



Texas Alliance of Child and Family Services
2011 Texas Child Care Administrators Conference

**What Comes Next?
Transition Challenges, Lessons
Learned & Winning Strategies**

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Topics for Discussion

- Contracting Trends- Texas is not alone!
- Transition Challenges
- Lessons Learned
- Success Factors/Strategies
- Crystal Ball
- Questions & Answers

Contracting Trends

- Over half of the states have contract reforms efforts - most are performance-based and include risk-sharing payment arrangements.
- There is an increased emphasis on purchasing results and rewarding performance.
- In some, case management is delegated; in others the public agency retains CM.

Contracting Trends

- There is great variability in size and scope :
 - Two states have statewide initiatives that include entire child welfare caseload after CPS investigations (KS, FL)
 - Others have regional LAs in some parts of the state but not in others (WA, PA (Philadelphia), **TX!**)
 - Others have PBCs for all service providers - Some contracts are small and others are quite large. (IL)
- Scale is an issue in both directions. When providers are at risk, the size, case mix and scope of services matters!

Contracting Trends

- In all, planners have to determine the target population/services, the contracting model, the roles/responsibilities, the outcomes, the payments. Sometimes planning happens behind closed doors, sometimes it is inclusive. **TX got this right!**
- **The final contract has to be responsive to unique state/local needs. Because of this, no two states have reached the same decisions or created the same performance-or risk-based contract.**

Contracting Trends

- Initiatives have had goals that are similar to Texas:
 - Improved outcomes consistent with ASFA and CFSR
 - System improvement (expansion of services, more equitable distribution, greater local control, greater family involvement, etc)
 - Alignment of financial risk/incentives with programmatic goals

Contracting Trends

- States are increasingly linking payment to performance. Sometimes the linkage is implicit in the payment model; other times it is explicitly tied to performance. In 2009, the QIC-PCW found 14 states link payment directly to performance and 11 others that use PMs to gauge referral and renewal decisions.
- There was and is great variability in how payments are structured and risk is introduced. Models may vary within the same contract over time.
- Very few of the performance based payment models are repeated across states. No state has a model like TX.

Contracting Trends

- Every contract has risks - the potential for revenues and expenditures to vary in unexpected ways.
- How risks are shared or shifted to private agencies has varied with different payment models. **What are possible risks?**
 - Cost of producing units of services;
 - Rate of entry/exit;
 - The volume of units used;
 - The types of services used/utilization patterns—especially looking at differences in new and legacy cases;
 - The duration (length of stay and/or other outcomes that are in contracts).
 - Warranty periods, etc...

Contracting Trends

- Lead Agency Model – Most common model: since the 1990s
 - Public agency contracts with **one** agency w/in designated region to provide or purchase all specified services for target population from time of referral to case closure or at some other point specified in the contract.
 - Network development and service coordination are key requirements.

Examples: FL, KS, MO, NE, WA (aborted) and **NOW the SSCC in TEXAS!**

Contracting Trends

- There are variations in a Lead Agency model.
 - Some provide most services with few or no subcontracts; others procure most services; a few deliver no services (operating as MSO).
 - Some contracts cap amount of services LA can deliver; others don't.
 - Some are single agencies; others are newly formed corporations.
 - VAST majority are nonprofit and most are accredited.
 - Some LAs use performance-based contracts with their network providers. **Texas?**

Contracting Trends

- No decision is more important or controversial than case management. Role clarity is essential.
 - In some states, public agency delegates case management for certain children/youth. (FL, KS, IL, NYC, MO, DC, NE)
 - In others, private agency has control over some day-to-day decisions but public agency retains legal case management. (IA)
 - A few states have overlapping or dual case management/ care coordination which may pose challenges. (PA, MA, **TX**)
- The public agency **ALWAYS** retains ultimate responsibility for the case (through contract oversight).

Contracting Trends

- Challenges still abound in selecting/defining “outcomes” and performance measures:
 - Poorly defined outcomes/measures
 - Too many, too few, or not “right” outcomes
 - No alignment between \$ and expectations
 - Lack of balance between roles/authority and outcomes
 - What is linked to \$ & the threshold for success

Contracting Trends

- Designing a fiscal model has been neither simple nor straightforward. States struggle with:
 - Overall pricing (how much \$ should be in the pot)
 - How rates will be determined
 - How payments will be made
 - How risk/rewards will be introduced
 - How “savings” will be used/reinvested
 - When and how adjustments will be made.

Transition Challenges

- Even if Texas does everything right with the procurement process, expect transition challenges:
 - Fear and loss (both sides!)
 - Role confusion
 - “That’s not the way it works”
 - Mistrust
 - Inadequate or questionable data
 - Different understanding of contract terms!!!!

Public Agency Transition Challenges

- Internal opposition
- Infrastructure and understanding of what it takes to support/oversee contracts
- Figuring out what shared accountability means (It is NOT Attila the Hun or Kumbaya by the campfire)
- Time & effort to cultivate relationships
- Data to stay on top of quality, cost, risk
- Early warning systems

Private Agency Challenges

- Business/administrative capacity
- Higher than projected start-up costs
- Lack of data and technology
- Limited understanding of risk
- No experience “managing for results”
- Not the right people in the right places doing the right things
- Inadequate or uneven service array
- The practice culture!

