

Status of Performance-Based Contracting Model Second Quarter Report

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

April 1, 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.

The Michigan Department of Health and Human Services (MDHHS) has continued its

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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 fiscal year which was 9 out of 14.
- **1 out of the 6** identified well-being performance measures. This was an increase from last fiscal year which was 0 out of 6.
- **2 out of the 7** identified safety performance measures. This is an increase from last fiscal year which was 1 out of 7.

The detailed quarterly performance measures are included in the attachment titled *Fiscal Year 2022 Quarter One Performance Report*.

Below is an overview of the racial demographics of the children served in quarter 1 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. *Source information for Kent County demographics of children under 18: American Community Survey 2019: 1-Year Estimates, S0901 Children Characteristics.

Race of child	Number of children	Percent of foster care population	Kent County Population (Children under 18)*
American Indian/Alaskan Native	2	0.3%	0.1%
Asian	0	0%	2.6%
Black/African American	220	37.9%	10.5%
Multiracial	91	15.7%	11.2%
White	266	45.9%	71.2%

Expenses (Cash Basis)	FY2018	FY2019	FY2020	FY2021	Q1 FY2022	Projected FY22 vs 21
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Foster Care Admin	\$ 15,240,083	\$ 15,610,709	\$ 11,470,204	\$ 12,614,462	\$ 2,690,959	↓
Caregiver Maint.	3,648,410	4,643,238	4,050,516	4,583,000	848,125	↓
EFC Maint. & Admin	1,053,168	3,448,756	2,960,982	3,104,642	734,489	↓
Residential	10,525,555	9,042,917	9,052,993	6,596,684	1,324,632	↓
Shelter	1,167,662	1,247,024	781,287	178,501	4,946	↓
Ancillary Services	1,325,453	1,399,903	1,070,799	1,369,525	225,465	↓
Adoption Admin	1,337,245	1,648,892	1,447,124	1,873,142	240,610	↓
TOTAL	\$ 34,297,576	\$ 37,041,439	\$ 30,833,905	\$ 30,319,956	\$ 6,069,227	

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

Key Innovations and Status Updates

- In October, WMPC received the first 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 \$2.98M, under an accrual basis.
 - WMPC received 47 intake referrals in the first quarter of FY22; this is a decrease from the 59 intake referrals received in the fourth quarter of FY21.
 - 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 October and December 2021, the number of days children spent in residential placements decreased by 6% 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 Annual Performance Report*.)
 - During quarter one, WMPC's clinical liaison received over 87 trauma screening referrals leading to 10 formal mental health assessments, over 90 staff consultations on mental health needs of children in foster care, and more than 60 youth connected to open-access services through mental health providers contracted with Network180.
 - Within the last quarter, the Parent Engagement Program has successfully discharged two families from the program as they reunified with their children. Upon exiting one parent reported they felt encouraged and supported by their parent engagement specialist to complete their case service plan.

- WMPC is finalizing our Foster Care A.L.L.Y Project. The Ally Project will partner with a local nonprofit to lead a Gender & Sexuality Alliance that will serve

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children in foster care as well as other interested Kent County youth. We established a community collaboration to support LGBTQ+ youth in care and housing insecure. The program will offer opportunities to support their social and mental/ emotional well-being.

- The COVID-19 pandemic continues to have an impact on operations and performance. Turnover and hiring qualified case managers are a struggle with our partner 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 2022 Quarter One Performance Report.