



DCYF System of Care
Family Care Network Contracts

Governor's Resource Team
Executive Report

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SECTION 1: PLAN OVERVIEW

1.1 Introduction

At Governor Chafee's request, his Resource Team has prepared this document to summarize previously identified issues and observations surrounding contract challenges within the Department of Children Youth, and Family's (DCYF) System of Care. The System of Care was instituted in two phases with the goal of preventing youth and families from becoming involved with the Department through the utilization of community-based services (Phase I) and by reducing the number of youth placed in congregate care settings (Phase II).

Phase I

The first phase of the System of Care began in FY 2009 and created Family Care Community Partnerships (FCCPs), designed to serve as prevention/early intervention supports for children, youth, and families in the community at risk for formal involvement with the Department, as well as for youth transitioning out of the Rhode Island Training School.

Services provided through the FCCPs may include substance abuse treatment; sexual abuse treatment; behavioral health evaluation, therapy, and treatment; social services (advocacy, food, housing, heat assistance, legal services, etc.); parenting education and family supports; crisis intervention; early and special education; and some medical services). Currently four regional FCCPs consolidate the management of DCYF's prevention, early intervention, and community-based behavioral health programs in order to integrate and expand services and supports for each child and family according to their unique strengths and needs. The FCCPs provide a systematic approach for families with children and youth who are at risk for DCYF involvement due to abuse and neglect or serious emotional disturbance and youth who are returning to the community following a Rhode Island Training School sentence. This first phase of the System of Care is designed to prevent family involvement with DCYF and support family preservation and well-being.

Phase II

The second phase of the System of Care, which comprises 34.0 percent of the Department's FY 2015 Budget, was instituted in July 2012. It was designed to service Rhode Island families with children who are formally involved with DCYF and who are in need of, or at risk for, out of home placement with a goal of facilitating permanency plans, decreasing the need for hospitalizations and residential placements, and increasing access to home and community-based services and supports. As outlined in DCYF's original concept paper, the System of Care involves families with at least one child, from birth through eighteen (18) years of age, who is active with DCYF. The families will require services to provide for the safety of the child, services to mitigate risk to the community, and services for the treatment of behavioral or emotionally challenging conditions.

Phase Two was intended to transform the DCYF child welfare, juvenile corrections, and children's behavioral health system to one that primarily relies on an expanded continuum of home and community-based services and supports to better meet the needs of children and their families in the

least restrictive setting and ensure community safety. The expected outcomes are to maintain children safely in their own homes, to improve the rate of reunification, and to prevent the recurrence of maltreatment. The outcomes were to be achieved by providing services that utilize the family's strengths and take into account their needs and preferences.

In designing the second phase for implementation, it was determined that a Request for Proposals (RFP) process would be utilized to establish two external Networks of Care for oversight and coordination. Ultimately, the two contracts were awarded to the Rhode Island Care Management Network, managed by Child and Family Services of Newport County, and the Ocean State Network for Children and Families, managed by Family Services of Rhode Island. The original contract with the two providers totaled \$71.4 million from all sources of funds in FY 2013.

The initial term of the contract was July 1, 2012 to June 30, 2015 at an annual rate to each contractor of \$35,690,000 or \$107,070,000 for the full life of the contract. Annually the two contracts cost DCYF approximately \$71.4 million. Each contract has three 1-year renewal options. The total value of the two contracts over the initial three year term was \$214,140,000.

Table 1

	Yr 1	Yr 2	Yr 3	Total
Rhode Island Care Management Network <i>(Child and Family Services of Newport County)</i>	\$ 35,690,000	\$ 35,690,000	\$ 35,690,000	\$ 107,070,000
Ocean State Network <i>(Family Services of Rhode Island)</i>	\$ 35,690,000	\$ 35,690,000	\$ 35,690,000	\$ 107,070,000
Total	\$ 71,380,000	\$ 71,380,000	\$ 71,380,000	\$ 214,140,000

As was intended, the primary functions of the contracts are to provide home-based services; deliver care coordination; maintain a centralized intake system; and ensure quality control and cost containment of services.

1.2 Purpose of Review

For the previous two (2) years, DCYF has encountered cost-overruns for the two primary contracts related to the implementation of Phase II of the System of Care. Expenditures have exceeded budgeted financing in each of the past two fiscal years and are projected to exceed budgeted financing in FY 2015 by an estimated \$11.3 million, comprised of \$10.0 million from general revenue and \$1.3 million from federal (and restricted receipt) funds.

In June, DCYF and their two contractors initiated letters to terminate the contracts, citing inadequate funding. A 30-day extension to the anticipated termination ran through July 31, 2014.

