

# Status of Performance-Based Contracting Model

(FY2020 Appropriation Act - Public Act 67 of 2019)

**March 1, 2020**

**Sec. 504.** (1) *The department may continue 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 Michigan Department of Health and Human Services (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.



## **Status of Performance-Based Contracting Model Section 504(3) PA 67 of 2019**

The Michigan Department of Health and Human Services (MDHHS) and West Michigan Partnership for Children (WMPC) completed the second year (Fiscal Year 2019) of the Kent County child welfare-funding pilot on September 30, 2019 and the first quarter of the third year on December 31, 2019.

WMPC currently receives the majority of its funding through an annual grant agreement with the MDHHS which contains State of Michigan General Fund dollars, pass-through dollars from federal grants to the State, and Kent County child care funds. It also has a subcontract with Network 180 for a Clinical Liaison and a Parent Planner and a grant from the Michigan Health Endowment Fund to implement the trauma-informed Sanctuary Model through the Kent County Child and Family System of Care.

### **Number of Children Placed by Agencies in the Consortium**

During Fiscal Year (FY) 2019, WMPC placed 421 children with the five private foster care agencies and discharged 477 children. There were 870 open cases at the end of FY 2019.

WMPC placed 54 children with the five private foster care agencies during the first quarter of FY 2020 (October- 29; November- 17; December- 8). WMPC discharged 95 children during this same time period (October- 35; November- 13; December—47).

WMPC received significantly less intakes in the first quarter of FY 2020 than it had budgeted for due to a statewide trend in decreased removals. Due to the front-loaded structure of the case rate, this parlayed into a revenue loss for WMPC, exacerbating pre-existing cash flow issues.

### **Actual Revenue and Expenditures**

For the twelve-month period ending September 30, 2019, on an accrual basis, WMPC received \$35,004,099 in revenue and had expenses of \$39,601,598, resulting in a deficit of (-\$4,597,499).

### **Fund Balance**

WMPC experienced deficits and has been unable to build a reserve balance during the first two years of operations and is experiencing cash flow issues as a result. WMPC raised this to MDHHS at the beginning of calendar year 2019. Between March 2019 and January 2020, WMPC received cash advances totaling \$5,050,000. During the case rate monitoring process, Public Consulting Group (PCG) and Lewis & Ellis (L&E) noted that the actual drivers of the increase in cost is likely not singular nor are the speculated causes defined and known with absolute certainty at this time. WMPC identified that a portion of the deficit was due to business decisions they made at the implementation of the pilot; however, focusing on the sufficiency of the rate, PCG and L&E were able to identify missing information and review more recent data than what was included in the original case rate development, due to the timing of the implementation of the pilot. It was noted that FY 2017 data, which had not originally been included in the case rate development, exhibited a higher cost trend than the historical data used in the case rate development. PCG and L&E recalculated the case rate incorporating the FY 2017 data,

## **Status of Performance-Based Contracting Model Section 504(3) PA 67 of 2019**

using a consistent methodology as the original case rate development. FY 2017 was included with the initial data from the original case rate development to blend the updated information with the historical, stable data. This resulted in a recommended retrospective payment to WMPC in the amount of \$6.42 million and a prospective case rate adjust in FY 2020 equaling \$3.2 million. (See Appendix 1 - Kent County Case Rate Detailed Methodology)

In FY 2019, MDHHS paid WMPC an \$820 semi-annual payment for each child in its care to cover administrative costs of operating the consortium. Given the fluctuating monthly referral numbers and seasonal trends, this made budgeting for its administration and cash flow fluctuations challenging for WMPC. For this reason, L&E and PCG recommended that a flat amount of \$2 million be allocated for consortium administrative expenses in FY2020, independent of the case rate payments. MDHHS agreed with this recommendation and it was implemented in the current year.

### **Consortium Personnel**

During FY 2019, WMPC established an additional four full-time positions as their needs were determined. These positions are:

- Staff Accountant – December 2018
- Business Intelligence Analyst – January 2019
- Clinical Liaison – March 2019 (not covered by the case rate)
- Care Coordination Manager – July 2019

In March 2019, Network180 (Kent County's Community Mental Health provider) implemented a subcontract with WMPC to provide Clinical Liaison services in each of the partner agencies, as well as Kent County Department of Health and Human Services (DHHS). This position has assisted in better integration of the system of care, bringing together mental health with child welfare with the goal of increasing access to mental health services. The mental health perspective has helped address root causes of behavior leading to improved stabilization of youth.

In October 2019, Network 180 provided a grant to WMPC for unspent funds from a Substance Abuse and Mental Health Services Administration (SAMHSA) grant to be used toward a Parent Planner. The Parent Planner would be a part-time position filled by a person with lived experience as a caregiver of children in the Kent County Child Welfare System, receiving Network 180 services, and/or in the Juvenile Justice system.

Three of the newly established positions are funded by the case rate and WMPC's administrative budget remains below the anticipated \$2,000,000/year initially developed for the pilot with the addition of these positions.-

### **Contracts**

In the last quarter of 2019, WMPC sent out its first Request for Quotes and Request for Proposals for several its contracted services (domestic violence counseling, parent education groups, in home parent education).

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WMPC worked collaboratively with the foster care agency subcontractors to add five new performance measures to the FY19 contract. These measures are: 1) Increasing Community Placements; 2) Increasing Least-Restrictive Placements; 3) Increasing Relative Placements; 4) Achieving Licensed Foster Homes Goals; 5) Increasing Timeliness of Worker-Parent Contacts. (See Appendix 2, FY 2019 Contract Measures)

### **Consortium Performance Measures**

During September and October 2019, WMPC worked with state and local MDHHS leadership to review and revise WMPC contract performance measures for FY 2020 and beyond. Several benchmarks were revised to include incremental yearly increases, which was more realistic given Kent County historical as well as statewide performance. While WMPC will still be held accountable for all the state Key Performance Indicators and federal Child and Family Services Review data measures, the following indicators were determined to be the most crucial in measuring the collective impact on producing better outcomes for children and families: 1) Reducing the rate of Maltreatment in Care; 2) Increasing Relative Licensure; 3) Worker-Parent Visits; 4) Parent-Child Visits; 5) Permanency in 12 Months; 6) Reduced Days in Care in Emergency Shelter; 7) Reduced Percentage of children First Placed in Shelter; 8) Reduced Days in Care in Residential. (See Appendix 3, FY 2020-2022 WMPC Network Contract Performance Measures)

### **Monitoring and Evaluation**

In FY 2019, WMPC continued to support the external evaluation of the performance-based child welfare system lead by Westat (See Appendix 5, Michigan 2nd Annual Report Executive Summary). WMPC's Director of Performance and Quality Improvement (PQI) held monthly calls with evaluation stakeholders to support the process evaluation. The Director of PQI also supported the process evaluation by sending relevant documentation to the evaluation stakeholders. The Director of PQI supported the outcomes evaluation by providing quarterly performance reports and other relevant performance reports to the evaluation stakeholders. (See Appendix 4 FY 2019 WMPC Network Annual Performance Report).

In August 2019, Westat team members came to Kent County and held interviews with the WMPC team, local DHHS, many of the private agency foster care agency staff, and local court personnel. These interviews will be part of their process evaluation and they will include this information in their annual report.

The Division of Child Welfare Licensing (DCWL) conducted the annual audit of WMPC in June and July of 2019. Following the audit, WMPC maintained its regular two-year license.

While WMPC completed the Council on Accreditation application in April 2018, it was over this past year that the work of accreditation was completed. WMPC leadership, with the assistance of a consultant, reviewed, revised and created the policies and procedures necessary to meet the accreditation standards for a Network Provider. In August 2019,

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WMPC became the first agency in the state of Michigan to be accredited as a Network Provider.

### **Governance**

WMPC's Board of Directors is comprised of the Chief Executive Officer (CEO) or a delegate from each of the five, private foster care case management consortium member agencies. Recognizing the inherent conflict of interest in having a Board comprised of WMPC's five largest subcontractors, WMPC engaged in recruitment of additional community members in 2019, considering the following criteria:

- Diversity in race, ethnicity, gender, socioeconomic status, and age.
- Persons with lived experience as a biological parent of a youth in the foster care system, or as a youth in foster care and foster parents.
- Disciplines: education, health, law enforcement, judicial, housing/ community development, faith, and business.

WMPC added four additional Board Members in FY 2019: Dr. Nkechy Ezech, Executive Director of the Early Learning Neighborhood Collaborative and Kayla Morgan, a former foster youth and founder and owner of Resilient Roots, a trauma-informed yoga practice started on WMPC's Board in quarter two of FY 2019. Cheryl Schuch, Executive Director of Family Promise and Sally Andreatta, Executive Director of the Grand Rapids Student Advancement Foundation began on WMPC's board in quarter three of FY 2019. WMPC has three additional board slots to fill to fulfill its objective of adding seven members representative of the diversity of the community and to allow for a non-provider quorum. These seven board members are in addition to the original five-member board of directors. WMPC's Nominating Committee is carrying out its Board recruitment plan and will add the additional members by the end of the third quarter of 2020.

With an expanded Board, WMPC's consortium Board members will be able to contribute their valuable expertise while carrying out their ethical responsibility to abstain from any vote that would be a Conflict of Interest. Seven community members allows for a sufficient quorum in the instance that all five consortium members would need to abstain from a vote.

### Appendices

- *Appendix 1 – Kent County Case Rate Detailed Methodology*
- *Appendix 2 – FY 2019 Contract Measures*
- *Appendix 3 – FY 2020-2022 Network Contract Performance Measures*
- *Appendix 4 – FY 2019 WMPC Network Annual Performance Report*
- *Appendix 5 – Michigan 2<sup>nd</sup> Annual Report Executive Summary*

# Kent County Case Rate

Detailed Methodology Report

Addendum #2

September 3, 2019

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## INTRODUCTION

### Background

PCG and L&E were engaged to develop a case rate for the Kent County Child Welfare Pilot program that began October 1, 2017. The initial purpose of the case rate was to cover the full costs of care for children from placement through permanency, to allow flexibility for the consortium to serve children more effectively, and to incentivize better outcomes for children such as more timely permanency and reduced reliance on congregate care.

During the case rate development, PCG and L&E utilized the best resources available with the assistance of MDHHS, Kent County, and its local providers. Due to the timing of the case rate implementation, the most complete data available was used which consisted of data from FY2010 through FY2016. These seven years of historical data were the basis of the initial case rate development.

Case rate programs inherently introduce cash flow risks. To assess these risks, the team performed seriatim testing on the historical data to recognize potential deficiencies due to the real time cash flow of expenses and revenues. The case rate was intended to be sufficient enough to allow for a fund balance to address fluctuations and minor differences in future caseloads.

Unfortunately, the WPMC is currently in a position where they are experiencing cash flow deficits. This was initially identified in the monitoring processes, where it became clear that the consortium's resulting fund balance and financial situation were not in line with the expectations drawn from the initial case rate development.

PCG and L&E were asked to monitor the sufficiency of the case rate throughout the pilot and to determine whether deficiencies in the rate were driving the deficit. PCG and L&E recognize that the actual drivers of the increase in cost is likely not singular nor are the speculated causes defined and known with absolute certainty at this time. Case rate programs need adequate time (e.g. 5 years) in process to assess the success or failure of the program because there are many factors at play with the implementation of a case rate program. MDHHS has contracted with an evaluation firm to assess the effect of the case rate on performance and costs over the life of the pilot.

The WPMC disclosed that a portion of the deficit was due to business decisions that they made at the implementation of the pilot; however, focusing on the sufficiency of the rate, PCG and L&E were able to identify missing information and review more recent data than what was included in the original case rate development, due to the timing of the implementation of the pilot. It was determined that some administrative dollars were not included in the initial development. PCG and L&E are recommending these dollars be paid to the WPMC retrospectively and that the case rate be modified prospectively to account for these dollars.

Additionally, it was noted that FY17 data, which had not originally been included in the case rate development, exhibited a higher cost trend than the historical data used in the case rate development. This increased trend has been substantiated in part by Chapin Hall and a study performed by MDHHS showing an increase in the median age of children in care. It is unknown at this time if FY17 is an indication of increases in costs in future years or if it is an anomaly, however, given that this is the year directly prior to the case rate implementation, it is relevant. While plans were being made during FY17 to implement the pilot, the WPMC was not fully in existence, and processes and infrastructure were not in place to manage utilization and costs across the child placing agencies at this time. PCG and L&E recalculated the case rate incorporating the FY17 data, using a consistent methodology as the original case rate development. FY17 was included with the initial data from the original case rate development to blend the updated information with the historical, stable data. This resulted in an increase in the case rate payments.

In order for the pilot to continue moving forward, PCG and L&E recommend that a retrospective payment and a prospective case rate adjustment be made. PCG and L&E recommend both the retrospective and prospective changes because these adjustments will improve the pilot's current financial situation so that the pilot can be properly assessed. At assessment, the pilot could be evaluated by performing studies on the outcomes in order to identify the successes and failures of the entire pilot. These investments would allow for the consortium to continue to operationalize programs and methods to improve outcomes for children and be able to demonstrate that these programs were effective.



## Recent Updates

PCG and L&E are recommending prospective and retrospective case rate adjustments to account for the following:

1. Missing administrative dollars in the FY15 and FY16 data that was used to develop the case rate, and
2. Cost deficits for which the cause is not likely singular nor are the speculated causes defined and known with absolute certainty.

Prospective case rate adjustments are defined as changes to the case rate payment levels that will continue in perpetuity. Retrospective case rate payments are lump sum payments that provide funds to the WPMC for money that would have been appropriated to them if prospective adjustments would have been in place from the beginning.

This addendum provides details about the development of the recommended case rate adjustments.

## CASE RATE ADJUSTMENTS

### Missing Administrative Dollars

In May 2019, it was discovered that there were administrative dollars missing from the historical data that was used to develop the case rate. The missing cost data of approximately \$4M over 2 fiscal years was added into the historical cost data. The case rate was then re-tested, using the seriatim fiscal testing used in the original case rate development, and adjusted accordingly.

The seriatim testing reviewed the initial case rate options in real time to assess the cash flow risks associated with the different scenarios. All Kent County cases<sup>1</sup> were used to test each scenario as if the case rate had been implemented at the beginning of time period. This exercise compared actual payments to the case rate payments that would have been paid out under each scenario in a real time simulation. These payments were summarized to arrive at the final fund balance at the end of the time period. All cases were included for this testing because, at implementation, all cases would receive the case rate, and the case rate would be paid to all incoming cases. For further information regarding the seriatim testing, please refer to the Case Rate Methodology Report.

PCG and L&E recommend a prospective and retrospective adjustment for these missing dollars. The prospectively adjusted payments were determined by adding in the missing cost data and adjusting the simulated case rate payments in order to return the results of the testing to a fund balance similar to the results achieved in the original case rate development.

The original results of the seriatim testing were:

|              | Projected Costs      | Projected Revenue    | Fund Balance |
|--------------|----------------------|----------------------|--------------|
| <b>Total</b> | <b>\$232,067,622</b> | <b>\$236,276,400</b> | <b>1.8%</b>  |

The adjusted results of the seriatim testing are:

|              | Projected Costs      | Projected Revenue    | Fund Balance |
|--------------|----------------------|----------------------|--------------|
| <b>Total</b> | <b>\$236,978,126</b> | <b>\$241,719,916</b> | <b>2.0%</b>  |

<sup>1</sup> This data set includes all adjustments to make this a prospective rate, including additional benefits, inflation, etc. This is the case for all testing.

