

Status of Performance-Based Contracting Model

(FY2020 Appropriation Act - Public Act 67 of 2019)

March 1, 2021

Sec. 504. (1) *The department may continue a master agreement with the West Michigan Partnership for Children Consortium for a performance-based child welfare contracting pilot program. The consortium shall consist of a network of affiliated child welfare service providers that will 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.*

(2) *The consortium shall operate an integrated continuum of care structure, with services provided by private or public agencies, based on individual case needs.*

(3) *By March 1 of the current fiscal year, the consortium shall provide to the department and the house and senate appropriations subcommittees on the department budget a report on the consortium, including, but not limited to, actual expenditures, number of children placed by agencies in the consortium, fund balance of the consortium, and the status of the consortium evaluation.*

The attached report information was provided to the Michigan Department of Health and Human Services by the West Michigan Partnership for Children (WMPC) identifying the status of implementation and actual costs of the performance-based child welfare contracting consortium.



Status of Performance-Based Contracting Model

The Michigan Department of Health and Human Services (MDHHS) and West Michigan Partnership for Children (WMPC) successfully completed three fiscal years (Fiscal Year 2018, Fiscal Year 2019, and Fiscal Year 2020) of the Kent County child welfare-funding pilot on September 30, 2020 and its first quarter of its fourth year on December 31, 2020.

WMPC currently receives the majority of its funding through an annual grant agreement with the Michigan Department of Health and Human Services (MDHHS) which contains State of Michigan General Fund dollars, pass-through dollars from federal grants to the State, and Kent County child care funds. WMPC has a subcontract with Network 180 for a Clinical Liaison position and a Parent Planner. WMPC also manages a grant from the Michigan Health Endowment Fund to implement the trauma-informed Sanctuary Model throughout the Kent County Child Welfare system.

Number of Children Placed by Agencies in the Consortium

During FY 20, WMPC placed 203 children with the five private foster care agencies and discharged 307 children. Foster care services were provided for 1,005 children in FY20.

WMPC intakes declined significantly in FY20, down to 203 from 421 in FY19. The decrease in intakes was in line with statewide trends. The number of intakes was far less than what WMPC's budget was based on. Due to the front-loaded structure of the case rate, this resulted into a substantial revenue loss for WMPC, exacerbating pre-existing cash flow issues.

Actual Revenue and Expenditures

For the twelve-month period ending September 30, 2020, on an accrual basis, WMPC recognized \$42,210,656 in revenue and had expenses of \$36,709,691. Note, however, that \$4,150,000 of the revenue recognized was not actually received in cash during FY20, but instead a write-off of FY19 cash advances that were forgiven by MDHHS.

Fund Balance

WMPC operated in a deficit for most of FY20 for its programmatic expenses. In a report from September 3, 2019, MDHHS's project management consultant, Public Consulting Group (PCG), and PCG's contracted actuary, Lewis & Ellis, recommended a retrospective adjustment in the amount of \$6.42 million and a prospective case rate adjustment in the amount of seven percent beginning in FY20, to account for expenses not included in the original case rate methodology. The true-up funds and case rate adjustment were not provided and WMPC's payable balance continued to grow, exceeding \$5 million as of the end of the year with the five PAFC partner agencies bearing most of the risk. WMPC owed each of the five agencies approximately a million dollars, prompting discussions within their Boards of Directors about how long they could continue partnering with WMPC without a solution to fund the model. This was a point of ongoing concern for WMPC's Board of Directors and Leadership Team which had regular conversations with MDHHS Children's Services Agency (CSA) leadership, the Michigan State Legislature, and State Budget Office (SBO) to highlight the urgency and need for solutions.

Status of Performance-Based Contracting Model

During the final quarter of the fiscal year, MDHHS CSA, the Legislature, and SBO agreed to a new capitated allocation funding model to go into effect in FY21, provide WMPC with a \$1.5 million risk reserve, and make WMPC whole so that all payables would be cleared through the end of the year. Further, the cash advances provided in FY19 and FY20 were reclassified as revenue by the state, and as such did not require WMPC to pay these back, as these dollars should have been included in the case rate.

