



*Governor's Office for*  
**Children and Families**

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*Uniting and Empowering Communities so they can Unite and Empower Families*

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*TO: Governor Sonny Perdue*  
*FROM: Jen Bennecke, GOCF Director*  
*RE: Foster Care Quality Study*  
*DATE: Thursday, July 30, 2009*

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As many states evaluate how to improve their child welfare systems and comply with Child and Family Services Review (CFSR) standards, there is an important debate underway in the child-welfare community over whether and how much to privatize some child welfare services. While the most recent findings of the CFSR for Georgia (September, 2007) identified some areas of exceptional performance, the state was found not to be in substantial conformity with any of the seven CFSR outcomes or with three of the CFSR's systemic factors – case review system, service array, and foster and adoptive parent licensing, recruitment, and retention.

In December 2008, the Governor's Office for Children and Families (GOCF) partnered with Metis Associates to execute a special study regarding the privatization of Georgia's foster care services. The overall goal of the study was to explore the question of whether or not privatization can support or enhance child-welfare practice in Georgia.

Data collection methods for the study included:

- comprehensive literature review
- an analysis of administrative data provided by the Department of Human Resources
- 35 individual interviews with three groups of informants (14 staff from DHR and DFCS; 11 respondents from within Georgia with knowledge of the state's child welfare system, such as representatives of foster parent advocacy groups and civil-court judges; and 10 informants outside of Georgia who are recognized experts in child welfare. The Metis evaluation team used semi-structured protocols to guide the stakeholder interviews customized to the informant groups.

### **Conclusions**

We have concluded that DHR/DFCS is substantially on the right track regarding the sharing of responsibility with the private sector for the provision of foster care services.

Several key themes emerged from the literature and are incorporated in the recommendations:

- involve key stakeholder groups throughout the process, ensuring that all are aware of and prepared to deliver on their new roles and responsibilities;
- ensure that all involved, especially private providers, have the necessary capacity to support the needed services;
- set clear performance standards for contracting agencies and ensure that the mechanisms are in place to monitor adherence to those standards; and
- ensure that reliable data systems are in place to support the reform efforts, and that all have appropriate access.

Georgia's hybrid system (approximately 60% public and 40% private) currently places almost all of the state's specialized foster youth into homes and institutions that are managed by private providers. In the opinion of most of the study informants, this kind of distribution seems quite reasonable, and should continue. Some recommend that private providers can and should be contracted and incentivized to achieve specific results (i.e.: CFSR outcomes or reunification) for specific populations of children (i.e.: special needs, teens, etc.).

From the review, the one service area that appears inherently inefficient in Georgia is case management. Substantial cost savings may eventually be possible by eliminating the built-in redundancy and entrusting private providers with the overall case management responsibility. However, strong contract management procedures and service quality reviews must be in place.

### **Recommendations**

***Recommendation #1- Develop a more defined hybrid system with specialized, high risk placements assigned systematically to private providers.***

***Recommendation #2- Consider outsourcing case management responsibilities to private providers.***

Georgia already operates under a predominately hybrid system. These cases are often foster children with special needs, requiring specialized case management and care, and specialized providers are generally better equipped to handle that responsibility than the average DFCS case manager or foster parent. With appropriate supervision, if allowed to manage a unique population and the specialized training that goes along with it, a private agency can manage the child's entire case in a consistent and appropriate manner.

Some private providers are still doing very basic care. We should consider developing a more hybrid system in which "standard" foster children are in DFCS homes, and CPAs are used for special populations such as large sibling groups, older youth, medically fragile youth, those with behavioral health disorders, etc.

Specialization certainly is one component of having an effective hybrid system, but it is also critical to outsource these special populations in a consistent manner. To properly place our children with special needs in private settings, we need to make sure that (1) we assess the child's needs up front and (2) we actively work to match that child's needs with the appropriate specialized provider.

The private providers often have advanced degrees and training to manage the cases that the DFCS case managers often do not have. That is why it would seem duplicative that we would have them in addition to the specialized private case manager handling the case. Freeing up the DFCS case managers from direct responsibility for private cases would allow them to focus on (1) handling less complicated cases and (2) ensuring that a proper assessment is done on each child so that those needing specialized care receive it up front.

A concern about using private providers is that their rates are so much higher because they have their own case managers. However, if we eliminate dual case management, you go with the more specialized case manager and allow DFCS to concentrate on ensuring that children are appropriately assessed so that we do not have the expense and trouble of seeing children move between homes until they finally get an appropriate specialized placement. We also lack a full understanding of DFCS' real cost of doing its own case management.

