Outsourced Oversight for Community-Based Care Produced Benefits But Substantive Challenges

at a glance

Although the pilot project to outsource program oversight of two child welfare lead agencies experienced implementation setbacks, it is now operational. The pilot project has resulted in improved quality assurance and performance measurement systems for both the Department of Children and Families and the pilot lead agencies. The department has used the methodology developed by the outsourced program monitor to strengthen its statewide quality assurance system, while the pilot lead agencies have enhanced their internal quality assurance and quality improvement systems. Both the department and the lead agencies report that they will be able to sustain most of these improvements.

However, outsourcing program oversight of lead agencies has created several challenges. It has distanced the department from the lead agencies and thus reduced its firsthand knowledge about the quality of child welfare services. It has also reduced the department's control over the timing, quality, and scope of oversight and has increased monitoring costs. Given these challenges, we recommend that the Legislature consider not continuing or expanding outsourced lead agency program oversight.

Scope

Chapter 2006-30, *Laws of Florida*, requires OPPAGA and the Auditor General to evaluate a pilot project that outsourced Department of Children and Families oversight of the two community-based care lead agencies that serve Broward, Miami-Dade and Monroe counties, and permitted the development of new lead agency performance measures.[1] In this report, OPPAGA evaluates the benefits and challenges of outsourced program oversight and the extent to which new performance measures were developed and implemented. The Auditor General will issue a separate report that reviews outsourced fiscal and administrative oversight.

Background

Chapter 2006-30, *Laws of Florida*, creates a three-year pilot project for two community-based care lead agencies (ChildNet in Broward County and Our Kids in Miami-Dade and Monroe counties) with a statutory implementation date of July 1, 2006.

The community-based care pilot project transfers fiscal, administrative, and program monitoring responsibilities from the Department of Children and Families to independent, non-governmental third-party

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[1] OPPAGA has issued two preliminary reports on this effort: *CBC Pilot Project Implementation Delayed but Proceeding; Other Initiatives Implemented*, OPPAGA Report No. 07-03, January 2007; and *Pilot to Outsource CBC Program Oversight Encountered Setbacks, Effectiveness Unknown*, OPPAGA Report No. 08-09, February, 2008.

oversight entities.[2] It also authorized development of new performance measures and modified funding and payment methods for lead agencies.

To implement the pilot project, the department contracted with Abel and Associates, a certified public accounting firm, to conduct fiscal, administrative and federal funds monitoring. The department also contracted with Chapin Hall to conduct program monitoring through quality assurance reviews and to develop new performance measures. Chapin Hall is a child welfare research and demonstration institute of the University of Chicago. As required by Ch. 2006-30, *Laws of Florida*, the selection of Chapin Hall as the program monitor was mutually agreed upon by the pilot lead agencies and the department.[3] Administrators of the pilot lead agencies recommended Chapin Hall due to its national reputation in child welfare research.

The Chapin Hall team that conducts program monitoring and develops performance measures consists of a research fellow who oversees pilot project activities and provides expertise and a project manager located in Miami who directs day-to-day quality assurance monitoring activities. Chapin Hall subcontracted with Foster Care Review, a private firm, which provides a team of four quality assurance reviewers who review case files for compliance with regulatory requirements. Chapin Hall also subcontracted with Dimas Consulting, which assists the pilot lead agencies in using data to improve, monitor and manage child welfare outcomes.

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[2] *Fiscal monitoring* provides financial oversight and assurance of the integrity of the provider's fiscal operations, including adherence to generally accepted accounting principles and the appropriate use of various funding streams. *Administrative monitoring* examines a provider's management and governance structures and other areas of operations not related to the delivery of direct program services. *Program monitoring* examines compliance with statutes, rules, and regulations. *Quality assurance reviews* assess the quality of services provided to children and families, determine whether case work services are comprehensive and services received best meet clients' needs, and evaluate whether case workers' decisions were in the clients' best interests.

