

Performance-Based Funding Consortium Status Report

(FY2016 Appropriation Act - Public Act 84 of 2015)

March 1, 2016

Sec. 504 (4). *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 status of the implementation of the consortium, including, but not limited to, actual expenditures.*



Michigan Department of
Health & Human Services

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Performance-Based Funding Consortium Status Report

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

West Michigan Partnership for Children

Section 504(4) Performance Based Funding Consortium Status Report

The West Michigan Partnership for Children (WMPC) is moving forward with the Michigan Department of Health & Human Services (MDHHS) to create the first performance based child welfare system in Michigan. To accomplish this requires several important steps. The following is a synopsis of key activities, and spending to date:

Case Rate – WMPC and MDHHS, with the support of the Public Consulting Group (PCG) and its actuary partner Lewis & Ellis, have come to conceptual agreement on a quarterly or semi-annual case rate payment system. The proposed rates accomplish a number of goals, including but not limited to, the following:

- Incentivizing permanency either through returning children to their biological parents with necessary supports; or through adoption placements
- Incentivizing community-based care over long-term residential services through reduced payment structures the longer a child is in care
- Increasing service flexibility options by allowing the WMPC to use the existing funding streams in more creative manners

The next step in the case rate development process is to present the case rate calculations and payment frequency options to MDHHS management for final review and approval.

PCG has also identified the need for the WMPC to build a \$4 million Risk Reserve Internal Service Fund (RRISF) over time. This will ensure that the WMPC has enough capital to handle different service needs that may emerge over time.

WMPC Organizational Development – The WMPC has officially incorporated through the State of Michigan as a non-profit organization, and submitted its application to the IRS for official 501(c)(3) status. It is also working with MDHHS on securing necessary child placing agency licenses.

The WMPC Board has accomplished a number of organizational milestones, including

- Created an organizational budget with proposed personnel
- Determined initial service delivery contracts and preferred payment options
- Secured a talent recruiter to identify its first Chief Executive Officer

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It is in the process of selecting a banking partner, acquiring necessary insurances, and identifying appropriate legal counsel. It is also in the process of conducting necessary fund raising for its initial capitalization.

MDHHS' FY2016 budget includes \$500,000 for consortia start-up costs with \$300,000 identified for necessary staffing, and \$200,000 for needed Information Technology supports. WMPC has identified the need for an additional \$500,000 to acquire necessary technology consultation; initial office space, furniture, computers, software, and copiers; hire and train staff prior to service start date. WMPC representatives have identified several foundations to seek funds and is in the process of writing grant requests.

Of the \$500,000 of State funds identified, the WMPC board is beginning to approve service contracts and will start to draw the funds in the near future.

Mindshare Information Technology – One of the key differentiations in a performance-based child welfare system is using daily data in a manner that drives performance. The WMPC has identified a software technology tool called Mindshare to work in sync with MiSACWIS. These two tools should allow the WMPC to drive performance in a manner that improves child welfare outcomes. Right now, MDHHS along with MDTMB are in the process of creating a data sharing agreement with the WMPC and/or Mindshare that will allow the necessary data to be provided. The execution of this agreement and successful data transfers are necessary for the pilot to begin.

Contract Negotiation – The WMPC and MDHHS are beginning contract negotiations for the master contract that will govern the pilot.

Community Based Conversation – The WMPC is designing its outreach efforts and necessary collateral to share information about the pilot with the broader community. Key outreach groups include religious organizations, civic groups, supporting agencies, schools, and key business leaders. Ongoing outreach has been occurring with the County, 17th Circuit Court, and network180 (CMH Agency). Formal briefings need to be scheduled.