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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 96 LCM-56

Date: June 18, 1996

Division: Services and  
Community  
Development

TO: Local District Commissioners

SUBJECT: Guidelines For Establishing and Completing a Child Welfare  
Managed Care Plan

ATTACHMENTS: (Available On-Line)

A - Guidelines for Establishing and Completing a Child Welfare  
Managed Care Plan

B - Case Example - Development of a Child Welfare Managed Care Plan  
in Mohawk County

The purpose of this document is to provide social services districts with the guidelines that were specified in Section 153-i(2) of Social Services Law for completing a plan for a "managed care system" or "other system" of providing some or all of the family and children services included in the State's Family and Children's Services Block Grant, exclusive of child protective services investigations. Section 153-i(2) of Social Services Law uses the terms "managed care systems" or "other systems" interchangeably, as a way to emphasize that changes to family and children's services delivery systems that may be implemented under these provisions are not limited to any one particular model. Rather, a variety of models may be considered for providing some or all of the family and children's services included in the State's Family and Children's Services Block Grant, other than child protective investigations. Section 153-i of Social Services Law specifies those services as:

...foster care services including expenditures for care, maintenance, supervision, tuition and independent living services; supervision of foster children placed in federally funded job corps programs; care, maintenance, supervision and tuition for adjudicated juvenile delinquents and persons in need of supervision placed in out-of-state residential programs; child protective services; preventive services; and adoption services other than adoption subsidies.

This memorandum builds upon the information contained in 95 LCM-133 that included: an overview of Section 153-i(2) of Social Services Law; a discussion of the potential benefits that a managed care plan might have for a local social services district; the technical assistance and support available to local districts interested in developing managed care plans; and the submission and approval processes for a local district's managed care plan. With respect to New York State's participation in the federal Child Welfare Waiver Demonstration Project, we continue to await notification from the federal Department of Health and Human Services regarding approval of New York's proposal. In the absence of that approval, we are proceeding with the issuance of this memorandum and the attached Guidelines for Establishing and Completing a Child Welfare Managed Care Plan within the context of the State's statutory and regulatory framework.

The Guidelines for Establishing and Completing a Child Welfare Managed Care Plan provide fairly detailed instructions about the potential benefits of developing a managed care system, and the requirements for developing and submitting a managed care plan within the context of Section 153-i(2) of Social Services Law. Should New York's proposal for a Child Welfare Waiver Demonstration Project be approved, we will follow up with another communication that specifically addresses the benefits and requirements of the federal Child Welfare Waiver Demonstration Project.

#### Statutorily Based Performance Outcomes

Interest in child welfare managed care should lead a local social services district in the direction of considering the system-wide issues that currently affect outcomes for the children and families it serves, and the organizational, programmatic and fiscal alternatives that are possible for improving those outcomes. As a result of that approach, some local districts may decide to develop managed care plans that completely restructure their service delivery systems. Other local districts may decide to take an approach that would implement smaller-scale initiatives as a way to pilot the potential benefits of implementing some of the principles of managed care, and as a way to move more incrementally toward a redesigned child welfare system.

Within the context of Section 153-i of Social Services Law, there are statutory factors that will distinguish and qualify a local district's initiative as a managed care system irrespective of how small or large the plan is. Those factors relate to the statutorily based performance outcomes, and the ability of a local district to identify and explain how its managed care plan will measure and demonstrate the achievement of those outcomes for the population it targets. In this context, the statutory performance outcomes guiding a local district's managed care plan are similar in scope to the Statewide goals established for the Consolidated Services Plan. Both are broad and overarching in nature, cross traditional programmatic boundaries, and establish a framework from which outcomes and activities can be established.

The statutory language specified in Section 153-i(2) of Social Services Law regarding performance outcomes requires that managed care systems:

...be designed to achieve performance outcomes including, but not limited to:

| the protection of children from abuse and neglect;

| the prevention of the need for foster care placements; and

| the reduction of the length of such placements by achieving the permanency planning goals established pursuant to section four hundred nine-e of of this chapter in the shortest time feasible taking into consideration the circumstances of the children and their families...

#### The HomeRebuilder Demonstration Project

In the following discussion, we will use the design of the HomeRebuilders Demonstration Project as a way to illustrate the type of program initiative that would have the potential to qualify as a managed care or other alternative system within the legal framework of Section 153 of Social Services Law:

(Note: HomeRebuilders was a demonstration project implemented by the Department (SDSS) and New York City's child welfare agency (then called the Child Welfare Administration of the City of New York) from 7/1/93 through 12/31/95. The project served approximately 2,000 children in six voluntary agencies in the greater New York City area. It was designed to achieve reduced lengths of stay in foster care, discharges to safe and permanent homes, and the prevention of reentry to care through intensified discharge and aftercare services. While the HomeRebuilders Demonstration Project is in the process of being formally evaluated, initial findings indicate that the pilot agencies achieved, on average, a 20% reduction in length of stay when compared with historical baselines.)

HomeRebuilders was a response to unprecedented growth in the State's foster care population between 1986 and 1990, particularly in New York City. The surge in that population introduced long term stress on the foster care system. It was against that backdrop that the HomeRebuilder concept was developed. The program and fiscal design attempted to address: extended lengths of stay in foster care for many children, the lack of funding flexibility, and the bias in funding for foster care rather than services. The goal was to identify and define what constitutes best practice for expediting discharges of foster children into safe and permanent homes. The implementation of the HomeRebuilder Demonstration Project focused on providing the necessary in-care and aftercare services, as well as an improved case management process, for achieving better outcomes for children in foster care. Specifically, the program and fiscal methods for HomeRebuilders created incentives for achieving significant changes in discharge and reentry rates, as well as for improving the overall safety and stability for the children and families in the target population.

While the HomeRebuilder Demonstration Project predated the passage of Section 153-i of Social Services Law, we can look at how the HomeRebuilders Demonstration Project might have addressed the performance outcomes specified in that law. Specifically, the HomeRebuilders Demonstration Project was designed to achieve:

- reduced lengths of stay in foster care through carefully planned discharges to safe and permanent homes (in this component of the HomeRebuilder model, the agencies would have been able to address the statutory requirement that a child welfare managed care system must "reduce the length of foster care placements by achieving established permanency planning goals in the shortest time possible while taking into consideration the circumstances of the children and their families");
- the prevention of reentry to care through intensified discharge and aftercare services (in this component of the HomeRebuilder model, the agencies would have been able to address the statutory requirement that a child welfare managed care system must "prevent the need for foster care placements"); and
- an improved case management and quality assurance process that would provide support for both expedited decision making, as well as the review of case decisions, so as to assure safety and stability for children and families regarding placement and discharge decisions (in this component of the HomeRebuilder model, the agencies would have been able to address the statutory requirement that a child welfare managed care system must "protect children from abuse and neglect").

