

California Alliance of Child and Family Services

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Private Agency Readiness "101": How to Survive and Thrive Under a Performance-Based Contract

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Why Are We Here?

- To understand new expectations;
- To understand the risks and opportunities;
- To reach a common understanding of what it takes to successfully manage risk and performance-based contracts;
- To understand key readiness components; and,
- To help you identify priority areas that need your attention!

What Are We Talking About?

- **Performance-based contracting** means the structuring of all aspects of the procurement of services around the purpose of the work to be performed and the desired results with the contract requirements set forth in clear, specific, and objective terms with measurable outcomes. Contracts include provisions that link the performance of the contractor to the level and timing of reimbursement.

“Never tell people how to do things. Tell them what you want to achieve and they will surprise you with their ingenuity.” General George Patton

Elements of New Contracts

- Private agencies assume increased responsibility for case-level decisions (case management or care coordination).
- Private agencies share financial risks/rewards.
- Private agencies are held accountable for results.
- These new contracts have led to a more competitive environment. They also result in a system where only the best performing providers survive.

What Do States Want?

- Correct system deficits and meet federal mandates (for the same or less \$\$\$!)
- Providers who are willing and able to share risks and/or be held accountable for results.
- Quality—Accreditation and robust QA/QI capacity are increasingly important.
- The State is not looking at you as a service provider. Instead you are supposed to manage resources and get results. If you can't help them, they will look for someone who can.

What Do States Want?

Providing safe care is not enough. States want:

- greater engagement of families,
- reductions in repeat maltreatment,
- placement stability,
- shorter LOS, permanency that lasts,
- reduced reliance on group/residential care,
- fewer re-entries into OHC,
- fewer youth aging out without permanent adult connections,
- In short, public agencies want you to help them meet CFSR outcomes/indicators.

What Are the Risks & Opportunities?

- States are increasingly linking performance to incentives or penalties and using new payment models that inherently introduce variable levels of risks (global budgets, case rates, etc). You could have far greater financial risk in the future than you do today.
- Why take the risk? By being willing to assume risk, private agencies gain greater control over day-to-day decisions and resources and build stronger alliances with public agencies; theoretically that gives them greater control to achieve results that benefit children and families while also advancing the agency's mission.

Common Contract Requirements

- Partner with public agency to integrate and manage/coordinate all services
- Ensure continuity of care from entry to exit and beyond
- Meet outcomes and performance standards
- Accept all referrals-No reject/no eject
- Maintain quality - QA/QI
- Maintain solid fiscal and management systems to manage risks and stay within budget

Requirements (cont)

- Increase community engagement/resource development
- Utilization management to ensure children get what they need—no more and no less!
- 24/7 Seamless intake and referral processes
- DATA!!! Collection, analysis, and reporting
- Administrative infrastructure – “business capacity”
- Timely, frequent, and effective child & family engagement, visitation, and worker contact.

The Private Agency Challenge

When everything around you is uncertain but action is needed...

“Somebody has to do something, and it’s just incredibly pathetic that it has to be us.”

Jerry Garcia

The first step is to ask and answer some basic questions...

What Do You Know About Trends?

- Hotline reports
- Rates of findings
- Rates of placement
- Length of stay
- Permanency goal attainment
- Re-entry
- Disparity in outcomes across subsets of children, geographic areas?
- The state's CFSR findings? What's in the PIP?

What Do You Know About Kids & Families You Serve?

- Demographics
- Disproportionality
- Most common problems
- Geographic distribution
- What services they receive?
- Which populations succeed?
- Which cost the most to serve?
- Relationship between needs and services
- Relationship between services, outcomes, and costs
- Utilization patterns

What Services and Supports MIGHT You Need to Build or Buy?

- Care Coordination, TCM
- Crisis Intervention
- Child Abuse Prevention and Early intervention
- In-home services
- A full array of out-of-home care services
- Foster care recruitment & support
- Kinship care
- Adoption
- Independent Living Services
- Reunification services
- Behavioral health services for child/parents
- Aftercare
- Access to non-traditional community and faith-based services and supports

Are there Enough of the “Right” Services?

The ideal would be to have sufficient capacity to be able to wrap appropriate services around the child and family, no matter where the child is served. There could be opportunities for different types of agencies to meet the changing needs:

- 1) Informal providers (“free” community prevention services and supports);
- 2) Contracted “formal” providers reimbursed directly by the lead agency, and
- 3) Providers reimbursed outside the lead agency contract (BH, Medicaid, etc).

Would you be ready to systematically assess needs, identify and fill gaps?

Do You Have the Mindset, Tools, & Innovations to Succeed?

