

***Striving for Excellence:
Using Performance Based
Contracting to Drive System
Improvement in
Residential, Independent &
Transitional Living
Programs in Illinois***

***A Presentation for the National Summit
On Public-Private Partnership
San Antonio, Texas
August 2010***



Panelists

Illinois Department of Children and Family Services	Private Sector Partners and Agencies	Children and Family Research Center University of Illinois at Urbana-Champaign
Erwin McEwen Director	Marge Berglind Executive Director Child Care Association of IL	Judge Kathleen A. Kearney Project Evaluator
Denice Murray Executive Deputy Director	Margaret Vimont Chief Operating Officer Jewish Child & Family Services	
Kara Teeple Deputy Director Placement & Permanency	Mary Hollie Chief Executive Officer Lawrence Hall Youth Services	
Brice Bloom-Ellis Statewide Residential Quality Assurance Manager	Karen Rousey VP of Programs The Babyfold	

Presentation Overview

We will answer the following questions during this presentation:

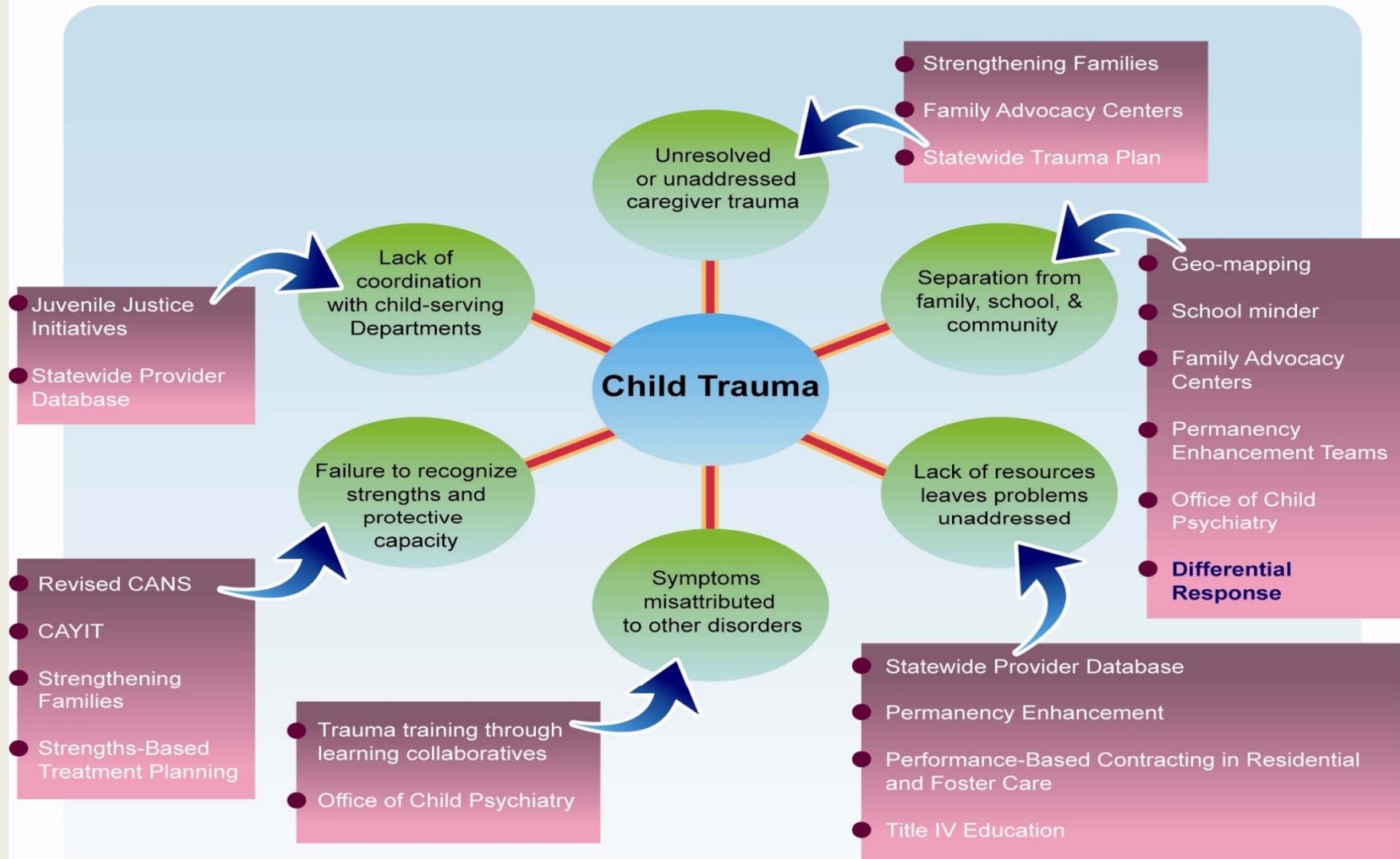
- 1) Why did you decide to use performance based contracting in residential, Independent and Transitional Living programs?
- 2) How did you determine what your outcomes should be?
- 3) What are your performance measures?
- 4) What were your results?
- 5) What are the lessons learned
 - From the private child welfare agency perspective?
 - From the public child welfare perspective?
- 6) Did you make changes to the contracts over time?
- 7) What advice do you have if my jurisdiction wants to do this?