As you can see, the design of the HomeRebuilder Demonstration Project had the potential to address the statutory performance outcomes specified in Section 153-i of Social Services Law. While the specificity of those outcomes was not a legal requirement at the time the proposals for the HomeRebuilders Demonstration Project were submitted, it was implicit in those proposals that the HomeRebuilder agencies were seeking outcomes that would not only be measurable in terms of reduced lengths of stay and lower reentry rates, but also in terms of the overall safety and stability of those children and families in their target populations. In addition, HomeRebuilder agencies were required to describe their organizational and philosophical approaches, and the program and fiscal methodologies for achieving their targeted outcomes in both qualitative and quantitative terms. It was on the basis of such information, that the HomeRebuilder proposals were approved for implementation as part of the HomeRebuilders Demonstration Project.

#### Approvals of Managed Care Plans and Waiver Requests

Under Section 153-i(2)(f)(i) of Social Services Law, a local district must obtain the Department's prior approval of its plan for establishing and implementing a managed care plan. If a local district, either individually or in combination with other social services districts, decides to establish "managed care systems" or "other systems", the social services district must include such plans as part of the district's multi-year Consolidated Services Plan. A local district may submit a managed care plan at the time it submits its multi-year Consolidated Services Plan, or as part of an

Annual Implementation Report, or as an amendment to the Consolidated Services Plan. Thus, while the Department's approval of a managed care plan will require a careful assessment of the critical components described in the attached Guidelines for Establishing and Completing a Child Welfare Managed Care Plan, the Department's review of a local district's managed care plan will also be in accordance with the Guidelines for the Consolidated Services Plan.

The crux of the Department's review of a managed care plan, within the context of Section 153-i of Social Services Law, will take into account the statutory outcomes specified above for determining whether a local district's plan for child welfare managed care: (a) qualifies as a managed care system, or other alternative services system within the context of that law; and (b) is likely to be viable given the logic of the program design, the implementation strategies and procedures, and the adequacy of the fiscal plan to support all of the services the plan intends to deliver. In other words, the scope of the Department's review of a local district's managed care plan, or plan for another alternative services system, will be broad enough to determine whether it is likely that the local district's plan will meet the performance outcomes specified in statute for its managed care population. The Department's review will involve an examination of all aspects of the local district's managed care plan, including programmatic, fiscal, and technical aspects to determine whether the plan is viable.

With respect to waiver authority under Section 153-i(2) of Social Services Law, a social services district's managed care plan may include requests for a waiver of any regulatory requirements established pursuant to Section 34-a and 409-d of the Social Services Law regarding the form, content, development or amendment of the child welfare services plan component of the multi-year services plan and the annual implementation reports.

When is a Managed Care Plan a Benefit to a Local District and/or a Requirement?

The program, fiscal, and organizational possibilities for developing a managed care system may vary; and the local district has the flexibility to develop any number of alternatives or innovations that would achieve the performance outcomes specified in Section 153-i of Social Services Law. At the same time, Section 153-i(2) of Social Services Law provides specific statutory flexibility regarding three areas of potential significance and benefit to a local social services district.

- Alternative Arrangements for Providing the Services in a Managed Care System: A local district may develop a managed care system or alternative system of providing the family and children services included in the State's Family and Children's Services Block Grant, exclusive of child protective investigations. Such alternatives may include, but not be limited to: the implementation of programs that are modeled after the HomeRebuilder Demonstration Project (with district-specific modifications as appropriate); or the implementation of other alternative programs that provide incentives for expedited discharges of children to suitable, permanent homes, using payment methods that include the State's existing maximum state aid rates for foster care, capitation-style rates, or other

payment mechanisms for all or a portion of services, either separately or combined.

- Delegation of Case Management: A local district may delegate its responsibility for case management services to service managers or providers.

- Delegation of Responsibilities for the Preventive Services Rent Subsidy Program: A local district may delegate the responsibility for approving and paying preventive services rent subsidies or assistance in a purchase-of-service agreement with an authorized agency.

The three areas of potential benefit mentioned above also define the State's statutory requirements for submitting a managed care plan. That is, if a local district intends to pursue one or more of the above three options, the vehicle for implementation would be a plan for a "managed care system" or "other system" submitted in accordance with the attached Guidelines for Establishing and Completing a Child Welfare Managed Care Plan.

#### Federal Child Welfare Waiver Demonstration Project

As stated, the Department is awaiting notification from the federal Department of Health and Human Services regarding approval of its proposal to participate in the Child Welfare Waiver Demonstration Project. If the reduction of foster care days and/or the costs of foster care are the focus of a discussion in the local district about the potential benefits of managed care, then the proposed federal Child Welfare Waiver Application is likely to be of significant benefit to the local district.

Our current understanding of the requirements of the federal Child Welfare Waiver Application is described below. Further clarification of those requirements will be forthcoming from the federal government if New York is approved as one of the sites for this federal demonstration project.

The federal Child Welfare Waiver Demonstration Project is required to be cost neutral to the federal government over a five year maximum period; though cost neutrality need not be maintained in each year. This provision offers two fiscal opportunities of key importance to local districts. The first is that a proposal can be made to "lock in" federal funding at current (or projected) spending levels for as long as five years. This would assure for the local district a stable level of federal funding that would otherwise be reduced by a local district's successful efforts to reduce its provision of foster care days and/or the cost of such days under the existing system. Thus, a specified level of federal funds would be available to the local district for the period of the demonstration project to also invest in those service strategies/activities that will achieve the desired program outcomes. The second point is that the local district may be allowed to "borrow" federal funds from the out-years of the project in order to intensify services in the early years. This could be presented as part of a plan to reduce the level of foster care spending in the out-years of a managed care initiative.

In anticipation of a possible waiver approval, a local district may want to begin the process of examining whether it might benefit from participation

in such a waiver. The relevant program and fiscal analysis will be to focus on targeted populations that represent significant users of foster care days and/or foster care costs, and the particular strategies/activities that have the potential to reduce the amount of care day use and/or care day costs.

Outcomes that a local district would develop, within the context of a federal waiver, will need to be tied directly to the goal of reducing reliance on out-of-home placements through the availability of alternative treatments/services. Other factors that may be relevant are: readmission rates; incidents of child abuse and/or neglect; and indicators of overall client well-being, such as homelessness, school drop out rates, and employment.

Additional reporting requirements, as well as the participation in a formal evaluation, may be imposed on local districts participating in the federal Child Welfare Waiver Demonstration Project.

Note: Participation in the federal Child Welfare Waiver Demonstration Project has the potential to maintain federal dollars that would otherwise be lost to a local district that achieved reductions in care days and/or the costs of care days for foster care. Outside of a federal waiver that maintained federal investments in foster care at predetermined levels, averted care days and/or reductions in the costs of care days will result in reduced federal revenues for a local district.

In the event of a waiver approval, the federal government is likely to approve specific time frames that will control the implementation start dates of local district initiatives. Again, clarification of such details will be forthcoming upon such approval.

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GUIDELINES FOR ESTABLISHING AND COMPLETING  
A CHILD WELFARE MANAGED CARE PLAN

(Developed in Accordance with the Requirements of Section 153-i(2)  
of the Social Services Law)

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## I. Principles in a Child Welfare Managed Care System

Improved outcomes for children and families and a more efficient use of program resources are the overarching themes of child welfare managed care. Programmatically, that means providing alternative treatment and service options for families and children that will reduce admissions to foster care and achieve permanency for children while providing appropriate levels of child protection. Fiscally, it means having the flexibility to develop and finance such alternatives. Programmatic and fiscal flexibility provide incentives for efficient utilization of available funds, to achieve the statutorily based performance outcomes for children and families.