In order to ensure that a complete understanding of the contract, the related costs and services, and the needs of the families were being met, the Governor assembled a team to review the situation and better understand the contract and the reasons for the cost overruns.

1.3 Assumptions

In early July, the Governor's Resource team was assembled to better understand the contract issues and cost overruns. The team was also tasked with providing guidance on options going forward. During our first week engaged with the agency, the team discovered the following additional facts, which modified our approach to the situation:

- DCYF and its contractors did not properly cancel the contract under the State's Standard Terms and Conditions attached during the Purchase Order process.
- Under the belief that they had properly cancelled the contract and in anticipation of the 30-day extension ending, DCYF had already begun to disassemble the services being delivered by the two network contractors. Several of the services that were provided under the contract had been migrated back to DCYF with no clear work plan or budget to outline how these services would continue or be managed by current DCYF staff.
- DCYF had also already begun to negotiate new contracts with the individual providers that existed within the two networks, including modifying rates with no budget or work plan to determine service or overall cost and reimbursement structure.
- No clear structure existed on how the contracts had been administered and there was no clear internal process to ensure delivery of services and measurable outcomes.

In addition to the new facts, the Resource Team met with key stakeholders to better understand the issues giving rise to the cost overruns and how best to craft longer term solutions.

SECTION 2: MANAGEMENT AND OPERATIONS

2.1 Overview

Once the Resource Team established a better understanding of the situation, we began a regular meeting schedule to better align activities with appropriate decision-makers. It became apparent that oversight of the contract was neither coordinated nor consistent. There is not a designated lead staff person from within DCYF charged with the direct oversight of the contracts, which has caused a variety of decisions to occur by multiple individuals.

2.2 Management Structure

We established weekly meetings on the major areas surrounding the contract to focus on the issues in that topic area, as well as to ensure the appropriate people were in attendance. The meetings were organized as follows:

Monday: Budget/Finance
Operations

Wednesday: Data/Performance Management
IT

Friday: Executive – Internal to DCYF senior management
Executive – DCYF senior management and Contractor senior management

The following work plan and resulting information was established to identify and categorized issues. We also gathered data to inform us on the current situation so that solutions could be developed.

1. Data Analysis

- a. Review current contracts
- b. Identify contract manager
- c. Review and understand performance measures
- d. Outline contract management dashboard and decision points
- e. Review current policy documents or operating procedures that guide the staff and management for contract implementation
- f. Identify Data Sets
 - i. Determine data availability
 - ii. Review DCYF data vs. Network data
 - iii. Data sources – understand how is it maintained and quality
 - iv. Data review sessions
 1. How is data used to manage contractor performance?
- g. How is data used to realign programs based on service needs?
- h. Contract and Process Mapping
 - i. Current written contract vs. current actions vs. future contract/future actions
 - ii. Overlap the three versions to understand alignment
 - iii. Workforce assessment
 - iv. Casey Foundation study

2. Finance/Budget

- i. FY 14, FY15 and FY16
- ii. Payment schedule – actual invoices
- iii. Internal controls review
- iv. Projection/forecast and estimate review
- v. Confirm data sources
- vi. Invoices to date within contract period – break out of admin vs. service expenses
- vii. Actual # of kids by month in system for FY13 and FY14

3. Audit

- a. If needed, conduct an audit of DCYF broader than previously conducted, as the Bureau of Audits conducted a limited audit of the Licensing Division
- b. Conduct an audit of the Network vendors as allowed under the current contract

The following summarizes our progress in each of the areas above.

- 1) Data Analysis – We worked with DCYF and the Office of Management and Budget’s Performance Management division to understand data trends and establish measures for both contract oversight and longer term analysis of service delivery.

Overview: There is very little ability to provide clean metrics around the performance of this contract. To date, there has not been any consistent oversight of the data; to the extent it is collected. Further, during the previous two years, there have been numerous policy changes that inhibit our ability to benchmark, as the data sets are not consistent. To the extent there is available, consistent data, it is not relevant to the outcomes expected of either contractor, and therefore not a good measurement of success.

- 2) Finance/Budget – We hoped to review and develop an amended FY15 and FY16 budget that provides options for consideration on implementing the System of Care in the most efficient, cost-effective way to ensure the safety and well-being of our vulnerable children and families.

Overview: DCYF submitted its budget with a combination of some of our recommendations.

Based on current overtime line items and administrative costs paid for Network Care Coordinators as a component of the two contracts, there are likely opportunities to redirect those funds to FTEs without the need for additional revenue.