***Recommendation #3- Introduce performance-based contracting for private providers. Shift from system of fee for service to performance-based contracts with private providers.***

***Recommendation # 4- Encourage greater partnership/collaboration between DFCS and private providers (and their representatives).***

Approximately 57% of states are currently using some form of performance-based contracting with their private providers. Although Georgia has indicated their intention to move to performance-based rather than fee-for-service contracts, we remain among the 43% of states that so far have not done so.

Contract development considerations:

1. *Providers must have the full support of the Department and full access to information on the child.* If they will be held accountable for outcomes, the private providers must be given access to appropriate information. We will need to ensure that private providers have appropriate access to Georgia's SHINES database for those children whose cases they manage.
2. *Appropriate development and implementation of outcome indicators.* If we are to expect collaboration and a successful partnership, the Department and providers must be equally involved in developing the outcome measures. Appropriate CFSR outcome indicators should be selected, and quality assurance standards and procedures put in place to assess implementation fidelity.

*Next steps:*

Initiative Implementation:

- Explore development of advisory group, consisting of state agency leadership, private provider stakeholders, Governor's office, and OPB, to oversee the development of an action plan to implement the aforementioned recommendations.

## National Privatization Efforts: Overview

**TABLE 1**  
**Classification and Categorization of Privatized Care Management Services**

<b>Level of Privatization</b>	<b>Operational Definition</b>	<b>States</b>	<b>N</b>	<b>%</b>
Not currently undertaking privatization of case management	Private providers may be utilized to deliver some child welfare services, but the child welfare agency retains case management authority	AK, AL, AR, AZ, CA, CT, DE, GA, HI, IA, IN, KY, LA, MA, MS, MT, OK, OR, PA, ND, NM, NV, RI, SC, UT, VA, VT, WA, WV, WY	30	64
Partially Privatized	These states have privatized case management functions for a target group of children or set of core services, but only on a pilot basis or in one or two select jurisdictions	CO, ID, MD, MI, MN, MO, NE, OH, SD, TN, WI	11	23
Large-scale reform	These states have experience in large scale privatization reform	DC, FL, IL, KS, ME, NY	6	13
Total			47	100

Table 1: States in 2008 that were not undertaking any privatization of case management, those that were partially privatized, and those that had implemented large-scale reforms in privatizing case management

**TABLE 2**  
**Services and Scope of Privatized Case Management**

<b>State</b>	<b>Services</b>	<b>Where</b>
CO	Differs by county, e.g. foster care in El Paso County	Some counties
DC	Private agencies with children placed in therapeutic foster homes and some in traditional foster homes	District
FL	Everything except investigations has been privatized	Statewide
ID	In home cases (not court involved) in which there are safety/risk issues	Some areas
IL	80% of the foster care	Statewide
KS	Family preservation and out of home services which includes foster care and adopting	Statewide
MD	Adoptions services that do home-studies	Very limited
ME	Alternate response child protection system	Statewide

<sup>1</sup> University of Kentucky & Planning and Learning Technologies, Inc (2008, September)

MI	Foster care, adoption services, provision of residential services, prevention services	State
MN	Alternative response to investigations	One county
MO	Foster care in 3 regions	Regional
NE	Approximately 20% of the foster care case load; voluntary services that are not court ordered; in-home services with case management authority	Regional/parts of state
NY	Foster care, preventive services, post adoption services	Most counties
OH	Differs by county	Some counties
SD	Therapeutic foster care	Statewide
TN	One contract where a private provider took over primary case management responsibility for foster care caseload	One region of the state
WI	Adoptions in state; all of Bureau of Milwaukee Child Welfare with the exception of investigations	State; one county

Table 2: Descriptions of privatized case management services underway in states that have already begun to move in this direction

**TABLE 3**  
**Classification and Categorization of Performance Based Contracting**

Use of PBC	Operational Definition	States	N	%
Currently using some form of PBC, broadly defined	Contracts specify expected levels of performance, most commonly in the way of service or client outcomes, and may tie at least a portion of the contractor's payment, as well as any contract extension or renewal, to their achievement	AK, AR, AZ, CA, CO, CT, FL, IA, ID, IL, IN, KY, LA, MI, MN, MO, ND, NE, NM, NY, OH, OR, PA, TN, WI, WA, WY	27	57
No use of PBC	States or counties not currently using performance based contracts in any of their child welfare service contracts	AL, DC, DE, GA, HI, KS, MA, ME, MD, MS, MT, NV, OK, RI, SC, SD, UT, VT, VA, WV	20	43
Total			47	100

Table 3: States in 2008 that were either using or not using performance based contracting