The recommended prospective adjustment for the missing dollars is:

| Payment Level | Current Payments | Payments Adjusted for Missing Dollars |
|---------------|------------------|---------------------------------------|
| Level 1/2     | \$23,690         | \$23,900                              |
| Level 3/4     | \$11,850         | \$11,950                              |
| Level 5+      | \$5,920          | \$6,650                               |

The recommended retrospective adjustment for the missing dollars is:

| Time Period    | Retrospective Adjustment |
|----------------|--------------------------|
| FY18Q1-FY19Q1  | \$650,660                |
| FY19Q2*        | \$130,120                |
| FY19Q3-FY19Q4* | \$316,120                |
| <b>Total</b>   | <b>\$1,096,840</b>       |

\*Estimated based on data from FY18Q1-FY19Q1

## Additional Case Rate Adjustments

PCG and L&E began to see monitoring results that deviated from expectations after the first full fiscal year of the case rate pilot - FY18. At that time, no case rate adjustments were recommended due to disclosed business decisions made by the WMPC that were contributing to the worse than expected results. These business decisions were: implementing an increased PAFC staffing rate, implementing a fixed monthly PAFC staffing rate payment versus actual days of care, contracting nine guaranteed shelter beds with Kids First, and implementing Enhanced Foster Care.

After further monitoring, it became apparent that there were more causes for the worse than expected results than the business decisions alone. The business decisions are quantified as adding approximately \$2K per case per year, while fiscal year 2019 Quarter 1 monitoring results presented an increase in costs per case per year of approximately \$6K.

PCG and L&E were asked to determine whether any issues with the case rate were driving the deficit. While reviewing the rate, PCG and L&E obtained and performed an analysis on the FY17 cost data. The FY17 cost data was not included in the data originally used to develop the case rate due to the timing of the case rate implementation at the beginning of FY18. FY17 data shows a cost trend increase of 7.5% between FY16 and FY17, which is a higher annual cost trend than in any of the historical data<sup>2</sup>. The cause of the increased trend is likely not singular nor are the speculated causes defined and known with absolute certainty. This is in part because the WMPC was not operational in FY17 and the infrastructure to monitor and manage costs across the child placing agencies was not yet in place. It is known that the median age at removal of children in care in Kent County increased between FY16 to FY17. We were provided the median age at removal information by fiscal year from MDHHS for Kent County as well as 4 other major counties. Results of the analysis show that Kent County has experienced higher increases in the median age at removal and the highest median age at removal in all years across these counties. This could be contributing to the increased costs.

<sup>2</sup> A high cost trend from FY16 to FY17 was also observed in an analysis performed by Chapin-Hall. In this analysis, the average daily unit cost increase observed from FY16 to FY17 was 3% Statewide and 24% in Kent County. Neither of these percentage increases were used in the development of the recommended case rate adjustments. Rather, this is just an additional observation that confirms the observed increase in Kent County costs from FY16 to FY17.

## Median Age at Removal of Children in Care by Fiscal Year

| County  | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|---------|--------|--------|--------|--------|--------|
| Kent    | 8.59   | 7.01   | 8.54   | 10.04  | 9.27   |
| Wayne   | 5.16   | 5.11   | 5.98   | 6.35   | 5.84   |
| Oakland | 5.51   | 6.06   | 6.02   | 5.54   | 5.33   |
| Macob   | 5.05   | 5.27   | 5.89   | 5.81   | 6.88   |
| Genesee | 4.04   | 5.63   | 6.76   | 6.40   | 4.98   |

MDHHS has contracted with evaluators to assess the performance and cost of the pilot over 5 years; however, in assessing the adequacy of the case rate, the rate setting team recommends that the FY17 data be factored into the current case rate in order for the pilot to proceed and to achieve the goal that the case rate be sufficient to cover the full cost of care at implementation. PCG and L&E recalculated the case rate incorporating the FY17 data, using a consistent methodology as the original case rate development. The inclusion of the data resulted in an increase in the case rate payments.

The annual trend assumption used in the original case rate development was 0.5% based on a weighted average of historical trends, as shown below.

|                         | FY11/FY10 | FY12/FY11 | FY13/FY12 | FY14/FY13 | FY15/FY14 | FY16/FY15 |             |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Trend                   | -9.0%     | -1.1%     | -1.5%     | 0.2%      | 3.1%      | 4.2%      |             |
| Weight                  | 10%       | 10%       | 17%       | 17%       | 17%       | 30%       |             |
| <b>Weighted Average</b> |           |           |           |           |           |           | <b>0.5%</b> |

Based on the original weighted average methodology, the inclusion of FY17 data would have increased the case rate development trend to 2.7%, as shown below.

|                         | FY11/FY10 | FY12/FY11 | FY13/FY12 | FY14/FY13 | FY15/FY14 | FY16/FY15 | FY17/FY16 |             |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Trend                   | -9.0%     | -1.1%     | -1.5%     | 0.2%      | 3.1%      | 4.2%      | 7.5%      |             |
| Weight                  | 3%        | 10%       | 14%       | 14%       | 14%       | 14%       | 30%       |             |
| <b>Weighted Average</b> |           |           |           |           |           |           |           | <b>2.7%</b> |

Incorporating the updated trend assumption of 2.7% and FY17 data into the seriatim fiscal testing results in an increase of 16% to the case rate payments.

Given the unusually high cost trend in FY17 as compared to prior years, it is unknown at this time if FY17 is an indication of increases in costs in future years or if it is an anomaly. L&E modified the weighted average methodology to dampen the impact of the FY17 cost trend. The updated trend assumption is 1.4%, calculated as shown below, which is less than the observed trend in each of the three years prior to case rate implementation.

|                         | FY11/FY10 | FY12/FY11 | FY13/FY12 | FY14/FY13 | FY15/FY14 | FY16/FY15 | FY17/FY16 |             |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Trend                   | -9.0%     | -1.1%     | -1.5%     | 0.2%      | 3.1%      | 4.2%      | 7.5%      |             |
| Weight                  | 7%        | 15%       | 15%       | 15%       | 15%       | 15%       | 18%       |             |
| <b>Weighted Average</b> |           |           |           |           |           |           |           | <b>1.4%</b> |

Incorporating the updated trend assumption of 1.4% and FY17 data into the seriatim fiscal testing results in an increase of 7% to the case rate payments. This was determined by adding in the FY17 cost data, updating the trend assumption, and adjusting the simulated case rate payments in order to return the results of the testing to a fund balance similar to the results achieved in the original case rate development. See the previous section of this report for the original seriatim testing results, as well as the results adjusted for the missing administrative dollars.

The results of the seriatim testing adjusted for the missing administrative dollars and FY17 data are:

|              | Projected Costs      | Projected Revenue    | Fund Balance |
|--------------|----------------------|----------------------|--------------|
| <b>Total</b> | <b>\$287,679,087</b> | <b>\$291,283,336</b> | <b>1.2%</b>  |

Based on this analysis, PCG and L&E recommend a 7% increase to the case rate payments. This recommendation is based on the pilot's current financial situation and remaining consistent with the original case rate methodology to have a fund balance. PCG and L&E believe that these adjustments will improve the pilot's current financial situation so that the pilot can be properly assessed.

The recommended prospective adjustment is:

| Payment Level | Current Payments | Payments Adjusted for Missing Dollars | Payments Adjusted for Missing Dollars and Updated Data |
|---------------|------------------|---------------------------------------|--|
| Level 1/2     | \$23,690         | \$23,900                              | \$25,570   |
| Level 3/4     | \$11,850         | \$11,950                              | \$12,790   |
| Level 5+      | \$5,920          | \$6,650                               | \$7,120  |

The recommended retrospective adjustment is:

| Time Period    | Retrospective Adjustment |
|----------------|--------------------------|
| FY18Q1-FY19Q1  | \$3,293,510              |
| FY19Q2*        | \$658,702                |
| FY19Q3-FY19Q4* | \$1,367,136              |
| <b>Total</b>   | <b>\$5,319,348</b>       |

\*Estimated based on data from FY18Q1-FY19Q1

## Recommendations

In order for the pilot to continue moving forward, PCG and L&E recommend that retrospective payments and prospective case rate adjustments be made for both the missing dollars and updated data. PCG and L&E recommend both changes because these adjustments will improve the pilot's current financial situation so that the pilot can be properly assessed. At assessment, the pilot could be evaluated by performing studies on the outcomes in order to identify the successes and failures of the entire pilot. These investments would allow for the consortium to continue to operationalize programs and methods to improve outcomes for children and be able to demonstrate that these programs were effective.

The recommended retrospective case rate adjustments total \$6,416,188. The projected cost impact for FY20 of the recommended prospective case rate adjustments total \$3.2M.

The recommended retrospective payments are:

| Reason          | Retrospective Adjustment |
|-----------------|--------------------------|
| Missing Dollars | \$1,096,840              |
| Updated Data    | \$5,319,348              |
| <b>Total</b>    | <b>\$6,416,188</b>       |

The recommended adjusted case rate payments are:

| Payment Level | Payments Adjusted for Missing Dollars and Updated Data |
|---------------|--|
| Level 1/2     | \$25,570   |
| Level 3/4     | \$12,790   |
| Level 5+      | \$7,120  |

## Additional Observations

PCG and L&E would note the following additional observations:

- As a hindsight observation after developing the recommended adjustments, based on the most recently updated cash flow projections, the recommended retrospective adjustments will result in the WMPC having a fund balance of approximately \$2.3M after the first two fiscal years of the case rate pilot. In PCG and L&E's original seriatim fiscal testing, a fund balance of \$4.1M was projected after the first two fiscal years.
- The retrospective adjustment needed for the case rate pilot to be "made whole", or to be at a \$0 fund balance, is estimated to be \$4,162,203. The prospective adjustment needed is an increase of 4% to the case rate payments. It is important to note that if no prospective case rate adjustments are made, the retrospective adjustments alone are not expected to be sufficient and the fund balance will most likely return to a deficient state within months.
- Given the risk-based nature of a case rate payment methodology, a healthy fund balance allows the case rate to better withstand year-to-year fluctuations.
- It is very important to note that the case rate pilot, as stated in the Case Rate Methodology Report, was developed with the objective of covering the full cost of care at Kent County's current level of performance, to allow for greater flexibility to serve children more effectively, and to incentivize improved outcomes such as more timely permanency and reduced reliance on congregate care.
- Cost neutrality was never a goal of the pilot or within the scope of the case rate development. At this time, PCG & L&E have not performed an analysis to assess whether the pilot is cost neutral.

Given the increased level of costs in FY17, the recommended adjustments are anticipated to cover the full cost of care at Kent County's level of performance prior to the case rate pilot. Since the actual drivers of the deficit are not fully known, these adjustments do not guarantee that there will not be needed changes to the case rate in the future. PCG and L&E will continue to monitor the pilot's rate for sufficiency.



[www.publicconsultinggroup.com](http://www.publicconsultinggroup.com)

# Performance Measures - Fiscal Year 2019

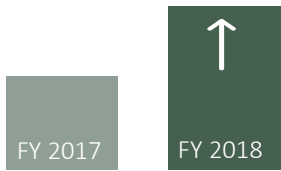
WMPAC will use the following incentives to recognize agencies' success in reaching five annual key performance indicators.

1

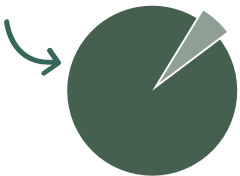
## Community Placements

Achieve either of the following goals:

The percentage of children placed in community-based foster care in the most family-like setting increases by 3% from the previous year.



At least 94% of the agency's children are placed in community-based settings each year.



2

## Least-Restrictive Placements

Achieve the following goal:



50% of children transition from institutional placement within 9 months to a community-based, family-like placement and do not re-enter residential care within 12 months of being placed in the community-based placement.

*"Anna was placed in an institution on January 3, 2017. Within 9 months, on August 17, she moved in with a licensed foster parent. She remained there until September 27, 2018 when she began living independently."*

3

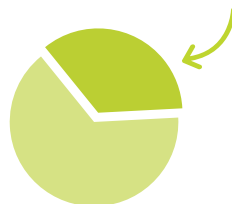
## Relative Placements

Achieve either of the following goals:

The percentage of children placed in relative care increases by 6% from the previous year.



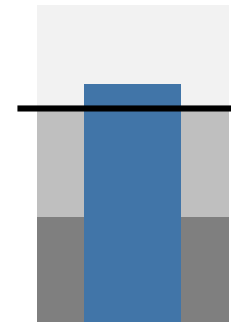
At least 35% of all children served by the agency are in relative care each year.



4

## Licensed Foster Homes

Achieve the following goal:



The agency has licensed the number of foster homes required to **meet or exceed their benchmark** for total number of licensed homes as determined by the Kent County AFPRR licensing calculator.

5

## Worker-Parent Contacts

Achieve either of the following goals:

Case workers' timely, monthly face-to-face contacts with parents of children who have a permanency goal of reunification increase by 12% from the previous year.



At least 85% of the possible monthly face-to-face contacts occur within the time frame.



Total # of children placed in most family-like setting between 10/1/17 and 9/30/2018

Total # of children between 10/1/17 and 9/30/2018

&

Total # of children placed in most family-like setting between 10/1/18 and 9/30/2019

Total # of children between 10/1/18 and 9/30/2019

=

1

Community Placements

A

B

C

Total # of children in the community as of 9/30/17 who moved from a CCI less than 12 months earlier

+

Total # of children between 10/1/17 and 9/30/18 who moved into the community and didn't return to CCI within 12 months

+

Total # of children in the community on 9/30/19 who are not included in A and B

=

2

Least-Restrictive Placements

D

E

F

Total # of children in CCI on 9/30/17

+

Total # of children in the community on 9/30/17 who have not been in that placement for 12 months or more

+

Total # of children in the community or CCI any time between 10/1/17 and 9/30/18 excluding those in D and E

Total # of children in relative care between 10/1/17 and 9/30/2018

Total # of children between 10/1/17 and 9/30/2018

&

Total # of children in relative care between 10/1/18 and 9/30/2019

Total # of children between 10/1/18 and 9/30/2019

=

3

Relative Placements

Total number of homes licensed as determined by the Non-related Foster Home Dashboard

=

4

Licensed Foster Homes

Total # of timely, monthly, face-to-face contacts between worker and parent between 10/1/17 and 9/30/2018

Total # of children with goal of reunification between 10/1/17 and 9/30/2018

&

Total # of timely, monthly, face-to-face contacts between worker and parent between 10/1/18 and 9/30/2019

Total # of children with goal of reunification between 10/1/18 and 9/30/2019

=

5

Worker-Parent Contacts





WMPC NETWORK  
CONTRACT PERFORMANCE MEASURES  
FISCAL YEAR 2020 - 2022



# PERFORMANCE MEASURES

## Safety *Safety in Foster Care*

---

**Maltreatment in Care** | Of all children in care during a 12-month period, the rate of maltreatment in care shall not exceed 8.5, as defined in the federal Child and Family Service Review, Round 3 (CFSR).