The long range goal of child welfare managed care is the development of a more comprehensive, community-based system of care to support service delivery. Critical to achieving this goal is the collaboration of multiple agencies in an effort to better coordinate care for children and families via a network of family support services and alternative treatment options. In the long term, a system of comprehensive child welfare services can provide more effective alternatives to foster care by making available a fuller array of community-based services.

While accomplishing program and fiscal goals in managed care may require changes in the way services are delivered, it is important to remember that the child welfare system retains its emphasis on the same policy and practice standards that now define and guide good practice including child protection, placement prevention, and permanency planning. In addition, the Department wishes to stress the importance of a service delivery system that promotes:

- Child centered and family focused service delivery;
- Empowerment of families to achieve self sufficiency and family stability;
- Empowerment of workers to make professional judgements and decisions;
- Culturally competent and community based case practice; and
- Interagency collaboration to serve children and families efficiently and effectively.

## II. Developing a Child Welfare Managed Care Plan

(Note 1: Throughout these guidelines, any reference to "managed care systems" or "managed care plans" is also applicable to "other systems" that local districts may develop under Section 153-i(2) of Social Services Law and under these guidelines.)

(Note 2: If some of the following information is already presented in the district's Consolidated Services Plan, it may be cross-referenced.)

There are four elements that are essential to the development and presentation of a local district's managed care plan.

- Needs assessment/target population
- Anticipated outcomes
- Program development and quality assurance
- A fiscal plan

The following is a discussion of the essential elements which the Department views as critical in the local district's development of a managed care plan, as well as in the Department's assessment of the viability of that plan. The Department view is that these elements are critical, regardless of the scope of each local district's managed care plan, in the sense that they represent the major components of any meaningful program intervention.

#### A. Needs Assessment/Target Population

In any child welfare managed care plan, a local social services district will need to identify its target population(s) and relate such target group(s) to one or more of the Family and Children's Services Statewide Goal Statements. It will be important for the local district to consult a wide variety of data sources in the process of making decisions regarding target population(s) for a managed care system. Identifying the target population(s) will necessitate looking at past and present patterns of service use and service costs, in light of the current service needs of children and families. It will be useful to analyze existing data on the characteristics and service needs of children and families currently entering or receiving services from the district's child welfare system, as well as to obtain feedback from local governmental systems, service providers, and community representatives, including the families themselves.

A critical decision in targeting a population(s) will be the decision to intensify resources at a specific point in the services continuum. The objective for the local district will be to identify that point(s) in the services continuum where the available resources can achieve the maximum benefit for children and families. This means consideration of whether targeting should be for families who are at risk of having their children enter foster care; for children (and their families) who are already in foster care; or for children (and their families) who are discharged or about to be discharged from foster care. Local districts may then want to target populations more specifically, such as families with infants, adolescents in foster care, children in institutions, or other specific target groups that a local district might identify.

The Consolidated Services Planning guidelines also offer suggestions for the kinds of data that can be used for the needs assessment. This information may already be presented in the District's consolidated services plan and can be referenced directly.

An assessment of the current capacity of the local service delivery system to meet the identified needs of the target population is a critical

component in the development and success of a managed care plan. A 1990 Department study, "Families in the Child Welfare System: Foster Care and Preventive Services in the Nineties", found that children receiving child welfare services, including foster care, had multiple service needs. Common parent service needs related to drug abuse, alcohol abuse, domestic violence, mental illness, and homelessness and inadequate housing. Common child service needs related to school concerns, behavioral problems, mental illness, and being a JD or PINS. Therefore, it is important to look at the services that are available from other local social services programs and other systems (such as education, public health, mental health, employment, housing, and substance abuse prevention and treatment programs) to meet the identified needs. The accessibility of already existing services to the identified target population(s), particularly in the communities in which those populations live, is also an important factor to consider. This leads to the identification of specific service gaps related to the needs of the target population(s) that can impact the design of the service strategies/activities.

Based upon the local district's decision regarding a target population(s), it will be important for the local district to specify the following information pertaining to the target population(s) and their service needs.

- the approximate number of children/families to be served and the point of intervention;
- child and family demographics, as applicable to the target population(s), such as age of children, ethnicity, and sex;
- family and children service needs and service utilization patterns;
- communities of residence of the target population(s);
- for children in foster care -
  - level(s) of care;
  - permanency planning goal(s); and
  - placement histories;
- Currently available services and the specific service gaps identified for the target population(s).

#### B. Anticipated Outcomes

To evaluate the performance of a managed care plan, a local district will need to identify the outcomes it anticipates for its target population(s), that is, the measures it will use to monitor the achievement of the statutorily based performance outcomes for the population it targets for its managed care plan. The outcomes for a managed care plan measure the performance of the plan at the client and service delivery system level and are similar in format to those of the Consolidated Services Planning process. That is, they must refer back to the goals, must be stated in

measurable terms, and must be responsive to key findings of the needs assessment.

While many factors may influence a district's and a client's success in achieving these outcomes, the collection of reliable and measurable data, and the ongoing monitoring of client and system activities are essential to accomplishing overall system goals. In developing their managed care plans, local districts are encouraged to first consider their plans to accomplish desired outcomes for children and families, and then how achievement of client level outcomes will relate to overall service delivery outcomes.

#### 1. Child and Family Outcomes

On the client level, it is important for the district to establish two types of child and family outcome measures for its target population(s): indicators to monitor and measure individual client progress over time; and indicators to measure anticipated changes in the patterns of service utilization on the part of clients. By monitoring child and family progress in this manner a district can evaluate changes in client functioning; whether the family's long term goals can be met; and whether specific service/treatment patterns have been successful. In its managed care plan, a local district should propose the methods it will use to monitor both of these types of client level outcomes.

Examples of outcome measures might include, but not be limited to: reductions in foster care days; reductions in rates of readmission to foster care; reductions in more restrictive levels of placement; incidents of child abuse and/or neglect; and indicators of overall client well-being, such as homelessness, school drop out rates, and employment.

#### 2. Service Delivery System Outcomes

In a managed care system, fiscal and program outcomes are clearly linked. It will be up to each local district developing a managed care plan to consider the strengths and weaknesses of the local delivery system, in light of the target population(s) and anticipated outcomes, and then determine how to best meet service needs from a system-wide perspective.

Service delivery outcome statements should indicate how the district intends to serve the target population, and will also serve as a measure of program effectiveness. Using service delivery outcome measures, the district will be able to specify how it intends to build service capacity and/or how the arrangement of services will be different in its managed care system. For example, based on the characteristics of children and families who represent a large number of institutional placements, a district might identify the outcome of developing a specified number of therapeutic foster boarding homes as an alternative to congregate care placements. The local district would need to monitor, over time, whether additional capacity was developed to support its initiative. When determining system outcomes, discussion between the local district and the Department may be beneficial to districts in order to establish meaningful and measurable service delivery outcomes.