1. Wraparound planning
2. Family engagement/conferencing
3. Timely Assessments
4. Individualized family-driven Service Plans
5. A focus on quality, results, and accountability (direct staff and TOP)
6. Access to a full array of services
7. Use of clinical protocols and decision support tools
8. Utilization review integrated with Care Coordination
9. Meaningful involvement of community in assessing/building SOC.
10. Improved use of technology
11. Data literacy
12. Frequent service reviews
13. Caseloads that meet accreditation standards
14. Training and supports for staff
15. An effective, ongoing communication strategy
16. Increased attention to prevention & BH
17. SOC practice principles and EBP

What Do You Know About Risk?

- Risk = Variability.
- Depending on the payment model, you could be at risk for:
 - Case mix
 - Rate of entry
 - Cost of producing a unit of service
 - Volume of units used
 - Types of services used, utilization patterns
 - Performance (e.g., LOS, post-permanency “warranty” periods, or other explicit/implicit outcomes)
- Accurate and timely data is the best protection!

What You Don't Know Impacts RISK

- Depending on the payment model and PBC elements, it is important to use accurate data to weigh the risks associated with each contract and with different subsets of the target population, including data that captures demographic characteristics, service utilization patterns, expenditures, and outcomes.
- It is important to also look at the experiences of new cases vs legacy cases.
- This information is essential in tailoring services, setting utilization targets, and managing costs under a global budget or case rate.

Will You Control Decisions that Impact Risk?

- Child/family needs assessment
- Child and family safety plans
- Concurrent case plans
- FTMs? Who convenes/facilitates?
- Placement decisions, level of care, permanency goals, and case closure
- Court-related petitions and hearings
- The point at which your responsibility for the case ends
- Problem-solving and dispute resolution processes
- Caseload and other “quality” standards

Can You Create an Early Warning System?

- Can you identify where the risks are under any potential contracting opportunity?
- Can you create early warning systems to spot and resolve issues that could pose a significant financial risk?
 - What data will be needed, at what frequency, reported to who, and to be used how?
 - What capacity will be needed to respond immediately when performance lags?
- What is the strategy for engaging your public partner **BEFORE** you are in crisis to handle issues that require a collaborative strategy?

What Do you Know About Your Costs?

- What do your services (units of service) cost?
- Is there a difference in cost of direct services and what you purchase or the cost of competitors?
- Have you set spending targets for different types of services?
- Do you analyze fixed/variable costs and look at ways to improve these numbers?
- Do you reward productivity at the staff level?

How Good Is Your DATA System?

- Do you have the capacity to monitor performance on a daily basis?
- Do you have accurate /real-time data to manage PMs that have incentives/penalties?
- Are you able to spot variability—drilling down to the staff-level to ensure consistency?
- Can you track variability in performance across different subsets of target population? Across programs/providers?
- Is data regularly reported/reviewed and used to guide practice changes/staffing patterns or improvement?
- Are you ready for challenges in having your system “talk” to state’s data system?

Can You Meet Reporting Requirements?

- Can you capture, use, and report client, fiscal, and output/outcome data?
- Do you have customized reporting for internal and external use, including:
 - Client tracking
 - UM
 - QA/QI
 - Fiscal-profit/loss, contract burn rate
 - Client satisfaction
 - Staff productivity
 - Outputs/outcomes

MIS/Reporting (cont)

- **Intake/referral management** -Track referrals by any combination of provider, service or client type. Track "live" processing by time, organize by priority, need or contract. Track the status. Generate detailed reports of processing, outcomes and compliance.
- **Assessment/Placement Management** – Child data matched to placement provider/resource family data. Standard LOC criteria and process for identifying what assessments are needed and when. Unified management and financial reporting module allows you to capture data on assessments and utilization across all placement types.

MIS/Reporting (cont)

- **Utilization & Claims Management** – UR criteria and automatic triggers for reviews. Ability to match authorizations for services against claims submitted for payment.
- **Client Tracking/Care coordination** - Draws data from all modules/systems to provide a full picture of client services. Integrated with case notes- tracks both the client side transactions like face to face meetings, FTMS, phone calls, legal and medical events and the services provided, as well as the administrative transactions like time and attendance, employee management and projected vs actual expenses, etc.

How Client Friendly Are You?

- Single point of entry/intake with:
 - 1-800 number
 - 24 /7, 365 coverage
- Admission/intake criteria and checklists to ensure essential data is captured to guide assessment/service decisions & referrals
- Streamlined process for referral to care coordination and/or service providers
- Robust data tracking capacity-date/time clock starts for referrals; ability to track calls and actions taken.

Are You Ready for **TIMELY** Assessments?

- Provide assessment within specified timeframes
- Ensure that in-home and out-of-home care children receive health and dental screens and services, with more comprehensive BH assessments based on need.
- Quality review mechanisms to ensure complete assessments in timeframes required
- Coordinate all assessments into the case plan (through participation on the Family Service Teams)
- Capacity to track & monitor assessment, services linked to assessments, service utilization and **COSTS!**

Could You Do Placement Matching?