**Relative Placements** | Relatives successfully completing the licensing process will increase 30 percent by the end of FY2022 with annual increases of 10 percent in FY20, 10 percent in FY21, and 10 percent in FY22.

## Permanency *Reunification Community Placements*

---

**Worker-Parent Visits** | At least 82 percent of parents whose children have a permanency goal of reunification and are supervised by the Grantee, shall have face-to-face contact by the assigned caseworker in accordance with the guidelines in FOM by the end of FY22 with annual goals of 71 percent in FY20, 76 percent in FY21, and 82 percent in FY22.

**Parent-Child Visits** | At least 65 percent of children supervised by the Grantee with a goal of reunification shall have visitation with their parent(s) in accordance with the guidelines in FOM 722-061 Policy by the end of FY22 with annual goals of 55 percent in FY20, 59 percent in FY21, and 65 percent in FY22.

**Permanency in 12 Months for Children Entering Care** | At least 30 percent of children shall achieve permanency within 12 months for children entering foster care, as defined by the CFSR, by the end of FY22 with annual goals of 24 percent in FY20 and 27 percent in 2021, and 30 percent in FY22.

**Reduced Days in Care in Emergency Shelter** | The total number of days children placed in emergency shelter will reduce by 16 percent by the end of FY22 with annual goals of reducing the number of days in emergency shelter by 2 percent in FY20, 5 percent in FY21, and 9 percent in FY22.

**Reduced Percentage of Children First Placed in Shelter** | The percentage of children for whom shelter is their first placement will not exceed 15 percent by the end of FY22 with annual goals of 25 percent in FY20, 19 percent in FY21, and 15 percent in FY22.

**Reduced Days in Care in Residential** | The total number of days children placed in residential care will reduce by 24 percent by the end of FY22 with annual reduction goals of 8 percent in FY20, 8 percent in FY21, and 8 percent in FY22.

## Well-being *Stability Family Connections Community Connections*

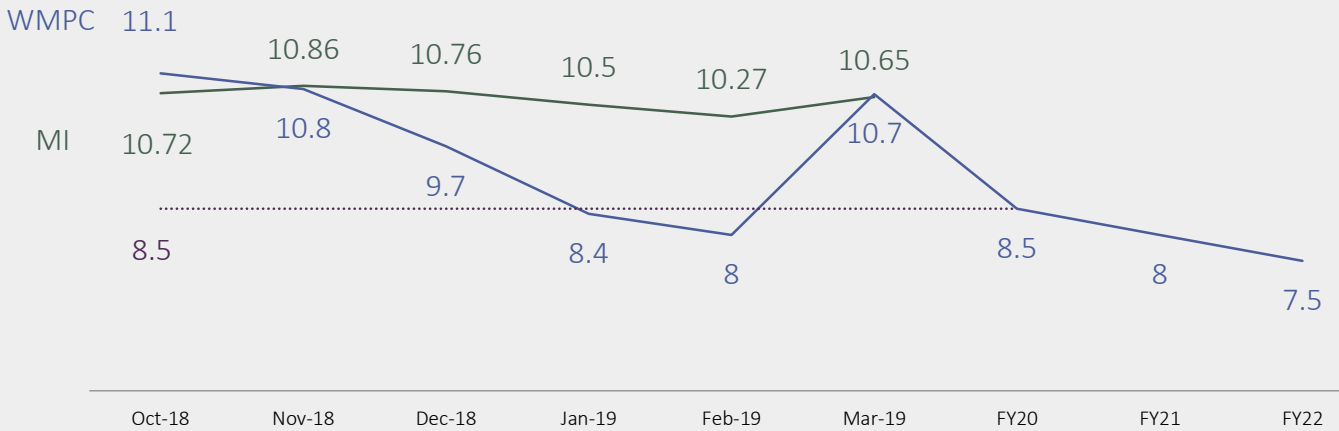
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**Increased In County Placements** | Of all placements supervised through the Grantee, 72 percent of placements will remain in Kent County by the end of FY22, with annual increases of 2 percent in FY20, 2 percent in FY21, and 2 percent in FY22.

## Safety in Foster Care

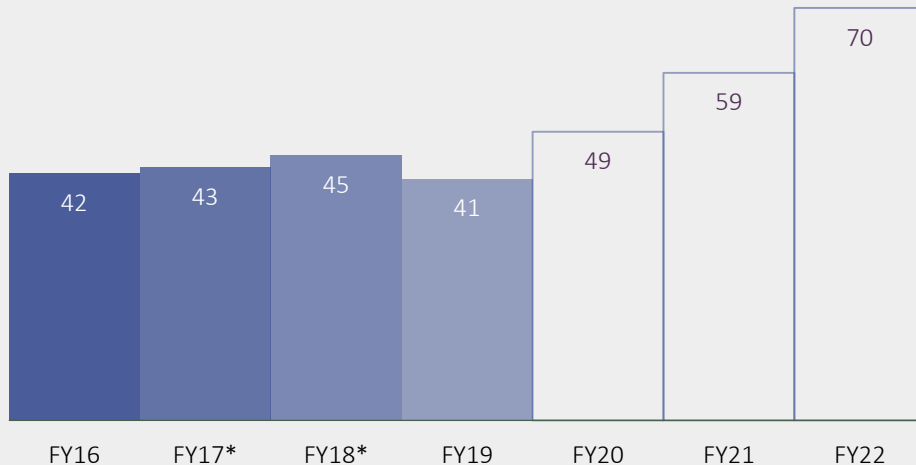
### Maltreatment in Care

Of all children in care during a 12-month period, the rate of maltreatment in care shall not exceed 8.5, as defined in the federal Child and Family Service Review, Round 3 (CFSR).



### Relative Licensing

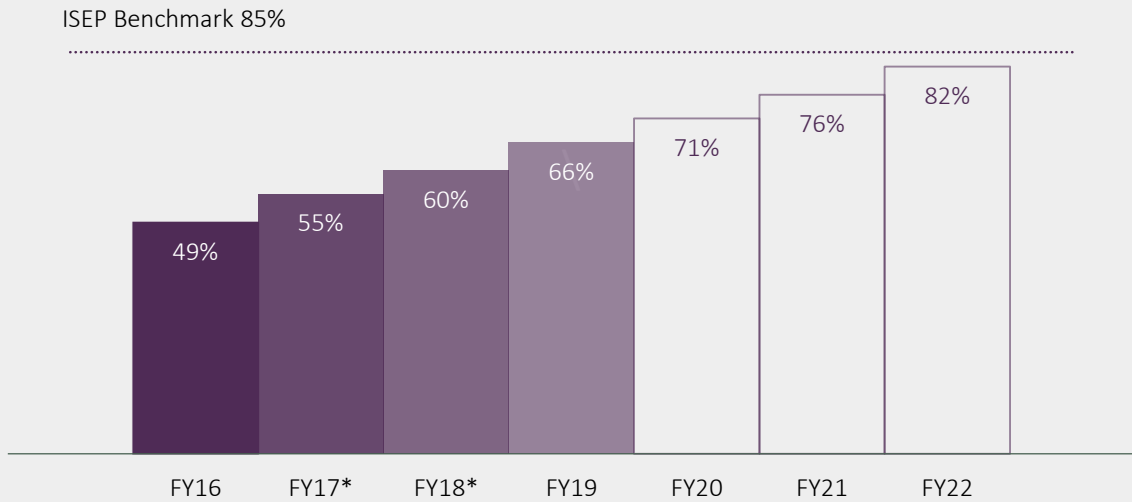
Relatives successfully completing the licensing process will increase 30 percent by the end of FY2022 with annual increases of 10 percent in FY20, 10 percent in FY21, and 10 percent in FY22.



*Reunification      Community Placements      Adoption*

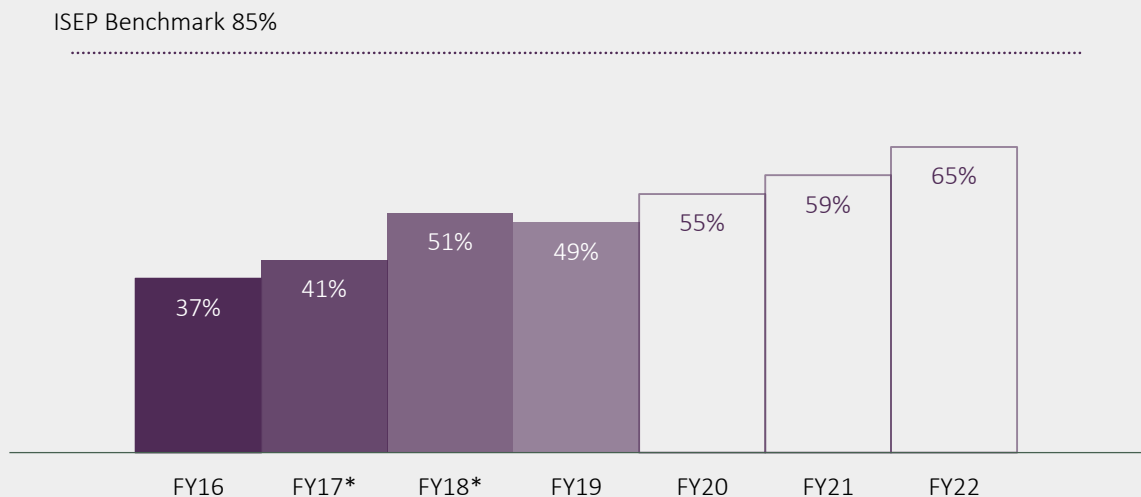
## Worker-Parent Visits

At least 82 percent of parents whose children have a permanency goal of reunification and are supervised by the Grantee, shall have face-to-face contact by the assigned caseworker in accordance with the guidelines in FOM by the end of FY22 with annual goals of 71 percent in FY20, 76 percent in FY21, and 82 percent in FY22.



## Parent-Child Visits

At least 65 percent of children supervised by the Grantee with a goal of reunification shall have visitation with their parent(s) in accordance with the guidelines in FOM 722-06I Policy by the end of FY22 with annual goals of 55 percent in FY20, 59 percent in FY21, and 65 percent in FY22.

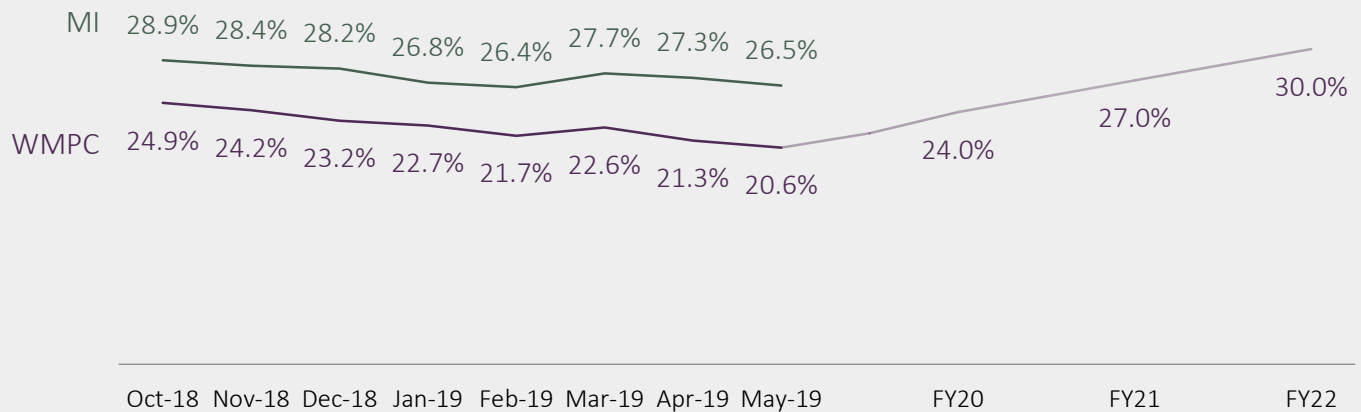


\*FY2017 and FY2018 are years of significant transition of foster care from Kent DHHS to WMPHC which may have impacted performance.

*Reunification      Community Placements      Adoption*

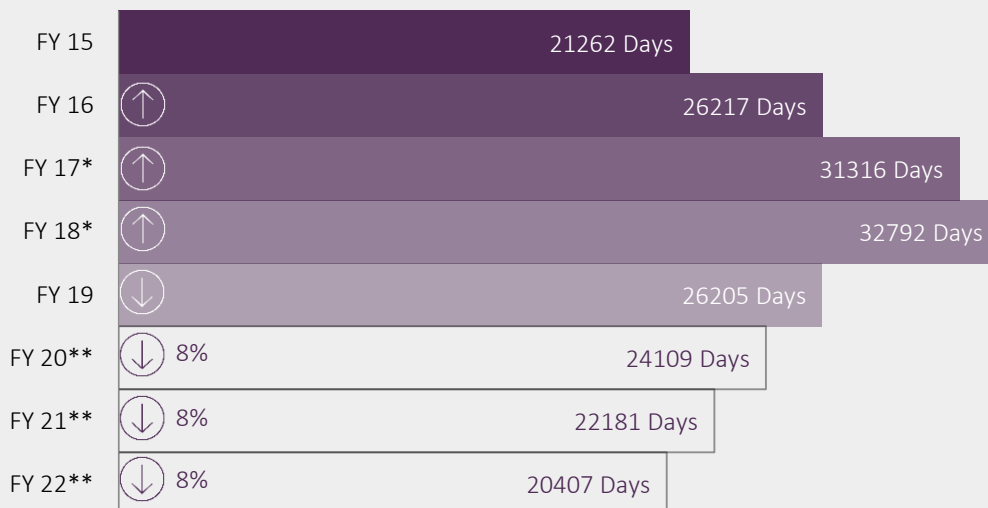
## Permanency in 12 Months for Children Entering Care

At least 30 percent of children shall achieve permanency within 12 months for children entering foster care, as defined in the CFSR, by the end of FY22 with annual goals of 24 percent in FY20, 27 percent in FY21, and 30 percent in FY22.



## Reduced Days in Care in Residential

The total number of days children placed in residential care will reduce by 24 percent by the end of FY22 with annual reduction goals of 8 percent in FY20, 8 percent in FY21, and 8 percent in FY22.



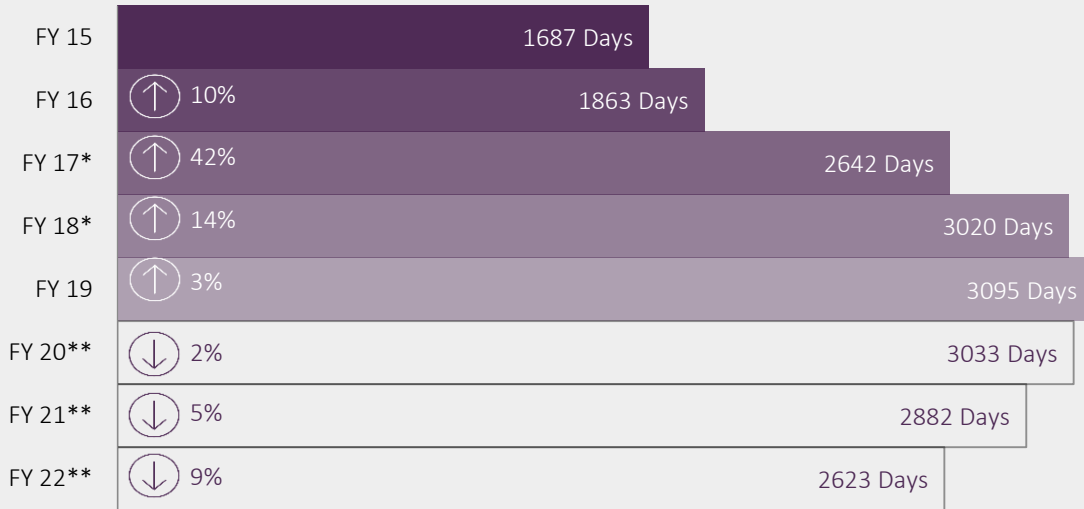
\*FY2017 and FY2018 are years of significant transition of foster care from Kent DHHS to WMPC which may have impacted performance.