Why did you decide to use performance based contracting in residential, Independent and Transitional Living programs in Illinois?

Erwin McEwen, Director

Department of Children and Family Services

Child Welfare Innovation in Illinois: A Coordinated Effort to Address Trauma



History of Performance Based Contracting (PBC) in Illinois

- Began in 1997 with foster care case management
- Objectives included:
 - ✓ Reduce the # of children in substitute care through improved permanency
 - ✓ Improved stability of placement
 - ✓ Align performance incentives with desired outcomes
- Credited with right sizing and reforming Illinois child welfare system
- Developed predominantly by DCFS with little, if any, private sector involvement
- No formal evaluation was ever done

Striving for Excellence:

Can PBC make a difference in residential care?

- Expands Illinois' PBC to residential treatment, Independent Living and Transitional Living Programs
- Grant from the National Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW) to document and evaluate how it is done

Ever Increasing Challenges

Fewer youth in residential care overall, but greater proportion referred to residential care with histories reflecting severe psychiatric and behavioral problems



High concentration of *extraordinarily* challenging youth

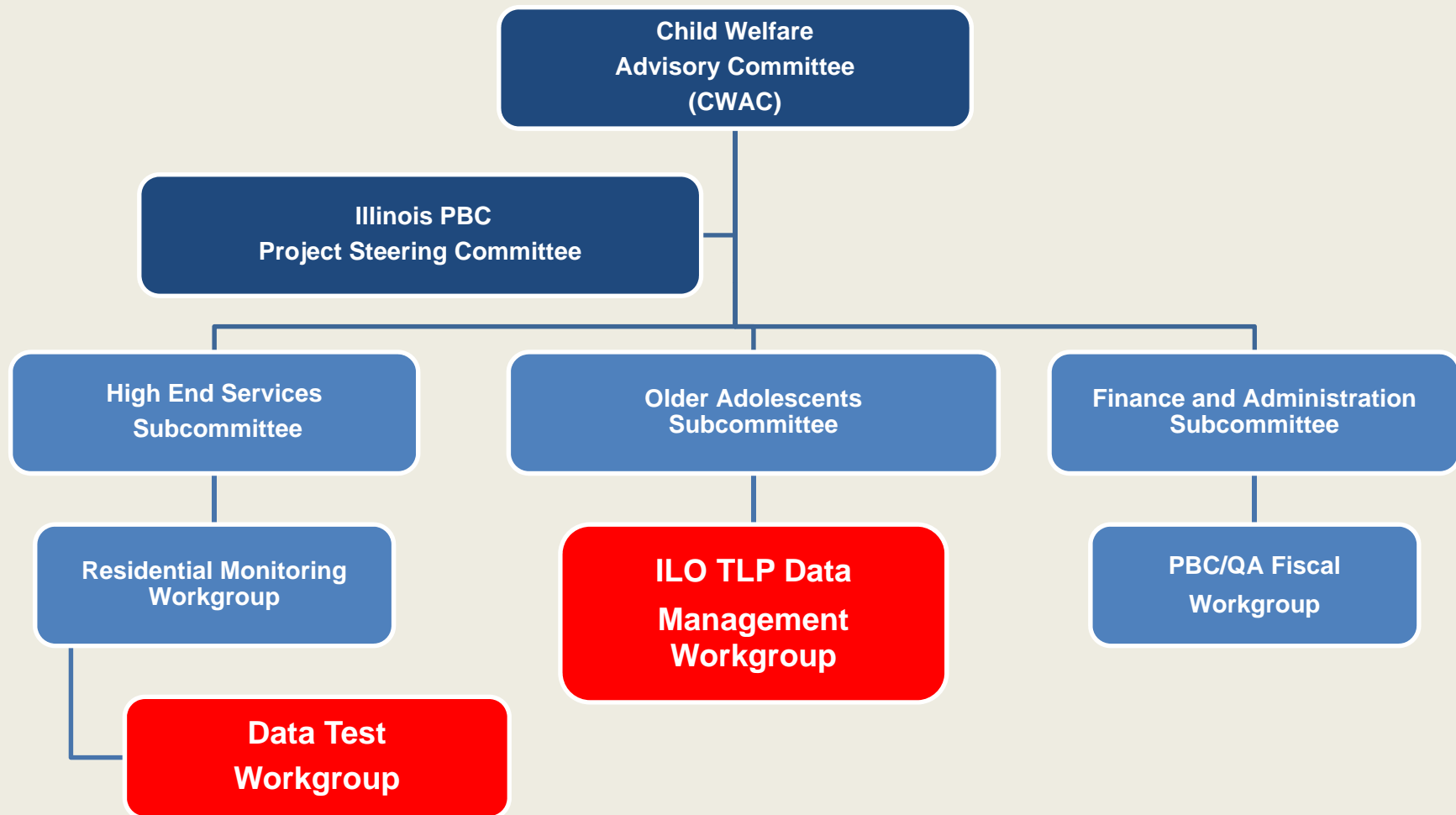
Goals of the *Striving for Excellence* Project

- Improve outcomes for children and youth
- Build on previous success in foster/kinship care case management
- Enhance existing public-private partnership
- Address CFSR deficiencies in Permanency and Well Being
- Inform the field through documentation and evaluation of the process

Collaborative Planning

- Existing Child Welfare Advisory Committee (CWAC) structure used to develop proposed outcome measures, fiscal structure and risk adjustment strategy
- Child Care Association of Illinois holds Statewide Provider Forums to inform all private providers and get feedback
- Illinois Child Welfare Data Summits held by Children & Family Research Center to engage university partners and researchers

Striving for Excellence Organizational Structure



The Numbers Involved

FY10 Residential, ILO/TLP Performance Based Programs

	Residential	TLP	ILO	Total Sub Care
Agencies	38	33	19	
Contracts	74	39	20	
# Youth Served (per day)	~ 1,250	~ 500	~ 300	~ 15,450
% of Total Substitute Care	8%	3%	2%	

- FY10 expenditures on residential treatment accounted for approx. 45% of the Dept's \$570M substitute care budget

How did you determine what
your outcomes should be?