[3] This legislation exempted the selection of the program monitor from the state's competitive procurement process.

Findings————————

The pilot project encountered several implementation delays but is now operational. Overall, the project has helped the department and lead agencies improve their quality assurance, quality improvement, and performance measurement systems. However, outsourcing oversight has created several challenges for the department.

The pilot project encountered setbacks during implementation

The pilot project encountered several implementation problems that delayed quality assurance monitoring. These setbacks included a delay in finalizing the Chapin Hall contract, problems using the department's quality assurance system, and disagreements between Chapin Hall and lead agencies that delayed monitoring reports.

As noted in our January 2007 report, the department did not execute a contract with Chapin Hall until almost five months after the pilot project's July 1, 2006 statutory deadline. The delay was due to University of Chicago's concerns about contract language governing insurance and indemnifying the state. The department and the university finalized the contract on November 25, 2006.

As discussed in our February 2008 report, Chapin Hall then encountered setbacks in assuming monitoring responsibilities due to problems in the department's three-tiered quality assurance system. The department had implemented a revised quality assurance system in April 2006 that shifted some quality assurance activities to lead agencies. Under this system, the lead agencies were responsible for reviewing a sample of case files while the department was to examine a subsample of these files to validate the lead agencies' findings. Chapin Hall became responsible for performing this validation review.

However, Chapin Hall encountered several problems when it attempted to implement the department's quality assurance system.

Specifically, the pilot lead agencies were unable to complete their quality assurance file reviews in a timely manner because they were required to examine over 300 cases files a year. The lead agencies took up to a year to complete these examinations due to the length and detail of the review instrument used by the department. Due to these delays, Chapin Hall had difficulty validating the quality assurance results because it could not match the reported data to current case file information. As a result, Chapin Hall was not able to conduct the scheduled quality assurance reviews for January and April 2007.

Chapin Hall also encountered disagreements with the pilot lead agencies about quality assurance findings, which delayed several monitoring reports. Due to these disagreements, Chapin Hall did not finalize its July 2007 review and instead submitted a revised monitoring report in September 2007. Chapin Hall's next monitoring report, due in December 2007, was also delayed until May 2008 primarily because of disagreements with one of the pilot lead agencies about its content.

The pilot project is now operational and has resulted in improved quality assurance and performance measurement systems

Chapin Hall's work on the pilot project has helped the department improve its quality assurance system and the pilot lead agencies enhance their quality assurance and quality improvement systems.[4] The department has used the methodology developed by Chapin Hall to strengthen its statewide quality assurance system. The department and lead agencies have developed the capability to sustain most of these improvements once the three-year pilot project has ended.

Chapin Hall's work on the pilot project helped the department improve its quality assurance system. As it implemented its monitoring processes, Chapin Hall developed and implemented a new quality assurance methodology for the pilot lead agencies that addressed problems with the department's earlier system. The revised methodology includes

- reducing the number of cases that lead agencies review each quarter to 25 to ensure that lead agencies complete case reviews in time for Chapin Hall's external validation reviews, and

- modifying the review schedule to enable both lead agency and Chapin Hall staff reviewers to examine case files during the same quarter. This allows both groups to examine current case file information and helps promote mutual agreement on how to interpret case file information.

The department adopted the Chapin Hall quality assurance methodology for its revised statewide quality assurance system for all lead agencies in July 2008 to replace its earlier three-tiered review system. As of December 2008, the department and the non-pilot lead agencies had completed reviews for the first quarter of the fiscal year and were nearing completion of reviews for the second quarter.