\*\*These projections are based on the assumption that the size of the foster care population will remain stable. Any significant demographic changes may require revised projections.

*Reunification      Community Placements      Adoption*

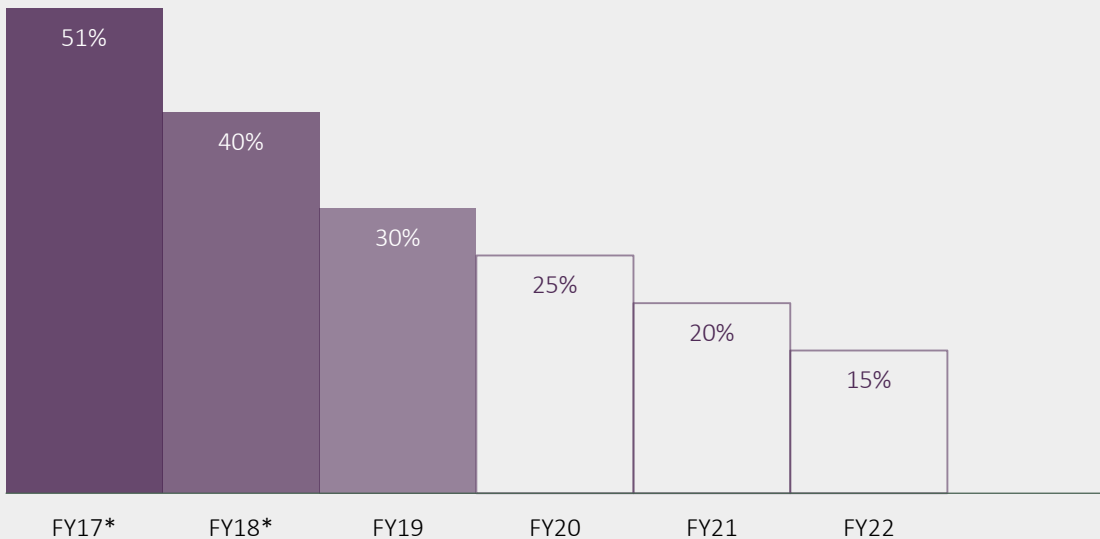
## Reduced Days in Care in Emergency Shelter

The total number of days children placed in emergency shelter will reduce by 16 percent by the end of FY22 with annual goals of reducing the number of days in emergency shelter by 2 percent in FY20, 5 percent in FY21, and 9 percent in FY22.



## Reduced Percentage of Children First Placed in Shelter

The percentage of children for whom shelter is their first placement will not exceed 15 percent by the end of FY22 with annual goals of 25 percent in FY20, 19 percent in FY21, and 15 percent in FY22.



\*FY2017 and FY2018 are years of significant transition of foster care from Kent DHHS to WMPC which may have impacted performance.

\*\*These projections are based on the assumption that the size of the foster care population will remain stable. Any significant demographic changes may require revised projections.

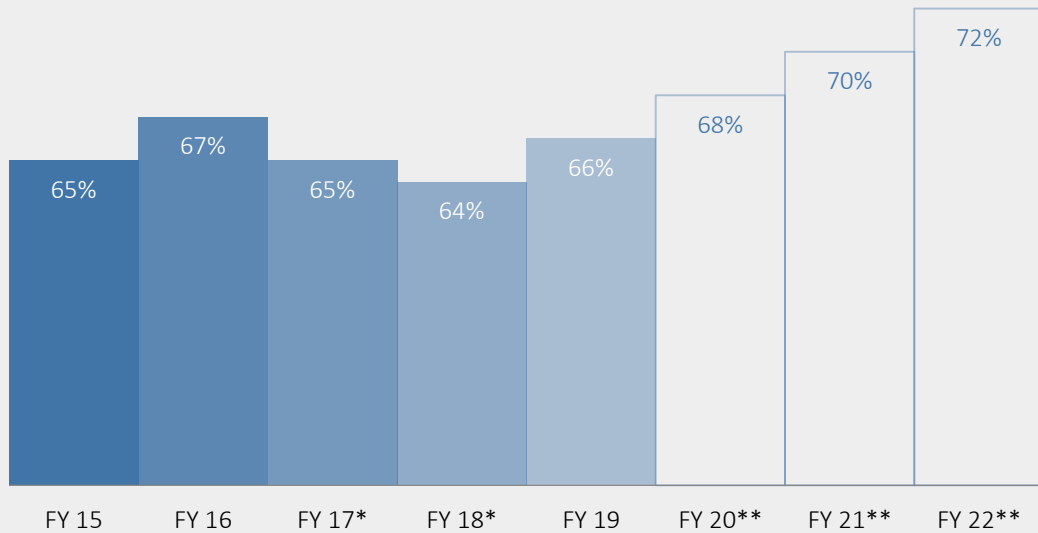
*Stability*

*Family Connections*

*Community Connections*

## Increased In County Placements

Of all placements supervised through the Grantee, 72 percent of placements will occur in Kent County by the end of FY22, with annual increases of 2 percent in FY20, 2 percent in FY21, and 2 percent in FY22.



\*FY2017 and FY2018 are years of significant transition of foster care from Kent DHHS to WMPC which may have impacted performance.

\*\*These projections are based on the assumption that the size of the foster care population will remain stable. Any significant demographic changes may require revised projections.





WMPC Network  
Annual Performance Report  
October 2018 – September 2019




# FY2019 Comparative Performance Analysis

Source: MiSACWIS Info View Reports, retrieved 11/2019

|  |                            | Benchmark | FY18 | FY19 | Change |
|--|----------------------------|-----------|------|------|--------|
| <b>Social Work Contacts</b><br> | Worker-Child Visits        | 95%       | 88%  | 95%  | 7%     |
|  | Worker-Parent Visits       | 85%       | 63%  | 66%  | 3%     |
|  | Parent-Child Visits        | 85%       | 52%  | 48%  | -4%    |
|  | Worker-Supervisor Meetings | 95%       | 96%  | 98%  | 2%     |

|  |                         | Benchmark | FY18 | FY19 | Change |
|--|-------------------------|-----------|------|------|--------|
| <b>Medicals &amp; Dentals</b><br> | Initial Medical         | 85%       | 84%  | 84%  | 0%     |
|  | Yearly/Periodic Medical | 95%       | 84%  | 85%  | 1%     |
|  | Initial Dental          | 90%       | 77%  | 75%  | -2%    |
|  | Yearly Dental           | 95%       | 82%  | 86%  | 4%     |

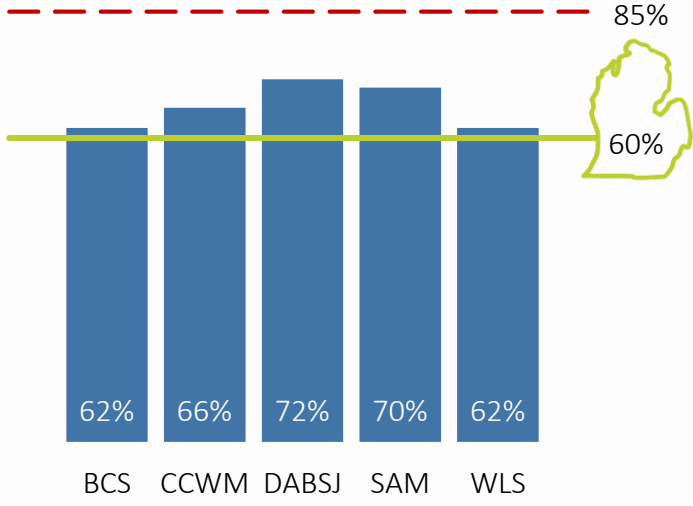
|   |                       | Benchmark | FY18 | FY19 | Change |
|---|-----------------------|-----------|------|------|--------|
| <b>Service Plans</b><br> | Initial Service Plans | 95%       | 71%  | 85%  | 14%    |
|   | Updated Service Plans | 95%       | 89%  | 92%  | 3%     |
|   | Plan Approvals        | 95%       | 87%  | 91%  | 4%     |

**0%** *There were no adoption disruptions between October 1, 2018 – September 30, 2019.*

# Worker - Parent Visits

At least 85% of parents whose children have a permanency goal of reunification shall have face to face contact by the assigned caseworker in accordance with the guidelines in FOM.

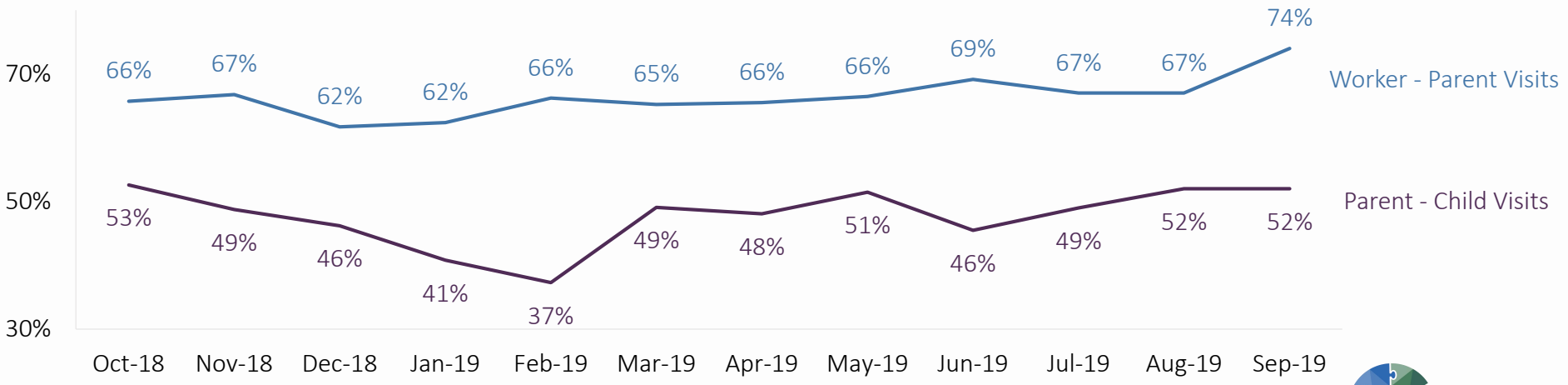
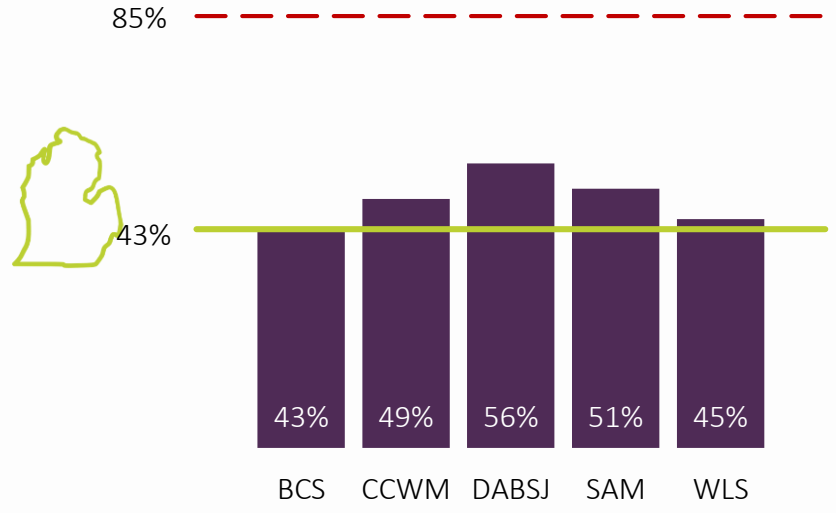
FY2019 Network Average is 66%



# Parent - Child Visits

No fewer than 85% of children with a goal of reunification shall have visitation with their parent(s) at least weekly for youth six years old or older and at least twice per week for youth 0-5 years old.

FY2019 Network Average 48%



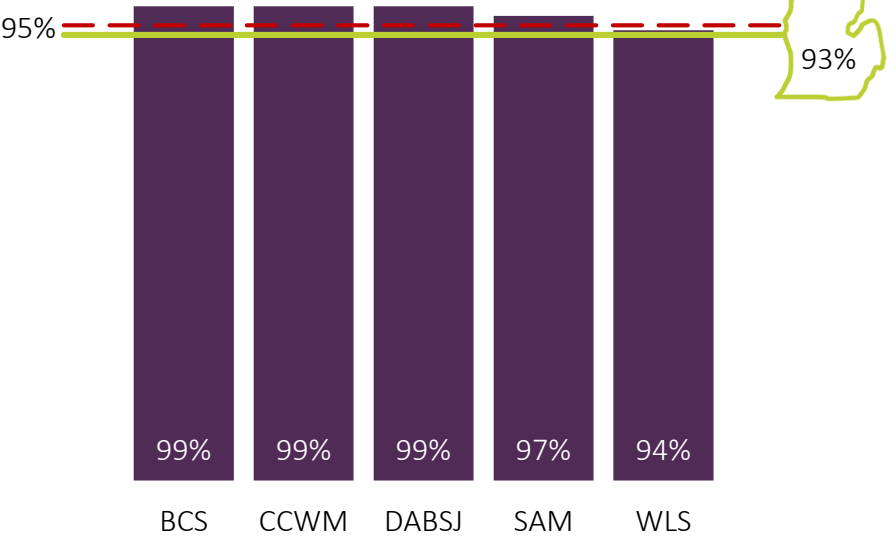
Source: MiSACWIS Social Work Contacts Timeliness Info View Report, retrieved November 4, 2019; MDHHS Children's Services Agency - MMR Scorecard statewide performance, October 2018 - September, 2019



# Worker - Supervisor Visits

At least 95% of supervisors shall meet at least monthly with each assigned case worker to review the status and progress of each case on the worker's caseload.

