

# Status of Performance-Based Contracting Model (FY2016 Appropriation Bill - Public Act 84 of 2015)

**January 1, 2016**

**Sec. 503. (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.*



Michigan Department of  
Health & Human Services

RICK SNYDER, GOVERNOR  
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## **Status of Performance-Based Contracting Model (FY2016 Appropriation Bill - Public Act 84 of 2015)**

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 model. The private agencies collaborated to create the West Michigan Partnership for Children (WMPC). WMPC submitted an application to become a child placing agency and continues to engage in the planning process by setting aside numerous days each month to meet and continue progression towards the enrichment of the model. In addition, MDHHS initiated a request for changes to the Michigan Statewide Automated Child Welfare Information System (MiSACWIS) to support the pilot and data sharing agreements and initiated an internal request for dedicated staff resources to coordinate the required work within the department.

The contracted project management provided by Public Consulting Group continued to facilitate productivity by driving, tracking and monitoring model development. The project manager developed and released a second newsletter (attached) updating community partners on progress and addressing common myths. Actuarial services provided by Public Consulting Group continued over the past quarter, resulting in the development of two additional case rate options for MDHHS to consider for use in Kent County and continued data validation efforts with private agency providers.

A Request for Proposal for a contracted independent, third party evaluator services was posted December 1, 2015, on Bid4Michigan to solicit potential bidders. It is anticipated that a contract will be executed by March 2016.



## October 2015 Newsletter

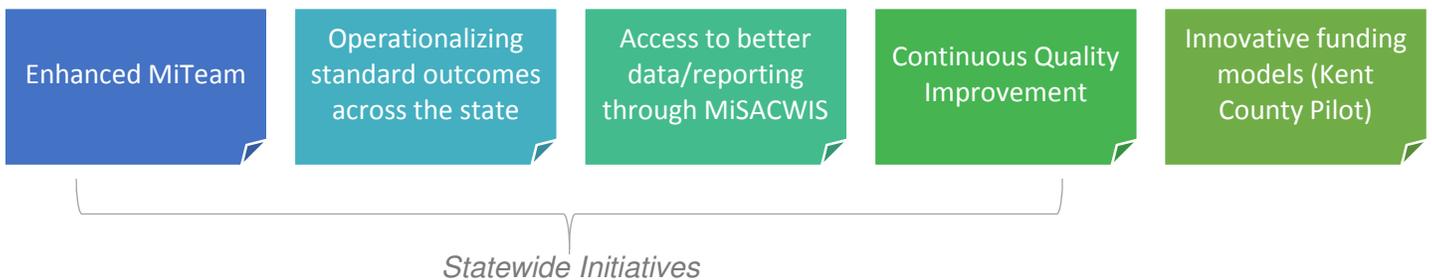
### Performance-Based Child Welfare System Development

#### What is a performance-based child welfare system?

The goal of a performance-based system is to **further improve safety, quality and consistency of services, and outcomes for children and families** across the state.

#### How is Michigan approaching system development?

MDHHS and the Child Welfare Partnership Council (CWPC) have been exploring various ways to reach this goal. The original performance-based task force gave us a place to start with its February 2014 report. Since then, MDHHS and the CWPC have been focusing on the following initiatives toward the same end:



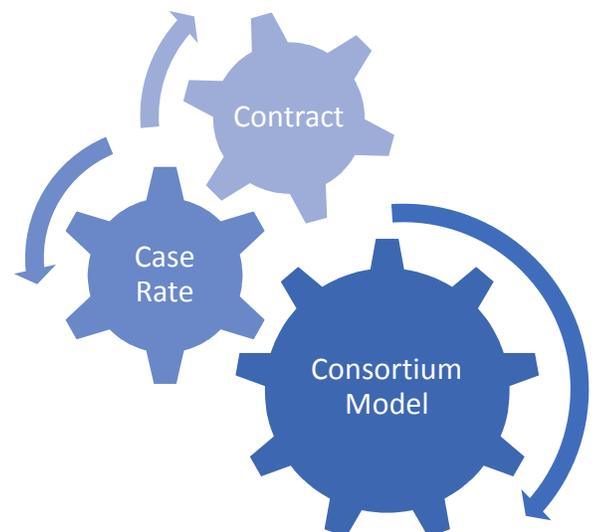
#### Spotlight on the Kent County performance-based funding pilot

The Kent County performance-based funding pilot is a combination of multiple approaches to achieve better outcomes for children and families. The three approaches are summarized below.