Transition Success Factors

1. Strong, steady leadership
2. Broad-based stakeholder involvement
3. Formal structures to support ongoing communication and planning (IL CWAC)
4. Adequate time and start-up \$
5. Reliable, accessible, and trusted data
6. Mutual respect.
7. Front-line buy-in (both sides!)
8. Workforce development/cross-training

Transition Success Factors (cont)

9. Reach consensus on contract terms and especially roles
10. Refine/clarify performance measures
11. Develop data-driven shared QA/QI system
12. Begin to build trust. Follow through on promises, demonstrate good will.
13. Transparency. No games, no hidden agendas. Everything is on the table.
14. Shared commitment to “readiness” of both public agency and contractor.

Long-term Partnership Success Factors

Shared Accountability Takes Work! The QIC asked 17 states to share their structures and strategies

- ❑ Leadership at the top- consistent, steady before and after the ink is dry and especially when performance lags (as it will!).
- ❑ REAL working committees (IL CWAC)
- ❑ Regular & frequent meetings with candid dialogue, ongoing communication and problem-solving.
- ❑ Shared CQI process focused on system change and not BLAME.

What Results Can Texas Expect?

- Assume you have done everything right...so, what can you expect? Results are mixed. Some contracts exceeded expectations; some were dismantled; others were modified and expanded.
 - Without independent evaluations it is hard to tell why individual contracts succeed or fail.
- Innovative practices and improved results have been noted in all types of contracting models. Conversely, all types of contracts have also experienced failure.
- We do have 15 years of “lessons learned” and things to avoid....

Top Ten Lessons Learned

1. Success does not relate to the type of contract or payment model.
2. There are no quick fixes! Changing the culture is harder than you think.
3. There is no silver bullet! PBC is not a panacea for system deficits or an answer to budget woes. It is not the greatest thing since sliced bread.
4. There is no free-lunch! You get what you pay for and it **WILL LIKELY** cost more short-term.

Lessons Learned

5. No, thank you maybe a good answer! Know what you can and can't do and feel free to just say no to an RFP.
6. You get what you measure so use care in selecting PMs—unintended consequences can and do occur!
7. You can't fix what you don't know. Data challenges have to be resolved! Private agencies will have to find ways to overcome any public data system deficits.

Lessons Learned

8. Flexibility! Contracts need to be seen as a work in progress. Are there mechanisms to make mid-course corrections?
9. Private agencies don't have magical powers. They will face the same problems/ hurdles as the public agency.
10. Be prepared for a bumpy ride. There are a million ways for contracts to fail before or after they get off the ground.

Private Agency Winning Strategies

- Fully understand the rules before you begin the contract
- Develop the capacity to track and measure PMs and outcomes everyday
- Begin with the end in mind – successful outcomes start on Day 1 when the child is referred
- Recognize the risk inherent in the contract and institute a risk management approach.

Strategies

- Gain control over your agency and network
 - Have ability to control/reward staff and provider performance and ACT when performance lags
- Be willing to change everything you do. Take a critical look at your approach.
 - Is Intake too complicated?
 - Are service plans consistent with the redesign?
 - Is there too much focus on the child vs. the family?
 - Are services too bed based and not in-home and community oriented?

Strategies

- **Become a data-driven agency that:**
 - Understands unit costs and risks.
 - Tracks clients through a continuum of care
 - Interfaces with the public IS systems
 - Uses data to develop and track KPIs.
- **Build a robust Quality Management System.**
 - Gather and use data to continually re-assess service planning and processes...be willing./able to self-correct.

Top Things to Avoid

- **Magical Thinking:** There is no perfect contract out there. There is no prevailing “model” and no comparative data to say one works best.
- **Arrogance:** Thinking you can design a perfect system or manage a contract while ignoring lessons learned elsewhere.
- **Stupidity:** Mandating things that FAR exceed funding—or believing as a private agency that you can do the impossible.

Things to Avoid

- **Thinking that this is easy!** Moving from purchasing or delivering services to buying or managing for “results” is challenging for both sides.
- **Rigidity.** Saying oops and making a mid-course correction is not a sign of failure, it is a good indicator that early warning systems are working.
- **Overselling.** The truth is the results are often mixed.

Crystal Ball

- Contracts for all types of child welfare services will increasingly be performance-based with outcomes that mirror ASFA /CFSR.
- There will be more providers (in-state or **out-of-state**) willing and able to share financial risks, potential rewards and be held accountable for results.
- There may be more consolidation and more statewide and regional contracts.

Crystal Ball

- Private agencies that can help public agencies manage shrinking resources and meet federal and state (and consent decree) requirements will survive and thrive.
- Some private agencies will opt out of PBC and others will not survive the transition.
- Without shared accountability contracts will fail.
- There are things on the horizon that may have a big impact on PBCs in child welfare - ACA, for example.



Let's Talk...

Questions & Answers

For Additional Information

All of the ASPE topical papers can be accessed online:

Assessing Site Readiness: <http://aspe.hhs.gov/hsp/07/CWPI/site/index.shtml>

Program and Fiscal Design:

<http://aspe.hhs.gov/hsp/07/CWPI/models/index.shtml>

Roles of Public & Private Agencies:

<http://aspe.hhs.gov/hsp/07/CWPI/roles/index.shtml>

Evaluating Privatized Efforts:

<http://aspe.hhs.gov/hsp/07/CWPI/guide/index.shtml>

Preparing Effective Contracts:

<http://aspe.hhs.gov/hsp/07/CWPI/contracts/index.shtml>

Quality in Contracted Services :

<http://aspe.hhs.gov/hsp/07/CWPI/quality/report.pdf>

The ASPE series builds upon field research and the work of the [Quality Improvement Center for the Privatization of Child Welfare Services](http://www.uky.edu/SocialWork/qicpcw/) (<http://www.uky.edu/SocialWork/qicpcw/>). The QIC site contains links to other research reports.