



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

NICK LYON
DIRECTOR

July 15, 2015

The Honorable Peter MacGregor, Chair
Senate Appropriations Subcommittee on DHS
Michigan State Senate
Lansing, Michigan 48933

The Honorable Earl Poleski, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator MacGregor and Representative Poleski:

This report is provided pursuant to the Department of Human Services' (DHS') Fiscal Year 2015 Appropriations Act, PA 252 of 2014, Article X, section 503(7). This section requires the department submit a quarterly report on the status of the implementation of a performance-based contracting model that establishes performance-based funding for public and private child welfare services providers.

The Michigan Department of Health and Human Services (MDHHS) continues to lead and utilize the Child Welfare Partnership Council (CWPC) to ensure stakeholder involvement in the development of the performance-based model. Contracted project management services have commenced with Public Consulting Group, substantially increasing productivity in driving, tracking and monitoring model development. The attached June 2015 CWPC newsletter is just one example of increased efforts being supported by the project management team. Actuarial services provided by Public Consulting Group are engaged and data collection and analysis is being conducted to identify the unit costs and options for case rates for out-of-home child welfare services. A Request for Proposal is being finalized for services to be provided by a contracted independent, third party evaluator to ensure the evaluation plan is built alongside the model, ensuring greater and more immediate measurement of effectiveness. A full cost analysis of the performance-based funding model is anticipated to be completed by September 30, 2015.

MDHHS and involved stakeholders and contractors are diligently working to operationalize the proposed model for Kent County, including identifying the outcomes and metrics that will be used to measure performance and ensure integration with the state's child welfare case practice model and continuous quality improvement plan. MDHHS and leaders from Kent County's private child welfare system are working with their contracted technical assistance

and other system stakeholders to develop the new performance-based model for Kent County. Efforts include investigating similar models and experiences in other jurisdictions across the nation as well as fully mapping outstanding tasks and decision making necessary to ensure the agencies and department are able to execute necessary functions for the model to operate as envisioned in Kent County.

If you have any questions, please contact Steve Yager, Children's Services Agency executive director, at (517) 241-9859.