Chapin Hall helped the pilot lead agencies enhance their quality assurance and quality improvement systems. Chapin Hall helped the pilot lead agencies use quality assurance review findings and outcome data to identify and address problems in their case practices. Chapin Hall did so by working with pilot agency staff and encouraging them to hold regular meetings to address issues identified in quality assurance reviews. For example, one lead agency created a problem-solving workgroup to improve the thoroughness and timeliness of home studies for children placed in relative or non-relative care.[5] The workgroup developed new criteria for what needs to be covered in a home study, created a new home study form, and established

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[4] Quality assurance and quality improvement are key components of quality management systems for ensuring that performance is effective, efficient, and of consistent quality. Quality assurance is the systematic action necessary to provide enough confidence that a service will satisfy the requirements for quality. Quality improvement is the purposeful change of a process to improve the achievement of an outcome. Most quality management systems include elements of measurement to demonstrate the effectiveness of the changes put in place.

[5] Home studies assess whether the placement is safe, stable, and in the child's best interest.

timeframes for completing these studies. The lead agency also created an automated system that tracks whether home studies are completed on time and sends alerts to caseworkers with pending home studies to ensure that caseworkers comply with the new requirements.

Chapin Hall also helped the pilot lead agencies strengthen their internal quality improvement systems. As discussed in our February 2008 report, a Chapin Hall subcontractor established a process to analyze data and track outcomes over time for the pilot lead agencies. The subcontractor then helped the lead agencies target key outcomes needing improvement, develop improvement strategies, and establish targets for performance progress. The pilot lead agencies are focusing on improving their performance in key areas such as improving the timeliness of reunification with parents and reducing rates of reentry into foster care. Lead agency strategies for addressing these areas include working more closely with biological parents and following up more frequently with service providers to assess parents' progress in responding to treatment services such as substance abuse treatment. The lead agencies are also focusing on improving placement stability by communicating more frequently with foster parents to ensure that they receive needed support services.

Chapin Hall helped the department strengthen performance measurement. Chapin Hall analyzed the department's performance measures and its algorithms for calculating performance, and identified several weaknesses in this system. Notably, Chapin Hall found that the department's measures were not risk-adjusted and that outcomes for all children were measured the same with respect to movement through the child welfare system, regardless of age, reason for admission, or type of care, which masks performance problem areas and is not sufficiently sensitive for measuring improvements over time. In addition, Chapin Hall concluded that some of the department's measures provided a limited view of change in performance because they did not assess the likelihood or timeliness of expected results and

did not measure placement stability, which affects permanency and child well-being. Chapin Hall recommended that the department revise its outcome measures and expand them to also assess placement stability and both permanent and nonpermanent exits from foster care (such as running away).

Chapin Hall also demonstrated to the department how to better address performance weaknesses by analyzing outcome data. It recommended that the department use a risk-adjusted approach and examine outcome data by case mix (e.g., age, reason for placement, type of placement). This approach takes into account differences in children's situations and the desired outcomes of timeliness and likelihood of achieving permanency.[6] By tracking these data over time, the department and lead agencies can then determine whether outcomes for children improved. Chapin Hall also recommended that the department use a different approach to measuring lead agency contract performance. Lead agency contracts establish eight outcome measures and performance targets based upon statewide targets. Chapin Hall recommended that the department measure each lead agency's performance against its individual baseline performance rather than statewide averages. The department could then use a lead agency's failure to demonstrate improvement as grounds to take action.

The department's Child Welfare Performance Measure Workgroup is reviewing federal measures and the proposed measures from Chapin Hall to determine which measures to put in future lead agency contracts and make recommendations for the methods to be used in establishing performance targets.

The department and lead agencies have developed the capability to sustain improvements once the three-year pilot project ends. The department has incorporated the improvements suggested by Chapin Hall into its statewide quality assurance system statewide. The pilot lead

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[6] For example, the risk-based analysis examines achievement of permanency by age at first placement, placement type, number of years to achieve permanency, and type of permanency achieved.

agencies also have incorporated this system and are submitting revised quality assurance plans based on the new system. One of the pilot lead agencies is currently using the department's revised review tool for its internal quality assurance reviews.

