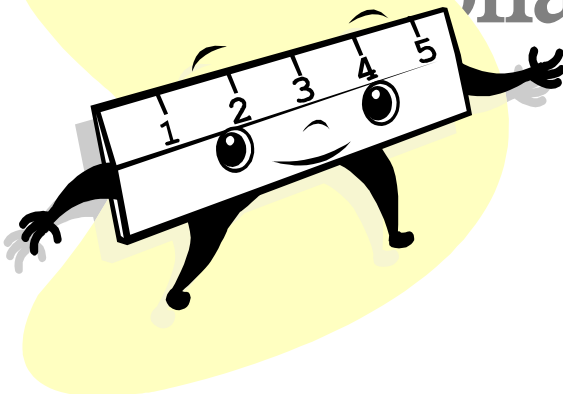


Putting It All Together:
Using Data and Performance
Based Contracting to Drive
System Improvement in
Residential, Independent &
Community Living Programs in
Illinois



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
extraordinary challenging youth



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

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

The Numbers Involved

- Number of residential agencies (FY 2009)
 - Number of contracts (FY 2009)
- Number of residential agencies (FY 2010)
 - Number of contracts (FY 2010)
- Number of ILO contracts (FY 2010)
- Number of TLP contracts (FY 2010)
- Number of children and youth in these programs:
- Percentage of total number of children served by DCFS:

Total \$\$ Amount in FY 2010

25% of DCFS Budget



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

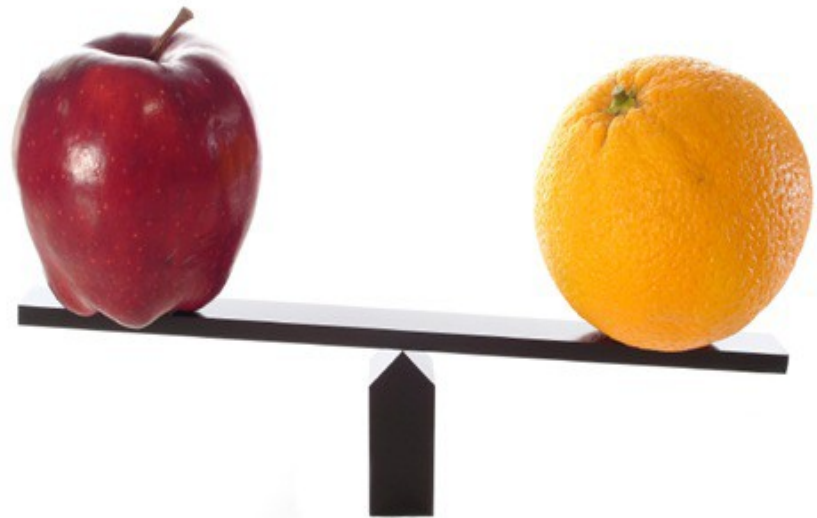
Percentage of total annual (fiscal year) residential spells resulting in sustained favorable discharges

- **“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

I/O/TLP Performance Measures

I/O/TLP Performance Measures

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



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

Placeholder - ILO TLP Risk Adjustment Factors

Placeholder - ILO TLP Risk Adjustment Factors

When operating under a performance based contract, are the child, family and system outcomes produced better than those produced under the previous contracting system employed?

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.

Placeholder - ILO TLP Performance to Date

Placeholder - ILO TLP Performance to Date

Placeholder - ILO TLP Incentives

Once implemented initially, how do program features and contract monitoring systems evolve over time to ensure continued success?

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
 - Penalty placed in abeyance for one year****
 - Forgive penalty if provider meets / exceeds benchmark the following year

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 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

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

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

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)*

ANY QUESTIONS?



Contact Information



Erwin McEwen, Director

Brice Bloom-Ellis
Brice.Bloom-Ellis@illinois.gov



Judge Kathleen A. Kearney
kkearney@illinois.edu