Brice Bloom-Ellis, DCFS

Statewide Residential QA Manager

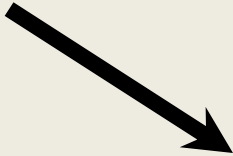
Criteria for Identifying Measurable Performance Indicators

- Do the indicators meaningfully address each goal?
- Do they utilize current available data?
- Do they utilize reasonably reliable data?
 - Unusual incidents (UIRs) v. payment data
 - Use of standardized outcome measure

Goal 1:
Improve Safety/Stability
During Treatment



Goal 2:
Effectively and Efficiently
Reduce Symptoms/
Increase Functionality



Goal 3:
Improve Outcomes At
And Following
Discharge



Indicator:

* Treatment Opportunity Days Rate

(Original) Indicators:

Immediate Discharge Disposition
Sustained Positive Discharge
Length of Stay



Indicator:

* Sustained Favorable Discharge Rate

Treatment Opportunity Days Rate

- Percentage of time in treatment during a residential stay (spell) at a facility where the child/youth is not on the run, in detention or in a psychiatric hospital

Active Days

Active Days + Interruption Days

Sustained Favorable Discharge Rate

Percentage of total annual (fiscal year) residential spells resulting in sustained favorable discharges

- **“Favorable”** = positive step-down to less restrictive setting or a neutral discharge in a chronic setting (e.g. mental health or DD)
- **“Sustained”** = remain in discharge placement for 180 days or more
- **“Unfavorable”** = negative step-up to a more restrictive setting, disrupted placement, or lateral move to another residential facility or group home

ILO/TLP Performance Measures

Performance Domains

Placement Stability Discharge Outcomes

Education Employment Financial Competence Healthy Living

Indicators:

Transitional Living Placement Stability Rate (TLP only)

Discharge Potential Rate

Indicators of Self-Sufficiency

- Educational/Vocational Rate**
- Employment Rate**
- Avg. Monthly Funds Available**

Transitional Living Placement Stability Rate (TLPSR)

- Percentage of time in treatment during a stay (spell) at a TLP where the child/youth is not on the run, in detention or in a psychiatric hospital

Active Days

Active Days + Interruption Days

Discharge Potential Rate

Percentage of youth “discharged with potential” out of all youth served during fiscal year:

Discharged with Potential = discharge to living arrangements, e.g.

- Agency supervised independent living (from TLP)
- Home of relative
- Home of parent
- Youth in college program
- Job training program
- Armed services

or

- Emancipation at 20.5 years

Indicators of Self-Sufficiency

Educational/Vocational Rate

- Average number of educational achievements by youth discharged during fiscal year
 - Education achievement = diploma / certification and/or educational progress (completion of at least one semester, post-secondary, adult basic education)

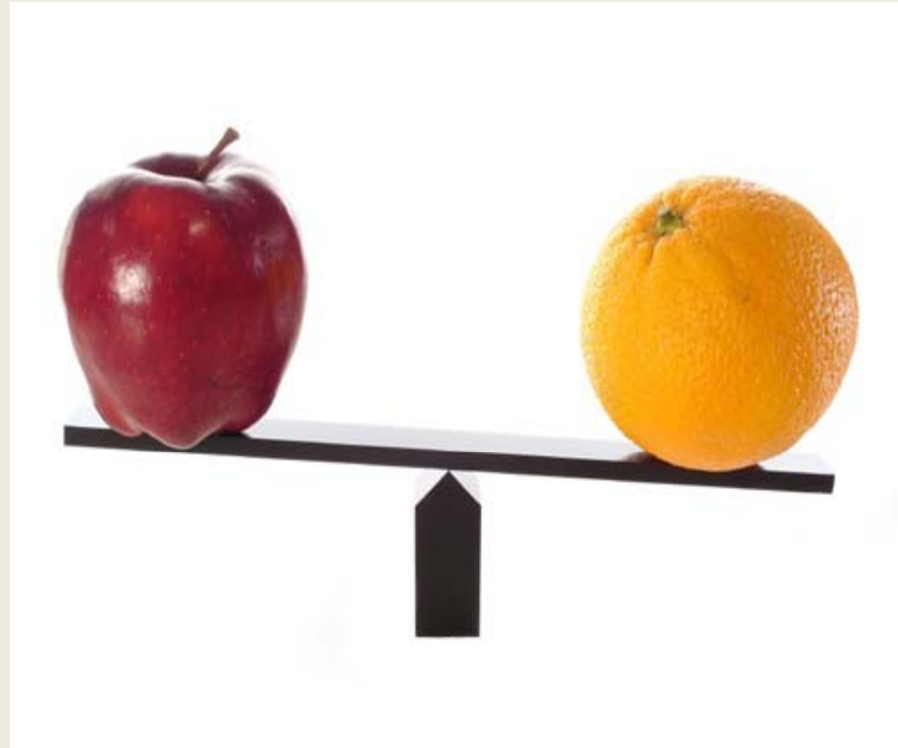
Employment Rate

- Number of weeks employed, last 4 wks and last 52 wks < discharge
$$\frac{(\# \text{ of wks employed}/4) + (\# \text{ of wks employed}/52)}{2}$$

