

# DCYF

**Healthy Children and Youth  
Strong Families  
Diverse Caring Communities**

**Summit on Improving Outcomes:  
Procuring DCYF Services for  
Children and Families**

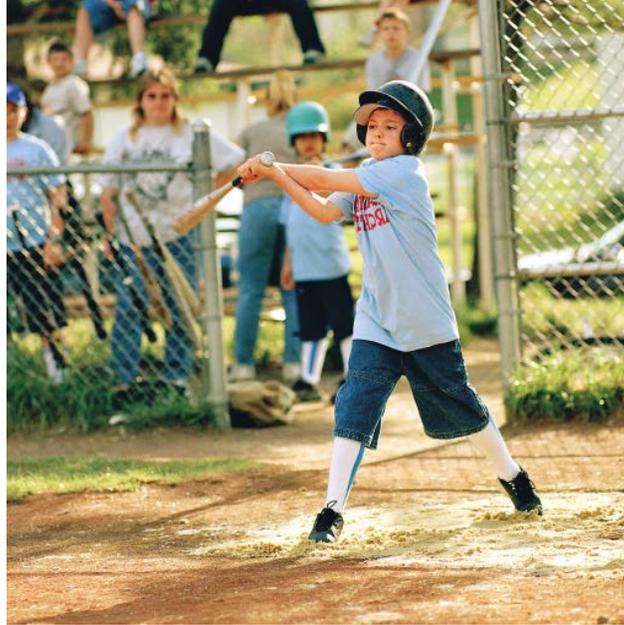
November 17-18, 2015

# Agenda

Wednesday

- How should service providers be compensated for their work in a way that incentivizes strong performance?
- How should DCYF work with providers to continuously monitor and improve performance?
- What technical assistance is available to providers?  
What additional technical assistance opportunities would providers find helpful?
- Wrap up and next steps

child  
welfare  
contracts



NOVEMBER 18, 2015

THE ANNIE E. CASEY FOUNDATION  
CHILD WELFARE STRATEGY GROUP

## There are four basic types of contracts in child welfare

- Cost reimbursed
- Fee-for-service
- Incentive-based
- Pay-for-performance

# Cost reimbursed contracts

<b>CHARACTERISTICS</b>	Actual, allowable and reasonable costs are reimbursed in full
<b>USAGE</b>	Used sparingly
<b>OPERATIONAL REQUIREMENTS</b>	Define “allowable and reasonable”
<b>EXAMPLES</b>	Mostly limited to grant/budget-based procurements whose purpose is to serve “aggregate populations” for such things child abuse prevention services, peer-delivered foster/adoptive parent support services, resource and referral services, etc.

## Cost reimbursement contract example



Child welfare agency gives ABC Community Services a grant to provide resource and referral services for relative caregivers seeking linkage to community services.

ABC and the child welfare agency mutually negotiate a grant budget.

ABC claims costs against the budget that are fully reimbursed by the child welfare agency up to the amount of the budget.

# Fee-for-service contracts

<b>CHARACTERISTICS</b>	Defined dollar amount is paid for each unit of service that is provided
<b>USAGE</b>	Still widely used
<b>OPERATIONAL REQUIREMENTS</b>	Unit of service definition (amount, duration, and scope), fee setting
<b>EXAMPLES</b>	Clinical treatment services, training activities, foster home per diems, etc.

## Fee-for-service contract example

Child welfare agency contracts with ABC Treatment serves for outpatient treatment services.

ABC bills the child welfare agency at contract rate for each unit of service ABC provides consistent with the child/family's treatment plan.



# Incentive-based contracts

<b>CHARACTERISTICS</b>	Base funded with provisions for “bonus” payments for exceptional performance and/or penalties for poor performance
<b>USAGE</b>	Most often used as the primary contracting vehicle in systems where case management function is contracted out to providers. This type is used in other systems discretely to achieve targeted practice/business objectives.
<b>OPERATIONAL REQUIREMENTS</b>	Determine base funding level(s), define and quantify performance standards and the basis for their measurement, correlate compensation structure to complement business/practice objectives, set penalty and/or bonus compensation amount and trigger points

# Incentive-based contracts

## EXAMPLES

Case rates (privatized systems), re-entry reduction targets, volume stabilization initiatives

## SPECIAL NOTE

All incentivized contracts involve a *sharing of business risk* between the provider and the child welfare agency. The child welfare agency often assumes volume risk and the provider often assumes risk associated with case duration and case cost.

## Incentive-based contract example



Child welfare agency's current contract with ABC Child Placing Agency includes base funding for the provision of post-reunification family support services.

The child welfare agency has identified a need to reduce re-entry rates.

The contract with ABC is amended to include a bonus payment of \$X if the agency is successful in reducing its re-entry rate by X% or more during the next fiscal year.

## Incentive-based contract example

Child welfare agency contracts with ABC Family Services to provide in-home services and supports to prevent placement removal.

The child welfare agency pays ABC a case rate of \$X for each case premised on 180 days of services.

ABC is not paid any more if the case lasts longer than 180 days, but also gets to keep full amount of payment if the case lasts less than 180 days.

