

December 13, 2010

Commissioner Anne Heiligenstein
Texas Department of Family and Protective Services
701 West 51st Street
Austin, Texas 78751

Dear Commissioner Heiligenstein,

Thank you for the opportunity to provide you with our recommendations for redesign of the Texas foster care system.

In January, 2010, the Public-Private Partnership (PPP) was given the opportunity to develop recommendations for changing the Texas foster care system to improve outcomes for children, youth and families. Specifically, we were asked to make recommendations that would ensure that children in foster care were appropriately placed with siblings and served in their home communities. In addition, we were asked to consider ways to provide incentives for reaching desired outcomes. These recommendations were to be made within two parameters: the redesigned system could not require nor preclude additional funding and the redesigned system could not include transfer of case management responsibilities. Specifically, we were to address the following objectives:

- How to contract
- How to pay
- Where and what kind of services were needed

During the past year over 3,000 stakeholders participated in foster care redesign presentations, meetings and public forums. Many of those stakeholders contributed comments invaluable to our process.

Keeping as our primary focus the best interest of the children, youth, and families we serve, the PPP considered stakeholder input, including responses to the RFI and stakeholder survey, studied foster care models from other states, reviewed Texas-specific data and assessed numerous options for applicability in a Texas-specific system. After eleven months of dedicated work, the PPP has reached the following consensus recommendations.

These recommendations outline a system we believe will result in increased accountability, quality, coordinated services and ultimately, better outcomes for children and youth.

Note: These recommendations are made contingent upon

- **Transfer of DFPS resources commensurate with transferred tasks**
- **Staged implementation and an evaluation of early implementation sites showing positive results prior to expanding roll-out**
- **Increased provider authority/participation in making placements within the continuum**
- **Increased collaboration and cooperation between DFPS and stakeholders**
- **Provider authority/ability to impact outcomes for which they are held accountable**
- **Maintaining, at a minimum, current foster funding levels**

We understand that the amount of administrative resources to be transferred may be unknown until catchment areas are designated and also understand that, in order to ensure the integrity of possible future procurements, selection of catchment areas and other detail regarding other issues may not be known to us until the public release of a draft RFP.

Quality Indicators

The PPP adopted quality indicators to provide the foundation for our work; i.e. any recommended system would have to facilitate accomplishment of these indicators. These quality indicators are recommended with the understanding that the individual needs of a child are paramount - not all indicators will be appropriate for every child. However, collectively, the indicators are viewed as optimal. We expanded on DFPS' initial goals for the project and as a result of input from many stakeholders, including youth, recommend the following:

- **First and foremost, children are safe in their placements.**
- **Children are placed in their home communities.**
- **Children are appropriately served in the least restrictive environment that supports minimal moves for the child.**
- **Connections to family and others important to the child are maintained.**
- **Children are placed with siblings.**
- **Services respect the child's culture.**
- **To be fully prepared for successful adulthood, children and youth are provided opportunities, experiences and activities similar to those experienced by their non-foster care peers.**
- **Children and youth are provided opportunities to participate in decisions that impact their lives.**

We also recommend that performance measures for continuum contracts are based on these indicators.

How to Contract

There are approximately 340 paid foster care providers currently under contract with the state. However, because the State has an "open enrollment" process, providers may not be located where services are needed or provide the types of services required. Providers have little predictability regarding the number of children they will be asked to serve or the types of services they may be expected to deliver, making it difficult to plan or modify services according to demand.

Although current residential contracts do include some performance expectations, expected outcomes are not included, nor are incentives for producing good results. As a result, providers who deliver quality services and successfully serve children are not distinguished from providers who do not.

Finally, because services are fragmented and placements are specialized according to the Service Level System, many children must move multiple times to get the services they need, frequently have to move from their home communities to be served and are placed apart from their siblings. In the current system there is no established process for coordinating these moves among providers and little coordination or planning between DFPS and providers to facilitate transition for children. As a result valuable information may not be conveyed and progress a child has made may be lost.

To help remedy these issues the PPP recommends the following:

- **Contract for outcomes (performance-based contracting)**
- **Competitive procurement**
 - **Open to profit and not-for-profit sector**
 - **Open to Texas and non-Texas agencies, but preference given to providers who have experience in Texas**
- **Contract for the full continuum of services (all levels)**
- **Contract in a specified catchment area for the continuum**

How to Pay

The current model does not reward good outcomes and in fact provides financial disincentive as children improve and service levels decrease or permanency goals are accomplished. As previously noted, a child may be moved unnecessarily, and as caretakers and therapists change, progress the child has made may be lost. Providers don't have flexibility regarding meeting a child's specific needs in lesser restrictive

settings without incurring a lowered rate or using the rate to purchase unique services tailored to a child's specific needs.