The Team has modified the payment methodology under the two contracts. Previously, DCYF paid 1/12 of the annual contract in monthly installments up front. We will now be issuing payment based on actual expenditures to ensure that there is transparency prior to payment, as well as providing a more accurate accounting on the use of funds.

In working with DOIT and ODE, current IT infrastructure projects have been advanced and the need for additional investment will not likely be necessary for the underlying system. There may be a need to upgrade user-level equipment, but those costs should be minimal. However, a longer term solution should be considered to determine whether RICHIST is robust enough for future business process improvement.

Currently DCYF has been renegotiating its lease on Friendship Street. Based on complaints received from various employees, we enlisted the help of DOA facilities to review the current environment. It was determined that there are likely quality of life and potential non-compliance issues with the current working conditions and we have worked to develop an RFP for engineering services to review all aspects of the building

and its condition. It is likely necessary that a small amount of funds for engineering services will be necessary in the capital budget.

- 3) **Audit** – We reviewed the financial process and expenditures for compliance with the contract as currently written, as well as contract activities.

Overview: As it relates to a more in depth financial audit, it will be necessary to ensure that all previous expenditures were appropriate. We have spent a significant amount of time understanding the nature of assessments conducted throughout the course of a child or family's involvement with DCYF and the two Networks. This area is of primary importance for multiple reasons:

- *It sets the baseline for decisions made about the type and level of service provided to a child/family.*
- *It continues to benchmark the progress of the child/family throughout their contact with DCYF/Networks.*
- *It identifies changes in delivery of service during that period of time.*
- *It provides information related to the performance of Networks/providers in their ability to improve outcomes of the child/family.*
- *It ultimately will help determine whether a child may be reunited with their families, which a primary policy objective of the state.*

Currently, there is no consistent standard for assessments throughout the time a child/family has contact with DCYF or the Networks. In certain cases, there are large gaps of time where few or no assessments are conducted. Until the data was requested by the team, there had not been previous oversight of the data that had been collected.

The Team also had an opportunity to travel to Louisiana in September to attend a Juvenile Justice seminar encouraging the study and integration of Evidence Based Practices into the delivery of services. We were joined by the Director, the Networks, and several direct providers. The concern on the lack of assessments as a fundamental process to the success of the system of care was echoed and emphasized by all.

2.3 Observations

After attending multiple weekly meetings, as well as interacting with executives from both of the primary vendors, communication continues to be a problem around the contract.

Despite the multiple meetings over several weeks that were conducted, the Resource Team struggled to obtain consistent documentation, or even understanding of basic contract activities. There were few to no policy protocols, particularly in areas that the current activities deviated from the contract requirements. In some instances, there have been multiple shifts in policy or action away from the original contract language. In some examples, there also existed no meeting of the minds on what the current practice is or why it had migrated away from the contract.

There was also tension between DCYF staff and contract staff that caused a level of mistrust which obstructs the ability for either side to identify or to cooperatively solve programs. In addition to the tension, it was difficult to focus all parties on specific topics for resolution, as several meetings were spent jumping from topic to topic trying to corral the confusion of the current state of affairs.

2.4 Issue Identification

Despite the lack of clarity on policy or procedures around day to day management or decision making, there were several issues that the Resource Team was able to identify that require DCYF's immediate attention.

Network Care Coordinators

As discussed previously in the Observations Section, the provisions in the contract that identify what the expectation for service delivery around the Network Care Coordinators do not mirror current action. In fact, the implementation of the NCC model has been modified several times since its inception and still does not meet the need of the agency. Further, it is not possible to study the data related to the NCC performance with any sort of specificity, as the modification of the policy has not been documented, particularly as it relates to when an NCC is used versus when it is not. Both parties agree that the NCC model is not sufficient, without commenting on whether it was appropriately procured for the actual needs.

Contract language vs. Existing policies/process

As a general theme, which has been previously stated, in the Resource Team's attempt to document current practice, there were few examples of written documentation being utilized that guide decision-making or operational practice. More often than not, the current practice did not mirror the contract and there was no consensus on how the action or practice had developed, and in some cases there was no consensus on the current practice.