Case duration risk is transferred to the provider.



## Incentive-based contract example



Child welfare agency contracts with ABC Child Placing Agency to provide placement support services for 100 children.

The contract provides ABC with full funding for this caseload but also requires ABC to take 25 new cases over the course of the fiscal year for no new money.

In order to be cost neutral and effective, ABC must have successful discharges of at least 25 cases during the fiscal year.

# Pay-for-performance contracts

<b>CHARACTERISTICS</b>	Single payment upon total completion of defined objective
<b>USAGE</b>	Often used for projects that are time-limited and/or targeted in performance objectives
<b>OPERATIONAL REQUIREMENTS</b>	Define performance marks and timeframe for accomplishing, define compensation amount, define compensation trigger point(s)

# Pay-for-performance contracts

## EXAMPLES

Foster parent recruitment, targeted adoption campaigns

## SPECIAL NOTES

Because payment is premised on “all or nothing” performance, the provider bears execution and cost risk.

## Pay-for-performance contract example

The child welfare agency has identified the need to increase adoptions and contracts with ABC Adoption Services for targeted recruitment and placement services.

ABC receives \$X for successful recruitment and qualification of adoptive family, \$X upon placement of the child, \$X upon finalization, and \$X upon successful maintenance of the adoption for Y period of time.

In addition, supplemental payments are made for sibling placements, older child placements, and for minority children.



## Key takeaways

- All types have a role and no type is inherently better than another
- All child welfare agencies use a mix of all types to varying degrees
- Need to correlate the right type to the right business/practice objective
- Providers must develop and implement internal management controls and practices that allow them to be successful in each contract type
- The burden of success, and the risk of failure, is ultimately shared by both the child welfare agency and provider. Each type will require oversight, monitoring, and ongoing evaluation by both the child welfare agency and the private provider.



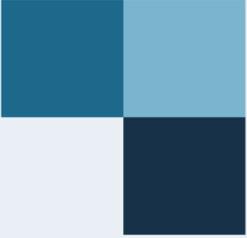
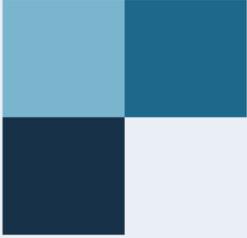
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*Developing solutions to build a brighter future for children, families and communities*

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# What service types are most appropriate for:

1. Cost reimbursed contracts
2. Fee-for-service contracts
3. Incentive based contracts
4. Pay-for-performance contracts



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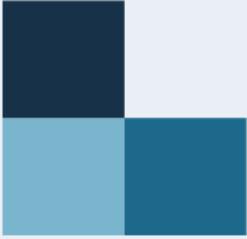
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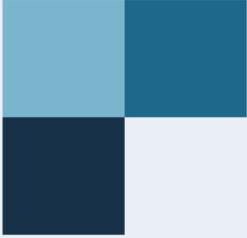
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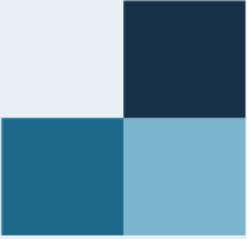
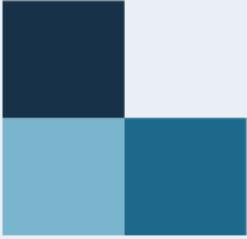
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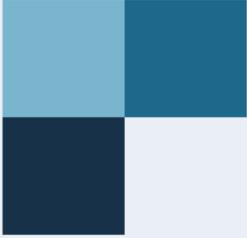
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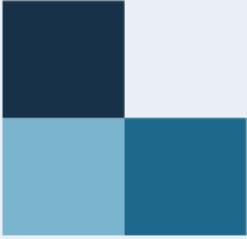
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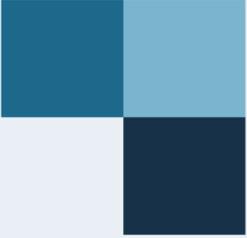
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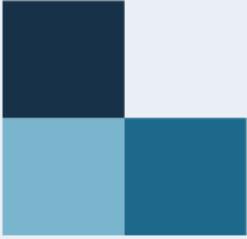
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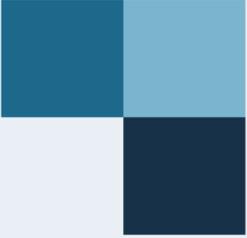
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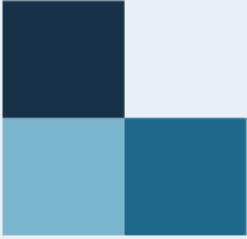
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# Discussion

1. What technical assistance would be required by your agency to operationalize a pay for performance or incentive based contract?
2. How can contracts or payment rates be structured to encourage bundling of services?

# Improving Outcomes for Children and Families

How should DCYF work with providers to continuously monitor and improve performance?

