

Status of Performance-Based Contracting Model

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

March 1, 2018

Sec. 504. (1) *The department may establish a master agreement with the West Michigan Partnership for Children Consortium for a performance-based child welfare contracting pilot program. The consortium shall consist of a network of affiliated child welfare service providers that will 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.*

(2) *The consortium shall operate an integrated continuum of care structure, with services provided by private or public agencies, based on individual case needs.*

(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 information 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
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Overview

The Michigan Department of Health and Human Services (MDHHS) and West Michigan Partnership for Children (WMPC) successfully launched the Kent County child welfare-funding pilot on October 1, 2017. MDHHS transferred approximately 810 foster care cases to WMPC on October 1, 2017.

Youth referred to WMPC as of 12/31/2017:

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
New referrals (post 10/1)	89				89
Carry-over cases (pre 10/1)	810				810

Expenditures

WMPC reports preliminary total expenses for the first quarter of FY 2018 at \$6,992,686.74, leaving the fund balance at \$8,162,864.71. *Attachment A- WMPC Preliminary 3 Month Change in Fund Balance*, provides a detailed breakdown of expenditures.

Personnel

WMPC hired 14 staff by October 1, 2017. Staff include a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Director of Performance and Quality Improvement, Director of Care Coordination, a Contract and Financial Analyst, four Care Coordinators, and three Performance and Quality Improvement Coordinators. WMPC continued training staff throughout the first quarter. WMPC established a payroll system, health and retirement benefits, short and long-term disability, life insurance, and paid time off in advance of the October 1, 2017 launch.

Contracts

As of October 1, 2017, WMPC signed more than 40 subcontracts with foster care and adoption, residential, and ancillary service providers and continued to sign subcontracts through the first quarter. WMPC has 33 subcontractors and more than ten contract types, which include Child Welfare Continuum of Care (foster care & adoption), Residential-Short-Term Assessment, Residential Abuse/Neglect, Residential- Shelter, Foster Care Supportive Visitation, Family Reunification, Independent Living Plus, Counseling, Domestic Violence Counseling, Sexual Abuse Counseling, and Substance Abuse Screenings.

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Finance

Flexible funding is at the core of the WMPC model. The removal of extensive restrictions in funds has allowed for increased access to various services for foster care youth.

WMPC launched its accounting system, Intacct, which syncs with MiSACWIS and MindShare. WMPC processes subcontractor payments through this system. The system tracks costs by person ID, case, service level, private agency, and vendor, and will tie in with cost reports. WMPC is exploring an additional module in MindShare to connect with data entered in Intacct once WMPC has financial data coming from MiSACWIS (i.e. to generate invoices). WMPC set up a money market savings account to hold excess funds. See Attachment A for the first quarter financial report that includes actual expenditures and fund balance.

WMPC's Contract and Financial Analyst, in partnership with MDHHS, provided training for the private agency staff on policies and procedures as it related to case services and manual payments. This training took place on October 10, 2017. WMPC's finance team also met individually with each private agency's financial department during the final weeks of October 2017 to provide training as it relates to billing processes for both MiSACWIS rostered payments and non-rostered payments. Each residential provider was given instructions on how to bill WMPC for youth in their care. The finance team updated the Financial Policy Guide to reflect new processes.

Performance Evaluation and Quality Improvement (PQI)

WMPC and MDHHS spent much of the first quarter working on validating and refining the data being shared between MiSACWIS and MindShare. The validation efforts have resulted in modifications to the extract from MiSACWIS as well as have identified areas of data entry that needed to be completed by providers. This has enhanced the overall reliability of data being shared. The ongoing validation effort has affected progress towards developing MindShare dashboard reports for performance measures.

The PQI team has been working closely with MindShare and MDHHS to develop the desired functionality of the dashboard reports and ensure the accuracy of the data, in order to begin utilizing the system for performance measure monitoring of subcontractors. WMPC has ensured that MindShare's dashboard reports can be disaggregated by agency and demographics, so that there can be a meaningful assessment of the strengths and challenges within the foster care system.

Additional data sharing agreements are being pursued with MDHHS, Network 180 (the Community Mental Health provider) and Kent Intermediate School District. The goal would be to include education and mental health data in MindShare to understand how these factors both affect and are impacted by child welfare.

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The PQI team is in the process of finalizing a policy handbook, which outlines the protocols for continuous quality improvement and auditing. The PQI team will be implementing quarterly reviews with the foster care agencies, in addition to the annual audit of performance measures and contract compliance. The purpose of this is to increase the level of understanding and engagement in agency staff to utilize and apply data for meaningful change. This process began in January 2018.

Monitoring and Evaluation

WMPC received an orientation from Westat around planned evaluation activities in December 2017. Westat is conducting a process evaluation and is collaborating with the University of Michigan School of Social Work to implement an outcome evaluation and the University of Chicago's Chapin Hall to implement a services and costs evaluation. WMPC is in the process of scheduling monthly calls with Westat to stay up to date and informed on evaluation activities and progress.