Average Monthly Funds Available

- Monthly gross income (projected out 6 mos.) + savings at discharge
$$\frac{(\text{last month income} \times 6) + \text{savings}}{2}$$

*“How can
you compare
my agency
with others
when I have
the harder
to serve
kids?”*



Applying Risk Adjustment Model

- Account for differences in case mix - youth with different characteristics/risk factors - related to performance outcomes
- Use statistical analysis to determine significance and relative weights of identified risk factors related to performance outcomes
- Apply risk factor values to youth at each agency to determine expected outcomes by youth
 - Average risk adjusted values of youth at agency level

Specific Risk Factors Included in the Illinois Residential Risk Adjustment Model

Historical child systems involvement

- Juvenile detention or corrections
- Runaway
- Prior placement in residential care
- History of aggression and antipsychotic use
- Medicaid-paid psychiatric hospitalization

Demographic characteristics

- Age
- Gender
- Child's geographic origin upon entering state custody

Specific Risk Factors Related to Placement Characteristics

Placement characteristics related to “spell”

- Length of spell (< 1 yr.)
- Severity level and/or specialty population served
 - ✓ Levels = severe, moderate, mild
 - ✓ Institutions and group homes
 - ✓ Specialty population, e.g. pregnant and parenting or sexually problematic behavior
- Program’s geographic location/population density

What are your performance results?

Brice Bloom-Ellis, DCFS

Statewide Residential QA Manager

Treatment Opportunity Days Rate

FY 2008

- 71 Contracts (40 Agencies)
- 32 Contracts met or exceeded FY 2008 performance benchmarks

45%

FY 2009

- 69 Contracts (39 Agencies)
- 38 Contracts met or exceeded FY 2009 performance benchmarks

55%

(Net gain of 2587 Days)

Sustained Favorable Discharge Rate

FY 2009 Performance

- System-wide, the private agencies exceeded their benchmarked goals for FY 2009

Total “spells” in care = 1969

Projected FY09 SFDs = 294

Actual FY09 SFDs = 342

FY 2009 Residential Fiscal Penalties and Incentives

- For failing to meet Treatment Opportunity Days benchmarks, 24 agencies (out of 41) were penalized for a total of \$712,033 with median penalty of \$23,915.
- For exceeding Sustained Favorable Discharge Rate \$3,083,515 was awarded to private agencies in fiscal incentives with average award of \$44,449.

What are the lessons learned from the private agency perspective?

Marge Berglind, Child Care Association of Illinois

Mary Hollie, Lawrence Hall Youth Services

Karen Rousey, The Babyfold

Margaret Vimont, Jewish Child & Family Services

Are you nuts?!? Why go there?



Performance is Relative

- You will be judged not only by your own performance, but against and by the performance of your co-providers and the total system
- Problems and advantages affect all providers equally
- Public review/comparison/scrutiny of performance data

System Impacts

- Legislative and policy impacts
- Future contracts based on performance
- Current contract decisions based on performance
- New ways of looking at funding mechanisms that support performance

Shifting Dynamics

- Shifting dynamics of the public/private balance of power: new concerns and fears of providers
- Shifting dynamics in the relationship between and among providers

Critical Elements for Success

- Private Sector Leadership
- Private Sector Communication
- Public Sector Communication & Willingness to Work with the Provider Community
- Formal, Recognized Vehicle for:
 - Goal setting
 - Implementation Decisions
 - Analysis
 - Monitoring