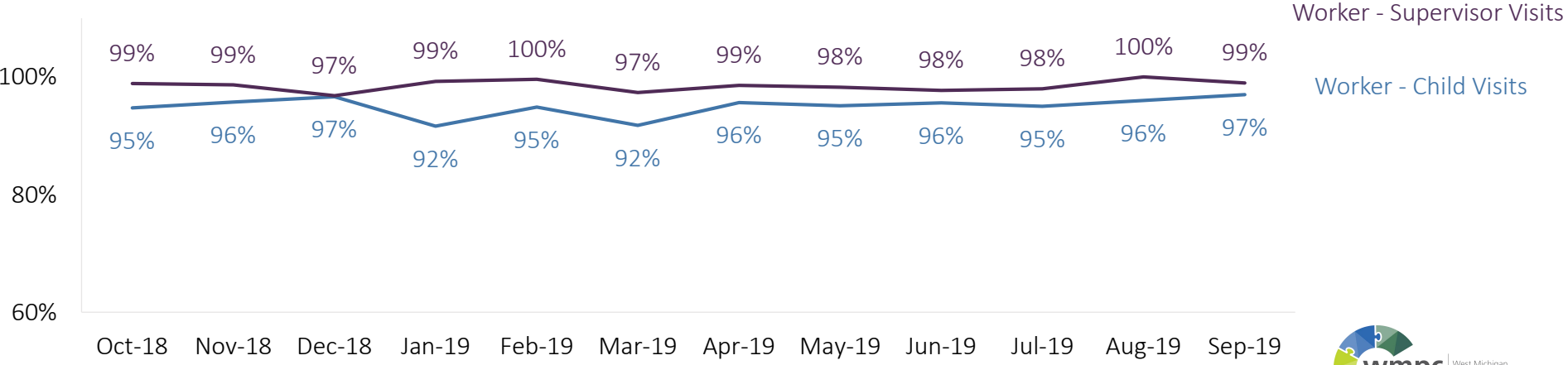
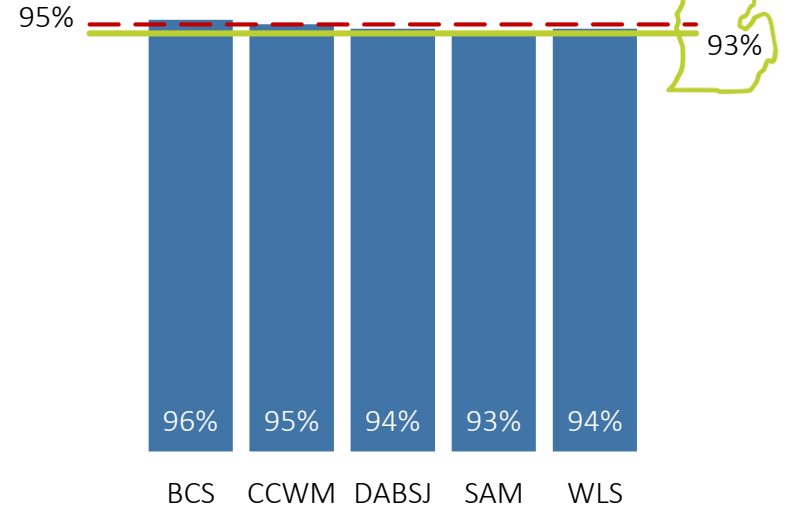
FY2019 Network Average is 98%



# Worker - Child Visits

At least 95% of children will be visited by their assigned worker

FY2019 Network Average is 95%



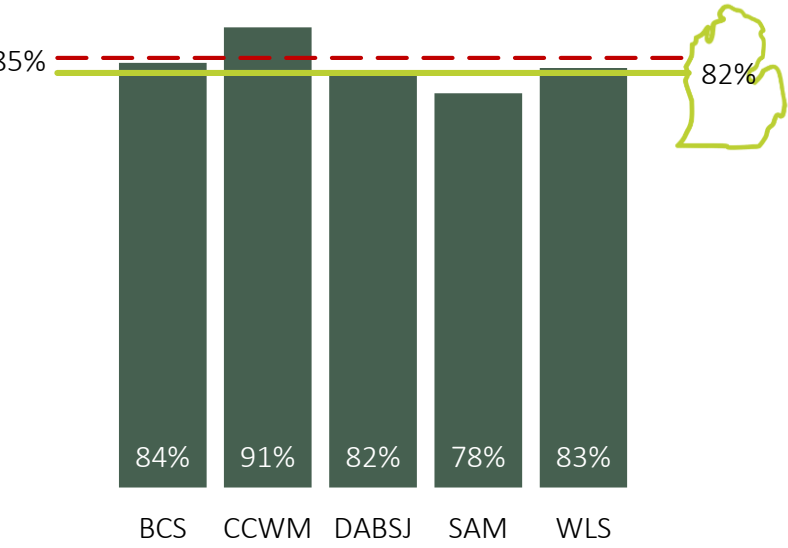
Source: MiSACWIS Social Work Contacts Timeliness Info View Report, retrieved November 4, 2019; MDHHS Children's Services Agency - MMR Scorecard statewide performance, October 2018 - September, 2019



# Initial Medical Exams

At least 85% of children will have an initial medical examination within 30 days of removal.

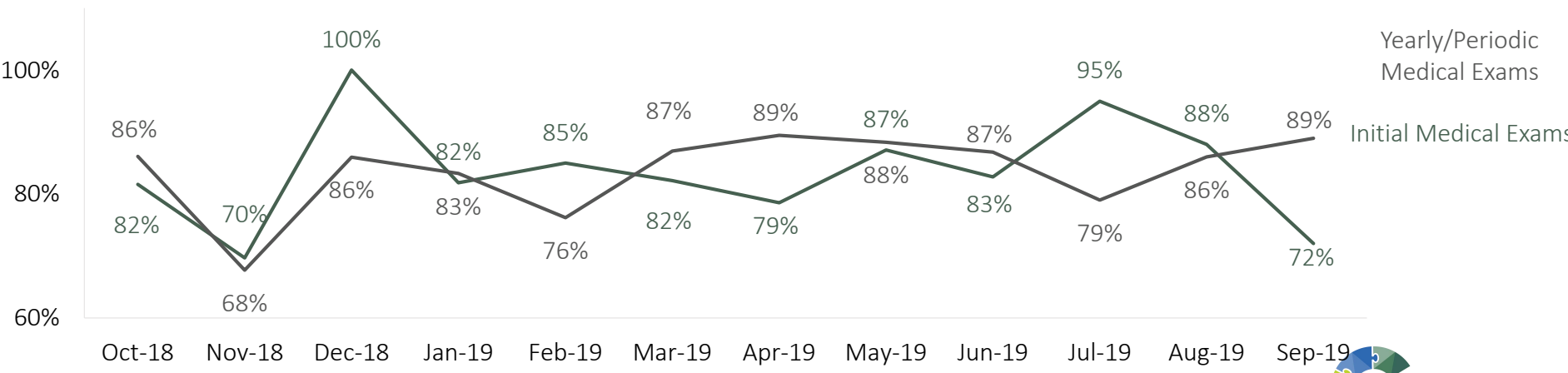
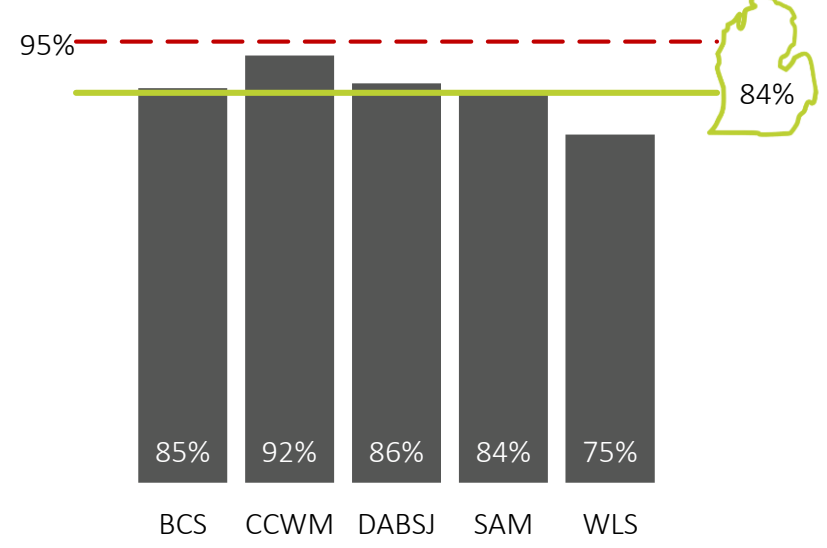
FY2019 Network Average 83%



# Yearly/Periodic Medical Exams

Following an initial medical examination, at least 95% of children shall receive periodic medical examinations and screenings according to the guidelines set forth by the American Academy of Pediatrics.

FY2019 Network Average 85%



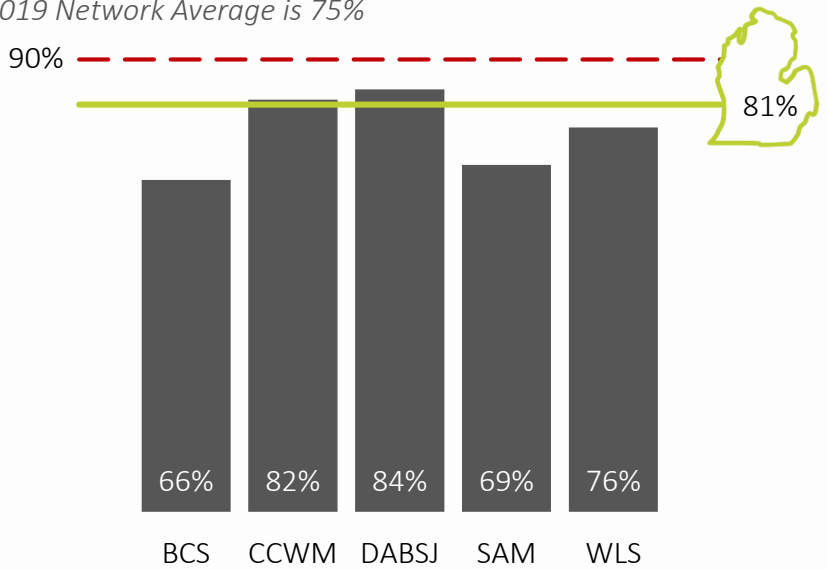
Source: MiSACWIS Medical Exam Timeliness Info View Report, retrieved November 4, 2019; MDHHS Children's Services Agency - MMR Scorecard statewide performance, October 2018 - September, 2019



# Initial Dental Exams

At least 90% of children shall have an initial dental examination within 90 days of removal unless the child has had an exam within six months prior to placement or the child is less than four years of age.

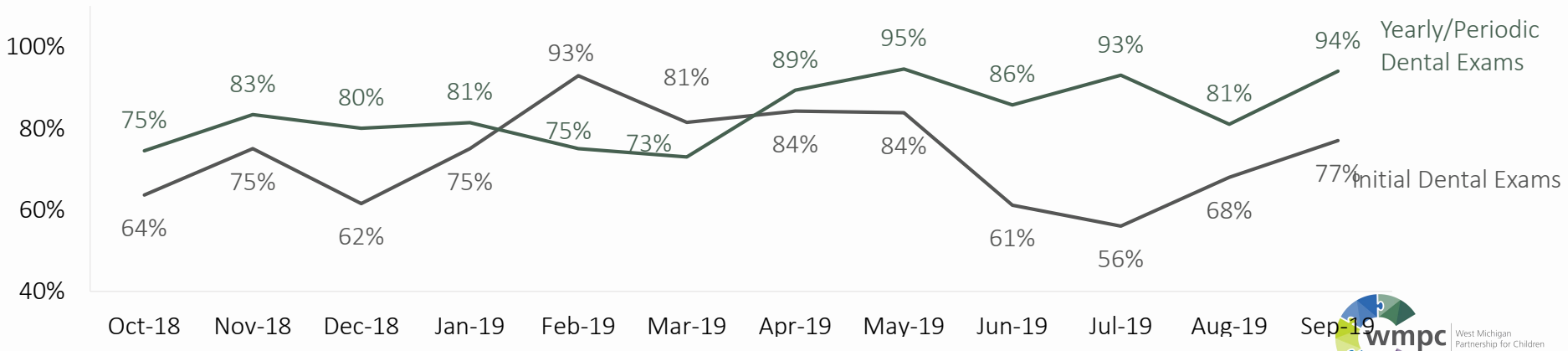
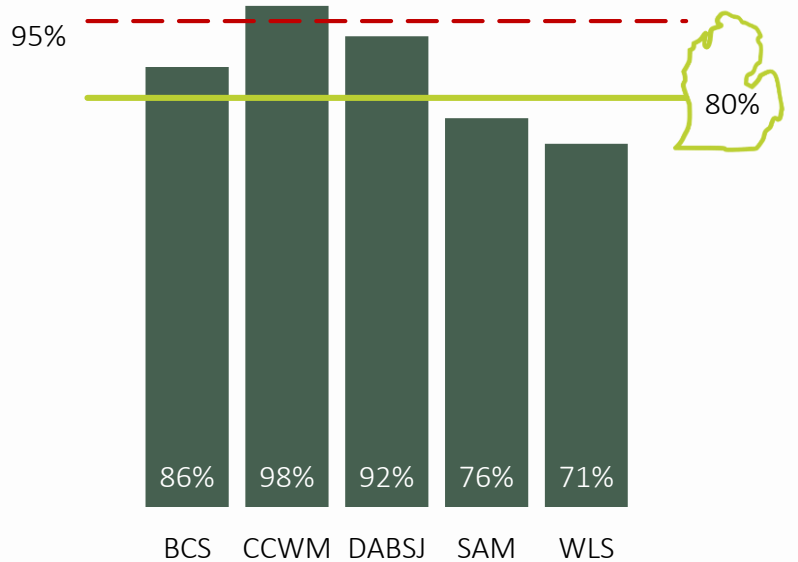
FY2019 Network Average is 75%



# Yearly Dental Exams

At least 95% of applicable children shall have a dental examination at least every 12 months

FY2019 Network Average is 86%

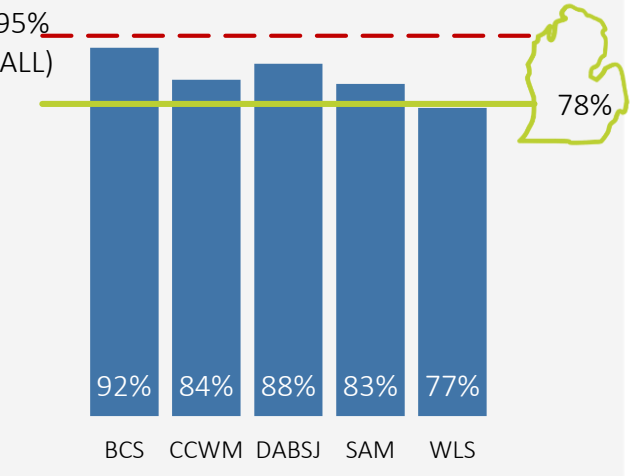


Source: MISACWIS Dental Exam Timeliness Info View Report, retrieved November 4, 2019; MDHHS Children's Services Agency - MMR Scorecard statewide performance, October 2018 - September, 2019

# Initial Service Plans

At least 95% of children shall have an initial service plan completed within 30 days of entry into foster care and quarterly thereafter.