The Division of Child Welfare Licensing (DCWL) audited WMPC in October 2017. Based on WMPC's limited time in operation, the agency was placed on a provisional license with another audit scheduled for April 2018.

Attachment

- *Attachment A- WMPC Preliminary 3 Month Change in Fund Balance*

WMPC PRELIMINARY STATEMENT OF CHANGE IN FUND BALANCE
OCTOBER 1, 2017 THROUGH DECEMBER 31, 2017

Attachment A

	<u>Administrative</u>	<u>Foster Care</u>	<u>Total</u>
Revenue			
Case Rate Payments	\$ -	\$ 14,397,200.00	\$ 14,397,200.00
Administrative Fees	725,700.00	-	725,700.00
Foundation Grants	-	-	-
State Grants	-	-	-
Interest Income	32,651.45	-	32,651.45
Total Revenue	<u>758,351.45</u>	<u>14,397,200.00</u>	<u>15,155,551.45</u>
Expenses			
Personnel			
Wages	\$ 225,471.62	\$ -	\$ 225,471.62
Payroll Taxes	19,258.20	-	19,258.20
Benefits	28,552.08	-	28,552.08
Total Personnel	<u>\$ 273,281.90</u>	<u>\$ -</u>	<u>\$ 273,281.90</u>
Foster Care Services			
Placement Agency Foster Care Payments	\$ -	\$ 3,691,919.67	\$ 3,691,919.67
Foster Parent Maintenance Rate	-	635,053.76	635,053.76
Residential Services	-	1,933,911.26	1,933,911.26
Adoption	-	165,880.00	165,880.00
IL Payments	-	23,216.43	23,216.43
Family Reunification (TANF)	-	77,598.39	77,598.39
Supportive Visitation (TANF)	-	6,279.35	6,279.35
Counseling Services	-	12,908.08	12,908.08
Parent Education (Title IV-B,2)	-	36,076.22	36,076.22
Drug Screens	-	14,875.00	14,875.00
Client Specific	-	17,663.71	17,663.71
Total Foster Care Services	<u>\$ -</u>	<u>\$ 6,615,381.87</u>	<u>\$ 6,615,381.87</u>
Consultants & Services			
Accounting	\$ -	\$ -	\$ -
Human Resources	4,128.00	-	4,128.00
Legal Services	-	-	-
Telephone Services	2,484.52	-	2,484.52
Insurance	44.00	-	44.00
Communications	19,998.06	-	19,998.06
Mindshare License	-	-	-
Intacct Accounting System License & Implementation	20,909.00	-	20,909.00
Technology Support	16,496.78	-	16,496.78
Total Consulting & Services	<u>\$ 64,060.36</u>	<u>\$ -</u>	<u>\$ 64,060.36</u>
Other Expenses			
Office/General Administrative Expenses	\$ 3,568.09	\$ -	\$ 3,568.09
Rent	5,747.50	-	5,747.50
Janitorial Services	785.53	-	785.53
Training & Travel	3,070.56	-	3,070.56
Dues & Subscriptions	24,529.25	-	24,529.25
Licenses & Screenings	20.00	-	20.00
Postage	103.83	-	103.83
Bank Charges	493.80	-	493.80
Interest Expense	1,171.11	-	1,171.11
Other Operating Expenses	472.94	-	472.94
Total Other Expenses	<u>\$ 39,962.61</u>	<u>\$ -</u>	<u>\$ 39,962.61</u>
Total Expenses	<u>\$ 377,304.87</u>	<u>\$ 6,615,381.87</u>	<u>\$ 6,992,686.74</u>
Change in Fund Balance	<u>\$ 381,046.58</u>	<u>\$ 7,781,818.13</u>	<u>\$ 8,162,864.71</u>

WEST MICHIGAN PARTNERSHIP FOR CHILDREN
PRELIMINARY STATEMENT OF FINANCIAL POSITION FOR PERIOD ENDING 12/31/2017

ASSETS

Cash			
Checking	\$	84,293.09	
Savings		7,832,651.45	
Petty Cash		27.20	
Total Cash		<u> </u>	\$ 7,916,971.74
Accounts Receivable			307,060.00
Prepaid Expenses			23,849.41
Total Assets			<u>\$ 8,247,881.15</u>

LIABILITIES & FUND BALANCE

Liabilities			
Accounts Payable	\$	7,747.81	
Credit Cards Payable		1,469.88	
Employee Withholdings Payable		1,379.49	
Total Liabilities		<u> </u>	\$ 10,597.18
Fund Balance			8,237,283.97
Total Liabilities and Fund Balance			<u>\$ 8,247,881.15</u>