### C. Program Development and Quality Assurance

As stated earlier, the State's statutory framework for child welfare managed care provides a unique opportunity for local districts to establish managed care systems, individually or in combination with other social services districts, to provide any or all family and children's services included in the block grant, except for child protective investigations.

The intent of Section 153-i of Social Services Law is to provide flexibility to local social services districts for the purpose of developing alternative and innovative methods of service delivery both for small and large scale purposes. After targeting a population and identifying specific outcomes, a local district will need to assess the various components of its services system, and either design a new system, rearrange the currently available services differently, or do some combination of both.

A local district's managed care plan should not be viewed as a single opportunity. Local districts are encouraged to incorporate a deliberate phasing-in of several changes over time. A district may choose to focus on a specific target population at first and then add additional target populations at a later date. Or, a district's plan may include several components or activities that are best implemented in stages. For instance, over time interagency collaboration might transition from a mandated prevention focus to an earlier, primary prevention approach. Additionally, a district should expect that its managed care plan will need to be adjusted over time based on any monitoring or evaluative feedback it receives.

In planning and designing the services of a local district's managed care plan, Section 153-i(2)(e) of the Social Services Law states that a social services district shall:

...give priority to the establishment of interagency collaborative arrangements between the social services district, public schools, public health and mental health providers and other appropriate public and private agencies that encourage the provision of preventive services at the earliest possible time to ameliorate the conditions that contribute to the need for foster care placements, including but not limited to the provision of home visiting services pursuant to Section 429 of the Social Services Law and other health screening methods, early prevention efforts through collaboration between the social services district and the public schools, and interagency efforts to reduce out-of-state and other residential placements of emotionally disturbed children. Community residents and providers must be involved in the design and implementation of such interagency agreements.

The local district will need to explain the status of interagency work which is planned or ongoing vis a vis the above requirement. The status of such work may range from being in the initial planning stages to formal agreements. Formal agreements that are in place and are relevant to the district's managed care proposal must be submitted as part of the managed care plan with an explanation of their relationships to the managed care plan.

## 1. Service System Design

As part of the local district's efforts to develop and describe its program and service delivery system for its target population(s), the areas discussed below will be worth considering. Included in this list are the three areas specifically mentioned in Section 153-i(2) of Social Services Law. Other opportunities and ideas for consideration are discussed as well.

-Alternative Arrangements for Providing Services in a "Managed Care System" or "Other System" - In reviewing its existing service delivery system, a local district will need to review and evaluate the child welfare services it provides directly as compared with the services it receives through its purchase-of-service contracts. It will be important for the local district to reevaluate its arrangements with other public agencies and private service providers within the context of achieving improved outcomes and cost efficiencies.

Section 153-i(2) of Social Services Law permits a local district, within the context of a managed care plan, to negotiate alternate payment and service arrangements for the family and children services provided in the State's Family and Children's Services Block Grant, exclusive of child protective investigations. The intent is to provide an opportunity for a local district to negotiate payment terms that create more appropriate incentives for achieving the desired outcomes for children and families. The HomeRebuilder Demonstration Project would be one example of a contractual alternative for children in foster care. With a HomeRebuilder contract, the local district's approach to reducing lengths of stay and expediting permanency for children in foster care would be to negotiate a capitation-style payment with a voluntary foster care agency for a targeted group of children. For the period of the contract, the service provider would be required to achieve a specified reduction of care days from an agreed-upon baseline through the implementation of intensified discharge planning and aftercare strategies/services. The agreement with the provider would be to allow the reinvestment of funds from the "averted" care days to finance the services needed by the children and families in the target population. The provider would also have a financial risk for children in the target population who stayed longer than anticipated or reentered care during the period of the contract (assuming these were included as features of a district's proposal and contract).

As another example, a local district's approach to its identified need for early intervention strategies/activities for families with infants might be to link a home visiting contract with a foster care contract. The contract with the provider(s) might include payment terms that are tied to the expectation that the number of infants in the target population placed into foster care would be reduced by a specified percentage within a specified period of time.

Section 153-i(2) of the Social Services Law also permits a local district, within the context of a managed care plan, to delegate to an authorized agency in a purchase-of-service agreement the responsibility for approving and paying preventive services rent subsidies or assistance. This alternative may provide an effective means of outstationing such services to neighborhoods where the target population can be more expeditiously served.

-Case Management and Quality Assurance - See the next section for a separate discussion of these components.

-Service Options - A district may decide to develop or refocus a specific service or program to better meet the needs of the target population(s) or to fill in gaps in the service delivery system. Some of those services might include such things as respite services, crisis intervention services, home and community-based services, school-based services, substance abuse treatment, parenting skills training, after-care and post-adoptive services, and community optional preventive services (COPS). Also, the local district is encouraged to take advantage of "no-cost" services that are already financed through other funding sources and are available through other public or private agencies in the community.

-Organizational Change - A district may decide to reorganize its service delivery system. This includes: reassigning, realigning and redefining staff roles and responsibilities; developing service networks or consortia to serve families in their communities; and developing or purchasing service networks that provide centralized intake and a system of care for the full range of services needed by children and families.

-Practice Model - A district may decide that it needs to adopt a clearer or more coherent framework for caseworker-client interaction; one that guides the worker to assist the client to achieve more timely, positive change. One way to achieve managed care outcomes is for the district to adjust or refocus their philosophy and methods of service delivery, perhaps to include such things as: strengths-based case practice; culturally-competent, community-based case practice; or family empowerment practices and techniques.

A local district's managed care plan should include a commitment to ongoing data collection processes and the incorporation of system improvements that are anticipated as part of the SACWIS "CONNECTIONS" project. A district will need to consider the ways in which it plans to develop local expertise to support its data analysis activities and provide needed technical assistance to staff. Issues for district consideration may include: standardization of data collection; development of structured protocols for data collection; overall availability and access to data; use of data for program planning; and collection and distribution of information.

## 2. Case Management and Quality Assurance

Case management is essential to providing the oversight needed to balance the two goals of achieving improved outcomes and cost efficiencies in the provision of child welfare services. Effective case management can ensure that services are well integrated, and that day to day operations respond to client needs. Effective case management will assure that appropriate services are provided to reach client goals, and will support adjustments that are needed in treatment to reach desired outcomes. For these reasons, a local district's managed care plan must specifically describe its plan to address case management.

Section 153-i(2)(c) of the Social Services Law permits a social services district, within the context of a managed care plan, to delegate case

management responsibilities to service managers or providers. Any such delegation must be done in a manner that ensures manager or provider accountability through the incorporation of quality control standards that ensure appropriate monitoring of these services. Such standards and/or control mechanisms might be obtained from recognized accreditation mechanisms, performance audits by the social services district, or other means. Should a district opt to delegate its case management responsibilities, it needs to specify this in its managed care plan. Detailed information will need to be submitted regarding the case management functions that will be delegated, and the quality control standards that the local district will develop to ensure that case management activities, as defined by law, are appropriately monitored and addressed.