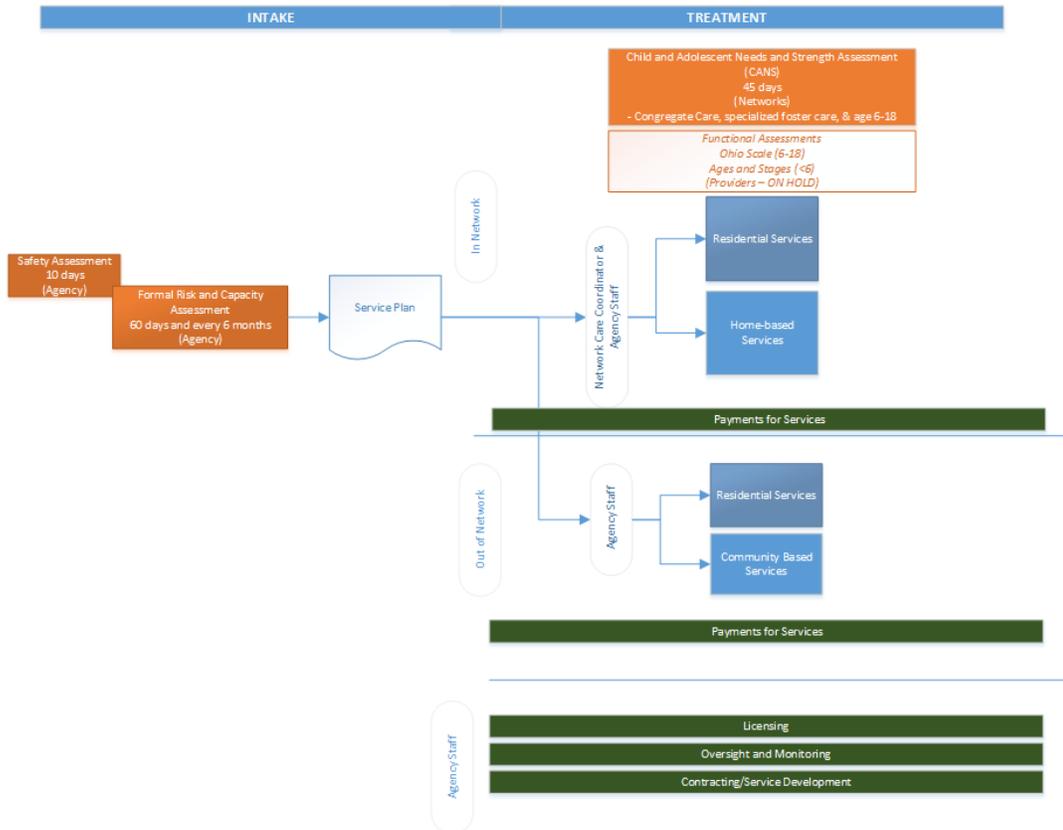
Assessments

By far this is the largest issue DCYF faces for both implementation of Phase II of the System of Care and the oversight and management of the two contracts. There is no clear assessment protocol for a vast majority of a child or family's travel through DCYF. While there are intermittent protocols and some attempts in various moments in time to conduct assessments, without a clear, concise, or consistent promulgation of the protocol by the agency and an accompanying level of accountability applied to the contractors, the process will fail.

Below, in Chart 1 and Chart 2, we have created a high-level view to begin to demonstrate the vulnerability the system contains unless and until the underlying foundation of assessments is addressed in a comprehensive manner.

Chart 1 focuses on the first two steps of interaction with the Agency when a child comes into their care. As previously stated, there are two separate processes that have developed for care, one that flows through the System of Care contracts and one that does not. In the circumstance where the case flows through the System of Care, the assessments that have been occurring only occur approximately 25% of the time. If a case is not assigned to the System of Care, there are no formal assessments occurring.

Chart 1



In Chart 2, we take a deeper look beyond just the intake and initial assessment and analyze a client’s movement through our entire system. This chart only looks at the Child Welfare section of DCYF. It is not intended to be conclusive; however, it fairly represents a minimum number of contacts a client is likely to have and the opportunities for assessments in order to inform and guide their care.

As has been stated previously, the assessments that are being conducted are incredibly low in occurrence and consistency. The blank shaded boxes represent examples where assessments could or should occur that are not currently occurring. You are able to see that without the periodic data being used to guide our System of Care, designing and managing programs does not in any way mesh with actual data or a child/family’s needs.

In the first column on the left you see two blank rows; it is here where a lack of clarity exists on what the initial assessment process is or should be such that we establish a clear and consistent measurement for future benchmarking.

Title IV Waiver

DCYF sought a waiver to pursue a modified policy approach to the Network Care Coordination model. The initial proposal may not have been synchronized with the current policy of the children/families in DCYF's care, and they requested a delay on implementation. The policy around this waiver needs to be revisited to ensure it is appropriate to pursue.

Utilization Review

The contract does not fully create a managed care structure. Utilization review, where it was contemplated was not implemented. Further, the Agency does not have a mechanism currently to review case management to determine whether it was appropriate.