- Goal is to match right the first time to increase stability. Placement unit (part of call center) staffed by qualified staff with specialized skills to assist referring worker
- Staff have real-time access to information on available placement options—including preferences, abilities of caregivers and facilities. Child needs are matched to RF/facilities.
- Staff arrange transportation and the child will be in an appropriate placement within 2-4 hours of referral
- Pre-placement assessments and multi-level utilization review to ensure placement meets needs and children are moving towards permanency.
- Capacity to track/report placement timeliness/appropriateness/stability.

Can You Individualize Services to Get RESULTS?

Program Focus:

- Structured, integrated components
- Delineated progression
- Little variability
- “Preferred” length
- Staff attached to program

Service Focus:

- Menu of services available
- Progression tied to client needs/functioning
- Highly variable
- Length determined by client progress
- Staff attached to client

Is Your Quality Management Working?

- Actionable, multi-layered continuous data-driven QA/QI processes including “mini” CFSR reviews
- Long-term and interim performance indicators (balanced scorecards)
- Drill down analysis to staff level for both direct and purchased services
- Appeals/grievance process
- Satisfaction surveys –**USE THE DATA!**
- Continuous monitoring of contract compliance
- Daily, weekly, monthly management reports

Are You Comfortable with UM?

- Can you assure that resources are used effectively through the appropriate allocation of services?
- Do you have a clearly defined UM system that includes:
 - Prior authorization –Standardized assessment, LOC and other standard criteria to determine most appropriate services/placement.
 - Concurrent review- Process for periodic review using standard criteria (from 1-2 days to every 30 days).
 - Discharge/aftercare review- Adequate to ensure no re-entry
 - Retrospective QA review- Process for periodic “look-back” to see what worked and what didn’t & to test validity of criteria/tools.

How Solid is Fiscal Management?

- System in place to manage risks inherent in global budget, CR or other “risky” payment?
- Ability to capture unit costs across services/providers
- Ability to continually track actual vs projected costs
- Ability to track utilization and costs per child per year and per episode of care
- Claims payment system—methodology for authorizing/paying for services in timely manner, including adjudication of claims
- Handle inquiries/disputes with providers over claims.

Do You Have the Right Staff?

- Do staff have the right experience/ credentials to succeed? You may need to pay more than you are used to paying—particularly for senior managers!
- Do you have performance-based job descriptions?
- Training and enhanced supervision is KEY to success!
- Are staff prepared to use data and be accountable for results?
- Are you prepared to have staff level incentives?

Could You Manage a Network?

Are you ready to...

- Set rates
- Standardized application/credentialing process
- Orientation/training
- Streamlined (electronic) claims payment process
- Online provider manual & directory
- Performance monitoring & rewards
- Track results/costs of direct and purchased services.
- Online scorecard
- Determine how services will be added
- Manage competitive procurement?

Resource Family Recruitment & Retention

- Need a well-defined plan and a data system from day 1 to be able to track “flow”—how many inquiries does it take to get a licensed home? What is the drop-off rate from orientation to PSMAPP to License? Are the families you are recruiting the “right” families to care for the children entering care?
- Once you have a family, what will it take to keep them? You will NEVER be able to rely on recruitment alone to increase net capacity!
- What types of supports do you provide to foster and relative caregivers? How do you know if it is enough?
- Do you have recruitment goals for each area you cover? What data can you track to see if you are meeting goals?

So, Is the “Business Side” Covered?

- Strong Leadership/Administrative Team
- QA/QI
- UM
- Fiscal Management
- IT
- HR & Training
- Network Development/ R & R
- Communications/PR

Do You Have a Collaboration Strategy?

You will have several fundamental choices. You can:

- Decide to be a valued, niche provider.
- Decide to bid on your own.
- Decide to partner with existing providers to create a new entity to bid.

Each of those strategies presents different risks and opportunities.

How Do You Decide?

- How broad/diverse are the services you provide?
- Are you a market leader? What is your market share? Is it growing or declining? Are you the price/cost leader?
- Is your quality comparable to or better than agencies providing similar services?
- Can you think beyond what you do today to create what is needed—bringing in and overseeing services provided by other agencies?
- Do you have the admin capacity to collect and use data to manage services, risks, and quality to get RESULTS?

How Do You Decide?

- Do you have the right “friends”—political survival 101
- Bigger is better (broad collaboration) or, is total control best?
- Diversification versus specialization?
- Partners and competitors—blurred lines between friend and foe- How do you know?
- For-profit versus nonprofit-Does anybody care?
- How do stakeholders see your agency?