As stated earlier, managed care systems highlight the tension between program and fiscal goals in terms of: (a) achieving improved outcomes for children and families by providing quality alternatives; and (b) controlling costs and maximizing the use of available resources by reducing costly forms of services, as well as excessive utilization of services. The use of both quality assurance measures and effective case management are needed to provide the necessary oversight in a managed care system. Specifically, quality assurance measures in child welfare managed care are essential to assure that programmatic decisions meet acceptable standards given the fiscal incentives to reduce costs, in general, and in particular to reduce reliance on foster care.

Quality assurance programs rely on systematic data collection and ongoing program monitoring. A district's managed care plan will need to address how the district will incorporate quality assurance standards and procedures that will assure the delivery of necessary and appropriate services.

Monitoring of individual child and family progress, and monitoring of organizational activities, provide necessary system accountability in a managed care plan. Monitoring the child's and family's progress allows for their progression through the system to be tracked and ensures that services are responsive to client needs. Organizational monitoring is required in order to review performance along the way to reaching system goals, and allows for ongoing assessment geared at measuring system improvements on all levels. Monitoring activities allow a district to review what it is doing with its resources in a context of client outcomes, the management of its funds, and whether it is targeting services appropriately.

#### D. Fiscal Components of a Child Welfare Managed Care Plan

The process of budget planning and the negotiation of payment arrangements for a local district's managed care plan will logically flow from discussions in the local district about (a) the service strategies/activities that will achieve identified outcomes for targeted children and families, and (b) the organizational arrangements that will provide for an effective and efficient delivery of those strategies/activities. Such discussions will need to focus on: the role and function of local district staff; the collaborations with other human services agencies in the community; and the payment arrangements with other public and private agencies.

## 1. Fiscal Guidelines Pursuant to Social Services Law Section 153-i.

Under Section 153-i(2)(b) of the Social Services Law, a local social services district is permitted to develop alternative financing arrangements with other public agencies, managers or private service providers involved in the implementation of a local district's managed care plan. This means, for example, that a local district's payment and reimbursement of foster care program costs would not need to be limited by the Maximum State Aid Rates for Foster Care (MSARs) established under Section 398-a of Social Services Law (e.g., MSARs and the State's Standard of Payment System for Foster Care could be used alternatively to gauge the allowable costs of an alternative contract that defines a different set of rules for payment and reimbursement of such costs). As part of its managed care plan, "social services district payments to managers or public or private service providers under such a system may be based on reimbursement rates established by the Department pursuant to Section 398-a of this chapter, capitated rates or other payment mechanisms for all or a portion of the services, either separately or combined" (Section 153-i(2)(b) of Social Services Law). Thus, a local district will be permitted to develop and negotiate those payment arrangements that will provide the most appropriate incentives for achieving the goals of its managed care plan.

The budget planning for a managed care system provides the local district with an opportunity for projecting a "reinvestment" of local foster care outlays that are potentially averted for a target population in a managed care plan. While federal shares of foster care maintenance payments for averted care days would be lost to the local district under existing federal claiming rules, local shares of those averted maintenance payments and related investments of a local district's allocation of the State's Family and Children Services Block Grant, can be redirected to finance the strategies/activities that will be targeted in its managed care plan.

The local district, in its managed care plan, will need to make explicit its plan to allocate costs among funding sources, and its plan to report and claim costs appropriately. The local district will also need to make explicit the fiscal plan it envisions for its contractual arrangements, including payment and cost reporting methodologies.

In order to make the most of available resources, it will be important for a local district to develop a managed care plan that maximizes its federal reimbursement under existing funding sources:

a. Cost allocation plans for local districts will need to take into account (a) the State's preventive services maintenance of effort requirements and other program-related claiming rules for the State's Family and Children Services Block Grant; (b) the federal government's existing eligibility and claiming requirements for federal programs that are used by local districts to finance administrative, maintenance, and services costs for children and families; and (c) the impact that particular changes may have on a local district's allocation percentages under the State's Services Random Moment Survey (e.g., if a local district delegates its case management functions).

b. Cost reports from voluntary foster care agencies that provide child welfare services as part of a local district's managed care plan, will

need to separately account for and report services-related expenditures that would normally be reported in one of the existing accounts of the State's Standard of Payment Reports for Foster Care. The Department is able to provide supplemental reports and technical assistance to such agencies so that they are able to account for and report such costs appropriately.

The local district's contractual arrangements will need to be described in terms of: (a) the parameters of the population(s) to be targeted with service strategies/activities; (b) the scope of services to be provided; (c) the performance expectations required of the contractor; and (d) the payment methods that will provide flexibility and appropriate incentives to use child welfare funds for achieving improved outcomes for children and families in the most efficient manner.

## 2. Specifying Budgetary Projections for a Managed Care Plan.

a. The period that the managed care plan will cover. The local district will need to specify the period of its managed care plan and amend its Consolidated Services Plan as appropriate. If the period of its managed care plan does not match the existing CSP period, the local district must request a waiver pursuant to Social Service Law, Section 153-i(2).

b. The projected expenditures and revenues of a local district's managed care plan. A local district's decisions about its target population(s), the outcomes it anticipates related to specific strategies/activities, and the organizational delivery system of its managed care plan, will need to be quantified in terms of a projection of expenditures and revenues. The local district will also need to explain how the budget projections of its managed care plan fit within its projected gross expenditures for all social services programs as specified in its Consolidated Services Plan.

c. The projected baseline pattern of care day use and the targeted reduction of care days for the period. A primary measure of performance in a local district's plan to reduce investments in foster care will be the achievement of a targeted reduction of care days and/or care day costs in relation to projected baseline assumptions about such use. The local district will need to specify a baseline pattern of foster care use (based on its historical patterns for the target population), and also specify a targeted reduction from such a baseline. Such baseline assumptions for a managed care initiative can apply to a target population of children who are at risk of placement into foster care, as well as to children who are already placed. When targeting an at-risk population, the baseline assumptions would be front-end assumptions about admission rates, and placement levels and discharge rates for those children who do enter foster care. When targeting an in-care population, the baseline assumptions would be back-end assumptions about discharge rates, placement levels and reentry rates for the target population.

d. The projected costs and benefits of those activities or services that will be implemented to achieve a targeted reduction in foster care days. Anticipated reductions in foster care days that can be projected as "reinvestments" of local outlays will need to be presented as a projection of costs and benefits:

(i) The benefits would be related to: outlays of local investments, including the local district's allocation of the State's Family and Children Services Block Grant; and personal or nonpersonal service reductions in a local district's foster care program related to reductions in care day use and/or the cost of care days; and

(ii) the costs would be related to the financing of strategies/activities that will be implemented to achieve the reductions in care days and/or the cost of care days. (Note: The local district will need to specify how the alternative services will be provided, i.e., either directly by the local district; as part of a collaboration with other agencies; or through purchase of services agreements).