Historically, MDHHS paid WMPC an \$820 semi-annual payment for each child in its care. Given the fluctuating monthly referral numbers and seasonal trends, this made budgeting for its administration and cashflow fluctuations challenging for WMPC. For this reason, Lewis & Ellis recommended that \$2 million be allocated for administrative expenses in FY20, independent of the case rate payments. The \$2 million was cut during the State of Michigan's FY20 budget negotiations but was restored by the end of the first quarter of the fiscal year and paid in February 2020.

Consortium Personnel

In April 2020, WMPC hired an additional part-time Parent Planner. In October 2019, Network 180 provided a grant to WMPC for unspent funds from a SAMHSA grant to be used toward a Parent Planner. The Parent Planner is a part-time position filled by a person with lived experience as a caregiver of children in the Kent County Child Welfare System, receiving Network 180 services, and/or in the Juvenile Justice system.

Contracts

WMPC worked collaboratively with the Family Reunification Program leaders and foster care agency subcontractors to revise the Family Reunification Program to address barriers in the contract. A standardized assessment was added which are linked with the tiers of the intensity of service each family needs. An RFP was sent out for this program and Wellspring Lutheran Services was awarded the contract.

Consortium Performance Measures

Adjusted and additional performance measures designed with MDHHS went into effect for FY20. Several benchmarks were revised to include incremental yearly increases, which was more realistic given Kent County historical as well as statewide performance. Along with these additions and adjustments, WMPC continues to be held accountable for all the state Key Performance Indicators and federal Child and Family Services Review data measures.

The COVID-19 Pandemic had an impact on performance and in some cases the ability to accurately report on performance. Performance before the pandemic was strong in several areas but ended up below the set target due to various factors. Performance was profoundly affected in some areas and minimally affected in others. (See Appendix 1, FY2020 WMPC Annual Network Performance Report)

Monitoring and Evaluation

In FY20, WMPC continued to support the external evaluation of the performance-based child welfare system lead by Westat (See Appendix 2, Michigan 3rd Annual Report

Status of Performance-Based Contracting Model

Executive Summary). WMPC's Director of Performance and Quality Improvement (PQI) held monthly calls with evaluation stakeholders to support the process and outcomes evaluation. The Director of PQI also supported the process evaluation by sending relevant documentation to the evaluation stakeholders. The Director of PQI providing quarterly performance reports and other relevant performance reports to the evaluation stakeholders.

In September 2020, Westat team members came to Kent County and interviewed the WMPC team, local DHHS, many of the private agency foster care agency staff, and local court personnel. These interviews will be part of their process evaluation and they will include this information in their annual report.

The Division of Child Welfare Licensing (DCWL) conducted the annual audit of WMPC in May of 2020. Following the audit, WMPC maintained its regular two-year license. In addition to the DCWL audit, in October 2020, the MDHHS Division of Continuous Quality Improvement conducted an annual performance review of contractual performance measures.

WMPC maintains its Network Provider accreditation through the Council on Accreditation (COA).

Governance

WMPC's Board of Directors continues to be comprised of the CEO or a delegate from each of the five private agency consortium member agencies as well as seven community members.

- Diversity in race, ethnicity, gender, socioeconomic status, and age.
- Persons with lived experience as a biological parent of a youth in the foster care system, or as a youth in foster care and foster parents.
- Disciplines: education, health, law enforcement, judicial, housing/ community development, faith, and business.

Two provider board members resigned from their respective agencies, and subsequently stepped off the WMPC board (Jim Paparella, D.A. Blodgett-St. Johns; Chris Slater, Catholic Charities West Michigan). Jeremiah Hawkins, CPO at D.A. Blodgett-St. Johns and Alisa Otto, CPO at Catholic Charities West Michigan, were added to the board to represent their agencies.

Dr. Nkechy Ezech, Executive Director of the Early Learning Neighborhood Collaborative and Kayla Morgan, a former foster youth and founder and owner of Resilient Roots, a trauma-informed yoga practice resigned from WMPC's Board. WMPC has four board slots to fill in order to have seven members representative of the diversity of the community and to allow for a non-provider quorum.

Status of Performance-Based Contracting Model

Appendices

- *Appendix 1 – FY2020 WMPC Network Annual Performance Report*
- *Appendix 2 – Michigan 3rd Annual Report Executive Summary*