

**STRIVING FOR EXCELLENCE:  
Expanding Performance Based Contracting to Residential,  
Independent Living and Transitional Living Programs in Illinois**



### **Project Overview**

Illinois has led the nation in the implementation of performance based contracting and quality assurance (PBC/QA) initiatives for foster care case management. The current initiative extends PBC/QA to 65 residential, independent and transitional living programs serving approximately 2,500 children and youth in the Illinois child welfare system, many of whom have increasingly severe and complex treatment needs. The *Striving for Excellence* project is a partnership between the Illinois Department of Children and Family Services (public child welfare agency), the Child Care Association of Illinois (private child welfare agency association) and the Children and Family Research Center of the University of Illinois (project evaluator).

The overarching goals of the *Striving for Excellence* project are to:

- Improve outcomes for children and youth;
- Build on success in foster care and kinship care case management;
- Enhance the existing public-private partnership in delivery of child welfare services;
- Address Child and Family Services Review (CFSR) deficiencies in Permanency and Well-Being; and
- Inform the field through rigorous evaluation and documentation of the project

A core principle of the Illinois theory of change model is allowing all stakeholders to have meaningful input into the planning, design and implementation phases of this project. Using the existing Child Welfare Advisory Committee (CWAC) structure, over 250 working sessions have been held since project inception in February, 2007. These workgroups, comprised of both public and private agency representatives developed the project's performance indicators, risk adjustment strategy and fiscal structure. A Project Steering Committee meets monthly to provide oversight and policy guidance. Experts in the fields of statistics, social work, psychology and psychiatry from Northwestern University, Chapin Hall Center for Children at the University of Chicago, Northern Illinois State University, and the University of Illinois work collaboratively to provide technical assistance to the various workgroups on project implementation.

### **Residential Care**

Although Illinois has been heralded as a leader in child welfare reform, the state failed to achieve substantial conformity on any Round 1 CFSR performance measures. The challenges of serving youth with more increasingly complex needs have been well documented in the literature. The placement change rate in Illinois is high compared to other states and has been steadily increasing with more youth experiencing multiple placement disruptions and longer stays in foster care. Behavior problems, prior institutionalization and running away increase subsequent placement instability. A smaller number of residential providers are serving more troubled children. Children discharged from residential placement have been less likely to remain in their new placement and many returned to higher levels of care post-discharge. The admission process to residential care was cumbersome and "slot driven" rather than tailored to meet the specific treatment needs of the client. This project has allowed for a more in-depth look at the use of residential care and has fostered system redesign to support performance based contracting and quality assurance systems.

The Project Steering Committee and CWAC Workgroups set the following goals for residential treatment:

- To improve the safety and stability of children during residential treatment;
- To effectively and efficiently reduce symptoms and improve the functional skills of children through residential treatment; and
- To improve outcomes for children at and following discharge from residential treatment.

Two performance indicators were derived from these goals and incorporated into residential contracts effective during state fiscal years 2009 and 2010: Treatment Opportunity Days Rate and Sustained Favorable Discharge Rate. Agencies were given performance benchmarks for each performance indicator which were adjusted for risk using a risk adjustment strategy developed for this purpose. Since Illinois has adopted a “no decline” policy to discourage agencies from taking only those children most likely to succeed, a risk adjustment model which takes into consideration an agency’s case mix was critical for providers. A risk adjustment model was developed using risk factors identified with positive and negative outcomes. Individualized performance benchmarks were set for each agency based upon their historical client mix.

The “Treatment Opportunity Days Rate” is a percentage of the total number of days in a fiscal year that residents are not on the run, psychiatrically hospitalized or incarcerated. Agencies are guaranteed payment for 100% of DCFS client beds, but if their performance is below the agency’s performance benchmark, the agency will be penalized at the rate of 25% of the per diem cost for each bed day represented in the difference between the benchmark and actual performance.

