

Status of Performance-Based Contracting Model Fourth Quarter Report

(FY2018 Appropriation Act - Public Act 107 of 2017)

September 30, 2018

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.*

(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.



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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 supporting the Kent County pilot.

Recent accomplishments include:

- MDHHS provided technical assistance and support to WMPC as ongoing questions arose.
- WMPC continued to serve children in the Enhanced Foster Care Program. Enhanced Foster Care is a family-based service that provides individualized treatment for children in general foster care who present with intensive behavioral or emotional needs that was introduced by WMPC in December, 2017. Between January 1, 2018 – September 6, 2018, WMPC was referred 70 children for this service. Of the 70 children served, 40 were referred due to risk of placement break, 14 were discharged from a residential placement and 16 were in the child's best interest to improve placement stability.
- WMPC wrote an article on Enhanced Foster Care featured in [Foster Focus magazine](#) in July, and was featured on [Fox 17 in July](#) and [WZZM-13](#) in August discussing the need for foster parents.
- WMPC and MDHHS presented on Michigan's performance-based funding model at the [Open Minds Management Best Practices Institute](#), at the invitation of Open Minds, in August.
- MDHHS continued to work 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.
- WMPC re-branded the Kent County Licensing Coalition, responsible for a community-wide strategy for foster parent recruitment and retention. It is now called Foster Kent Kids, and the coalition has its own logo and webpage on [WMPC's web site](#).
- MDHHS and WMPC continue to engage stakeholders through the following meetings:
 - Implementation Team: bi-weekly meetings that provide an opportunity for the MDHHS, WMPC, private agency providers, and direct service/field staff to meet and discuss policies and questions.
 - WMPC Advisory Committee: monthly stakeholder (WMPC, MDHHS,

- PAFCs, Network 180, judicial representatives, Public Consulting Group) meetings to discuss progress and technical assistance opportunities.
- Kent County Child Welfare Advisory Council: bi-monthly meeting established by the Kent County Administrator's Office's Kent County Family and Children's Coordinating Council to advise WMPC and Kent County DHHS on their outcomes. Representatives include the Kent County Administrator, Kent County Court, Foster and Adoptive parent, Executive Director of the United Way, and the Executive Director of Avanti Law Group.
 - Judge's Quarterly Management Review: quarterly sharing of WMPC and Kent County DHHS data with Kent County Circuit Court's Family Court Judges.
 - 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 sent its FY19 foster care case management subcontract, which includes five additional performance measures and incentives, on August 7th to the foster care case management agencies for review and signature by October 1, 2018.
 - WMPC hosted a roundtable of residential providers and foster care case management agencies during which it shared its review of all of the Kent County children in a child care institution as of October 1, 2017. WMPC shared trends and themes related to the children's needs and challenges to moving them out of residential into community-based settings. WMPC facilitated a dialogue about how it can ensure that only children for whom a residential setting is in their best interest are placed in residential settings, and how it can move those children into community-based settings more quickly.
 - WMPC hosted a listening session of foster parents at the KROC center and identified key themes to inform its foster parent recruitment and retention efforts.
 - WMPC developed and implemented its first quarterly training for all new foster care, licensing, and adoption case managers and Child Protective Services in Kent County. The training includes presentations by WMPC, Network180, MDHHS, and the Kent County Circuit Court.
 - WMPC's performance and quality improvement team began its first-year contract reviews with each of its five partner foster care case management agencies.
 - After reviewing the first nine months of administrative expenses under the MDHHS contract, WMPC identified sufficient savings to allow for a \$1 million risk reserve. Within the existing WMPC administrative budget, an additional three staff will be hired to fulfill its mission. WMPC is currently recruiting for a Program Manager in Care Coordination and is still assessing the staffing needs in Performance and Quality Improvement and Finance.

The Child Welfare Partnership Council continues its work of bringing together child welfare experts and stakeholders from across the state. The Council continues to fully support Michigan's development of a performance-based child welfare system.