The Center for
State Child Welfare Data

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Evaluating Private Provider Performance in Wisconsin

Summary

The context: In many states, out-of-home care is a responsibility the public child welfare agency shares with the private sector. Although the nature of that partnership differs from state-to-state, private agencies supervise many of the foster family, group home, and residential care settings needed to protect children whenever families are unable to do so. In those states then, improving outcomes for children depends on understanding how each partner contributes to children's well-being.

The question: So that it could target efforts to improve outcomes more effectively, leadership in the Wisconsin Department of Children and Families asked: **Does the rate of permanency differ by the provider supervising the homes in which children are placed?** It is an important but complicated question. Providers not only differ with regard to the children they serve; they also differ with respect to the counties that hold their contract. Wisconsin is a county administered system where counties can and do adopt their own approaches to working with families. Therefore, it is reasonable to expect that county-level differences also influence a private agency's permanency rate.

The analysis: Adopting methods used in health care and education, we leveled the playing field and explored whether the private agencies influence permanency rates over and above the influence of child and county characteristics.

The findings: We found that private agencies play an important role in shaping permanency outcomes for children. Though the findings show that county factors do matter, notwithstanding their influence some providers had a permanency rate that outperformed the state average. For other providers, the opposite was true.

The implications: In child welfare systems with a strong private sector, getting better outcomes depends on public/private cooperation. In Wisconsin, we were able to help the leadership answer an important question: Do permanency rates differ by provider? In a CQI context, the question and answer are both important. CQI generally begins with an observation that core outcomes vary by age of child, gender, race, clinical rating, region of the state (e.g., county) or some other organizational unit such as a provider. When one finds variation, the next step in the CQI process is to ask whether that variation reflects appropriate care across subpopulations. If not, then reducing the variation by promoting best practices is key to improving outcomes.

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The context

In many child welfare systems, the state relies on the private sector to achieve safety, permanency, and well-being outcomes for children in out-of-home care. In these jurisdictions, private agencies must engage in their own Continuous Quality Improvement (CQI) processes, reflecting on and implementing efforts to improve outcomes for those entrusted to their care. At the same time, CQI calls on the public agency to monitor the performance of its contracted service providers and assess the return on its investment in each.

A provider's ability to achieve positive outcomes is associated in part with the clinical needs of the children it serves; children with more complex needs are often more challenging to move to permanency. Private agency outcomes are also tied to the jurisdictions in which they work. This is especially true in county-administered child welfare systems where counties have unique cultures, policies, practices, and resources. That said, a provider's performance is also, of course, a function of its own effectiveness.

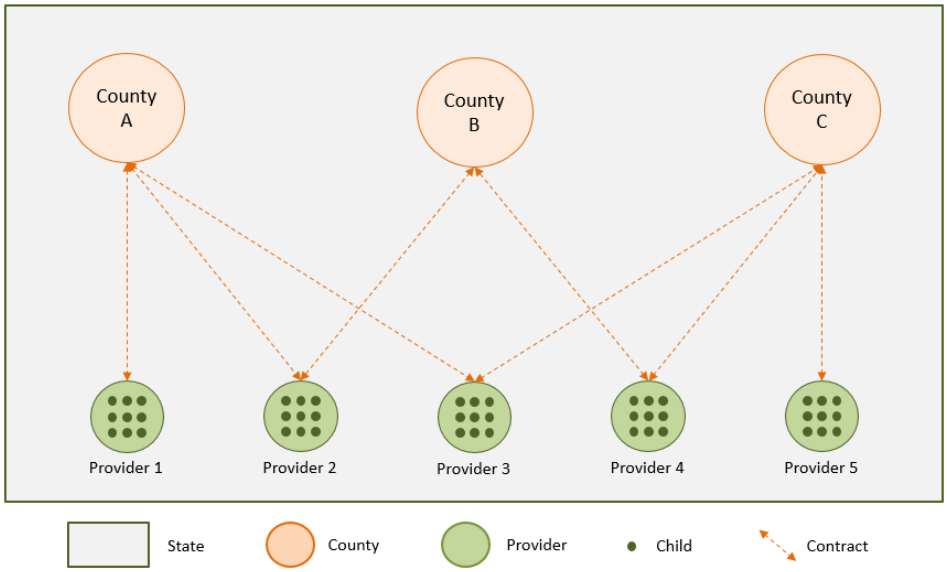
The question

How can a public agency provide feedback to a given private provider regarding its performance vis-à-vis other agencies in the network while taking into account that a provider's ability to achieve permanency for children may be due in part to influences outside of its control? Put differently, if counties differ with respect to child welfare policy, demographics, and socioeconomic characteristics and private providers are nested within those contexts, what is a fair way to hold providers accountable for achieving specific outcomes while appreciating the influence of their varying ecologies? Wisconsin's Department of Children and Families was interested answering this very question about its private foster care provider network.