Agencies can earn bonuses if they exceed their established “Sustained Favorable Discharge Rate” performance benchmark. This performance indicator is based upon the percentage of all treatment spells from which youth that were favorably discharged were able to sustain their discharge placement for 180 days. Each agency was given a benchmark, adjusted for risk, which sets expectations for the number of youth to be discharged and remain stable post-discharge for a minimum of six months. Favorable discharges are defined as step-downs to less restrictive settings or placements in chronic mental health settings. Unfavorable discharges are step-ups to more restrictive settings, lateral moves between agencies, running away, psychiatric hospitalization or detention. Bonuses are calculated based upon the difference between the statewide weighted average of residential per diems and the statewide weighted average per diems for less restrictive settings.

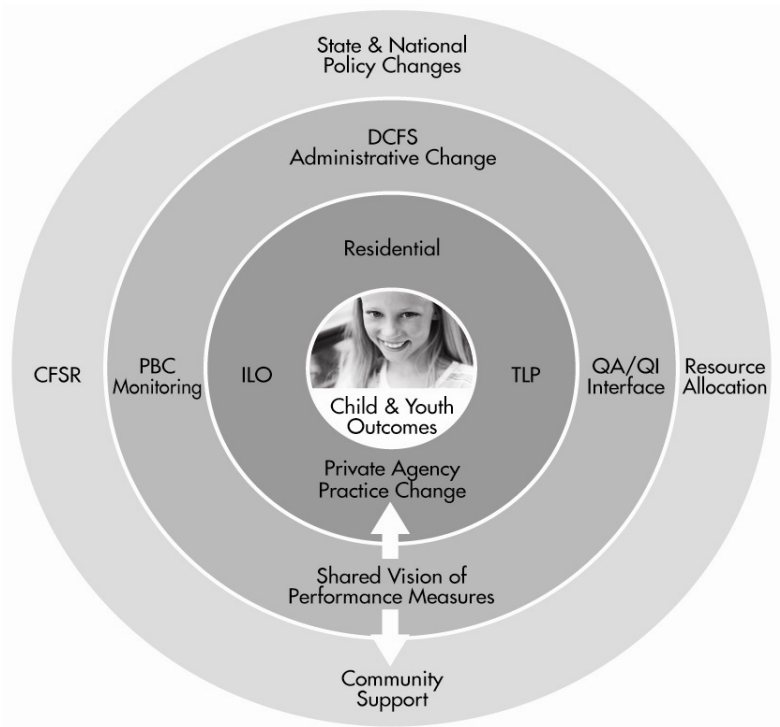
### **Independent and Transitional Living Programs**

The *Striving for Excellence* project established two performance measures for Independent Living (ILO) and Transitional Living (TLP) Programs effective in state fiscal year 2010. Two performance measures were established for agencies working with older adolescents: Transitional Living Placement Stability Rate (TLPSR) and Discharge Potential Rate with Indicators of Self-Sufficiency (DPR/ISS). Unlike residential treatment, the data upon which a risk adjustment strategy can be based is not yet robust enough for use in creating agency specific risk adjusted performance benchmarks. Plans are underway to incorporate a risk adjustment model as data collection improves.

### **Systemic Changes to Support Performance Based Contracting**

The *Striving for Excellence* project recognizes that performance based contracting does not successfully occur in a vacuum, but requires coordinating efforts and strong communication between the public and private sectors represented by the diagram set forth below:





Systemic changes which have occurred as a result of this project include:

- Standardization of provider rates and performance expectations;
- Centralization and automation of the admissions process through a new Centralized Matching Team to ensure appropriate and timely placement of youth in residential care;
- Monthly performance reports available through the Residential Treatment Outcomes System (RTOS) to keep providers apprised of their performance and allow for reconciliation of data issues;
- Use of a Discharge and Transition Protocol designed to facilitate step-downs to less restrictive settings and clarify roles and responsibilities of the various provider agencies;
- Development of pilot programs to address specific issues impacting treatment opportunity days rate such as the Runaway Assessment and Treatment Process pilot and the Residential-Hospital Networks pilot; and
- Shared strategies to engage youth in treatment developed through informal provider networking and best practices forums.

For more information on the *Striving for Excellence* project contact:

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