# Guiding principles for contract management

1. Right client, right service, right time
2. Regular agency/provider engagement for real time response and continuous improvement
3. Identify effective services and performance areas that need to be strengthened

# Key activities and tools

## Contract Dashboard

- Contract Information
- Contract Compliance
- Budget/Spending
- Provider Capacity
- Service Utilization



## Contract Meetings

- Set Goals
- Review Data
- Measure Results
- Troubleshoot Problems
- Provide Feedback

## Data Reports

### *Data on Referrals*

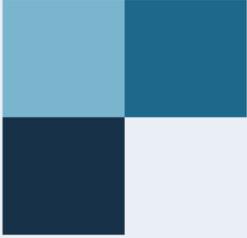
- Client Data
- Client Goals
- Services Accessed

### *Program and Agency Data*

- Performance Metrics
- Outcome Targets
- DCYF Indicators

# Leading objectives

	Objective
1	Matching the right kids/families to the right services
2	Making sure the right array of services are available
3	Making continuous systems improvement
4	Working collaboratively with providers to share information necessary for good service provision and good policy decisions
5	Assessing effectiveness of different services
6	Building a provider payment system that makes the right payments promptly and accurately, and that can stand up to an audit.



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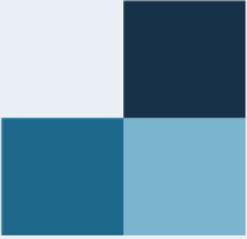
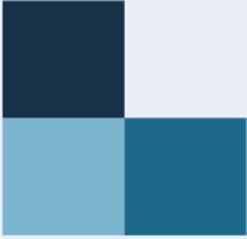
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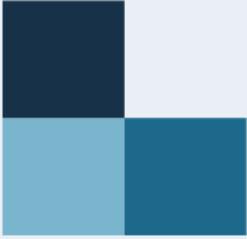
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# Discussion

1. What are some ways to connect contract management with daily practice management through data reporting?
2. What resources would providers require to move towards a culture of continuous quality improvement?
3. How can contract management be improved at DCYF?

# Improving Outcomes for Children and Families

What technical assistance is available to providers? What additional technical assistance opportunities would be helpful?

# Resources

- CommerceRI
- Annie E. Casey Foundation

# PROVIDER EXCHANGE™

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Best Practices  
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and Families

For more information contact  
Chris Behan  
[cbehan@aecf.org](mailto:cbehan@aecf.org)



# Peer-to-peer technical assistance from four leading agencies from around the country

*Training, consultation, coaching, cohort learning*

## PROGRAM SUPPORT

- Reducing reliance on group placements
- Building your foster home capacity
- Connecting teens with families
- Creating a continuum of community-based services

## LEADERSHIP SUPPORT

- Working effectively with boards
- Building and maintaining an outcomes-driven culture
- Using data to track contract compliance, drive change and improve outcomes

## CLINICAL SUPPORT

- Achieving permanency for older youth
- Achieving shorter residential stays and better outcomes for children
- Implementing and maintaining evidence-based practices

## FISCAL SUPPORT

- Managing within a performance-based contracting environment
- Developing proposals to funders for needed services



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INITIATIVE

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### Building Bridges...

*Advancing partnerships among residential and community-based service providers, youth and families to improve lives.*

Welcome to the Building Bridges Initiative.

Building Bridges is a national initiative working to identify and promote practice and policy that will create strong and closely coordinated partnerships and collaborations between families, youth, community - and residentially - based treatment and service providers, advocates and policy makers to ensure that comprehensive mental health services and supports are available to improve the lives of young people and their families.

In all that we do, we strive to advance partnerships among residential and community-based service providers, youth, and families to improve lives.

**UPDATE: JULY 2015**

**What's New**

- Building Bridges Initiative & Magellan Health webinars
- Building Bridges Update from Gary Blau
- Presentations about Building Bridges
- Youth and Family Partnerships Workgroup: Products and Resources

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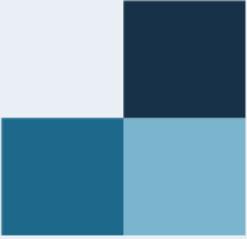
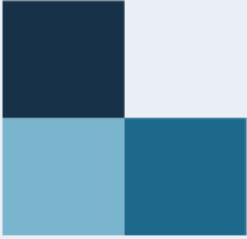
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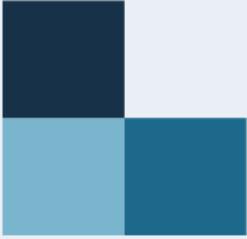
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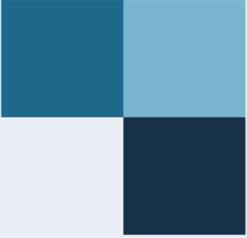
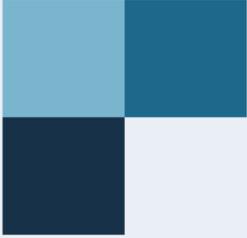
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# Improving Outcomes for Children and Families

Wrap up and next steps



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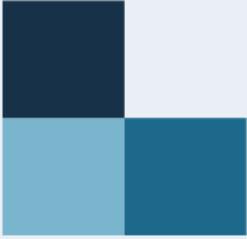
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Thank you!