

Performance-Based Funding Consortium Status Report

(FY 2017 Appropriation Bill - Public Act 268 of 2016)

March 1, 2017

Sec. 504 (3). By March 1 of the current fiscal year, the consortium shall provide to the department and the house and senate appropriations subcommittees on the department budget a report on the consortium, including, but not limited to, actual expenditures, number of children placed by agencies in the consortium, fund balance of the consortium, and the status of the consortium evaluation.

The attached report was provided to the MDHHS by the West Michigan Partnership for Children (WMPC) identifying the status of implementation and actual costs of the performance-based child welfare contracting consortium.



Michigan Department of
Health & Human Services

RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

**West Michigan Partnership for Children
Section 504 (3) Performance Based Funding Consortium Status Report
January, 2017**

The West Michigan Partnership for Children (WMPC) continues moving ahead with the Michigan Department of Health & Human Services (MDHHS) creating the first performance based child welfare system in Michigan. The following summarizes the key activities and spending to date:

Case Rate

WMPC, MDHHS, the Public Consulting Group (PCG) and its actuary partner Lewis & Ellis, developed and evaluated several iterations of the case rate and have agreed on a well-reasoned rate with a quarterly or semi-annual payment schedule. The proposed rates support many performance based goals including:

- Incentivizing permanency through returning children to their biological parents with necessary supports; or through adoption placements.
- Incentivizing community-based care through reduced payment structures the longer a child is in care (deterring longer-term residential care).
- Increasing service flexibility by allowing the WMPC to creatively use current funding streams.
- Appropriately transitioning payment for current youth in out-of-home care based on a time graduated process (the longer the child has been in care, the less the amount of initial case rate).

MDHHS leadership is working to schedule the opportunity to present the case rate proposal to the State Budget Office for prompt approval.

Information Technology: MiSACWIS and MindShare

A hallmark of performance based systems is access to and daily use of data to guide decision making; assess effectiveness; and suggest courses of action that enhance the work. The WMPC has selected the MindShare software product to provide the data analysis and business intelligence for staff to use for decision making. The overall objective of Mindshare is to:

- Enhance visibility of data in existing systems without requiring changes to source data systems.
- Optimize decision-making for stakeholders, case managers and frontline supports.

- Operationalize predictive analytics for daily use and a maximized degree of accuracy to the “why” and “who” in order to change the trajectory of a particular problem.

In conjunction with these efforts Mindshare staff have worked to meet the State of Michigan requirements to secure approval for Mindshare to receive data transfers from the Children’s Services Data Warehouse. The data elements that will be shared have been approved and a data sharing agreement between MDHHS and MindShare is forthcoming. The data sharing agreement is significant for advancing the project as it will allow MindShare to complete a ‘two year lookback’ with a data transfer from MiSACWIS (Michigan’s Statewide Automated Child Welfare System) which will help the WMPC set benchmarks for outcomes. The WMPC and MindShare have a contract ready to be signed as soon as the data sharing agreement is in place.

An exciting achievement occurred during the summer when the WMPC submitted a successful grant request to The Michigan Health Endowment Fund for additional technology support. The startup funding from the legislature included a generous allocation to assist with securing the MindShare product. The grant secures an additional \$235,000 for technology, allowing the WMPC to contract for technical assistance from MindShare around data analysis, contract for the two year data ‘lookback’ that will greatly assist in benchmark development and upgrade hardware.

In addition to the activities outlined to support data sharing between MDHHS and the WMPC, a series of Joint Application Design (JAD) meetings are occurring to identify what programming changes are needed in MiSACWIS to support the pilot and ongoing federal claiming. MiSACWIS changes need to be implemented before full implementation of the pilot can begin. The technologists are now programming the changes and preparing the system for testing with the goal for the system to support the performance based work by mid-summer 2017.

WMPC Organizational Development

Continued significant efforts to develop the structure of the new agency are as follows:

- WMPC has received designation as an IRS 501c3 organization.
- WMPC has achieved status as a Child Placing Agency (CPA) under the auspices of the Division of Child Welfare Licensing. This status is necessary for the WMPC to enter into a contract with the MDHHS and to be able to have access to MDHHS data.
- Contract: A draft contract between WMPC and the MDHHS is completed and on track to be finalized.
- Financial Policies: A set of financial policies detailing the payment process of the WMPC to the five foster care agencies is nearing completion. This has involved significant review by the Federal Compliance Division to assure that policies meet the

expectations for oversight required by the Federal government to assure Federal dollars are being used and tracked as required. This work also involves the development of compliance/Quality Assurance activities and this plan is also nearing completion.

- Staffing: The process for bringing on a CEO has begun anew with a goal date of the CEO being in place no later than 4/1/17. The WMPC Board is currently drafting job descriptions for the other roles within the WMPC, and plans to post these positions and begin identifying candidates. A significant initial focus for the CEO will be bringing on the leadership team and overseeing staffing of the various departments in the WMPC (technology; quality assurance finance; etc.).
- Communication Plan: The WMPC has developed an outline of a communication plan that includes how to notify various stakeholders of WMPC news, how to train staff on the pilot and in particular establishing ways to interact with stakeholders throughout the community (religious organizations, civic groups, supporting agencies, schools, and key business leaders).
- Office Space: a potential office has been identified and the WMPC board is in lease negotiations.
- General: The WMPC has formed a banking relationship with a local Kent County bank, and has a vendor in place to handle current accounting needs while the WMPC works to staff the Chief Financial Officer position.

Financial

The WMPC received \$500,000 for start-up costs with \$300,000 identified for necessary staffing, and \$200,000 for needed Information technology supports. The current bank balance is \$697,151. In the summer of 2016, there was a pause in the WMPC hiring staff and purchasing the Information technology supports to allow for the necessary MiSACWIS changes to take place before full implementation could occur. The WMPC has developed an aggressive hiring plan that will meet the anticipated full implementation date in late summer/early fall. As the spring/summer approaches there will be significant expenditures for MindShare and staffing; along with expenditures for legal services; office space; insurance coverage; initial service contracts with vendors and service providers. With the successful technology grant noted above, the WMPC revenue totals \$735,040. The current bank balance is \$697,151. The bulk of the \$37,889 in expenditures has been used to compensate agency experts who put in significant extra hours to develop financial policies, draft contracts and other programmatic administrative activities. Other modest expenditures were made for banking and accounting services and legal consultation.

Evaluation

The WMPC has been working the Westat, the contracted 3rd party evaluator, to prepare for the upcoming evaluation. Preparation activities include development of a logic model, discussion regarding assessments for measuring well-being, and answering any questions to assist in finalizing the project plan. The evaluation will take place over a five

year period beginning when the WMPC begins service delivery. It is anticipated that service delivery will begin in October 2017.