Top Ten Competency Areas

- Organizational leadership
- A strategic plan and vision consistent with PBC
- A focus on outcomes from start to finish with CQI- from top to bottom
- A demonstrated capacity to achieve results
- Ability to manage change, costs & risk
- Ability to collect and USE data (KPIs, Balanced Scorecards)
- Ability to build a workforce with the knowledge and skills to survive PBCs
- **STRONG** administrative capacity
- \$ to build the infrastructure/capacity needed
- Advocacy

Lessons Learned

Executives and Senior Managers

- Understand and embrace risk-or results-based contracting principles and tools
- Build a strong management team (CEO, COO, CFO, CIO, HR, QA/QI, etc)
- Get comfortable using data to guide case-level decisions and agency-wide planning.
- Be willing to take a proactive stance
- Be willing to re-think **EVERYTHING** you do **EVERYDAY!**
- Be willing to just say no if the risks are too high.
- Prepare for scrutiny.
- Learn **HUMILITY.**

Lessons Learned

Boards of Private Agencies

- Know trends and become comfortable with risk.
- Champion the mission while ensuring that the organization is run like a successful business.
- Be able to weigh the strategic options to ensure that the mission endures even if the organization changes.
- Broaden the board to include persons with business knowledge and skills
- Ensure that the organization has access to capital
- Engage in effective, proactive strategic planning to define the organization's place, chart a course, get out of the way, and measure and reward progress.

Success Strategies- Prioritize Today!

- Knowledge of the state's weaknesses and ability to proactively create the capacity to fill gaps or offer alternatives to meet identified needs—even before it becomes clear how contracts will change.
- Knowledge of your internal strengths/weaknesses and how you stack up to competitors.
- A board that understands and embraces future risks/opportunities.
- Steady, stable CEO and an effective management team (cover all bases!)
- All staff are prepared for the changes to come.

Success Strategies (cont)

- Access to \$ to get ready for an uncertain future (staff and infrastructure enhancements - IT!!!)
- The capacity to introduce or enhance business and casework practices and expand/individualize services (“unbundle” programs).
- The mindset and ability to create alternatives to out-of-home care and embrace family-centered practice.
- Effectiveness in monitoring/managing service utilization, outputs/outcomes, quality, and costs.

Success Strategies (cont)

- Ability to start-up or wind down as the direction becomes clear. High overhead, facility costs hinder quick responses.
- Ability to broaden service offerings and/or expand into new geographic areas within or outside the State.
- A sound collaboration strategy.
- Quality Improvement! Systems in place to second guess everything that you do today with an eye towards more effectively and efficiently meeting child and family needs.
- The ability to gain the public agency's trust.

How Will You Be Known in 2020

As an agency that is ...

- Outcome oriented and able to report results?
- Flexible but coherent--things can happen fast and children and families are not allowed to fall through the cracks?
- Able to deliver the right services in the right amounts to get the right results?
- Responsive to community needs?
- A place where people want to come to work everyday?
- An advocate for children/families the system?
- An effective and efficient manager of resources?

What are the decisions you can make today that will help you reach the future you envision?

Trailblazers-Providence

- **Providence Service Corporation-** Publicly traded corporation founded in 1997 in response to the increasing governmental initiatives to privatize human services. Providence is labeled the "Human Services Company Without Walls" due to the fact that the company does not own or operate any type of institution.
- It has made 11 strategic acquisitions in 10 years.
- Network has grown from serving 1,300 clients in a single state to over 40,000 clients served from 204 locations in 32 states and DC.
- Aggressively pursues contracting opportunities.

Trailblazers-CHS-Florida

- Children's Home Society Florida-Founded in 1902, is now the 8th largest child welfare agency in the country.
- A founding partner of many of the state's lead agencies.
- Responsible for the care of nearly one-third of Florida's foster children.
- Built IT system that is used by other agencies in the state.
- CHS excels in adoptions—reaching over 3000 adoptions last year.
- To date, CHS has not focused on expansion into other markets.

Trailblazers-Choices

- Choices, Inc., a nonprofit organization based in Indianapolis, IN, was a pioneer in system of care “wraparound” models in the late 1990s (Project Dawn).
- A strong data system and innovative case management models garner praise.
- Contracts in Indiana, Ohio, Maryland and Washington DC.
- Choices is pursuing contracts in other states as they rebid initiatives—Florida appears on the hit list!

Trailblazers- KVC

- From the 1990's to today, KVC has grown to become one of the largest child welfare and behavioral healthcare continuums of care in the nation.
- KVC adopted a philosophy of “no reject-no eject” admissions and has emphasized continual research and education.
- Successfully managed various VERY risky contracts and grew from under \$8 M to over \$80 M in 10 years.
- KVC operates in KS, KY, WV, MO, and NE. Expansion aspirations on hold at least until dust settles in NE.

Questions & Answers

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Let's talk...