Provider Agency Culture

- Management has to value performance
 - Evaluate staff, teams and managers on PBC goals
 - Report clearly to Board of Directors
- All managers/supervisors/key staff should:
 - Be able to quote performance expectations
 - Be able to discuss PBC with staff and put expectations into context of existing program
- Program manager and finance manager must manage together

Provider Agency Culture

- Know accurate costs for program, agency, division and be able to fairly compare agency-specific structures/costs to the sector
- Know your agency's strengths and weaknesses
- Adapt to change!
 - Performance expectations can and should change regularly as the system improves in response to emerging pressures
 - Prepare for rapid change in the performance environment

Provider Agency Culture

- Data and tracking systems within your agency
- Know where all clients/cases are in their treatment course, residential stay, and permanency goals

Residential, ILO and TLP Programs Are Part of the Child Welfare System

- Youth stay for a length of time in these programs while permanency efforts move along
- Sometimes a clash of ideas occurs with other parts of the case management system
- These cases are included in the CFSR and PIP
- Need for residential to work cooperatively with foster care, specialized foster care, family finding and family reunification

Residential, ILO and TLP Programs: Considerations

- New ways of approaching treatment planning with overall service plan in mind
- Dynamics when programs serve youth from varied referral and funding sources other than child welfare

What are the lessons learned from the public agency perspective?

Kara Teeple, DCFS Deputy Director for Placement
and Permanency

Denice Murray, Executive Deputy Director

Erwin McEwen, Director

Brice Bloom-Ellis, Residential QA Manager

***Nothing
is
written
in
stone....***



First things first...

- Getting the right service, at the right time, for the right price, for the best results
- Importance of standardizing the rates
 - Prior to PBC, rates were set using an individualized cost based rate methodology
 - Different levels of care with different staffing patterns needed to be considered
 - Staffing may be dependent on site specific issues, e.g. a cottage model versus a unit model

PBC Fiscal Model

- Forecasting the types of bed needed
- Determining agency specific capacity
- 100% of agency capacity guaranteed for each fiscal year
- In exchange – there is a “no decline” policy in the contract

But, what if the provider isn't set up to handle the kids you send them?

- Certain populations (e.g. DD) and providers serving them excluded
- Performance exempt youth (rare)
- Streamlining the admissions and referral process through electronic transmission of records
- Providers detail the characteristics of youth they can best serve
- Centralization of matching process into a Centralized Matching Team (CMT)

