

## Status of Performance-Based Contracting Model Third Quarter Report

(FY2021 Appropriation Act - Public Act 166 of 2020)

**June 1, 2021**

**Sec. 503.** (1) *In accordance with the final report of the Michigan child welfare performance-based funding task force issued in response to section 503 of article X of 2013 PA 59, the department shall continue to review, update, or develop actuarially sound case rates for necessary child welfare foster care case management services that achieve permanency by the department and private child placing agencies in a prospective payment system under a performance-based funding model.*

(2) *From the funds appropriated in part 1, by March 1 of the current fiscal year, the department shall allocate \$250,000.00 to provide to the senate and house appropriations committees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget office a report on a full cost analysis to provide annual actuarially sound rates for foster care child placing agency administrative rates and child caring institution residential rates. The report shall include, but not be limited to, all rate factors necessary for consideration and shall give estimates on the cost to implement actuarially sound rates based on actual child welfare data.*

(3) *In accordance with the final report of the Michigan child welfare performance-based funding task force issued in response to section 503 of article X of 2013 PA 59, the department shall continue an independent, third-party evaluation of the performance-based funding model.*

(4) *The department shall only implement the performance-based funding model into additional counties where the department, private child welfare agencies, the county, and the court operating within that county have signed a memorandum of understanding that incorporates the intentions of the concerned parties in order to implement the performance-based funding model.*

**(5) *The department, in conjunction with members from both the house of representatives and senate, private child placing agencies, the courts, and counties shall continue to implement the recommendations that are described in the workgroup report that was provided in section 503 of article X of 2013 PA 59 to establish a performance-based funding for public and private child welfare services providers. The department shall provide quarterly reports on the status of the performance-based contracting model to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on families and human services, and the senate and house fiscal agencies and policy offices.***

(6) *From the funds appropriated in part 1 for the performance-based funding model pilot, the department shall continue to work with the West Michigan Partnership for Children Consortium on the implementation of the performance-based funding model pilot. The consortium shall 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. The consortium shall operate an integrated continuum of care*

## **Status of Performance-Based Contracting Model Third Quarter Report**

*structure, with services provided by both private and public agencies, based on individual case needs. The consortium shall demonstrate significant organizational capacity and competencies, including experience with managing risk-based contracts, financial strength, experienced staff and leadership, and appropriate governance structure.*



## **Status of Performance-Based Contracting Model Third Quarter Report**

The Michigan Department of Health and Human Services (MDHHS) has continued its collaboration with Kent County MDHHS staff and the Kent County provider community involved in the West Michigan Partnership for Children (WMPC) to support the Kent County pilot.

The performance-based funding model is intended to improve outcomes for children and families; allow for the effective allocation of resources to promote local service innovation, create service efficiencies, and incentivize service providing agencies to be accountable for achieving performance standards. The funding model reinforces positive outcomes and reinvests savings for continued improvements in foster care service delivery.

### **Data Overview**

The outcomes monitored include the Child and Family Services Review (CFSR) federal measures, Modified Implementation, Sustainability, and Exit Plan (MISEP), and contracted measures. The WMPC is meeting:

- **7 out of the 14** identified permanency performance measures. This is a decrease from last quarter which was 9 out of 14.
- **1 out of the 6** identified well-being performance measures. This is an increase from last quarter which was 0 out of 6.
- **3 out of the 7** identified safety performance measures. This is a decrease from last quarter which was 4 out of 7.

The detailed quarterly performance measures for are included in the attachment titled *Fiscal Year 2021 Q2 Performance Report*.