### III. Submitting and Updating Managed Care Plans

#### A. Plan Submissions

The submission of a managed care plan may be at the same time that the Consolidated Services Plan is submitted to the Department, as part of a Consolidated Services Plan Annual Implementation Report, or as a plan amendment to the Consolidated Services Plan. Local district managed care plans should be submitted to the following:

1. the Office of the Deputy Commissioner for Services and Community Development; and
2. the appropriate Regional Office of the Division of Services and Community Development as follows:

Office of the Deputy Commissioner for Services and Community Development  
New York State Department of Social Services  
40 North Pearl Street, 11th Floor  
Albany, New York 12243

Mr. Fred Levitan, Acting Director  
NYS DSS - F&CS  
Metropolitan Regional Office  
80 Maiden Lane, 5th Floor  
New York, New York 10038

Mr. William McLaughlin, Director  
NYS DSS - F&CS  
Albany Regional Office  
40 N. Pearl Street Annex  
Albany, New York 12243

Mr. Jack Klump, Director  
NYS DSS - F&CS  
Syracuse Regional Office  
351 S. Warren Street, 5th Floor  
Syracuse, New York 13202

Mrs. Linda C. Brown, Director  
NYS DSS - F&CS  
Buffalo Regional Office  
838 Ellicott Square Building  
Buffalo, New York 14203

Ms. Linda Kurtz, Director  
NYS DSS - F&CS  
Rochester Regional Office  
259 Monroe Avenue, Monroe Square, 3rd Floor  
Rochester, NY 14607

B. Plan Updates

As part of its overall planning process, a local district will need to review its progress in implementing its managed care plan and submit an implementation update to the Department as part of the district's Consolidated Services Plan Annual Implementation Report. Any local district that has an approved managed care plan must submit an implementation update to the Department within one year of the initial managed care plan's effective date. At that time, a local district can propose intervals for the submission of future managed care plan implementation updates. Based on its review of the district's managed care plan and the district's progress, the Department may require a district to include information in its managed care plan implementation update beyond what is required in the Consolidated Service Plan Annual Implementation Report.

C. Technical Assistance and Support for Social Services Districts

Local social services districts are encouraged to identify specific State actions and/or supports that may be necessary or helpful in the development or implementation of a managed care plan. The Division of Services and Community Development is prepared to provide such support upon request to your regional representatives.

CASE EXAMPLE - DEVELOPMENT OF A CHILD WELFARE MANAGED CARE PLAN  
IN MOHAWK COUNTY

NOTE: Mohawk County is a fictitious county in New York state, and this is a fictitious case example that is intended to serve as one illustration of the decision points local district staff may face in the process of developing a managed care plan that is designed to achieve improved outcomes for children and families. As stated earlier, many scenarios are possible, including system-wide and smaller-scale initiatives. This is one example that will illustrate the application of the plan elements to a managed care system that might be designed by a local district. It is not based on any particular district and is not intended to represent the format or the extent of the substance of an individual local district's managed care plan.

Needs Assessment/Target Population:

Mohawk County has decided to implement a managed care model for some of its child welfare services. Mohawk County began its planning process by examining CCRS, MAPS, and other available data to determine the foster care service utilization patterns for the past five years. With assistance from its New York State Department of Social Services (SDSS) Regional Office and the SDSS Managed Care Unit, Mohawk County took a system-wide view to assessing its service delivery system for children and families. It focused its analysis on determining which children use the greatest number of foster care days, the cost of those care days, and the common characteristics of this target group of children and families. This analysis led Mohawk County to target infants who enter foster care prior to their first birthday and are placed in foster boarding homes. Further analysis of the common characteristics of this group revealed that 85% of the target group families resided, prior to their child's placement, in three zip code areas of the largest urban area of Mohawk County.

The most common presenting problems of the target group include parental substance abuse compounded by mental health issues, poor parenting skills especially among teenage parents, and a lack of social and material supports such as a constructive network of family and friends, affordable permanent housing, and employment. An assessment of the existing service system showed that adequate services were available within the county for families in this target group in the areas of mental health services and employment training. Gaps in services were identified in the areas of early identification of children at risk of placement, availability of substance abuse treatment, access to social support networks, and affordable permanent housing. Further analysis of placement records was done to establish historical discharge patterns for this group of children, and a projection of the baseline discharge rate, without managed care, was established for the next four years.

As a result of the needs assessment process, Mohawk County established the following two goals for its managed care plan: (1) a planned reduction in the use of care days by children already in foster care who entered care prior to their first birthday; and (2) to prevent placement for children at risk of entering foster care before their first birthday in the three identified zip code areas.

DISCUSSION: The needs assessment process is a critical starting point for districts developing managed care plans. This process should result in the identification of a target population(s) around whom specific service delivery strategies/activities can be developed. Although Mohawk County identified infants as its target group, other districts' analyses will lead them to identify different target groups. For example, one district might focus on preventing re-entry into foster care for a specific age group of children, while another district might focus on shortening the lengths of stay for youth already in congregate care. A third district might choose to intensify prevention efforts with a specific age group or with children and families residing in a specific geographical area. Consideration should be given to lengths of stay in foster care, placement rates, and care day costs of the potential target group(s). Target groups may include a subset of the district's foster care population, its entire foster care population, or children who face a significant risk of placement. Regardless of which strategy is adopted, the plan must be designed to meet the performance outcomes specified in Social Services Law, Section 153-i(2).

Whether a district's managed care plan aims to shorten the length of stay for children already in care, has solely a prevention focus, or contains elements of both, its effect on reducing foster care utilization merits careful consideration. If the local district achieves care day reductions for its target population (from a predetermined baseline), the foster care maintenance payments that would otherwise be paid for "averted" days of care (net of the federal shares of those foster care maintenance payments) become available for reinvestment in the intensified services necessary to accomplish those reductions. Such services might include intensified discharge planning and after care services, additional community based preventive services, or an alternative service delivery system.

As a result of the needs assessment process, a district should be able to clearly identify the goal(s) of its managed care plan. The district's programmatic and fiscal strategies/activities, as well as outcomes, should follow from and support such goals.

#### Outcomes:

Mohawk County has chosen a two-phase approach for service delivery to its target population over a four year period. Phase One is the intensification of discharge planning and aftercare services for children already in foster care who entered care before their first birthday, and their families. The model for this phase will be, in part, a replication of the HomeRebuilders demonstration project. Phase Two is the intensification of preventive

services to families with infants who reside in the three critical zip code areas identified through the needs assessment process. Phase One will be implemented in years one through three of the four year initiative, while Phase Two will be implemented in years two through four. This incremental approach would allow for some of the projected "reinvestments" from the first year (i.e., from the outlays related to averted foster care maintenance payments or other reductions in the local district's foster care program) to be used for starting up the intensified prevention efforts required for Phase Two. Specific outcomes for each phase are as follows:

Phase One:

Child and Family Outcomes:

Changes in service utilization: A planned reduction in the use of care days by children in the target group over the first three years of the project as follows: 6% reduction in the number of care days for year one; 10% reduction in year two; and a 15% reduction in year three.

A 10% reduction in the reentry rates into foster care for the target group over the three year period;

A reduction in the rate of child abuse and maltreatment subsequent to discharge from care, to be measured by CPS data.

90% of target group parents will maintain adequate housing for two years after their children are discharged.

70% of target group parents will maintain employment for two years after their children are discharged.

Service Delivery System Outcomes

100% of families of children in the target group will receive intensified discharge planning beginning no later than three months prior to the child's anticipated discharge date.