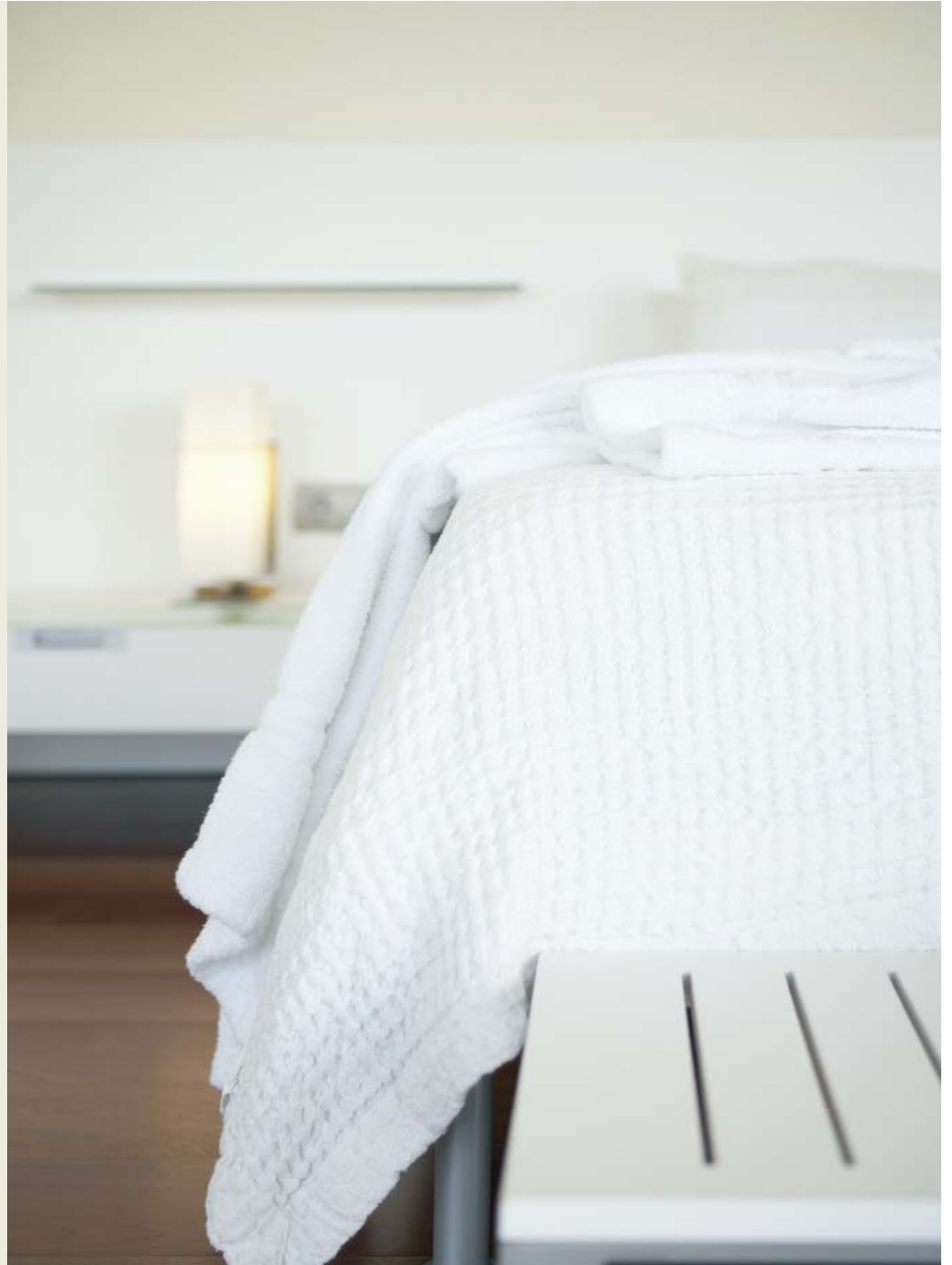
The DCFS Implementation Team

- Set up after 18 months to overcome internal barriers caused by our siloed divisions
- Includes: Program, Fiscal, QA/Monitoring & Project Evaluator, with others added on ad hoc basis to address issues
- Meets weekly by phone
- Reviews emerging trends and problems which may impact successful implementation

For example:

What happens
when you have
empty beds?

How do you
justify this when
there is a wait list
for residential?



“This is a work in progress...”

- DCFS Strategic Planning Workgroup is addressing larger reform efforts in residential care
- Specialized workgroups addressing identified problem areas (e.g. Conduct Disorder)
- Potential merger of juvenile justice with DCFS

**Did you make changes to the
contracts over time?**

**Brice Bloom-Ellis, DCFS
Statewide Residential QA Manager**

FY09 SFDR Performance Implications

Length of Stay

FY09 Preliminary SFDR Performance: Average Length of Stay of Youth Favorably Discharged

Class level	Spec pop	# Spells	Benchmark SFDR	Actual SFDR	Diff: Actual - Bmk	# Favorable Discharges	LOS _{Avg} - FD
Moderate	No	41	10.62	24.39	13.77	13	726
		43	16.83	30.23	13.40	15	597
		28	12.45	21.43	8.98	8	331
		23	14.37	21.74	7.37	5	566
		27	15.87	18.52	2.65	7	887
		25	13.96	16.00	2.04	4	1008
		85	13.28	15.29	2.01	17	429
		49	16.54	16.33	-0.21	10	503
		6	18.35	16.67	-1.68	1	-----
		40	23.05	17.50	-5.55	8	364
		45	16.95	8.89	-8.06	8	422