The department also has taken steps to develop the staff capacity to conduct the risk-based statistical analyses recommended by Chapin Hall. The department began producing statistical data reports for lead agencies in October 2008. Department staff is consulting with Chapin Hall to develop a revised performance measurement system.

The pilot agencies have established workgroups to examine performance data and identify and solve problems as recommended by Chapin Hall's subcontractor. However, the pilot lead agencies may require continued support from the department in conducting the sophisticated analyses of client data needed to support this process.

Outsourcing program oversight creates ongoing challenges

While the pilot project to outsource program oversight of the pilot lead agencies has produced benefits, it has created several ongoing challenges. These challenges are difficult to overcome and limit the sustainability of the effort. As a result, we do not recommend that the Legislature continue or expand the pilot project once it reaches its July 1, 2009, sunset date.

A primary challenge of outsourcing oversight is that it weakens the relationship between the department and its contracted agents. The department has a legal obligation to the federal and state governments to be accountable for the performance of the child welfare system and to ensure the safety of children under the state's care and supervision.[7, 8] Outsourced oversight

reduces the department's firsthand knowledge about how lead agencies deliver child welfare services, the quality of these services, and how well they are meeting the needs of children in state care. Contracting with a third party to perform monitoring and quality assurance assessments creates an administrative layer between the department and the lead agencies and can hinder communication.

Outsourcing oversight also reduces the department's control over the timing, quality, and scope of oversight. The department recently terminated its contracts for outsourced fiscal oversight of non-pilot lead agencies, due in part to concerns that this practice weakened the department's ability to adequately control the quality and consistency of this work.[9] Outsourcing oversight also limits the department's flexibility to respond quickly to problems that arise. For example, Chapin Hall's contract with the department did not include provisions to conduct special reviews when unexpected situations arose. Given the nature of child welfare, DCF frequently must conduct ad hoc reviews to respond to situations such as allegations about inadequate follow-up by caseworkers to assure the safety of children placed in unlicensed placements. While the department has at times used contractors to address such problem situations, it also uses its own staff because of their experience in child welfare and its ability to quickly deploy staff in emergency situations.

An additional challenge is that there is a limited market of entities that can perform child welfare program monitoring. Contractors need highly specialized knowledge of state and federal legal requirements, casework standards, and child welfare practices in order to competently perform program oversight. While Chapin Hall has extensive expertise is in foster care, it lacked

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[7] Section 471(7) of the Social Security Act requires that a state agency must monitor and conduct periodic evaluation of foster care and adoption assistance in order for the state to be eligible for federal payment for these services. Section 471(22) of the Social Security Act requires that a state agency must implement standards to ensure that children in foster care placement in public or private agencies are provided quality services that protect the safety and health of children.

[8] Section 409.1671(2)(a), *F.S.,* requires the department to retain responsibility for the quality of contracted services and programs and ensure that services are delivered in accordance with application federal and state statutes and regulations.

[9] For more information, *see DCF Improves Contract Oversight of Lead Agencies; Fiscal, Quality, and Performance Assessment are Undergoing Change,* OPPAGA Report No. 08-39, June 2008.

expertise in case file reviews and needed to subcontract with another entity that reviews foster care cases for the court. As a result, it is difficult to competitively bid for these services and this may preclude expanding outsourcing oversight of other lead agencies. When the Broward County Children's Services Council sought a contractor to examine ChildNet, its local lead agency, it paid $540,000 to an outside organization to conduct three reviews.

Finally, outsourced program oversight has increased state costs. The department incurred additional costs of approximately $525,000 per year to contract with Chapin Hall. The department funded this contract using federal dollars that could have been used to provide services to children.[10] DCF administrators indicate that the department has the capacity to absorb the quality assurance activities for the two pilot sites within existing resources. The department retained quality assurance staff in the pilot areas to conduct quality assurance reviews for child protective investigations, special reviews requested by the state or regional offices, and child death reviews. If the pilot project is not continued into Fiscal Year 2009-10,

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[10] DCF is covering the cost of the pilot project from a combination of recurring federal funds from different sources, including Title IV-E Foster Care, Title IV-E Adoption Assistance, Temporary Assistance to Needy Families, and the Social Services Block Grant.

the recurring federal funds supporting the pilot project could be redirected back into services to offset funding reductions resulting from the state's budget crisis.