100% of target group families with children being discharged from foster care will be offered after-care services and 85% will actively participate in these services.

Additional substance abuse treatment slots will be made available by the end of year one so that parents of children in the target group will be able to access in- or out-patient substance abuse services within two weeks of applying for such services.

Mohawk County will retrain one case aide as a housing specialist. This person will work collaboratively with community agencies in assisting target group families in finding and keeping permanent housing when a lack of housing is an obstacle to returning a child home.

A 24-hour crisis nursery program will be developed for drop-in respite care, crisis case management and counseling services by the end of year one.

Services Integration: Collaborative working relationships with other agencies will be established/strengthened as follows:

- in collaboration with the county mental health department, target group parents will be screened by caseworkers to identify those who should be referred to mental health for a psychiatric or psychological evaluation and treatment;
- a stronger link will be made between the district and the day care provider community, including Head Start, to ensure that day care is available for children leaving foster care as an after care service. This linkage will support families in their efforts toward self-sufficiency and help to ensure school readiness for target group children.

Phase Two:

Child and Family Outcomes:

A reduction from the baseline of infants entering care each year as follows - 8% in year two, 12% in year three, and 15% in year four.

A reduction of 50% in the rate of indicated CPS reports on target families subsequent to their involvement in services.

80% of families at risk will have affordable, permanent housing.

95% of families giving birth in the three identified zip code areas will be assessed prenatally or before they leave the hospital to determine the risk of their newborn being abused or neglected.

100% of families determined to be at risk during the in-hospital screening will be offered home visiting services; 75% of these families will accept and receive at least one home visit.

90% of families determined to be at risk will access postnatal medical services, including up-to-date immunizations and developmental screenings as appropriate.

All parents participating in the home visiting program who are on public assistance or lack adequate income will be referred to the county's employment office; 75% will participate with that office toward the goal of self-sufficiency.

## Service Delivery System Outcomes

Creation of the capacity to collect baseline data not currently available concerning the utilization of preventive services by the end of year two.

Community-based prevention services will be expanded so there are no waiting lists for families in the three geographical areas by the end of year four.

Establishment of a home visiting program in collaboration with the county health department and the two hospitals which serve the identified geographic areas of need.

Services Integration: Through collaborative efforts with the hospitals serving the three zip code areas, ensure that a continuum of medical care is available for families of infants at risk of abuse and neglect ranging from pre-natal through post-natal care. New strategies/activities for advertising and ensuring ready access for target group families will be developed and a Mohawk County caseworker will be outstationed in at least one hospital.

Make available the crisis nursery services to target group families with children at risk.

DISCUSSION: In developing its managed care plan, a district needs to overlay the presenting problems of the target group identified during the needs assessment process with the current services delivery system in the district. The district might address questions such as: How well does the current system address the needs of the target group? What are the areas of service delivery that are sufficient in quantity and are working well? Where are the gaps? Answers to these questions provide a base upon which child and family outcomes and the service delivery system outcomes can be built. If a high demand service is insufficient in quantity or is geographically isolated from the persons in need, for example, the service delivery system outcomes should reflect ways in which these obstacles to the success of the managed care plan will be remedied.

The child and family outcomes should reflect the changes in client functioning that are anticipated from successful managed care implementation and the changes in patterns of service utilization by clients. Simply stated, outcomes are the measures by which a district will be able to test the effectiveness of its managed care plan. The changes in client functioning, patterns of service utilization, and service delivery system that will be occurring in a successful managed care system are reflected in outcome statements in measurable, observable terms. The format of the outcome statements should be consistent with those in the Consolidated Services Plan inasmuch as they are expressed as measurable changes in the status of individuals or groups of individuals (refer to 94 LCM-128 - 1995-1999 Consolidated Services Plan).

Program Development and Quality Assurance

## Service System Design

During Phase One of the managed care plan, Mohawk County's goal is to shorten the lengths of stay for infants already in foster care by discharging infants to safe, permanent homes in less time than it has taken in the past. This will be accomplished through intensified services to infants and their families, supported by the fiscal flexibility of the HomeRebuilder payment methodology. Specifically, the programmatic strategies/activities will include intensified discharge planning and aftercare services, intensive visitation and parent education for families of infants who will be returning home. For infants not returning home, surrenders will be encouraged as opposed to parental rights terminations (TPRs) as a way to hasten permanency for infants.

The reduction in care days which results from these intensified programmatic strategies/activities will create a fiscal opportunity for "reinvesting" local shares of foster care maintenance payments, as well as outlays of the local district's allocation of the State's Family and Childben Services Block Grant, in the aftercare services necessary to accomplish desired programmatic outcomes. This will be accomplished in a couple of ways. One strategy will be based on a replication of the HomeRebuilders model. Mohawk County will provide a capitation-style payment to the two voluntary agencies with which Mohawk County contracts for foster boarding home care for infants based on historical lengths of stay. A second fiscal strategy involves shortened lengths of stay for infants placed in foster homes directly operated by the local district. Reinvestments of local outlays from these reductions in lengths of stay will become opportunities for the local district to fund alternative services. Reinvestments will result from local outlays that would otherwise pay for a greater number of foster care days, as well as from local investments related to the reduction of a local district staff person through attrition or reallocation to another program where needed. The local district would be able to redirect the local investments of that staff person to preventive/after care services.

Mohawk County's managed care plan will require that the voluntary agencies pool some of their capitated funds to pay for a portion of the cost of establishing a crisis nursery program. Target group families with infants newly discharged from foster care will have the 24-hour crisis nursery program available to aid with child care, crisis counseling, and support. Families will be encouraged to access these services before stressful situations they are experiencing reach the crisis level. The crisis nursery will be geographically located in an area which best serves families from the three identified zip code areas and will be part of a continuum of the after care services available to target group families.

During Phase Two of the managed care plan, Mohawk County's goal is to establish a continuum of preventive services that is community based, family focused, delivered in a culturally competent manner, and available when families need them. District staff and preventive agencies will utilize a family mediation model so that families are empowered, to the extent possible, to determine their own futures. Foster care will continue to be an essential component of this continuum of services but will be utilized less frequently and as a temporary, strategic intervention rather than a

service of last resort. The continuum of services will include a collaborative effort with the local health department and hospitals to ensure that pre-natal and post-natal medical care are readily accessible to at-risk families. Existing services, such as the county-administered Intensive Home-Based Family Preservation Service, homemaker, and day care services are critical components of the continuum of services and are also available for target group families.

A home visiting program will be established during Phase Two in partnership with the local hospitals and county health department. Universal screening of pregnant women and new parents will be conducted in the targeted geographical areas using a standardized risk assessment instrument (the Kempe assessment). Families found to be at risk will be offered home visiting service. The crisis nursery - established during Phase One of the managed care plan - will be made available to serve the families participating in the home visiting program by the end of year two.

DISCUSSION: The model of practice for each district may vary but should flow from the goals and outcomes the district has for its managed care plan and be designed to best meet the needs of the children and families in the target population. Consideration should be given to developing strategies/activities that will ensure comprehensive, cross system collaboration to effectively deliver a continuum of services at the community level. The managed care planning process is an opportunity for districts to step back from their day-to-day work and take a broad view of the ways in which families and children at risk can be better served. Consideration of some of the following issues may be helpful.