A **consortium model** that can adapt quickly to a changing environment and can utilize private resources.

The Kent County providers have formed a consortium, the West Michigan Partnership for Children (WMPC), which will contract directly with MDHHS and with the individual service providers.

- As a consortium, the WMPC can use funds flexibly to incentivize positive outcomes.
- As a private sector nonprofit, the WMPC has more flexibility than MDHHS in identifying innovative ways to incentivize provider behavior.
- The WMPC, through its own structure and through its subcontracted providers, will have access to fundraising dollars.



### Flexible funding through a prospective **case rate** payment methodology.

Over the past several months, the rate setting team has been working with MDHHS, the County of Kent, and the five WMPC providers to collect and validate foster care, case management, and adoption costs for Kent County children. The rate setting team has developed several case rate options that are currently under review.

- MDHHS will pay the WMPC a set prospective case rate for each child under WMPC case management responsibility.
- The WMPC will manage costs in accordance with the fixed case rate.
- The case rate will create financial incentive to serve children in the least restrictive settings and reduce lengths of stay in care.

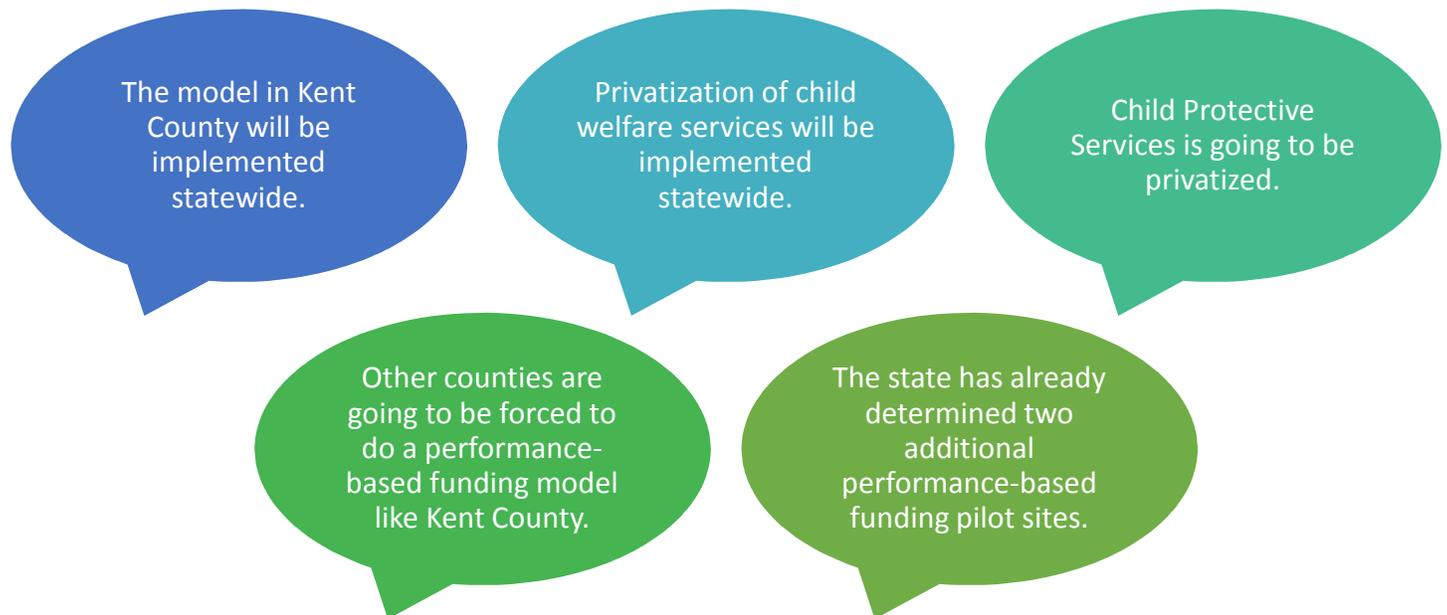
### Specific **contract** requirements to monitor outcomes and compliance with mandatory case management activities.