Recommendations——————

While the pilot project to outsource Department of Children and Families program oversight of lead agencies has produced benefits, these benefits have been realized and are sustainable. Due to the challenges posed by outsourcing oversight, we recommend that the Legislature consider not continuing the pilot project beyond Fiscal Year 2008-09 and not expanding outsourced oversight statewide.

If the pilot project is not continued, we recommend that the department maintain the quality assurance system improvements and assist the lead agencies in managing and improving their performance through the data analyses. It should also implement its revised quality assurance system for the pilot lead agencies when the pilot project ends in July 2009.

Agency Response ——————

In accordance with the provisions of s. 11.51(5), *Florida Statutes,* a draft of our report was submitted to the Secretary of the Department of Children and Families to review and respond. The Secretary's written response has been reproduced in Appendix A.

Appendix A

State of Florida
Department of Children and Families

Charlie Crist
Governor

George H. Sheldon
Secretary

January 29, 2009

Gary VanLandingham, Ph.D.
Director
Office of Program Policy Analysis
 and Government Accountability
111 West Madison Street
Tallahassee, Florida 32399-1475

Dear Dr. VanLandingham:

Thank you for the opportunity to respond to the final draft report entitled, Outsourced Oversight for Community-Based Care Produced Benefits But Substantive Challenges. Overall, we found the report to be an accurate representation of the challenges and successes experienced during implementation of the CBC Pilot authorized by Chapter 2006-30, Laws of Florida. The report recommended:

> "While the pilot project to outsource Department of Children and Families program oversight of lead agencies has produced benefits, these benefits have been realized and are sustainable. Due to the challenges posed by outsourcing oversight, we recommend that the Legislature consider not continuing the pilot project beyond Fiscal Year 2008-09 and not expanding outsourced oversight statewide. If the pilot project is not continued, we recommend that the department maintain the quality assurance system improvements and assist the lead agencies in managing and improving their performance through the data analyses. It should also implement its revised quality assurance system for the pilot lead agencies when the pilot project ends in July 2009."

Our response is as follows:

1. We concur with the recommendation that the legislature consider not continuing the pilot project beyond June 30, 2009. As the report points out, we have benefitted from many lessons learned during the pilot period, and have incorporated these into our regional quality assurance model as well as the newly developed in-house capacity for fiscal monitoring.

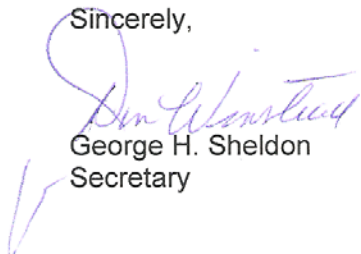1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

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Gary VanLandingham, Ph.D.
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2. While the contract with Chapin Hall Center for Children, for independent
   programmatic monitoring, will be ending on June 30, 2009, we do plan to continue
   outsourced fiscal and administrative monitoring in the pilot area for the foreseeable
   future. We also hope to call upon outsourced programmatic experts in the future for
   periodic and specialized consultation in the areas of data analysis and outcome
   measurement. For these reasons, we have chosen to propose permissive
   language in our legislative package, amending 409.1671 as follows:
   "<u>The department has the authority to contract for the programmatic, administrative
   and/or fiscal oversight of the community-based agencies.</u>" This will allow our
   Department the flexibility to secure such oversight as needed in the future.

We have enjoyed the opportunity to work with your staff on this project. Please let me
know if you have any questions regarding our response.

Sincerely,

George H. Sheldon
Secretary