Sincerely,



Nick Lyon

Attachment: Child Welfare Partnership Council Newsletter June 2015

cc: Senate and House Appropriations Subcommittees on DHS

Senate and House Fiscal Agencies

Senate and House Policy Offices

Senate and House Standing Committees on Families and Human Services



June 2015 Newsletter

Performance-Based Child Welfare System Development

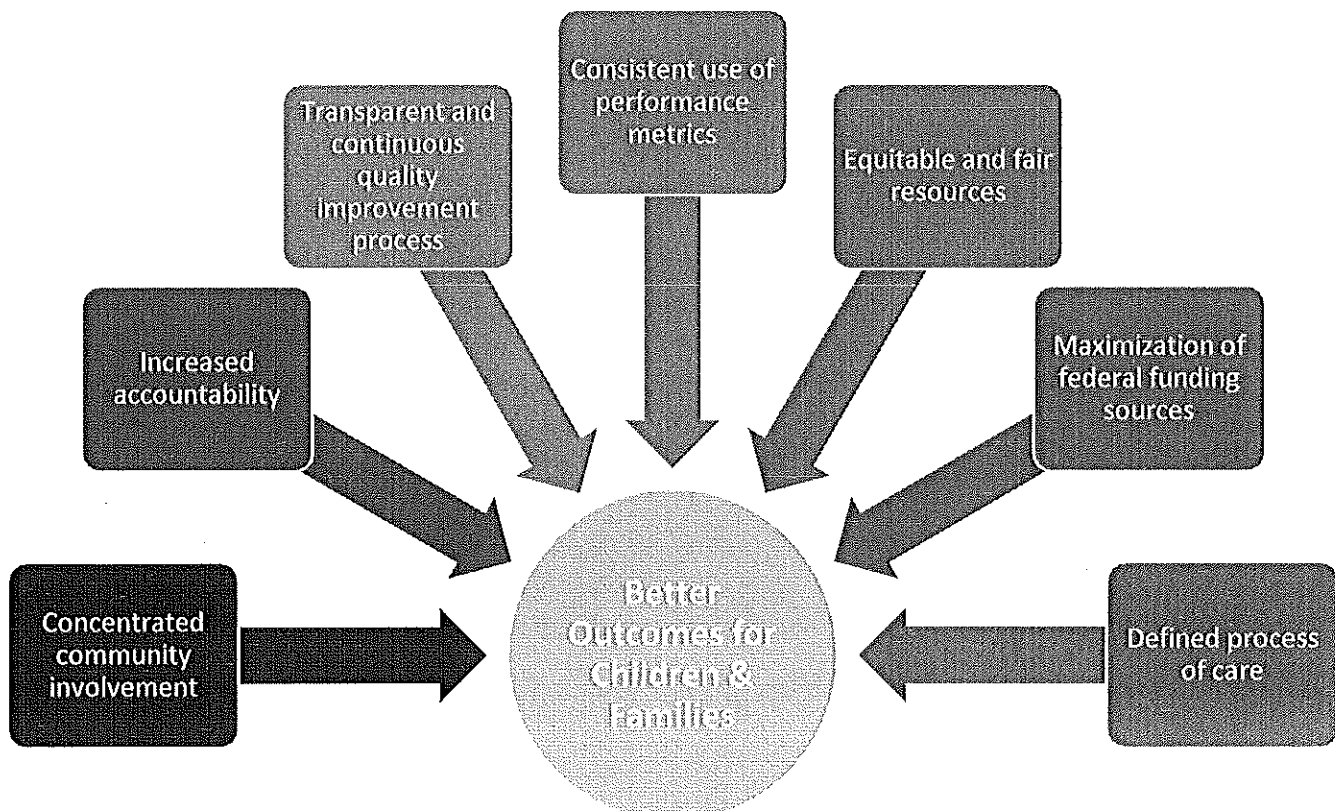
Introducing: The Newsletter!

The Child Welfare Partnership Council (CWPC) will be producing a newsletter on a semi-regular basis, following our monthly meetings or as major developments unfold. The newsletter's purpose is two-fold:

1. To provide a modest amount of background and some additional resources about the purpose of the CWPC.
2. To provide updates on the direction of the performance-based child welfare system development and on the accomplishments of our partners around the state in making the child welfare system work better for kids and families.

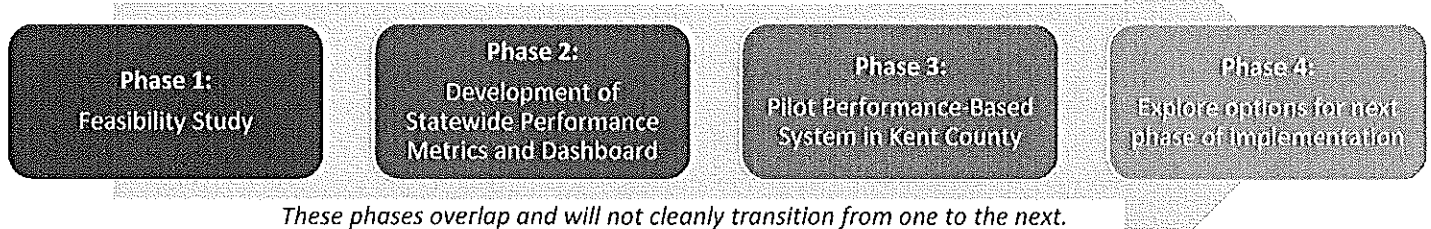
Please distribute this newsletter to your agencies, organizations, and networks.

What will it take to get better outcomes for Michigan's children and families?



How do we get there?

As described above, there are several components to transforming Michigan's child welfare system into one that drives outcomes rather than processes. At this point, the transformation can be viewed in four main phases, as depicted in the chart below. It is important to note that some aspects of the performance-based system are intended for statewide use (e.g., consistent outcome measures) and some are being piloted in Kent County only (e.g., a performance-based funding model).



