

# Status of Performance-Based Contracting Model

(FY2016 Appropriation Act - Public Act 84 of 2015)

**March 31, 2016**

**Sec. 503 (6).** *The department, in conjunction with members from both the house of representatives and senate, private child placing agencies, the courts, and counties shall implement the recommendations that are described in the workgroup report that was provided in section 503 of article X of 2013 PA 59 to establish a performance-based funding for public and private child welfare services providers. The department shall provide a quarterly report on the status of the performance-based contracting model to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on families and human services, and the senate and house fiscal agencies and policy offices.*



Michigan Department of  
Health & Human Services

RICK SNYDER, GOVERNOR  
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The Michigan Department of Health and Human Services (MDHHS) continues to lead and utilize the Child Welfare Partnership Council to ensure stakeholder involvement in the development of a performance-based model. MDHHS has collaborated with Kent County MDHHS staff and bordering counties directors to identify and address concerns and to continue open communication regarding the performance-based model efforts.

MDHHS organized multiple Wayne County stakeholder meetings to discuss the Kent County pilot and identify whether stakeholders were interested in considering a potential performance-based funding pilot in the future. The stakeholders included leadership from the County of Wayne Administration, Michigan Federation for Children and Families, Association of Accredited Child Welfare Agencies, Wayne County MDHHS staff, members from the West Michigan Partnership for Children (WMPC), and MDHHS Children's Services Agency staff. All stakeholders voiced interest in continuing to learn about the Kent County pilot development but no commitment has been made to actively pursue a possible pilot in Wayne County.

MDHHS and WMPC, with the support of the Project Manager from Public Consulting Group (PCG) and the rate setting team (PCG and actuary partner Lewis & Ellis, Inc.), have identified and agreed on two case rate options. The methodology used to develop a prospective case rate for Kent County included using historical data and adjusting for differences in benefits and costs coverage for the anticipated period. The methodology used by the rate setting team and the payment modality (semi-annual or quarterly) was agreed upon by MDHHS and the WMPC. The next step in the case rate development process is to present the case rate calculations and payment frequency options to MDHSS management for final review and approval.

MDHHS and the PCG Project Manager identified the need for five workgroups to aggressively move toward implementation of the Kent County pilot. The workgroups began meeting in January and efforts are focused on finance/claiming, policy development, outcome identification, Michigan's Statewide Automated Child Welfare Information System (MiSACWIS) change management and continuous quality improvement processes. These workgroups include a combination of staff from MDHHS, WMPC, Network180 and PCG.

After a successful competitive bid process for a contracted independent, third party evaluator, the Department of Technology, Management, and Budget (DTMB) convened a Joint Evaluation Committee (JEC) to recommend a bidder and a public award notice has been sent to Westat Corporation. It is anticipated that a contract will be executed in March 2016.