Immediate FY11 PBC Changes

- Use risk adjustment to raise expectations for reduced length of stay
 - Change length of spell risk factor
 - More accurately reflect probability of sustained favorable discharge
 - Apply multiplier to length of spell risk factor
 - Increase expectations across all providers

Immediate FY11 PBC Changes

- Assess penalty to lowest performers on SFDR
 - Impact length of stay, non-sustained favorable discharges, negative discharges
 - Based on average of “foregone savings” for 90 days for number of youth below benchmark
 - Assessed against providers in bottom 25% of performance

Immediate FY11 PBC Changes

- Improve accuracy of performance evaluation
 - Issue preliminary benchmarks
 - Based on population in residence, beginning FY11
 - Update preliminary benchmarks, mid-term
 - Issue final benchmarks
 - Based on actual population served during FY11
- Control cost of incentive payments
 - \$2,000,000 cap set

What advice do you have if my
jurisdiction wants to do this?

Judge Kathleen A. Kearney, Project Evaluator
Children & Family Research Center



Answers to the 5 Research Questions
Posed by the QIC PCW

Does an inclusive and
comprehensive planning
process produce broad scale
buy-in to clearly defined
performance based contracting
goals and ongoing
quality assurance?

Yes!

- 400 + Collaborative Meetings since project inception with no end in sight!
- Performance measures developed and refined through public/private partnership using the existing CWAC structure
- Statewide provider forums, D-Net, list serve, informal monthly Residential Provider Group, and CCAI *Monday Report* used as communication tools

What are the necessary components of performance based contracts and quality assurance systems that promote the greatest improvements in outcomes for children and families?

Do not even attempt PBC without:

- Good, reliable data which will be consistent over time
- Capacity for QA/CQI in both the public and private sectors
- A significant (1 year) period of time to jointly plan and develop:
 - ✓ Outcome measures
 - ✓ Operational definitions
 - ✓ Communications plan
 - ✓ Conflict resolution and reconciliation process

Alignment is Critical

- Align the following in both the public child welfare agency and private agencies:
 - ✓ programmatic,
 - ✓ fiscal/budget,
 - ✓ quality assurance,
 - ✓ operations, and
 - ✓ leadership
- Determine if other external entities must also be aligned, e.g. schools, community mental health
- Establish an Implementation Team in the public child welfare agency to cut through bureaucratic silos

Preliminary Findings

Lower Performing Agencies

- Staff in the lower performing agencies blamed the children and youth for their poor performance
 - “Toxic parents” caused this damage and we are trying to save these kids and shouldn’t be punished for taking care of them
 - “I don’t care what they say, our kids are tougher than anyone else’s”

Preliminary Findings

Lower Performing Agencies

- They did not have a clearly defined treatment model
- They did not have functioning quality assurance systems
- No changes were made to hiring practices, supervision, or training protocols to support implementation of PBC
- Staff were aware they should discourage runs, psychiatric hospitalizations and detentions, but did not understand why

Preliminary Findings

Higher Performing Agencies

- Had more defined treatment models and quality assurance systems in place to track fidelity to the model
- But, still had not infused PBC measures into their QA systems
- Had staff meetings to describe PBC, but did not formally train on the fundamentals or best practices associated with the measures

Are there essential contextual variables that independently appear to promote contract and system performance?

Leading Change

- Establish a sense of urgency
- Form a powerful guiding coalition
- Create a vision
- Communicate the vision
- Empower others to act on the vision
- Plan for and create short-term wins
- Consolidate improvements
- Institutionalize new approaches

*Kotter, Leading Change: Why Transformation Efforts Fail
Harvard Business Review on The Tests of a Leader (2007)*

Why should we care about measuring performance?

- What gets measured gets done
- If you don't measure results, you can't tell success from failure.
- If you can't reward success, you're probably rewarding failure.
- If you can't see success, you can't learn from it.
- If you can't recognize failure, you can't correct it.
- If you can demonstrate results, you can win public support.

From "Reinventing Government"

ANY QUESTIONS?



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