



Evaluating contract agency performance in achieving reunification

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ABSTRACT

This paper analyzes the performance of contract agencies in achieving timely permanency for children in foster care. Using the Cox regression model on administrative data of children admitted in three years, we examine the hazard rate of family reunification for each agency both relative to its peers and compared with its own performance in previous years. This is achieved by introducing an interaction term between the agency dummy and the entry-year indicators. Doing this provides a dynamic and comprehensive view of an agency's performance both over time and in relation to other agencies in the same locale. We believe that our modeling technique can serve as an effective tool for child welfare administrators to evaluate the performance of foster care service providers.

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1. Introduction

Over the last two decades, ready availability of administrative data for children in foster care in most states has made it possible to study the effect of children's demographics, placement experiences, and other case attributes (i.e., family structure, reason for admission) on length of stay in foster care and such permanency outcomes as reunification, adoption, and guardianship. Research with foster care data from different states and regions has established that age, race/ethnicity, family poverty, and prior placement history are indeed related systematically and consistently to an eventual permanency outcome (e.g., Barth, 1997; Courtney & Wong, 1996; Kemp & Bodonyi, 2000; Wells & Guo, 1999; Wulczyn & Hislop, 2002).

However, scant attention has been given to how child welfare service providers influence the course of a child's foster care experience. Even with foster children of similar family backgrounds and demographics, differences between agencies in their ability to achieve permanency should still be expected because of their different policies, practices, and organizational capacity (Snyder, 2003; Westat, Chapin Hall, & James Bell Associates, 1998). Obviously, there is a need for statistically rigorous research on provider performance that will serve both practical and policy purposes. On the practical side, public child welfare agencies are relying increasingly on the private and nonprofit sector for the provision of foster care. A rigorous evaluation of contract agency performance will enable child welfare administrators to make wise purchasing decisions and develop better oversight policies. Furthermore, a better understanding of provider-level performance produces crucial knowledge that can be used in identifying best practices and advancing child welfare reform.

This paper examines the performance of foster care providers operating in a single jurisdiction. Although the modeling technique we propose is applicable to various performance indicators, this analysis focuses on the reunification of children placed in foster care with any of the contract agencies during the three years from 2001 to 2003. It examines both the difference in performance among agencies (agency-to-agency comparison) and each agency's change in performance over time (agency-to-self comparison). The latter issue is the focus of this analysis because it has not been addressed explicitly in previous studies.

2. Review of previous research on foster care provider performance

The late 1990s witnessed the burgeoning of managed care initiatives in child welfare in many states and counties (GAO, 1998). Public agencies contract with nonprofit community-based providers for child welfare services such as family preservation, foster care placement, and aftercare services. A salient feature of the managed care approach is its capitated payments to service providers instead of the per diem method of service reimbursement (GAO, 1998). This is designed to redress the disincentive in fee-for-service reimbursement models and to stimulate their efforts to achieve permanency for children at a quicker pace.

To ensure service quality and monitor contract providers' performance, formulation and institution of appropriate performance standards and measurements are critical. As argued by some researchers (Dicke & Ott, 1999; Smith & Grinker, 2003), although performance of service providers has different dimensions, such as inputs, activities, outputs, and outcomes, outcome measurement is becoming the focus of performance-based contracting for child welfare services. New York City is one of the pioneers in experimenting with performance-based contracting for the provision of foster care. The HomeBuilders Program, a demonstration project initiated

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by the New York State Department of Social Services in the mid-1990s, was intended for service providers to provide wraparound services for children in foster care and their families in order to achieve earlier permanency (Wulczyn, Zeidman, & Svirsky, 1997). The program followed a group of children who were in foster care on July 1, 1993, in six agencies in New York City. The percentage of children discharged from care and the number of days in care since July 1, 1993, were the measures for achievement of permanency. Final evaluation of the program revealed that only one of the three agencies randomly assigning children to the treatment and control groups significantly improved discharge and reduced days in care (Westat et al., 1998). It concluded that the shift in fiscal incentives induced by the capitation payment method is not sufficient for contract agencies to achieve the goal of safe and timely permanency. Also necessary are certain organizational capabilities, such as clear decision-making protocols, triaging strategies, and sound data systems for case management (Westat et al., 1998).

In the late 1990s, performance-based contracting further expanded to cover nearly 90% of all children in out-of-home care in New York City (Wulczyn, Orlebeke, & Martin, 2001). The Administration for Children's Services adopted the Evaluation and Quality Improvement Protocol (EQUIP), with fifteen outcome measurements, to track the performance of contract agencies (Wulczyn et al., 2001). The Safe and Timely Adoptions and Reunifications (STAR) program was also instituted to inform contract providers of trends in the length of stay and discharge patterns of their caseloads. These evaluation tools are based on statistical models to examine the time to reunification and adoption, and reentry rates of foster care children in each agency.

