontracts were signed at the beginning of November 2017.
- WMPC launched its accounting system, Intacct, which syncs with MiSACWIS and MindShare. WMPC processes subcontractor payments through this system.
- MDHHS provided technical assistance and support to WMPC as initial questions arose.
- WMPC developed a Program Operations Guide and provided training for the Placing Agency Foster Care (PAFC) contractors.
- WMPC designed and planned an Enhanced Foster Care Model.
 - MDHHS provided support to the WMPC for its development of an Enhanced Foster Care Model, including feedback on programmatic design proposed payment structures and federal funding allowability. Enhanced Foster Care (EFC) is a treatment-oriented, family-based service that provides individualized treatment for children in general foster care who present with intensive behavioral or emotional needs. It is a service that incorporates training and support for families to implement important and necessary aspects of treatment in the context of family and community life.
 - WMPC drafted contract amendments for current PAFC contractors to include the Enhanced Foster Care Model and conducted listening sessions. WMPC revised the model based on feedback from MDHHS, Public Consulting Group (PCG), and the PAFC contractors.
 - WMPC conducted financial modeling to provide a cost analysis of the projected use of enhanced foster care.

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- WMPC released final Enhanced Foster Care Model amendments for signature by the PAFC contractors with an effective date of December 1, 2017.
- MDHHS worked with multiple stakeholders from within the department to identify how federal claims will be operationalized under the Kent County pilot model.
 - MDHHS continued to refine Kent County pilot cost reports and other fiscal monitoring tools and processes.
- MDHHS continued to support data sharing with the WMPC through their data analytics contractor Mindshare, including continued work on data sharing agreements.
- MDHHS released WMPC specific key performance indicator reports for case worker contacts and case plan timeliness.
- WMPC is working on establishing data-sharing agreements with the Kent County Intermediate School District and with Network 180.
- WMPC finalized the case review policy and process.
- MDHHS and WMPC continue to engage stakeholders through the following meetings:
 - Implementation Team: bi-weekly meetings that provide an opportunity for the MDHHS, WMPC, PAFC contractors, and direct service/field staff to meet and discuss policies and questions.
 - WMPC Advisory Committee: monthly stakeholder (MDHHS, WMPC, PCG, PAFC contractors, Network 180 and judicial representatives) meetings to discuss progress and technical assistance opportunities.
 - Director's Steering Committee: monthly decision making, trouble shooting, and progress report meetings with the Executive Director of the Children's Services Agency, the executive team at WMPC, and WMPC Board of Directors.
- WMPC had its Launch Party on October 25, 2017. Approximately 80 people attended the event.
- WMPC was covered by the following media outlets during the month of October: WOOD TV, WZZM ABC 13, WGVU Morning Show with Shelley Irwin, and Rapid Growth Media.
- WMPC provided the following public presentations:
 - Kent County Board of Commissioners as a Special Order of Business
 - Update to Michigan Child Welfare Partnership Council
 - Grand Rapids Neighborhood Association
 - Business Service Center 3 DHHS/PAFC Directors Meeting
 - Update to Michigan Federation of Children and Families Board of Directors
 - Presentation at Grand Rapids Area Professionals for Excellence Inspire Event
- WMPC selected consultants to lead MDHHS, WMPC and partner agency stakeholders through the development of WMPC's Strategic Plan (Medema

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Consulting) and WMPC's Performance-Based Subcontract Process and the Child Welfare Continuum of Care Subcontract for fiscal year 2019 (J.K. Elder & Associates)