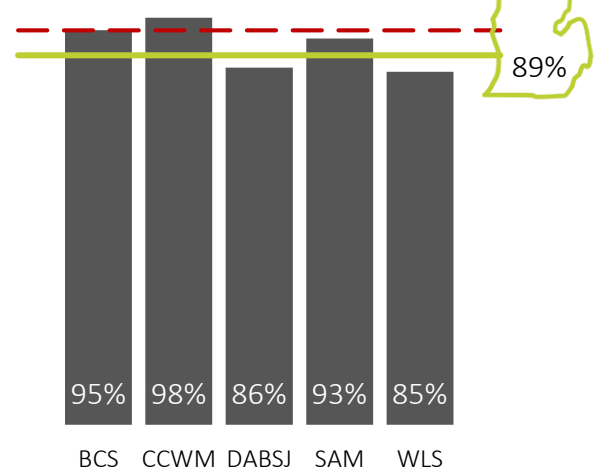
FY2019 Network Average is 85%



# Updated Service Plans

At least 95% of children shall have a service plan updated quarterly.

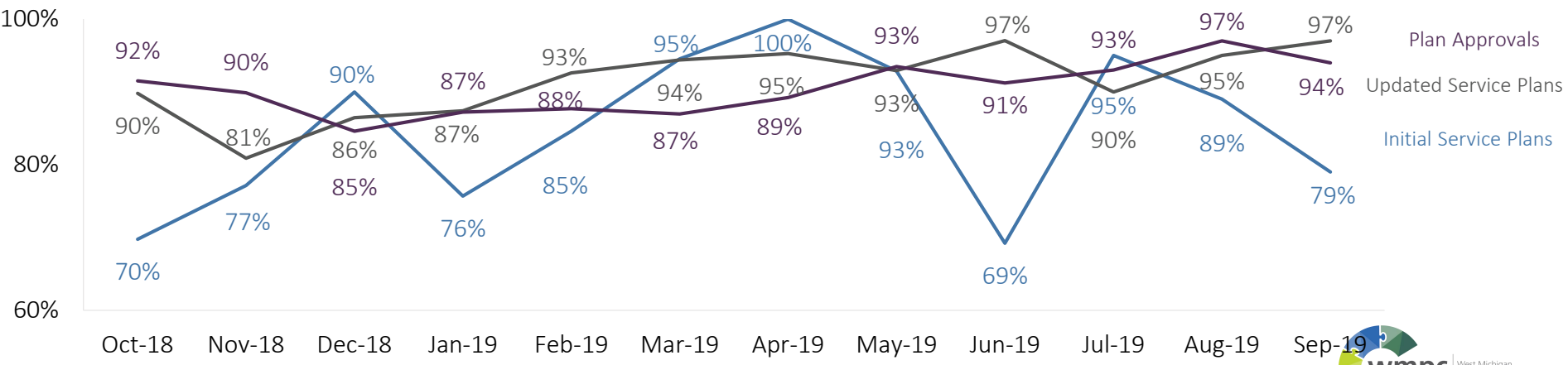
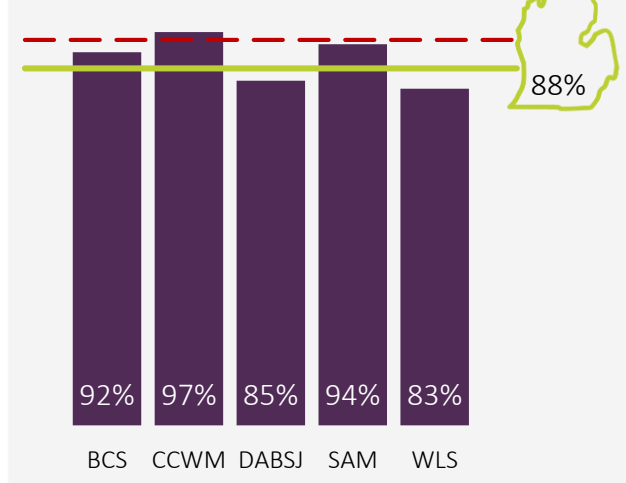
FY2019 Network Average 92%



# Plan Approvals

At least 95% of children shall have a case service plan approved within 14 days of case worker submission to the supervisor for review.

FY2019 Network Average 91%



Source: MISACWIS Caseworker Service Plan Timeliness Info View Report, retrieved November 4, 2019; MDHHS Children's Services Agency - MMR Scorecard statewide performance, October 2018 - September, 2019



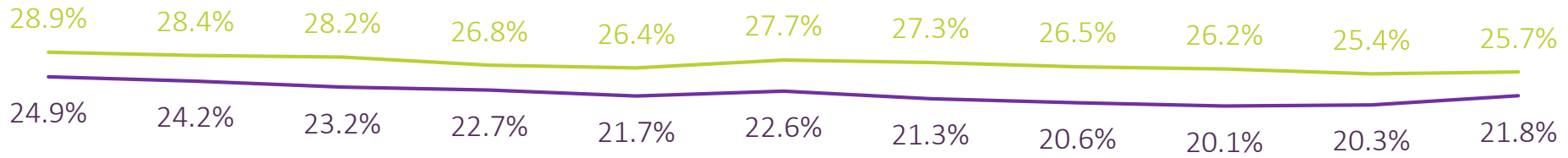
# Performance Outcomes

State of Michigan

WMPC

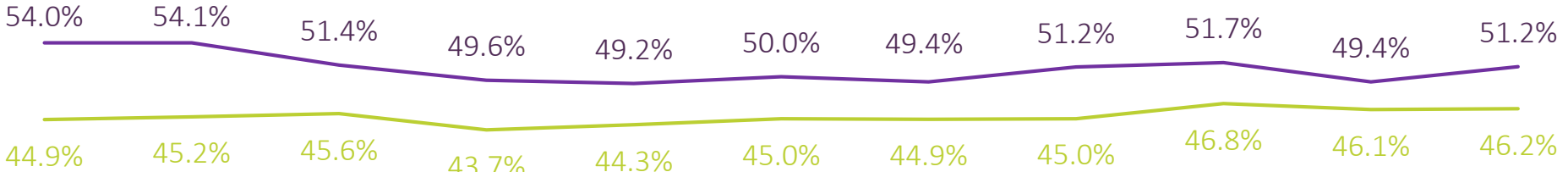
## Permanency in 12 months (higher is better)

National Standard: 40.5%



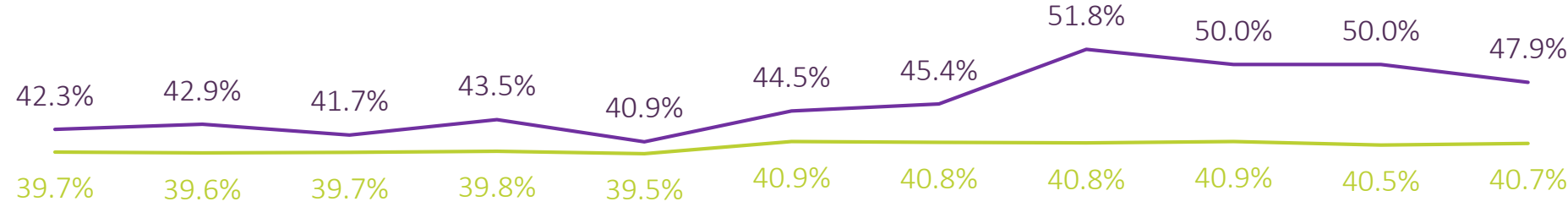
## Permanency in 12-23 months (higher is better)

National Standard: 43.6%



## Permanency in 24+ (higher is better)

National Standard: 30.3%



Oct-18    Nov-18    Dec-18    Jan-19    Feb-19    Mar-19    Apr-19    May-19    Jun-19    Jul-19    Aug-19

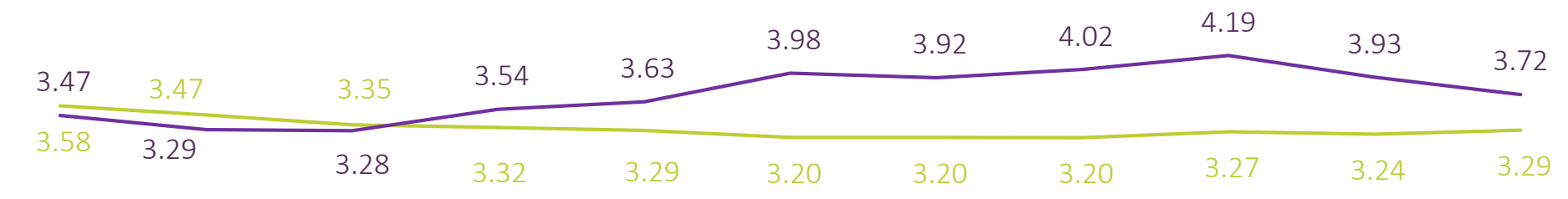
# Performance Outcomes

State of Michigan

WMPC

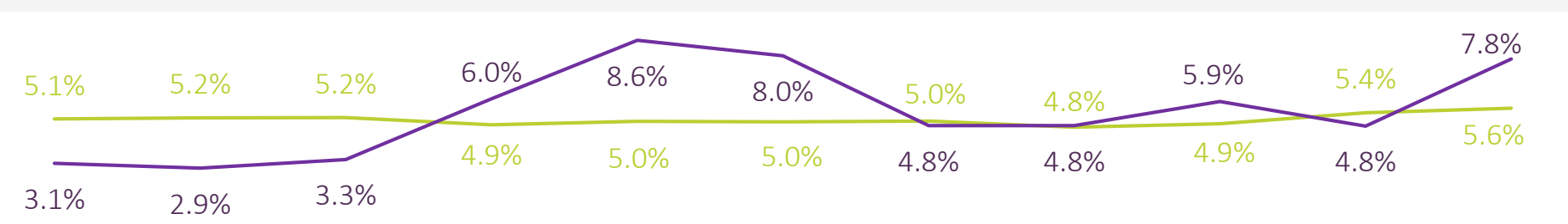
### Stability (lower is better)

National Standard: 4.12



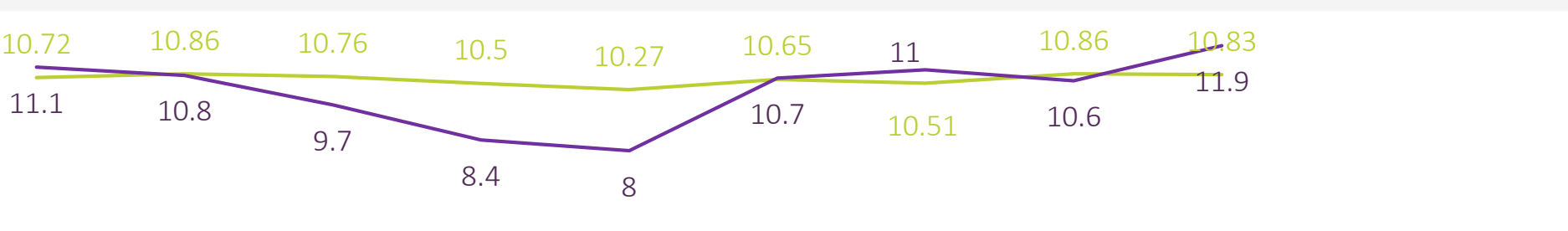
### Re-entry (lower is better)

National Standard: 8.3%



### Maltreatment in Care (lower is better)

National Standard: 8.5%



Oct-18    Nov-18    Dec-18    Jan-19    Feb-19    Mar-19    Apr-19    May-19    Jun-19

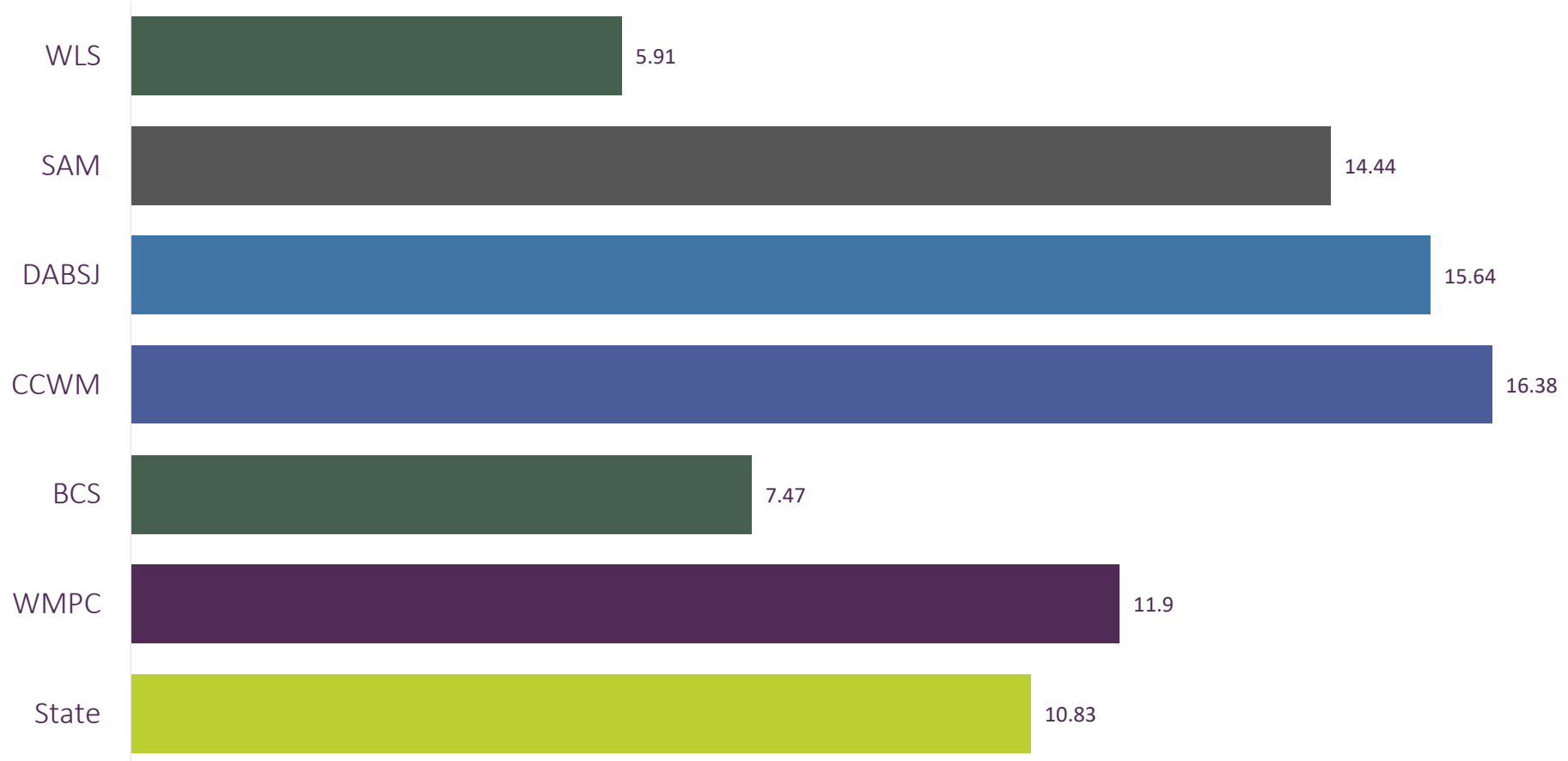


# Performance Outcomes

Maltreatment in Care (lower is better)

National Standard: 8.5%

### Maltreatment in Care by Agency – FY19 through June

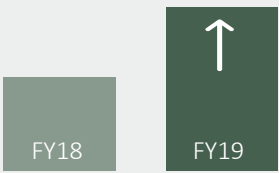


MIC Rate

# FY2019 Network Contract Measures

## Community Placements

The percentage of days WMPC network children placed in community-based foster care in the most family-like setting increases by 3% from the previous year.