To better align incentives and desired outcomes, provide flexibility for developing child-specific services and increase opportunities to serve families the PPP recommends:

- **Elimination of Billing Service Level link to Authorized Service Level**

- **Blended Case Rate (phased in via staged implementation, beginning with blended rate)**
- **Incentives based on achievement of timely permanency (reduction in length of stay) and improvement in a child's well-being**
- **Reinvestment of incentives to further improve outcomes**

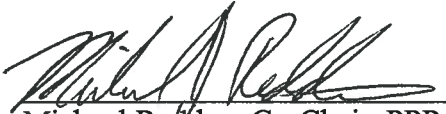
Implementation

The PPP recommends the model initially be implemented in a limited number of catchment areas. This initial group of catchment areas (set up as “innovation zones” or “test” sites) would include metro and non-metro catchment areas and would be of sufficient size to be fiscally viable. To minimize risk and maximize opportunities for success, the PPP also recommends phasing in the redesigned system as follows:

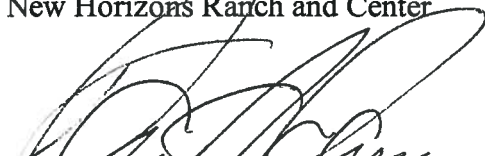
- **Stage I:**
 - Implement performance based contract for continuum in specific geographic catchment areas
 - Blend rates across all service levels and eliminate tie between billing and authorized levels of care
- **Stage II**
 - Increase providers' role with families of children in their care
 - Provide allocation for services to families of children in care
- **Stage III**
 - Implement case rate to include length of stay incentives
 - "Hold harmless" in regard to financial remedies during first year
 - Implement reinvestment of incentives to further improve outcomes for children in foster care


In addition, the PPP proposed evaluation of catchment areas and modification of the model, if needed, prior to expanding implementation to new geographic areas.


The recommendations of the group were reached through consensus. We endorse and support the recommended changes.


Michael Reiden, Co-Chair, PPP
Executive Director
New Horizons Ranch and Center



Audrey Deckinga, Co Chair, PPP
Assistant Commissioner
Child Protective Services



Dan Adams, President and CEO
Cal Farley's



Tina Amberboy, Executive Director
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for Children, Youth, & Families



Lisa Black, Regional Director
Child Protective Services

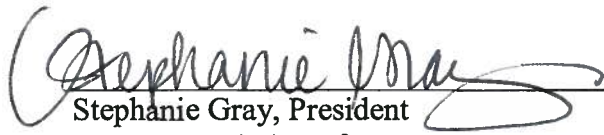

Roy Block, Executive Director
Texas Foster Family Association


Caroline Bogues, Alumni
Foster Youth Representative


Tim Brown, President and CEO
Methodist Children's Home


Robert Ellis, CEO
Pegasus Schools, Inc.



Judge Paul Gallego
4th and 5th Administrative Judicial Regions
Cluster Court, Webb County



Stephanie Gray, President
Texas Association of
Child Placing Agencies

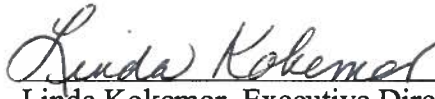

Betsy Guthrie, President and COO
Lutheran Social Services

Public Private Partnership Letter

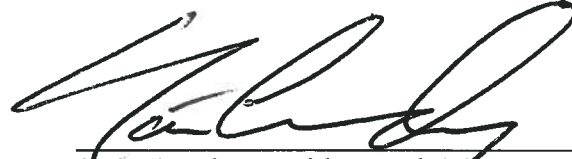
Foster Care Redesign Recommendations for Commissioner Heiligenstein



Lynn Harms, President
Children's Home of Lubbock


Nancy Holman, Executive Director
Texas Alliance of
Child and Family Services

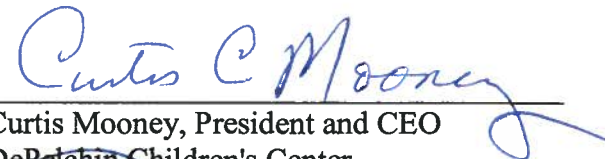

Linda Kokemor, Executive Director
Settlement Home for Children


Michael Langford, Executive Director
ResCare/Texas Hill Country School


Scott Lundy, President and COO
Arrow Child and Family Ministries


Judge William Mazur
304th District Court, Dallas County

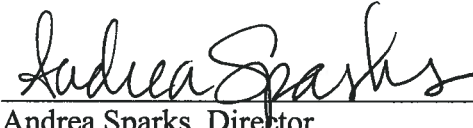

Judge F. Scott McCown
State District Court Judge (retired)



Curtis Mooney, President and CEO
DePechin Children's Center


Sasha Rasco, Assistant Commissioner
DFPS Child Care Licensing


Judge Peter Sakai
225th District Court, Bexar County


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