## Status of Performance-Based Contracting Model Third Quarter Report

Expenses- Cash Basis	FY2018	FY2019	FY2020	FY2021 Q1	FY2021 Q2	FY2021 Projected Spending Compared to FY2020
Foster Care Administration	\$15,240,083	\$15,610,709	\$11,470,204	\$4,892,098	\$2,691,535	↓
Caregiver Maintenance Expenses	\$3,648,410	\$4,643,238	\$4,050,516	\$1,647,085	\$997,111	↓
Enhanced Foster Care Maintenance & Administration	\$1,053,168	\$3,448,756	\$2,960,982	\$969,449	\$641,940	↓
Residential Expenses	\$10,525,555	\$9,042,917	\$9,052,993	\$1,715,623	\$1,690,492	↓
Shelter Expenses	\$1,167,662	\$1,247,024	\$781,287	\$25,497	\$40,973	↓
Ancillary Services	\$1,325,453	\$1,399,903	\$1,070,799	\$447,454	\$302,003	↓
Adoption Administration	\$1,337,245	\$1,648,892	\$1,447,124	\$652,350	\$453,322	↓

### Key Innovations and Status Updates

- In January, WMPC received one-fourth of both the \$35,132,600 foster care capitated allocation and \$2,000,000 administration allocation for FY21. WMPC maintained a \$1,500,000 risk reserve and operations resulted in a YTD surplus of \$3.7M, under an accrual basis.
- WMPC received 60 referrals in the first quarter of FY21; this is a nearly 30% increase from the number of referrals received in the first quarter of FY21.
- Provision of Enhanced Foster Care services and a decrease in number of children in foster care continues to contribute to a decrease in placements in residential settings. Between January and March 2021, the number of days children spent in residential placements decreased by 7% compared to the previous quarter.
- WMPC's performance and quality improvement team continues to analyze performance data and engage with its network providers monthly to discuss key performance measures, data quality, outcome measures, and quality improvement plans. WMPC also meets with providers on a quarterly basis to assess performance against the contract as a condensed review of contract compliance and achievement of outcomes. (Refer to attachment *Fiscal Year 2021 Q2 Performance Report*)
- During quarter three, WMPC's clinical liaison received over 97 screening referrals leading to 11 formal assessments, over 150 staff consultations, and more than 75 youth connected to open-access services.

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## **Status of Performance-Based Contracting Model Third Quarter Report**

- As reported last quarter, WMPC was awarded a \$600K grant from Kent County's Ready by Five Early Childhood Millage funds to implement a new trauma-informed Parent Engagement Program. Aimed at engaging and equipping parents with children ages 0-5, two parent mentors (called Parent Engagement Specialists), along with a Parent Engagement Manager were hired to facilitate the program. The program is set to begin taking clients in April 2021.
- Shannon Gardner, Vice President of Community Impact at Heart of West Michigan United Way, and Milinda Ysasi, CEO at GROW (Grand Rapids Opportunities for Women) and City Commissioner for the 2nd Ward of the Grand Rapids joined WMPC's board of directors in March 2021. Additional new board members include Mary Mulliet, CEO at D.A. Blodgett St Johns; David Bellamy, CEO at Catholic Charities West Michigan; and Dave Gehm, CEO at Wellspring Lutheran Services. The board has to more vacancies and recruitment is ongoing to fill those positions.
- In February, Nakia Kyler, was hired as the Chief Engagement & Equity Officer (CEEEO) at WMPC. The CEEEO position is responsible for developing, supporting, and ensuring equitable accountability within an inclusive organizational framework for all WMPC domains. The CEEEO also leads communications campaigns with the goal of ensuring WMPC is trusted within its community, especially those with lived experience in the child welfare system. Furthermore, in collaboration with the CEO, Nakia will develop, establish, and promote positive strategic partnerships with local, state, and national stakeholders to include consortium members, funders, program beneficiaries, the Kent County Administration, legislative champions, and the public.
- The COVID-19 pandemic continues to have an impact on operations and performance. Turnover and hiring qualified case managers is a struggle with our partnering agencies due to increased hybrid work, acuity of children in foster care and lack of available and appropriate placements. On-going disruptions to performance are projected due to the COVID-19 pandemic for the foreseeable future.

### Attachments:

- Fiscal Year 2021 Q2 Performance Report