



Examples of Performance Based Contracts in Child Welfare Services

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Quality Improvement Center on the Privatization of
Child Welfare Services

Inclusivity



Clarity



Transparency



Objectivity

Background



History of Performance Based Contracting

- Performance based contracts (PBCs) listing client-level performance measures have been in use since the 1980s.
- Contracts in child welfare have also included performance expectations for many years but in most cases, the expectations specified the *quantity* of service units to be delivered, rarely the *impact* of these services on the children and families in care.



Background Cont.



As a result of the Adoption and Safe Families Act and an expanded emphasis on accountability within the states themselves, most contracts now list a range of expectations regarding the quantity of service units, and/or the quality of service delivery and, increasingly, the impact of services on child and family outcomes. Few, however, link provider performance directly to contract payments and/or payment schedules.



Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW)



- QIC PCW is a five year project funded by the Children's Bureau, U.S. DHHS in 2005 to collect and share information about public/private partnerships in child welfare services.
- The QIC PCW is being carried out by a partnership between the University of Kentucky College of Social Work, Planning and Learning Technologies, Inc., and the University of Louisville, Kent School of Social Work.
- The QIC PCW has two components.
 - The first is an **ongoing national needs assessment** involving discussions with state child welfare administrators, national advisory board meetings, regional forums and literature reviews. The study described in this report is part of the ongoing needs assessment activities.
 - The second involves the administration of **sub-grants testing models of performance based contracting and quality assurance systems** in three states FI, MO, and IL.



Purpose of Paper



- Describe a range of PBCs in child welfare services that directly link payment to performance specifically:
 - service that was contracted
 - target population
 - geographic region served
 - when contracts were initiated
 - payment structure of these contracts
 - what measures were incentivized
 - central lessons learned
 - provides contact information for officials who administer these contracts, to enable future dialogue



Methodology



- Information was gathered through:
 - informal telephone discussions with child welfare administrators from 27 states between May-July, 2009
 - review of the PBCs in use in these states



Findings: States with PBCs that Link Payment to Performance



	Operational Definition	States	N
PBCs Link contractor payment to performance	States with at least one PBC that links payment to performance, most commonly in the way of service or client outcomes	AZ FL IA ID IL MI MN MO NC ND NE NM TN WY	14
PBCs inform contract renewal decisions	States using performance measures in contracts primarily to gauge contract renewal decisions	AK AR CA CO CT IN LA OH OR WA WI	11
Total			25



Findings: Number of Contracts



- Nine states discussed one contract that linked payment to performance
- Three states described more contracts
- In all, 16 contracts are described in this report



Findings: Contracted Services



- 7 involve adoption (or foster/adoption resource family) recruitment, licensing and/or placement services (IA, ID, MN, 2 in NC, ND, NM)
- 4 involve foster care case management services (FL, IL, MO, TN)
- 2 involve in-home services (IA, NE)
- 2 involve residential care (IL, WY)
- 1 involves services for children in Independent Living and Transitional Living Programs (IL)



Findings: When Implemented



- Majority of the contracts described in this paper were implemented in the past two to four years.
- Only four of the contracts took effect between 1995 and 1999 (IL, MN, two in NC).
- Several discussed modifying the payment schedules and/or payment amounts over time to achieve goals.



Findings: Performance Measures



- Some contracts (ID, MN, NC) do not explicitly list performance measures in their contracts and instead incentivize (or only pay for) the delivery of certain services.
- Other contracts incentivize *improved* performance in casework activities (FL, NM).
- Some contracts incentivize a combination of both casework activities and client outcomes (FL, MN, NE).
- Other contracts incentivize only client-level outcomes, most involving child safety and permanency (IA, IL, MO, NC, WY).



Findings: Structure of PBCs



- **Incentives and Penalties:** Providers receive base contract payments; on top of which they are paid incentives (or are charged penalties) for their performance on select measures.
- **Caseload Models:** Agencies are required to accept a certain percentage of their caseload in new referrals, and move a certain percentage to permanency each year. Agencies are expected to manage their caseload balancing the cost of cases flowing in, by moving an equal or greater number of cases to permanency.



Findings: Structure of PBCs Cont.



- **Pure Pay-for-Performance Contracts:** These contracts only pay providers when they have met a key milestone. There are three variations of this model:
 - *Contracts that only pay when clients have achieved a system goal.*
 - *Contracts that pay for a mix of completed services and client outcomes.*
 - *Contracts that only pay when target services are delivered.*



Lessons Learned



- **Need for continuous communication between public and private agencies.**
- **Need for clear performance measures.**
- **Need for transparency of fiscal penalties and incentives.**



Lessons Learned



- **Data collection on performance has to be reliable and trusted by both the public and private partners.**
- **Contracts need to clarify roles and responsibilities of both private *and* public agency workers.**
- **These contracts are a “work in progress”.**