Phase 1: Feasibility Study

The feasibility study generally refers to the legislatively mandated Task Force exploration of performance-based models for Michigan. The Report is a wealth of information outlining *model options, research, and recommendations*. The report recommends a performance-based child welfare model in Michigan and provides many thoughtful recommendations on what it will take to implement a successful system in our communities. The report can be found [here](#)¹.

Phase 2: Development of Statewide Performance Metrics and Dashboard

Child welfare stakeholders from across the state agree that more can be done to support and improve the lives of Michigan's children and families, particularly those involving children who are placed in out-of-home care. The following initiatives are being or will be undertaken as part of this system transformation:

- MDHHS has contracted with a *Project Manager* (Maureen Stanton, PCG) and with an independent *Actuary* (PCG and Lewis & Ellis).
- MDHHS will contract with an independent third-party *Evaluator*.
- MDHHS/CWPC is developing a plan for the *validation of the defined set of outcomes and indicators*.
- MDHHS/CWPC is creating a plan for the *transparent and routine publication* of statewide outcomes and indicators, currently envisioned as a sort of dashboard.
- MDHHS/CWPC will evaluate how the *Child Care Fund* can submacpport child welfare and dual ordered children in an integrated funding model.
- MDHHS/CWPC are identifying federal, statutory, and appropriation options to provide the opportunity to work toward a *fully integrated funding model*.

Involved in this implementation are several moving pieces. Some pieces are meant to be piloted in Kent County before other sites are considered (e.g., MiTEAM Enhancement) while others are meant to inform future pilots without expectation of a replication of the exact pilot model (e.g., the case rate funding model or full privatization).

Phase 3: Pilot Performance-Based System in Kent County

The Kent County pilot will include the following components:

- *Outcomes and indicators* for Kent County pilot that will then inform statewide outcomes and indicators for both private and public agencies.
- *Enhanced MiTEAM practice model* which will be informed by Kent County and implemented in other areas of the state.
- *Expanded CQI model* which may be adapted for statewide use.
- A *Performance Evaluation Management (PEM) Unit* for use in oversight of Kent County, which may also be adapted in other counties.
- A *performance-based contract*, specific to Kent County, between MDHHS and the Kent County consortium of providers, the West Michigan Partnership for Children.
- A *performance-based funding model*, specific to Kent County, based on Chapin Hall's and PCG/L&E's cost analysis and actuarial rate development.

¹http://www.michigan.gov/documents/dhs/CWPBF_Final_Report_2_24_14_448934_7.pdf

Phase 4: Explore Options for the Next Phase of Implementation

Considering the diversity around the state with regard to geography, case mix, local resources, and existing private provider market, *future phases of implementation will need to be a community-based discussion with MDHHS and sensitive to the fact that Kent County is not representative of many other counties in Michigan.* The Task Force had recommended and the CWPC has agreed to explore other options for pilots in the state that would represent a more rural county and a county with a more even split between current private and public case management. *The Kent County pilot will inform this exploration through evaluation of the model's structural components and identification of relevance (or not) to other areas of the state.*

Statewide Collaboration

The CWPC brings together stakeholders from across the state to help guide the development of a performance-based child welfare system, tailored specifically to the needs of children, families, and communities in Michigan.

The CWPC is co-chaired by **Cameron Hosner**, President and CEO of Judson Center, and **Steve Yager**, Director of the Children's Services Agency within MDHHS.

The necessity for stakeholder involvement cannot be underscored enough. Each stakeholder plays a role in the lives of children and families and can provide specific insight into the systems of care in their communities. CWPC members are encouraged to share ideas, questions, and concerns so that we build together a sustainable performance-based system that positively impacts the people we serve.

CWPC Members

Michigan Department of Health & Human Services (MDHHS)

Private Providers

Judiciary

Michigan Federation for Children & Families

Court Administrators

Association of Accredited Child & Family Agencies

County Commissioners

Michigan Department of Education (MDE)

Tribes

What's the News?