Also, there is not a current comprehensive inventory of all services available to DCYF or network case managers.

Staffing/Caseload

As described briefly above, the implementation of the contracts has resulted in a fragmented case management process, with some cases routed into the networks and some that come in to DCYF outside the network process. Caseload is more aggressively managed within the networks and the state caseworkers seem to manage a higher caseload without the access to the level of technology or data for tracking and managing cases. Caseloads are incredibly high for DCYF staff causing low morale and turnover.

IT/Technology

The Division of Information Technology (DoIT) worked aggressively to upgrade the infrastructure supporting DCYF so that more progressive technology could be implemented to improve case management. Unfortunately, archaic technology with outdated business rules bog down the efficiency of the system, which unnecessarily delays the flow of information vital to the care and safety of the children and family in our care.

SECTION 3: RECOMMENDATIONS

3.1 Overview

After several weeks of meetings, the Resource Team was able to outline a set of actions that are available to improve the delivery of the System of Care. The current delivery mechanism is fractured and implementation was not consistent with contract documentation.

The current contract needs to be addressed immediately. Based on currently projected service levels, there is not sufficient funding to fulfill our contractual obligations so that we complete the necessary work for children and families. In fact, projections indicate that the contract funding will run out in

April, 2015, well ahead of the completion of the contract. If the state chooses not to proceed, we are required to notice the contractors not less than thirty (30) days prior to termination. If DCYF chooses to cancel the contract, several factors must be considered, such as staffing, technology, and service delivery to ensure continuous and uninterrupted services for the children and families.

3.2 Recommendations

There are three primary options for consideration. Based on the level of funding currently available, it is imperative that a decision be made in early January, 2015 so that any change in direction occurs prior to the expiration of available funding which is projected to occur in April, 2015.

These primary options are focused on the principal functions of current contract, as they are performed:

- Care Coordination
- Provide home-based services
- Maintain a centralized intake system
- Quality control and cost containment of services

Option (1) Cancel and Rebid: Provide notice January 15, 2015 to cancel all aspects of contract with no less than 120 day notice and rebid necessary components.

- a. Hire 40-50 FTEs internally to support and deliver Care Coordination (90-180 days)
- b. Re-procure services directly with providers through fixed price and performance-based, outcome driven services (90-120 days)
- c. Procure Utilization Management Services (60-120 days)
- d. Redesign business process to maintain real-time tracking of children and services within agency (90-120 days)
- e. Finalize projections on system costs based on first quarter actuals to identify funding shortfall (30-60 days) – there will still be a need to identify funding for service delivery shortfalls unless projections improve cash position

Option (2) Eliminate portions of contracts: Provide notice January 15, 2015 to cancel portions of contract with no less than 90 day notice.

- a. Cancel Care Coordination component
 - i. Hire 20 FTEs internally to support and deliver Care Coordination (90-120 days)
 - ii. Hire 20 FTEs internally to support and deliver Care Coordination (120-180 days)
- b. Finalize projections on system costs based on first quarter actuals to identify funding shortfall (30-60 days) – there will still be a need to identify funding for service delivery shortfalls unless projections improve cash position

Option (3) Fully fund existing contracts: Request additional funding with proposed FY15 amended and FY16 budget at the full level necessary to support projected deficits.

Regardless of the option selected above, the following actions should be considered:

1. Begin the continuous recruitment process for case workers. Regardless of whether services are returned to DCYF, the high turnover of case workers necessitates an ongoing recruitment to reduce the delay in filling approved positions.
2. DCYF can take over the payment process from the Network Leads. There is sufficient capacity within DCYF to absorb the payment processing.
3. DCYF needs to procure Utilization Management services, as the current contracts did not fully procure these.
4. Promulgate a concise and comprehensive policy covering all aspects of the assessment process.
5. Assign a dedicated project manager at a senior level with direct and clear authority over the contracts.
6. Develop a comprehensive list of services available to caseworkers for the care and support of their clients. Ensure that this list and the availability of these services are accessible real-time to the case workers.
7. Review all out-of-state placement needs to determine the feasibility of developing efficient and effective programs within the state for this target group of children.
8. Determine a projected timeline and assignment of any shift in duties to ensure it is consistent with the reduction or termination of services.
9. Pursue evidence-based practices and create a system that incentivizes innovate programming based on actual need. The system must also be design to support changing needs, and incorporate workforce development initiatives to enable service providers to be responsive.
10. Incorporate technology into the day to day business processes to streamline and improve activities.