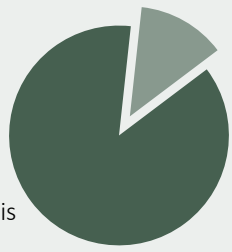


The percentage of days WMPC network children placed in community-based foster care in the most family-like setting will meet or exceed 94%.



89%

of WMPC network children were placed in community settings. This is a 2% increase from FY18.

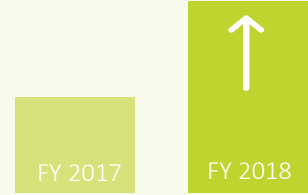


Source: Mindshare Incentive One Dashboard, retrieved 11/05/19.

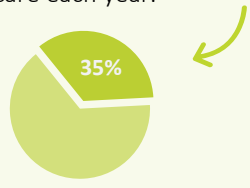
## Relative Placements

Achieve either of the following goals:

The percentage of days children placed in relative care increases by 6% from the previous year.



At least 35% of all children served by the WMPC network are in relative care each year.



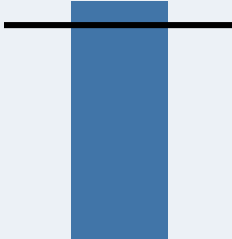
38% of all children served by the WMPC network were in relative care. This is a 4% increase from FY18.

Source: Mindshare Incentive Three Dashboard, retrieved 11/05/19.

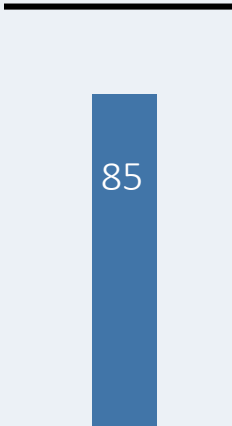
# FY2019 Network Contract Measures



## Licensed Foster Homes



The WMPC network will license the number of foster homes required to **meet or exceed their benchmark** for total number of licensed homes as determined by the Kent County AFPRR licensing calculator.

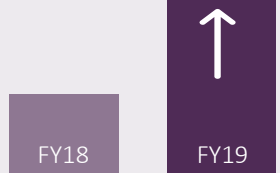


The WMPC network has not met their goal of licensing 127 homes, as of August 2019.

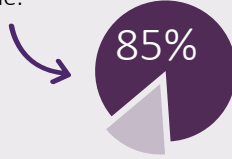
Source: MDHHS Non-Related Foster Home Dashboard, selected timeframe 10/18 – 8/31/19  
 \*Five homes were licensed outside the WMPC network

## Worker-Parent Contacts

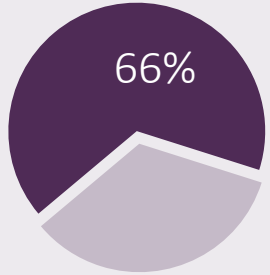
Case workers' timely, monthly face-to-face contacts with parents of children who have a permanency goal of reunification increase by **12%** from the previous year.



At least **85%** of the possible monthly face-to-face contacts occur within the time frame.



66% of case workers' timely, monthly face-to-face contacts with parents of children who have a permanency goal of reunification were completed in FY19. This is a 3% increase from FY18.



Source: MiSACWIS Social Work Contacts InfoView Report, selected timeframe 10/1/18-9/30/19, retrieved 10/22/19.

# Evaluation of Michigan's Performance-Based Funding Model

## Second Annual Report Executive Summary

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**November 2019**

Prepared for:  
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# Executive Summary

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## E.1 Overview

The Michigan Legislature, through Public Act 59 of 2013, Section 503, convened a task force to determine the feasibility of establishing performance-based funding for public and private child welfare service providers. A recommendation from the task force called for a pilot project to plan and implement the new funding model, and an independent evaluation of the pilot to assess the planning and implementation required of such a project, the cost effectiveness, and the child and family outcomes associated with it. The latter was awarded to Westat and its partners in 2016 and includes process (Westat) and outcome (University of Michigan School of Social Work) components and a cost study (Chapin Hall).

Westat and its partners, University of Michigan School of Social Work and Chapin Hall at the University of Chicago, completed the second of a rigorous five-year evaluation of the Kent Model. The evaluation compares the Kent Model with the per diem foster care service model, and is composed of three components: process, outcome, and cost studies. The process evaluation provides the context for foster care service planning and implementation in Kent, Ingham, and Oakland counties. The outcome study examines changes in child and family outcomes (i.e., safety, permanency, and well-being), while the cost study addresses changes in service delivery and administrative costs for Kent County.

## E.2 Methodology

The process evaluation is designed to provide the context for foster care service planning and implementation in the three counties, while the outcome and cost components of the evaluation are designed to compare the Kent Model to the per diem model being implemented across the state using matched comparison groups (developed using propensity score matching); the outcome study documents changes in child and family outcomes (i.e., safety, permanency, and stability), while the cost study will address the types, amounts, costs, and cost-effectiveness of services that children in out-of-home placements receive.

## E.3 Cost Study

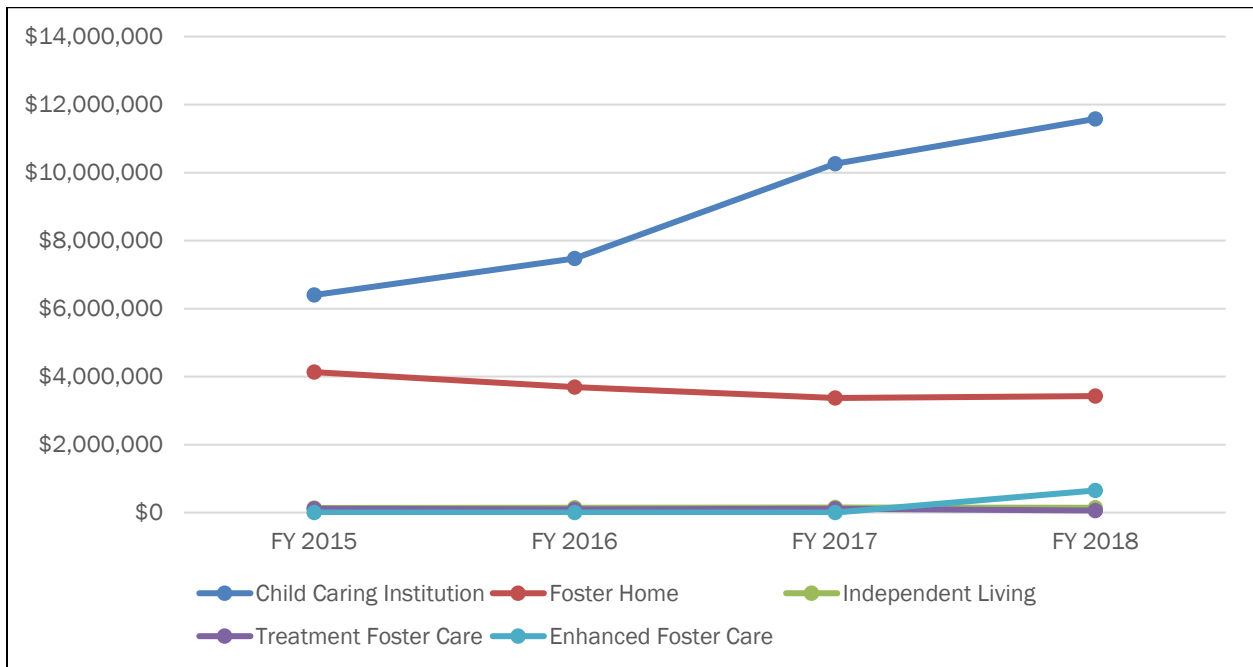
The cost study is designed to understand the fiscal effects of the transition to the Kent Model. For the current report, the evaluation team examined Kent County’s system-level expenditure and revenue trends, concentrating on the three-year baseline period (FY 2015 through FY 2017) and the first year post-implementation (FY 2018).<sup>1</sup> Sources of administrative data are: (1) MiSACWIS payment data, (2) MiSACWIS placement data, (3) WMPC Actual Cost Reporting Workbook and Accrual Detail, (4) BP 515 Payment Workbook (defined on pg. 2-3) , and (5) Trial Reunification Payments.

**Total Expenditures.** Kent County’s total out-of-home service expenditures increased over time. The largest increase was from FY 2017 to FY 2018, when total expenditures increased by \$6 million (a 23 percent increase). Placement maintenance (e.g., daily maintenance rate for a child’s placement) and administrative expenses (e.g., agencies’ daily administrative rate paid for a child’s placement) increased from FY 2017 to FY 2018, and placement maintenance expenditures decreased between FY 2015 and FY 2017 and stayed stable into FY 2018 (Figure E-1). Child caring institution (CCI) placement maintenance expenditures increased each observable year, and the trend continued into the first year of the post-implementation period.

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<sup>1</sup> WMPC does not provide services for voluntary foster care (YAVFC), youth with a juvenile justice designation (OTT), or unaccompanied refugee minors (URM), because data for these groups are excluded.

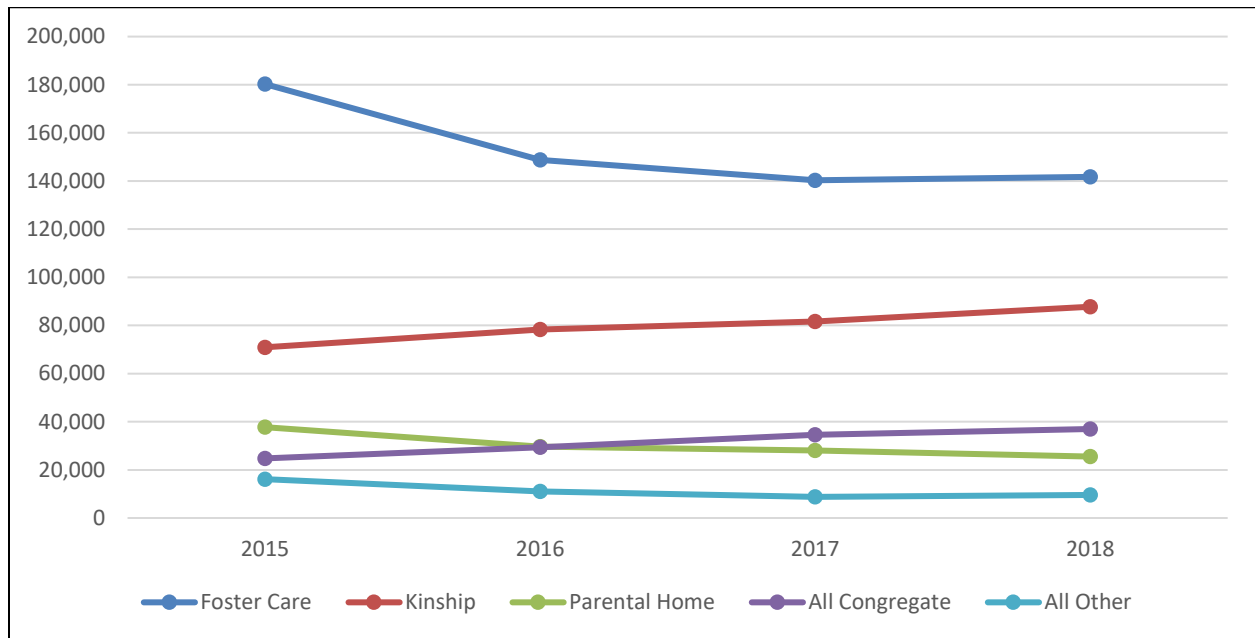
**Figure E-1. WMPC-related placement maintenance expenditure trends by placement setting**



**Care Day Utilization.** In terms of care day utilization, total care days increased from 293,472 in FY 2017 to 301,493 days in FY 2018 (Figure E-2). Kinship care and congregate care showed the largest total increase in care days when comparing FY 2018 to FY 2017, increasing by 7 percent and 5 percent respectively. Foster care days stayed stable, increasing only 1 percent in FY 2018.



**Figure E-2. Care day utilization by state Fiscal Year<sup>2</sup>**



**Average Unit Costs.** “Average unit costs” are calculated by dividing the total annual placement maintenance expenditures by total placement days for each fiscal year. In Kent County for out-of-home placements (excluding URM, YAVFC, and OTI), the average daily cost per care day increased each year from FY 2015 through FY 2018 (Figure E-2). From FY 2015 to FY 2018, congregated care days increased while foster care days stayed stable. However, increases in spending have outpaced increases in care days. Thus, the observed increase in average daily unit cost most likely stems from shifting to more expensive care types (e.g., congregated care) from less costly ones (e.g., foster care).

## E.4 Outcome Study: Safety, Permanency, and Stability

The evaluation team used propensity score matching (PSM) to generate a comparison group to determine if there were statistically significant differences between children served by WMPC (through the Kent Model) and children served by private agencies in other Michigan counties (through the per diem model) for FY 2018 (the first year of Kent Model implementation).

Overall, 17.6 percent of children experienced a Cat I-III maltreatment disposition while they were in an out-of-home placement setting or still under the legal guardianship/supervision of the State.

<sup>2</sup> Congregate care in this figure includes both shelter and detention.

There were no significant differences between children served in Kent County and similar children served by private agencies outside of Kent County.

**Exits.** To determine rates of permanency (formal discharge from foster care), the evaluation team calculated the proportion of children who are still in care, and their associated length of stay (LOS) in days (Table E-1). For children who entered care after 10/1/2017, more children in Kent County than in other counties exited care during FY 2018 (12.31% vs. 8.23%). In comparison to children in other Michigan counties, children in Kent County who entered care after 10/1/2017 tended to stay fewer days in care on average (106.9 as compared with 149.6 days). This difference is statistically significant.

**Table E-1. Exited or still in care**

| Group                                  | Exit status | N   | % Exited | LOS    |          |        |
|--|-------------|-----|----------|--------|----------|--------|
|  |             |     |          | Median | LOS Mean | LOS SD |
| Comparison, entered after 10/1/2017    | In Care     | 435 | 91.77    | 181    | 183.7    | 102.3  |
|  | Exited      | 39  | 8.23     | 165    | 149.6    | 90.9   |
| Comparison, in care prior to 10/1/2017 | In Care     | 493 | 63.29    | 662    | 791.3    | 456.6  |
|  | Exited      | 286 | 36.71    | 643    | 688.8    | 357.6  |
| Kent, entered after 10/1/2017          | In Care     | 399 | 87.69    | 174    | 167.5    | 106.0  |
|  | Exited      | 56  | 12.31    | 78     | 106.9    | 94.0   |
| Kent, in care prior to 10/1/2017       | In Care     | 497 | 62.28    | 655    | 793.5    | 485.6  |
|  | Exited      | 301 | 37.72    | 692    | 731.6    | 375.8  |

**Time to Exit.** A higher percentage of children in Kent County who entered care after 10/1/2017 exited within 6 months relative to the comparison group (10.77% vs. 4.64%). A higher percentage of children from Kent County than children in the comparison group also exited care within 18 months (12.31% vs. 8.23%). The vast majority of children who entered care after 10/1/2017 exited to reunification (74.4%). Given that reunification and adoption are the two most common types of permanency outcomes overall, the evaluation team closely examined the amount of time (in days) until exiting care to one of these types (Table E-2). Children in Kent County who entered after 10/1/2017 exited to reunification significantly faster than those in the comparison group (102.2 vs. 153.2 days).