- o In what ways will services be delivered differently than they are now?
- o How will casework practice be different than in the past?
- o How will the program engage and involve families in the pre and post discharge service delivery processes?
- o Will visitation be handled differently in cases where an expedited discharge is anticipated?
- o How will the roles of foster parents and caseworkers change as they relate to birth families?
- o How will geographical barriers to reunification be overcome, such as the distance between the birth family's home and the foster home, and the distance between the agency and the home where aftercare services must be provided?
- o Where appropriate, can voluntary surrenders be encouraged as opposed to TPRs as a way to reduce care days?
- o What organizational changes need to take place to implement the plan, including caseload size, recruitment and training of staff, supervisory-staff ratios, 24-hour on-call responsibilities, agency restructuring to support intensified pre and post discharge services, staffing patterns, and staff qualifications?

- o What is the comprehensive, coordinated approach to service delivery that is most likely to achieve the identified outcomes?

#### Case Management and Quality Assurance

Mohawk County has decided to retain the case management function, but will reevaluate this decision midway through year three of the managed care plan. The district will redesign the case management function during the first six months of the plan's implementation so that county case managers and their supervisors are more frequently on-site in the voluntary agencies. District staff will review and sign off on UCRs while on site, to reduce the time it takes for paperwork processing.

In regard to quality assurance, case specific monitoring will be intensified by the district through the increased on-site presence of district staff in voluntary agencies. Organizational monitoring will be coordinated by the Director of Services who will convene a standing quality assurance workgroup which might include representatives from each contractor agency, district administrative and line staff, as well as birth, foster and adoptive parent representatives. The short-term goal of the workgroup is to establish quality assurance standards for voluntary and preventive agencies. Based on these standards, each provider agency will submit an annual Quality Assurance Plan to the district.

The Director of Services will meet quarterly with each agency to review the agency's performance against the plan and previously agreed upon indicators. Mohawk County will take actions necessary to ensure that agencies make any needed corrective actions, including more frequent face-to-face reviews, more intensive case monitoring, and changes in contracts as appropriate. The creation of a data collection system for preventive services, to be completed by the end of year two, is essential to Mohawk County's quality assurance process.

**DISCUSSION:** Quality assurance is a critical component of a managed care plan. Each managed care provider needs to establish a process within their organization for monitoring case specific and organizational performance on an ongoing basis. The district needs to monitor its own performance and that of the voluntary agencies, as well as service delivery system changes. The quality assurance process at both the provider agency and district level will be successful to the extent that it relies on data and is an ongoing process for which specific staff persons are responsible.

Quality assurance standards must be developed, including standards for record keeping, staff qualifications, organizational communication, accessibility of providers to clients, the types and quantity of preventive and after care services that will be provided, and resolution of clients' complaints. Data collection and access to the data must support the quality assurance effort. Information beyond that traditionally collected by the district will be necessary. For example, how will client satisfaction be measured? Are client complaints being resolved satisfactorily? Are the right families accessing the right services at the right times? Experiences from quality assurance efforts

in the health care field may provide useful information in establishing child welfare managed care quality assurance standards and monitoring systems.

Fiscal Components of a Child Welfare Managed Care Plan:

Mohawk County chose a fiscal methodology in Phase One similar to that of the HomeRebuilders Demonstration Project for the two voluntary agencies with which it contracts for foster boarding home placements for infants. For children in the target group, the two agencies will be paid a capitation-style payment sufficient to cover the cost of foster care for a reasonable period of time rather than a traditional per diem payment. In exchange for this fixed payment, each voluntary agency will assume responsibility for the costs of foster care and aftercare for children in the target group. The capitation-based payments are discretionary and can be used for a mix of placement and community-based activities that will reduce the use of care days in the first instance.

To calculate the capitation rate, an agency-specific average length of stay for children in family foster care will be calculated using the historical experience of each voluntary agency. The projected care days will be valued at existing agency-specific per diem rates - that is, the projected number of care days multiplied by the number of participating children and the agency per-diem rate will produce the revenue total for each program. The agency's current administrative and pass-through rates will form the basis for this calculation. For cash flow under the capitation payment system, rates will be calculated so that agencies can support intensive discharge planning and aftercare services early on in the project period. Additionally, the voluntary agencies participating in Phase One will be required to contribute 10% of their anticipated "savings" from averted care days to jointly develop a crisis nursery program.

For purposes of cost reporting and claiming under existing procedures, the local district will require the voluntary agencies to separately account for and report services-related expenditures. The local district and voluntary agencies will seek assistance from the Department (SDSS) in establishing appropriate accounting and reporting procedures to assure maximization of existing funding sources.

The Phase Two fiscal strategy in Mohawk County involves the use of a performance based contract to purchase a home visiting program from a local provider agency. The home visiting program will be funded through local outlays that are projected as "reinvestments" related to the anticipated reductions in the baseline rate of infant admissions, as well as through other sources of potential start-up funds. The expectation is that the provider agency will be paid the full amount of the contract if specific outcomes, including the anticipated reductions in the numbers of infants entering foster care from the targeted geographical areas, are achieved. The contract will provide for payments of less than 100% related to lower achievements of those outcomes based on a negotiated schedule. The district is also opting for multi-year contracts with some provider agencies.

DISCUSSION: The purpose of a local district's managed care fiscal strategy is to build in fiscal incentives which are consistent with the

desired program outcomes and to avoid any fiscal disincentives toward achievement of those outcomes. For example, replacing the traditional per diem payment methodology with a capitation-style payment establishes an essential tension whereby the discharge of a child from foster care is no longer equivalent to a reduction in the income for the voluntary agency. This tension may provide a sharpened focus for practitioners but also presents a special challenge for the agency in terms of its vision, operational planning and fiscal viability. As an agency experiences the positive effects of the project - that is, a reduction in average length of stay - it must implement downsizing or appropriate restructuring strategies/activities to remain fiscally viable.

The replication of a HomeRebuilder model provides the flexibility to transfer spending from foster care to other child welfare services. For example, the capitated payment for children whose placements might average 750 days in an agency that receives a per diem rate of \$40 (including the foster parent pass-through amount and the administrative rate) would be \$30,000 per child without regard to the actual length of stay for the contract period. If the provider could lower foster care utilization for the contract period by 10% overall, the actual per child expenditures for foster care would average \$27,000 rather than \$30,000. Based on a federal IV-E eligibility rate of 80%, the projection of a \$3,000 "savings" from averted care days would result in a loss of \$1,200 in federal revenue. That is, had the \$3,000 been spent on foster care, a federal IV-E claim of \$2,400 would have resulted (assuming an 80% eligibility rate), and the federal IV-E reimbursement related to a claim of \$2,400 would have been \$1,200. A local district in this example could budget the difference of \$1,800 per child as a redirection of local investments that could fund non-foster care child welfare services. Aggregate expenditures would remain unchanged, only the pattern and timing of services delivered would be different.