The analysis

Multilevel modeling is a statistical technique that helps us get to the answer. In this case we define permanency as the likelihood of exiting foster care to reunification, adoption, or relative/guardianship. We test a two-level model: Level 1 tests whether child variables (age, race/ethnicity, and gender) and placement type affect the likelihood of permanency; Level 2 tests the degree to which the private provider itself influences the permanency rate and accounts for the cross-classified structure of county-provider relationships—namely, that a provider may contract with more than one county and a county may contract with more than one provider (Figure 1). From there, we ask how provider outcomes vary after we account for differences in case mix and county context. This method, commonly known as **risk-adjustment**, asks the question: How do providers compare to one another after we adjust for real differences in child and county characteristics?

Figure 1: Sample Privatized, County-Administered Service Ecology



The diagram depicts a hypothetical state in which three counties are served by five private providers. Provider 1, for example, contracts with County A, which contracts with two other agencies (Providers 2 and 3). Providers 1 and 5 are the only agencies that contract with only one county. In this example there is no county that contracts with just one private agency.

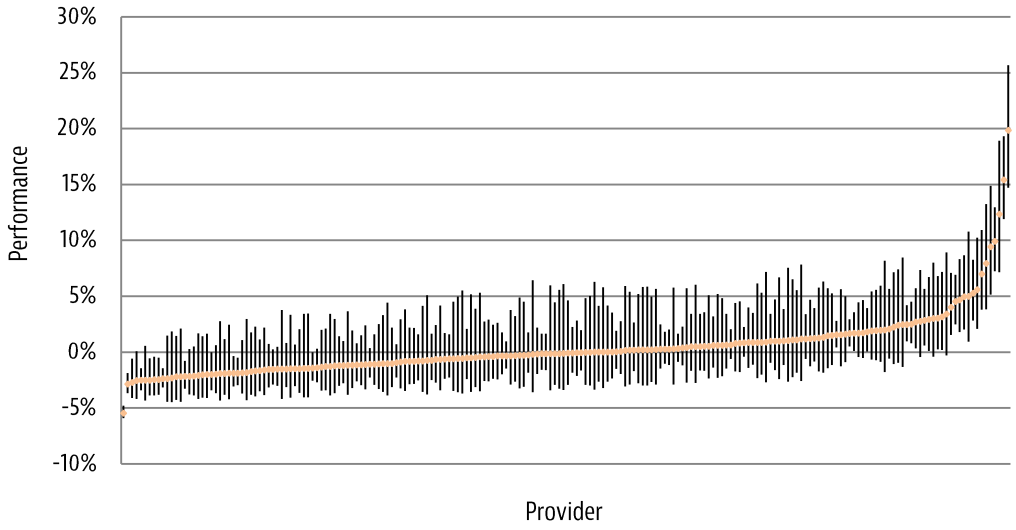
The findings

Figure 2 shows the results for Wisconsin's 202 private service providers. Each dot represents a single provider. The "0%" mark on the y-axis represents the statewide permanency rate. The position of the dot represents the difference between the provider's permanency rate and the statewide rate after adjusting for child and county factors.

The bar running through each dot is the **confidence interval.** The confidence interval represents the certainty with which we can say that the difference between the provider's permanency rate and the statewide rate is statistically significant. It also acknowledges that the model does not measure every possible variable that could influence permanency (e.g., children's clinical needs; county-specific policies, etc.)—the analysis accounts for the *measured* factors listed above; the confidence interval keeps us from making an "up-or-down" judgment about a provider's relative performance without also taking into account the influence of unmeasured factors.

When the confidence interval crosses the zero line, the provider's permanency rate is not statistically different from the state average; when it falls entirely above zero, the provider's permanency rate is significantly higher than the state average; when it falls entirely below, the provider's permanency rate is significantly lower.

Figure 2: Adjusted Provider Performance, Likelihood of Permanent Exit



Of the 202 providers, 38 showed statistically significant differences; 25 showed above average performance and 13 showed below average performance. In other words, all else being equal, when a given child is placed with a private agency, his or her likelihood of exiting to permanency is significantly affected by provider-specific contributions.

The implications

Multilevel modeling techniques enable child welfare systems to gather evidence about the relative performance of its business units—in this case, members of a private provider network—while accounting for the characteristics of the children those subunits serve and the contexts in which they operate. That evidence can support both public and private agencies' CQI efforts. For instance, with knowledge about where performance gaps exist, public agencies can make strategic decisions about how to target their own resources toward improved outcomes; the state or county may choose to provide extra guidance or support to providers with below average permanency rates or examine whether there are effective practices within high-performing agencies that might work for struggling providers. Or, the public agency may take a more formal approach, using the results as a springboard for a performance-based contract that uses financial rewards to incentivize improved outcomes for children in care. For their part, contracted providers can use the findings as an entry point to examine how their own policies and practices shape the experiences of the children in their care and how internal CQI efforts could improve those trajectories.

For both public and private agencies, it is important to remember that knowledge about variation in performance does not, in and of itself, explain why the differences exist. In a CQI context, the next question is perhaps even more important: What are the process, quality, and capacity improvements needed to improve outcomes for children?