Introducing The West Michigan Partnership for Children!

- The five providers in the Kent County consortium have identified a name for the 501.c.3 that will be contracting with the State under the pilot model.

Kent County Workgroup Studies Successful Florida Model

- The workgroup traveled to Florida to see first-hand how one lead agency is thriving in a performance-based child welfare system. The group was able to ask in-depth operational questions, learn about various functions of a technology solution, and understand some of the opportunities and challenges of working within a performance-based model.

Kent County Pilot Prepares for Readiness Assessment

- The Kent County Workgroup and MDHHS are beginning to work through a Readiness Assessment to help track progress and identify gaps in planning or challenges to implementation. The Assessment will inform future initiatives in Michigan.

Maureen Stanton Joins CWPC as Project Manager

- The CWPC Project Manager, Maureen Stanton, has joined the team and will support both the Kent County pilot implementation and the statewide CWPC workgroup. Maureen has worked in several states to design innovative child welfare programming and to maximize federal funding streams to support programs for children and families.

Cheat Sheet: Frequently Asked Questions

1	What is the purpose of the Performance-Based Child Welfare System?
	To further improve safety, quality and consistency of services and outcomes for children and families.
2	What was the intent of the Legislature when it created the Performance-Based Contract Requirement in Section 503 of the DHS budget?
	The charge to the Task Force was as follows: To determine feasibility of performance-based funding, develop recommendations and provide a pathway for implementation of an approach that could work in the State of Michigan building upon the large number of past and current efforts to further improve outcomes for Michigan's children and other successful efforts across the country. The Report was recommended unanimously with two abstentions.
3	What did the Task Force and its Report accomplish?
	The Task Force's report determined that performance-based funding is possible and provides an Implementation Pathway for a phased statewide implementation of a more <i>transparent child welfare performance monitoring system to achieve better outcomes for children and families.</i>
4	The State already has contracts with private agencies. What would be different about this contracting model?
	DHHS has contracts with a number of private agencies for foster care case management services and adoption services. However, the foster care contracts focus primarily on policy compliance rather than outcomes for children in care. A performance-based model includes both and applies to both DHHS offices and private foster care/adoption agencies. This model also applies to foster care and adoption services by providing a continuum of care for children from the time they are removed from their home through post permanency.
5	Will all counties be required to adopt a prospective case rate payment system?
	No, counties in collaboration with the State would decide whether or not to move to a prospective case rate system. If a county or group of counties wants to move to a case rate system, a readiness assessment would occur and careful planning would follow and it would include implementation of the State's continuous quality improvement plan and fidelity to the DHHS MiTEAM case practice model.

6	Will all agencies be required to adopt standard outcomes?
	Yes, all agencies, public and private, will be held to the same outcomes and those measures will be equally transparent.
7	What will be tangibly different with a performance-based system?
	Many changes need to be implemented. Among them include: <ul style="list-style-type: none"> • Integration of previous and current system initiatives. • Children receive universal and comprehensive assessments and easier access to key services. • Citizens receive performance measurements through a public dashboard. • Evaluation of current funding resources and potential design of new funding mechanisms to maximize use of federal and state money. • Alignment of payments to outcomes for children and families.
8	Is the Kent County 100% Purchase of Service pilot the same as Performance-Based Contracting?
	No. The DHHS is not planning to expand the Kent County 100% Purchase of Service pilot. Kent County is unique with a strong system of private providers. Between 85% and 90% of child welfare cases in Kent County were previously being served by private agencies for a number of years. Moving to 100% purchase of service in Kent had been planned for many years with the Legislature. The Kent County privatization report can be found here ² .
9	How will this system be funded?
	Current funding for child welfare services is complicated and includes various federal, state, and local funds. Depending on the unique nature of each case, different fund sources are utilized, which causes a significant administrative burden to the State, courts and private agencies. One goal of a performance-based model is to simplify the funding structures where possible, strengthen funding mechanisms that already support the child welfare system, and maximize utilization of federal fund sources. This goal will be accomplished following further research with local and state stakeholders and expert services of an actuary and other systems across the nation that have developed similar performance-based child welfare systems.