A performance-based child welfare system focuses on incentivizing desired outcomes rather than specific process requirements. However, MDHHS, WMPC, and providers will continue to be responsible for meeting federal and state requirements as mandated through statute and the Modified Settlement Agreement.

- MDHHS will contract directly with the WMPC for all case management activities and can include in the master agreement specific, required levels of performance in achieving desired outcomes.
- The WMPC will be responsible for ensuring its contracted providers are meeting the requirements in the consortium's contract with MDHHS.
- The contract between the WMPC and MDHHS will outline methods and options for recourse if outcomes are not met (canceled contract, program improvement plan, etc.).

### Rumor has it...What have you been hearing?

As the Child Welfare Partnership Council continues to develop a performance-based system in Michigan, it is important that we communicate with our stakeholders effectively and often. Some of the misinformation floating around is identified in the callouts below.



At this time, the Kent County pilot is the only planned pilot to test the success of a performance-based funding model in Michigan. Other counties in the state will later decide whether or not to participate in a performance-based funding model similar to Kent County's; no other county will be required to adopt Kent County's model, including privatization.

MDHHS has no plans to shift Child Protective Services cases to the private sector and has consistently remained firm that CPS positions will not be outsourced. Instead, as stated in the task force report (see page 27), “For children and youth where abuse/neglect are substantiated, the Process of Care shows that children who remain in-home (court involved and non-court-involved) will be served by the public sector, as is current practice, through MDHHS CPS case management.” The Protect MiFamily pilot is not a part of the performance-based model and only contracts for services, not case management.

MDHHS is working to identify the role and responsibilities of MDHHS Purchase of Service (POS) Monitors in Kent County. While the POS Monitor positions may be modified, there is no plan to eliminate them.

In response to the concern over financial implications, please see the task force report (see page 74) that notes the Department “needs to research possible legislative, budget or accounting, and administrative solutions to assure sufficient funding is appropriated and sustained and that any savings are, like the state's federal Title IV-E waiver, reinvested in child welfare services, instead of being re-appropriated into the General Fund.”

It is important to remember that the task force report is only a feasibility study with recommendations and is not an action plan for MDHHS, the CWPC, and other stakeholders to adhere to. As we all continue to learn more about how performance-based initiatives can help Michigan’s children and families, MDHHS’s approach will evolve. Since the report was originally released eighteen months ago, planning and timeframes have already adjusted course.

## What’s the News?

### CWPC Membership Updates

- Please welcome **Sean de Four** (Vice President of Children and Family Services, Lutheran Social Services of Michigan) to the CWPC Co-Chair position.
- Please welcome **Angela Aufdemberge** (President/CEO, Vista Maria) to the CWPC.

### Wayne County Expresses Interest in Learning about the Kent Pilot

- On October 30<sup>th</sup>, 2015, MDHHS met with the Wayne County Administrator’s office to provide background information on the Kent County performance-based funding pilot. Wayne County has shown initial interest in continuing to learn about/from the Kent County pilot and to determine whether a future pilot might be feasible in Wayne County.

### The Kent County Workgroup is Making Strides toward Implementation

- In the October Kent County workgroup meetings, including providers, County of Kent, MDHHS, and PCG, the team moved forward with submitting the WMPC’s application to be a Child Placing Agency. The Kent County pilot stakeholders continue to be engaged and committed to this process and its goals, setting aside numerous days each month to come together and make forward progress.

### MDHHS Provides System Development Updates to UAW 6000

- As a result of UAW 6000 raising concerns about future privatization and outsourcing resulting from the CWPC’s work to implement a performance-based child welfare system, MDHHS provided clarifications and updates to UAW members. Clarifications included similar information to that included in the section above. The CWPC has also reached out to UAW 6000 with a formal invitation to participate in the CWPC monthly meetings.