

Status of Performance-Based Contracting Model

(FY2023 Appropriation Act - Public Act 166 of 2022)

March 1, 2023

Sec. 504. (1) From the funds appropriated in part 1, the department shall implement a 3-year master agreement with an option for 2 additional years with the West Michigan Partnership for Children Consortium to maintain the performance-based child welfare contracting 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) As a condition for receiving the funding in part 1, the West Michigan Partnership of Children Consortium shall maintain a contract agreement with the department that supports a global capitated payment model. The capitated payment amount shall be based on historical averages of the number of children served in Kent County and for the costs per foster care case. The West Michigan Partnership for Children Consortium is required to manage the cost of the child population it serves. The administrative portion of the contracted agreement must reflect the cumulative annual percentage change in the Detroit Consumer Price Index from the previous year. The capitated payment amount shall be reviewed and adjusted no less than twice during the current fiscal year or due to any policy changes implemented by the department that result in a volume of placements that differ in a statistically significant manner from the amount allocated in the annual contract between the department and the West Michigan Partnership for Children Consortium as determined by an independent actuary as well as to account for changes in case volumes and any statewide rate increases that are implemented.

The contract agreement requires that the West Michigan Partnership for Children Consortium shall maintain the following stipulations and conditions: (a) That the service component of the capitated payment will be calculated assuming rates paid to providers under the program are generally consistent with the department's payment policies for providers throughout the rest of this state. (b) To maintain a risk reserve of at least \$1,500,000.00 to ensure it can meet unanticipated expenses within a given fiscal year. (c) To cooperate with the department on an independent fiscal analysis of costs incurred and revenues received.

(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 outcomes measured.

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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.



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The Michigan Department of Health and Human Services (MDHHS) and the West Michigan Partnership for Children (WMPC) successfully completed five fiscal years (Fiscal Year 2018 - Fiscal Year 2022) of the Kent County child welfare funding pilot on September 30, 2022, and the first quarter of the sixth Fiscal Year (FY) on December 31, 2022.

The West Michigan Partnership for Children currently receives the majority of its funding through an annual grant agreement with MDHHS which contains State of Michigan General Fund dollars, pass-through dollars from federal grants to the State, and Kent County Child Care Funds. The WMPC has a subcontract with Network 180 for a Clinical Liaison position. The WMPC manages a grant from the Michigan Health Endowment Fund to implement the trauma-informed Sanctuary Model throughout the Kent County child welfare system, as well as a new grant from Kent County from their Early Childhood millage to fund a parent engagement program.

Number of Children Placed by Agencies in the Consortium

During FY22, West Michigan Partnership for Children placed 206 children with the five private foster care agencies and discharged 256 children. Foster care services were provided for a total of 739 children in FY22.

West Michigan Partnership for Children intakes decreased slightly in FY22 to 206 children from 220 children in FY21; the disproportionality in intakes show that Black / African American youth were represented almost three (2.8) times the rate of the total population in Kent County. This was a decrease from three times the rate of the total population in FY21. WMPC discharged 34 percent fewer children in FY22 (256) than in FY21 (389).

Actual Revenue and Expenditures

For the twelve-month period ending September 30, 2022, on an accrual basis, West Michigan Partnership for Children recognized \$39,345,183 in revenue, including \$36,467,356 provided through the Child Welfare Continuum of Care Grant, annual grant agreement with MDHHS, and \$338,096 from other private grants. WMPC had expenditures of \$28,081,547 for all operations.

Fund Balance

The MDHHS Children's Services Agency (CSA), the Legislature, and State Budget Office (SBO) agreed to a new capitated allocation funding model effective FY21. For FY22, \$34,467,356 for foster care services and \$2,000,000 for administrative operations was appropriated.

In excess of the allowed \$1,500,000 risk reserve and \$1,500,000 reinvestment reserve stipulated under the contract, West Michigan Partnership for Children recognized a surplus of \$10,408,065 that has been requested to be returned to MDHHS. As of this report date, WMPC has not returned the funds to the department, as the conversation is being continued for whether the organization should be able to retain a greater portion of their earnings to reinvest within Kent County.

Consortium Personnel

This year WMPC experienced turnover in several key positions; a significant contributing factor was the uncertainty of the status of the pilot/WMPC's work. In March 2022, a new Director of Care Coordination and Innovation was hired, filling all vacancies in our Senior Leadership team. Late spring, WMPC's Parent Engagement Manager took another position, and this role was filled internally, by the intake and placement coordinator. The PQI manager resigned in April and the Director of Quality Improvement resigned in September. New PQI coordinators and a Data Quality Analyst were hired in FY22 as well. Recruiting and interviews are currently occurring for the following positions: care coordinator; intake and placement coordinator; PQI

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manager; PQI director; and an Executive Assistant (a new position).

Contracts

WMPC included race equity and social justice requirements in its five primary subcontractor FY22 contracts to support provision of culturally responsive foster care services. The contracts required the service providers to foster an equitable, inclusive, and antiracist workplace. The requirements focus on the following areas: agency & workforce development; addressing racial disparities; workforce diversity; providing equitable & inclusive services; fostering a culture of affirming foster placements; strengthening staff to affirm LGBTQ+ youth in care; and strengthening BIPOC foster family recruitment efforts. Provider contract audits will determine how agencies performed in this area.

Consortium Performance Measures

The WMPC network achieved 10 of the 28 performance measure benchmarks for FY22. (See Appendix 1, WMPC Authored FY2022 WMPC Annual Network Performance Report.) The COVID-19 pandemic continues to impact WMPC network performance, especially as it relates to the CFSR measures. Staff turnover at the partner agencies continues to be significant and has affected performance. The use of institutional care has decreased, and placements with relatives has increased.

Monitoring and Evaluation

Westat has continued evaluation of the pilot with specific support from WMPC's Director of Performance and Quality Improvement (PQI) including monthly calls and information sharing with evaluation stakeholders. (See Appendix 2, Michigan 5th Annual Report Executive Summary).

In May 2022, Westat team members held virtual interviews with the WMPC team, local MDHHS staff, many of the private agency foster care staff, and local court personnel as part of the process evaluation, which will be included in the final report in 2023.

WMPC maintained its regular two-year license following an audit by the Division of Child Welfare Licensing (DCWL). MDHHS Division of Continuous Quality Improvement (DCQI) also conducted an annual performance review of contractual performance measures.

WMPC maintains its Network Provider accreditation through the Council on Accreditation (COA). Re-accreditation is due the summer of 2023, so the WMPC team will be working on the self-study and onsite visits throughout the year.

Governance

The WMPC 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 four community members; one board member ended their term early due to personal reasons. Additional board members will be added this year, now that WMPC has passed the pilot phase. A board matrix is used to ensure diversity and includes:

- 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 including education, health, law enforcement, judicial, housing/community development, faith, and business.

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Appendices

- *Appendix 1 – FY2022 WMPC Network Annual Performance Report*
- *Appendix 2 – Michigan 5th Annual Report Executive Summary*