Table E-2. Time to exit

| Group                                  | Exit type     | Total exited | Time to exit: |        |                |
|--|---------------|--------------|---------------|--------|----------------|
|  |               |              | Mean          | Median | Std. deviation |
| Comparison, entered after 10/1/2017    | Adoption      | 3            | 260.7         | 268.0  | 12.7           |
|  | Reunification | 29           | 153.2         | 166.0  | 93.9           |
| Comparison, in care prior to 10/1/2017 | Adoption      | 138          | 832.6         | 751.5  | 356.7          |
|  | Reunification | 129          | 511.0         | 461.0  | 236.1          |
| Kent, entered after 10/1/2017          | Adoption      | 1            | 259.0         | 259.0  | N/A            |
|  | Reunification | 51           | 102.2         | 78.0   | 95.1           |
| Kent, in care prior to 10/1/2017       | Adoption      | 139          | 903.3         | 843.0  | 307.6          |
|  | Reunification | 132          | 516.9         | 492.0  | 289.6          |

**Placement Changes.** Ideally, the number of placement changes a child experiences while in foster care are minimized, as successive changes in foster care placement can be equally disorienting and disruptive to a child’s ability to maintain a sense of continuity in their living arrangements and caregivers. For children who entered care after 10/1/2017, children in Kent County were significantly less likely than children in the comparison group to experience two or more placements.

**First Placement.** Children in Kent County were significantly more likely to be placed in a relative’s home and less likely to be placed with an unrelated foster parent for their first placement, compared with children in the comparison group (Table E-3).

Table E-3. First and initial placement

| Setting description               | Comparison, entered after 10/1/2017 | Comparison, in care prior to 10/1/2017 | Kent, entered after 10/1/2017 | Kent, in care prior to 10/1/2017 | Total         |
|-----------------------------------|-------------------------------------|--|-------------------------------|----------------------------------|---------------|
| Missing                           | 0.0% (0)                            | 0.5% (4)                               | 1.8% (8)                      | 1.1% (9)                         | 0.8% (21)     |
| Juvenile Guardianship Home        | 0.0% (0)                            | 1.3% (10)                              | 1.5% (7)                      | 1.9% (15)                        | 1.3% (32)     |
| Child Caring Institution          | 2.7% (13)                           | 1.4% (11)                              | 0.0% (0)                      | 3.3% (26)                        | 2.0% (50)     |
| Other                             | 5.7% (27)                           | 3.6% (28)                              | 0.9% (4)                      | 2.5% (20)                        | 3.2% (79)     |
| AWOL                              | 2.1% (10)                           | 2.3% (18)                              | 4.6% (21)                     | 5.3% (42)                        | 3.6% (91)     |
| Parental Home                     | 2.5% (12)                           | 1.3% (10)                              | 12.7% (58)                    | 3.0% (24)                        | 4.2% (104)    |
| Emergency Residential Shelter     | 1.9% (9)                            | 3.0% (23)                              | 5.5% (25)                     | 9.1% (73)                        | 5.2% (130)    |
| Adoptive Home                     | 1.3% (6)                            | 8.9% (69)                              | 0.9% (4)                      | 9.0% (72)                        | 6.0% (151)    |
| Hospital                          | 8.9% (42)                           | 7.3% (57)                              | 7.0% (32)                     | 7.9% (63)                        | 7.7% (194)    |
| Licensed/Unlicensed Relative Home | 13.1% (62)                          | 21.4% (167)                            | 25.9% (118)                   | 16.9% (135)                      | 19.2% (482)   |
| Licensed Unrelated Foster Home    | 61.8% (293)                         | 49.0% (382)                            | 39.1% (178)                   | 40.0% (319)                      | 46.8% (1172)  |
| Total                             | 100.0% (474)                        | 100.0% (779)                           | 100.0% (455)                  | 100.0% (798)                     | 100.0% (2506) |

## E.5 Case Studies: The Nature and Practice of Child Welfare in Three Michigan Counties

The process evaluation is designed using a case study approach to examine similarities and differences in child welfare practice in Kent, Ingham, and Oakland counties. Process evaluation findings provide the framework for understanding child welfare practice in the counties. In addition, as the focus of the pilot, process evaluation findings for Kent County also provide context for understanding associated outcomes and costs.

During the second round of site visits to MDHHS and Kent, Ingham, and Oakland counties, conducted one year after the launch of the Kent Model, the process evaluation team conducted 56 interviews and focus groups with public child welfare and private agency leadership, and a sample of supervisors and caseworkers. Interviews were also conducted with stakeholders from the court and mental health systems, and in Kent County, the county administrator and staff at the WMPC. Focus groups and interviews covered topics that included MiTEAM, case management, interagency collaboration, and data systems.

Kent, Ingham, and Oakland counties vary widely relative to certain characteristics, including racial and ethnic composition, rate of confirmed cases of child abuse and neglect, and family poverty status. Populations range from just under 300,000 people in Ingham County to over 1 million people in suburban Oakland County. Although there may be variation in the number of families with children in care, each county's locale (e.g., rural, suburban), and other community characteristics, child welfare agency staff in all three counties share a common goal: to provide appropriate and timely services for children and families, and guide them toward achieving positive outcomes.

**Child Welfare Service Delivery.** Interview and focus group respondents from private agencies in Ingham County reported that one barrier to serving families effectively is the requirement that they obtain approval from Ingham County DHHS for services, which can take a considerable amount of time. Kent County respondents described similar delays in service request approvals from Kent County DHHS prior to implementation of the Kent Model. Through the model, each of the five private agencies now has a dedicated WMPC Care Coordinator who authorizes service requests in a timely manner.

**Interagency Collaboration.** In Kent and Ingham counties, respondents described collaboration among child welfare agencies and community partners as occurring partly through interagency councils. For example, in Kent County, the County Administrator and representatives from Kent County DHHS private child-placing agencies, the court system, mental health, and foundations, convene quarterly through the Kent County Family and Children’s Coordinating Council. In Ingham County, representatives from many of the same agencies (Ingham County Department of Health and Human Services, private child-placing agencies, court system, and mental health) meet quarterly through the Child Welfare Coordinating Council. Respondents reported that regular interagency meetings provide an opportunity for sharing agency-specific information and updates. In Kent County, respondents expressed appreciation for WMPC’s level of collaboration, particularly as the newest community partner and administrator of the Kent Model.

There were similarities and differences across counties in the quality of interagency partnerships. While respondents in Ingham County described generally positive relationships among staff in public and private agencies, attributed to factors such as longstanding partnerships and Ingham County DHHS’s facilitation of interagency meetings or trainings; in Oakland County, respondents reported tensions in public-private agency staff relationships, which suggest that these may need strengthening. In Oakland County, one concern that respondents described is differences among agency staff in ideologies that may influence case decisions and subsequent child and family outcomes (e.g., *“Things that I say and the way I look at things are going to be different than the way another supervisor looks at them.”*). Respondents from the three counties agreed that communication issues made effective collaboration between public and private child welfare agencies a challenge. For example, respondents mentioned the need for better channels of communication in Kent County, frustration with unresponsiveness in Ingham County, and lapses in communication in Oakland County.

Descriptions of relationships between child welfare agencies and the county court system were also mixed. While child welfare respondents in Oakland County described collaboration with the court system as productive, and the DHHS liaison as a key contributor to effective partnering, child welfare respondents in Kent and Ingham counties described major challenges to working with their respective court system. For example, respondents in Kent County expressed concerns about poor treatment of foster care workers by judges and attorneys during court testimony, and respondents in Ingham County described workers’ intimidation with the court process.

**Staff Turnover and Training.** Respondents in Kent, Ingham, and Oakland counties described staff turnover as a major challenge to serving families with children in care effectively. Agency staff who remain in their position for a number of years, often because they want to help children and families, reported that it can be difficult to remain in a high-stress position with long hours and inadequate compensation over time. Across counties, respondents stated that private agency staff frequently seek positions in public agencies for improved salaries and benefits, or child welfare staff seek less stressful positions.

**Turnover Effects**

- Constant case reallocations
- Increased workload and stress
- Compromised service quality
- Difficulty building family trust
- Inadequate support for new staff
- Inadequate time for data reporting

As agency staff move to different positions within the same agency, some respondents in Kent County noted that it would be helpful to receive training or more guidance around the new responsibilities. Additionally, Kent County DHHS staff reported that it would be helpful to have more training and guidance on the Kent Model to increase awareness of changing expectations and requirements. Across the three counties, respondents described opportunities to participate in trainings on a number of topics to improve child welfare practice. Some trainings are optional while others are mandated by either a public or private county agency or MDHHS. Respondents identified a number of trainings that would be useful as well as ways in which required trainings could be improved, including:

- Increased opportunities for shadowing or observations during CWTI training,
- More training on MiSACWIS that delves into specific system components, and
- Guidance on court processes and interactions with court representatives.

**Data Systems and Tools.** When asked about the utility of MiSACWIS, respondents stated that although the state-mandated data system has improved over time, more improvements are needed. Agency staff in Ingham and Oakland counties stated that having a central system for storing and accessing case documents is one of the benefits of MiSACWIS, while respondents in Kent County noted that the system made some aspects of their work easier. Additionally, respondents in Ingham and Oakland counties stated that they use MiSACWIS’ Book of Business—for workers to monitor progress toward completing tasks in Ingham County, and as part of supervision in Oakland County.

In terms of challenges to using MiSACWIS, respondents in both Kent and Oakland counties identified the number of “clicks” that are often necessary to navigate the system as excessive and time-consuming. Additionally, respondents in Oakland and Ingham counties acknowledged that the ability of system users to *access* valid and reliable information depends on the extent to which other users *enter* complete and accurate information in a timely manner, which does not always happen. Respondents in all three counties expressed frustration that MiSACWIS is not user-friendly and requires a substantial amount of time to enter data.

#### **Fidelity Assessment Challenges**

- **Time-consuming**
- **Does not apply to all positions**
- **Tool is not user-friendly**

MDHHS also mandates that agencies use the state’s Fidelity Tool and data system to assess and report the extent to which workers implement the MiTEAM practice model as intended. Respondents from all three counties discussed the time necessary to complete the Fidelity Tool, and were aware of the types of data yielded from the assessments, but they expressed disappointment that they do not receive feedback from the assessments that could help them improve practice. Additionally, respondents in Kent and Ingham counties noted that questions in the Fidelity Tool do not apply to certain positions, such as licensing workers, as they do not work directly with families.

## **E.6 Conclusions and Next Steps**

Kent, Ingham, and Oakland counties vary across several characteristics, such as foster care funding mechanisms (performance-based in Kent County, per diem in Ingham and Oakland counties), population (ranging from under 300,000 people in Ingham County to over one million people in Oakland County), and rates of confirmed victims of child abuse and neglect. For 2019, the number of confirmed victims is below the state rate of 18.9 per 1,000 children in Oakland County (8.4), but above the state rate in Kent County (19.8) and Ingham County (31.5). Across counties, respondents described staff turnover as a major challenge to serving families effectively. Respondents associated high turnover, due to factors such as low salaries and high stress, with consequences that include inadequate service quality and placement instability. Respondents agreed that turnover is a challenge but acknowledged steps being taken to address it at the state level (e.g., professional development) and locally (e.g., MiTEAM subgroups in Oakland County).



Similarities and differences among the counties in composition and child welfare agency characteristics and experiences are important to consider relative to the goals of the Kent Model. The impetus for the shift from implementation of a per diem to a performance-based funding model is the Michigan Legislature's priority to improve child welfare outcomes through increased flexibility and innovation in service provision for families with children in care. Although the performance-based model is currently being piloted in Kent County, stakeholders should understand contextual variables that may affect service delivery (and related costs and outcomes), if the model were to be implemented in other Michigan counties in the future.

During interviews and focus groups conducted as part of the process evaluation, respondents in Kent County reported that over the past year, they observed more innovative thinking about services during case planning and fewer bureaucratic barriers preventing them from identifying creative solutions to address family needs. Caseworkers also increased reliance on Enhanced Foster Care as a primary method of stabilizing placements and supporting high-need foster children and caregivers.

Respondents in Kent County described the nature of interactions between child placing agencies and the WMPC, the entity supporting and providing oversight of the Kent Model, over the past year. They indicated that communication among agency and WMPC staff is frequent and effective, and respondents from nearly all of the child placing agencies described the agency-WMPC collaborative relationship as strong. Additionally, through the Kent Model, each of the five child placing agencies in Kent County has a designated WMPC Care Coordinator who authorizes service requests, when required, in less time than was typical prior to the model's launch. Although respondents in Kent County described challenges to the new service authorization process (e.g., learning curve for some WMPC and private agency staff), the new process has facilitated child welfare practice in several ways (e.g., increased efficiency and timeliness of services). In contrast, respondents in child placing agencies in Ingham County reported that the considerable time lag between service requests and approvals can be a barrier to serving families effectively.

Although agency staff from child placing agencies in Kent County appreciate the ease with which service requests are approved when required, they are cognizant that the funds are not unlimited. As one respondent expressed, *"I am worried about like, I'm going to run out of money?"* Cost study findings indicate that expenditures in Kent County increased between baseline (fiscal years 2015-2017) and



the first year of Kent Model implementation (fiscal year 2018). Over this period, total expenditures in Kent County increased by 51 percent for out-of-home placement services. Between fiscal years 2017 and 2018, expenditures for maintenance of congregate care increased by 51 percent and the number of days children spent in care increased by 17 percent.

There were significant differences in outcomes between children served by child placing agencies in Kent County and those in a matched comparison group, in which at least 80 percent of services were provided by a child placing agency in a Michigan county other than Kent County. Specifically, among children who entered care after the launch of the Kent Model (October 2017), those in Kent County were more likely than children in the comparison group to achieve permanency and exit care in fewer days. Children in Kent County were also significantly less likely to experience more than one placement change than their peers in other Michigan counties during the same period.

**Next Steps.** Evaluation data collected during the second year of the evaluation (first full year of Kent Model implementation) provided detailed information on service delivery costs, child and family outcomes, and processes associated with service planning and implementation. During subsequent waves of the evaluation, the evaluation team will continue to identify and explicate factors associated with improved outcomes for children and families in Michigan. For example, the theory underscoring the Kent Model is that increased flexibility and innovation in service delivery is likely to lead to improved outcomes for families with children in care. It is helpful to understand findings within and across the process, outcome, and cost studies. For example, as mentioned previously, agency staff from child placing agencies in Kent County support new service approval processes but acknowledge they do not have an unlimited pool of funds for services. Relatedly, cost study findings indicated there were increases in Kent County's expenditures through the first full year of Kent Model implementation. Through the process evaluation, the evaluation team could attempt to unpack agency staff perceptions of service needs relative to costs. Through future interviews and focus groups, for example, the evaluation team could gauge agency staff knowledge of and expectations related to service expenditures and how (or if) the awareness influences the services they recommend to the families they serve.

Increased understanding of changes within and across the three evaluation components will provide a complete picture of *how* and *why* agency processes are associated with changes in costs and outcomes.