



# A B C's of



# *Performance Based Contracting*

*A Presentation for the  
Georgia Child Welfare Private Providers  
Provider Summit Held at the Wyndam Hotel  
September 25, 2009*



# Presentation Overview

- What is performance based contracting?
- Measuring for meaning – what do you want to measure and how do you develop performance indicators?
- Leveling the playing field for providers – what is risk adjustment?
- How do you set performance benchmarks?
- Carrots and sticks – what type of fiscal foundation do you need?
- System reform – what supports do you need to be successful?

# What is Performance Based Contracting (PBC)?

- Emphasizes results related to output, quality and outcomes rather than how the work is performed
- Has clearly defined objectives and timeframes
- Uses measurable performance standards and quality assurance plans
- Provides performance incentives and penalties and ties payment to outcomes

# Expectations and Benefits of Performance Based Contracting

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- Encourages innovation and competition
- Results in both lower costs and improved performance
- Shifts some risk to contractors so they are responsible for achieving outcomes
- Encourages governmental entities and contractors to work together to provide the best services to children and families
- Documents results for fiscal accountability

# Why are Public Child Welfare Agencies Interested in PBC?

- Promotes achievement of specific departmental and federal outcomes
- Identifies priority areas and invests resources to maximize client outcomes
- Sets groundwork to evaluate programs and services
- Documents results for fiscal accountability
- Transfers risks (**or at least shares it**) with the contracted Private Provider

# Why are Private Agencies Interested in PBC?

- Increased opportunity for innovation and creativity
- Ability to engage in **full partnership** with government
- Reinvestment of savings into improved services for clients
- Potential for less frequent, but more meaningful contract monitoring

# Challenges of PBC

- What outcomes are you measuring?
- What baseline data are you relying on?
- How reliable is the data?
- How do you define your outcomes?
- Should the public agency “punish” contractors for legitimate effort that falls short of the goals set?
- How do you manage other systems impacting your performance?

# What type of Outcomes are in PBC?

- It will be no surprise to learn that most PBC's have outcomes that are based upon the CFSR Standards.
- In addition, PBC usually have outcomes that are based upon the public sector practice model...i.e. : Georgia Family Centered Practice model
- Or court ordered settlements...i.e.: Kenny A.

# What type of Outcomes are in PBC?

Examples of outcomes:

- Reduce the length of time for children to achieve permanence
- Increase the number of children who exit to permanence
- Increase the number of children who enter family-based care
- Increase the number of children who are placed with kin
- Reduce the number of children who enter congregate care
- Reduce the number of children in congregate care<sub>9</sub>

# How do incentives and penalties work in PBC?

Some PBC payments are made in the form of a case rate for services. Depending upon the success of the outcomes, the provider can receive additional incentives or payments or not.

Example:

## **Iowa Family Safety and Permanency Contracts Performance**

**Incentive Payment:** The contractor will be eligible to receive an incentive payment for each child reunified within twelve months [the child's Trial Home Visit period will be considered as part of this 12 month period] who remains home for at least six months without experiencing reentry into care. If reentry occurs within six [6] months of the reunification date, the contractor is not eligible for this incentive.

# How do incentives and penalties work in PBC?

**Performance Incentive Payment:** The contractor will be eligible to receive an incentive payment for each case they serve that meeting the following condition:

- None of the children residing in the case household at any time during the safety service or prior to the end of the department assessment are placed out of the home by order of the court or by voluntary placement agreement.

# How will we get to PBC in Georgia?

- Staff in OPUOM (Office of Provider utilization and Outcome Management) will begin editing the current CCI and CPA contract templates to include PBC language and outcomes as well as CFSR language – **Completed by 11/30/09**
- Review and Editing of first draft – **Completed by 1/15/10**
- Two Sub-Groups of the Provider Network will review and give feed back on 2<sup>nd</sup> draft of the PBC's. CPA Sub-Group will review CPA Template Contract and CCI Sub Group will review CCI Template Contract. SG's will submit comments and recommendations to OPUOM Staff - **Completed by 3/1/10**
- A Provider Summit will be scheduled for Provider CPA's and CCI's to review new CPA and CCI Contracts that will be issued for fiscal year 2010 – **Completed by 4/15/10**
- New PBC will be mailed to CCI and CPA Providers – **Completed by May 1, 2010**
- CPA and CCI Providers return signed contracts to DHS by – **6/15/10**
- **Executed Contracts returned to all CPA and CCI Providers who have returned Contracts – Completed by 7/1/10**

# How will outcomes and indicators be developed?

- Outcomes and Indicators will be developed based upon **CFSR (federal outcomes), Kenny A Decree and Divisional/State Standards**

# What Everyone Wants to Know!????? FACTS.....

- During the first year of PBC, there will be no financial penalties assessed to Providers for not meeting Outcome Measure Standards (OMS)
- First year data will be very important, because even though there will not be penalties assessed the first year, **a baseline of performance will be computed to rank Provider Agencies Performance.**
- **The higher the rank of the agency the faster referrals will be made to them from the county offices**
- **In the second year of PBC agency rankings will be re-determined each quarter: September, December and March**

# What Everyone Wants to Know!???? FACTS.....

- Agencies will have opportunities to receive “Incentive Bonus” pay by meeting outcomes related to specific outcome goals and/or populations of kids **–to be determined** (incentive bonus pay will begin in year one contracts!)
- Technical Assistance (TA) to agencies will begin officially in year one. ***TA can be requested by an agency, suggested to an agency by OPUOM staff or mandated to an agency based upon poor performance outcome indicators. Corrective Action Plans will accompany all mandated TA.***

# Step 5: Connecting Payment to Performance

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**Penalties & Rewards**

# Why Should We Care About Measuring Performance?

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- What gets measured gets done.
- If you don't measure results, you can't tell success from failure.
- If you can't see success, you can't reward it.
- If you can't reward success, you're probably rewarding failure.
- If you can't see success, you can't learn from it.
- If you can't recognize failure, you can't correct it.
- If you can demonstrate results, you can win public support.

*From Reinventing Government*