

# Status of Performance-Based Contracting Model Fourth Quarter Report

(FY 2022 Appropriation Act - Public Act 87 of 2021)

**September 30, 2022**

**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) 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.

(3) 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.

**(4) 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 model pilot program 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.**

(5) 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 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.

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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 WMPC contracted measures. The WMPC is meeting:

- **11 out of the 14** identified permanency performance measures. This is an increase from last quarter which was 10 out of 14.
- **0 out of the 6** identified well-being performance measures. This is a decrease from last quarter which was 1 out of 6.
- **1 out of the 7** identified safety performance measures. This is consistent with last quarter which was 1 out of 7.

Below is an overview of the racial demographics of the children served in quarter three of FY22. Please note that additional American Indian/Alaskan Native (AI/AN) children may be coded as Multiracial in MiSACWIS; tribe affiliations in MiSACWIS are being reviewed to more accurately account for the race of all children in foster care.

Race of child	Number of children	Percent of foster care population	Kent County Population (Children under 18) <sup>1</sup>
American Indian/Alaskan Native	3	0.5%	0.1%
Asian	2	0.4%	2.6%
Black/African American	201	36.6%	10.5%
Multiracial	87	15.8%	11.2%
White	256	46.6%	71.2%

<sup>1</sup> Source information for Kent County demographics of children under 18: American Community Survey 2021: 1-Year Estimates, Children Characteristics.

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Expenses (Cash Basis*)	FY2018	FY2019	FY2020	FY2021	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Projected Spending Compared to FY2021
Foster Care Administration	15,240,083	15,610,709	11,470,204	12,614,462	2,690,959	2,642,892	2,546,333	↓
Caregiver Maintenance	3,648,410	4,643,238	4,050,516	4,583,000	848,125	884,863	838,037	↓
EFC Maintenance & Administration	1,053,168	3,448,756	2,960,982	3,104,642	734,489	779,382	809,420	↓
Residential	10,525,555	9,042,917	9,052,993	6,596,684	1,324,632	1,527,122	1,463,902	↓
Shelter	1,167,662	1,247,024	781,287	178,501	4,946	6,086	54,646	↓
Ancillary Services	1,325,453	1,399,903	1,070,799	1,369,525	225,465	291,662	263,453	↓
Adoption Administration	1,337,245	1,648,892	1,447,124	1,873,142	240,610	211,040	432,232	↓
<b>TOTAL</b>	<b>\$ 34,297,576</b>	<b>\$ 37,041,439</b>	<b>\$ 30,833,905</b>	<b>\$ 30,319,956</b>	<b>\$6,069,227</b>	<b>\$6,343,046</b>	<b>\$6,408,023</b>	

\*Note: The table is cash basis and FY22 Q1 includes expenses from FY21 Q4.

### Key Innovations and Status Updates

- In April, WMPC received the third one-fourth payment of both the \$36,975,565 foster care capitated allocation and \$2,000,000 administration allocation for FY22. WMPC maintained a \$1,500,000 risk reserve and quarterly operations to date resulted in a surplus of \$18,556,000 under an accrual basis.
- WMPC received 39 intake referrals in the third quarter of FY22; this is a 33% decrease from the 58 intake referrals received in the second quarter of FY22.
- Provision of Enhanced Foster Care services and a decrease in number of children in foster care continues to contribute to fewer children placed in residential settings. Between April and June 2022, only 29 of the 549 active youth in the care of WMPC this quarter were placed in a residential setting.
- 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.
- During the third quarter, WMPC's clinical liaison received over 100 trauma screening referrals leading to seven formal mental health assessments, over 100 staff consultations on mental health needs of children in foster care, and more than 60

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youth connected to open-access services through mental health providers contracted with Network180.

- WMPC is partnering with network providers to develop a training curriculum for the Kent County foster care workforce to further advance efforts to become an antiracist and inclusive child welfare system. The training will be offered in the summer and fall. The free trainings offered by WMPC will assist staff in completing their required 20 Diversity, Equity and Inclusion (DEI) related training/activities hours which are a new contract requirement for all private agency foster care (PAFC) contracts.
- As indicated in previous reports, the COVID-19 pandemic continues to have an impact on operations and performance. Turnover and hiring qualified case managers as well as licensing workers continue to be a struggle with our partner agencies, like many other sectors are experiencing.
- WMPC has also experienced vacancies in both the coordinator and manager roles with significant delays in hiring due to reduced number of qualified candidates.