Kansas is also one of the pioneers in adopting managed care and performance-based contracting for child welfare services with nonprofit providers. However, due to a lack of planning and prior experience, its implementation was fraught with problems (Snyder, 2003). With very limited data management capacity, the Department of Social Rehabilitation and Services had virtually no baseline cost or performance data with which to formulate appropriate performance standards for the contract providers and obtain a reliable estimate for the cost. Although extensive practice procedures were imposed, such as a maximum caseload of 25 families per caseworker, the capitation payment rate proved to be well below the real cost for the contracted services. As a result, many service providers, through a lack of financial and program management expertise, experienced severe financial difficulties. One prominent faith-based foster care contractor went bankrupt, and an adoption contractor closed its doors. For the second round of contracts starting in 2000, the managed care approach was dropped for foster care and adoption, and contractors were paid on a per-child per-month basis (Snyder, 2003). A major lesson from Kansas's privatization initiative concerns the importance of performance management capabilities for both public agencies and nonprofit contractors. These capabilities, including development of valid and reliable outcome measures and quantitative analytical skills, are the basis for ensuring accountability and the effectiveness of performance-based contracting (Buchanan & Snyder, 2001; Snyder, 2000).

Among the earliest efforts to examine performance of foster care providers is a study by Wulczyn, Orlebeke, and Melamid (2000) of 43 out-of-home care agencies operating in New York City. The study demonstrates the potential of rigorous modeling to provide child welfare administrators with insight into provider performance. The study followed a cohort of more than 4,000 children who were placed in out-of-home care for the first time in 43 contract agencies during 1995 until their exit from the agency or early 1999. Using a proportional hazard regression model, the authors of the study compared the relative performance of foster care agencies in their family reunification rates by including an indicator variable for each agency with one agency serving as the reference. To take into account different compositions of caseloads of these agencies, their model also

included variables for child characteristics (gender, age, and ethnicity), family poverty (Title IV-E eligibility), as well as type of placement (kinship care, foster care, and so on). From the model coefficient for each agency, its hazard ratio was obtained, indicating the ratio of its hazard rate to that of the base agency. By ranking the agencies according to their hazard ratios, their relative performance in reunifying children with their families was clearly demonstrated. The results did reveal significant differences in reunification rates among the agencies even after taking into account case mix variations. The reunification rate of the best-performing agency was nearly three times the rate of the worst performer. These striking differences among agencies in performance warrant careful scrutiny of their organizational structures and program process characteristics to identify best practices.

Another study of foster care service providers in New York City examined the relationship of contract agencies' compliance with program process standards (including fiscal management) and timeliness of administrative activities to their performance on foster care permanency outcomes (Melamid, 2002). Based on administrative reports from related oversight units, each contract agency was assigned a score on administrative compliance and timeliness. By adding the compliance/timeliness score as a predictor in the basic model of Wulczyn et al. (2000), the study revealed a significant and positive relationship between procedural compliance and permanency outcomes, especially for family-based reunification and adoption programs. Because compliance with structural and procedural standards partly reflects the capacity of an agency for quality service delivery, the findings of the study underscore the importance of capacity building for contract agencies.

The modeling method adopted in Wulczyn et al. (2000) has the merits of being straightforward and relatively easy to implement. However, it only provides a static view of provider performance in achieving reunification because only children admitted in one year are included.

A comprehensive evaluation of an agency should not only examine that agency's performance relative to other agencies but should also consider the dynamics of its own progress from one year to the next. The goal is to establish, for a given agency, whether programmatic changes induce the expected improvements in performance. This implies a comparison that uses an agency's own historical performance to determine whether more recent performance achieves better outcomes.

The accumulation of longitudinal data on children in foster care during the last decade in many jurisdictions enables us to take a long-term and dynamic view of the performance of contract agencies.

We expect this paper to provide a modeling technique that can serve as the basis for a comprehensive examination of agency performance.

3. Methodology

3.1. Data source and sample

The data on foster care placements come from a single jurisdiction and include child-specific data covering a variety of placement and administrative events that characterize a child's "career" in care. The sample used in this analysis includes roughly 12,000 children who were placed in foster homes during 2001, 2002, and 2003.¹ Children placed in congregate settings such as group homes, group residences, and institutions are excluded. We also restrict our analysis to children with the permanency goal of returning home at the time of exit from the agency or on the last date of observation, whichever came first. Children with the goal of adoption or any other destination are not included in the analysis. However, the technique proposed in this study can be applied to evaluating an agency's impact on other permanency destinations.

¹ Our analysis covered children who entered foster care for the first time as well as those who reentered into the system after being discharged.

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