²http://mediad.publicbroadcasting.net/p/michigan/files/2013/10/Project_515_-

[_Kent_County_Foster_Care_Purchase_of_Services_Proje](#)
[ct_Plan_Final_9-30-13.pdf](#)

10	What County Child Care Fund (CCF) changes are necessary? What will this cost a county or court?
	The CCF provides funding for two distinct areas: abuse & neglect and juvenile justice. Potential changes to how the CCF funds abuse & neglect cases is being explored. One current proposal would cap the CCF abuse & neglect funds provided by a county/court based on the average amount expended over the past three years (FY2011, FY2012, FY2013) for out-of-home care lines. The county would be held harmless for any increases experienced. This is just one possible model to be considered. There are no plans to change in-home care and juvenile justice funding mechanisms.
11	How would this CCF funding proposal be operationalized?
	The State could receive the CCF three-year average contribution in quarterly installments. It would be utilized to create the case rate for out-of-home services. Again, the CCF contribution would be capped with the State taking the risk if it costs more to implement this system. This is just one possible model to be considered.
12	How will we know if the State is utilizing county/court money effectively?
	Through the public dashboard, stakeholders will be able to see aggregate service outcomes for private and public child welfare services as well as measurements by county and/or region and by provider. If service outcomes are not satisfactory, the State, alongside local leaders and community members, will be able to use the State's continuous quality improvement plan, incentives and penalties to support and improve service delivery.
13	Some areas of the State don't have as many private providers as other parts of the State. How is this addressed?
	Regardless of the number of private providers, all existing public and private agencies will be accountable to provide services that meet agreed upon standards. <i>Not all areas of the state will look exactly the same in the new model because of the characteristics and number of out-of-home cases in a particular county/group of counties.</i> The balance of currently existing public and private supervision of cases will continue as it has and the dashboard will share each public and private agency's performance in meeting the needs of children and families in out-of-home care. Poor performance by a public or private agency will be addressed through a continuous quality improvement plan; if those efforts do not generate desired change or if the performance is far below acceptable standards, public and private agencies will each be subject to appropriate consequences and/or penalties. The details of this aspect of the model must still be developed.

14	Is this system intended to shift the state to complete privatization?
	No, this performance-based system development is not an initiative to privatize child welfare case management services across the state. Kent County, where services have already been privatized at a rate of 85%-90% for many years, is the only county moving toward 100% privatization for out-of-home child welfare. The Kent County system will differ in this way from the rest of the state.
15	Does this system affect juvenile justice programs?
	No, this performance-based system is directed at children in out-of-home foster care, not juvenile justice programs.
16	What is the role of MDHHS in the performance-based child welfare system?
	As the title IV-E state agency accountable to the federal government for the child welfare system in Michigan, MDHHS is responsible for the oversight and administrative management of children's protective services; foster care and adoption policies; child welfare procedures; child welfare contracts; and funding. Each local MDHHS office and contracted private child placing agency is accountable to manage the child welfare cases assigned to it and achieve statewide defined goals and metrics related to overall child welfare performance. The State of Michigan, by and through the MDHHS, will always maintain some level of oversight and administrative management and requires that all public and private agencies adhere to the MDHHS case practice model, MiTEAM, and participate in its statewide continuous quality improvement plans. MDHHS continues to work with the CWPC and, pursuant to the requirements of the department's SFY 2015 Appropriations Act (2014 PA 252), also leveraged contracted resources from Public Consulting Group for actuarial and project management services to support the design, development, and implementation of the model. The services of a contracted evaluator are also targeted to commence in SFY 2015 so that an evaluation plan is developed along with the model to ensure greater and more immediate measure of effectiveness once implemented.

Upcoming CWPC Meetings

CWPC meetings are typically held the third Monday of each month from 9:30-12:30 at the Michigan Federation for Children and Families office in Lansing.

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