

# HOUSE BILL REPORT

## EHB 2749

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**As Passed House:**  
February 12, 2016

**Title:** An act relating to the extension of dates concerning measuring performance and performance-based contracting of the child welfare system.

**Brief Description:** Extending dates concerning measuring performance and performance-based contracting of the child welfare system.

**Sponsors:** Representatives Kagi and Ormsby; by request of Department of Social and Health Services.

**Brief History:**

**Committee Activity:**

Early Learning & Human Services: 2/2/16, 2/3/16 [DP].

**Floor Activity:**

Passed House: 2/12/16, 90-6.

**Brief Summary of Engrossed Bill**

- Delays the implementation date for supervising agencies that must deliver child welfare services in demonstration sites from December 30, 2016, to December 30, 2019.

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### HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

**Majority Report:** Do pass. Signed by 8 members: Representatives Kagi, Chair; Senn, Vice Chair; Walsh, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Kilduff, Ortiz-Self, Sawyer and Walkinshaw.

**Minority Report:** Do not pass. Signed by 2 members: Representatives McCaslin and Scott.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Hawkins.

**Staff:** Luke Wickham (786-7146).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## **Background:**

### Performance-Based Contracts.

In 2009 the Legislature enacted Second Substitute House Bill 2106, which directed the Department of Social and Health Services (DSHS) make contracting changes in two phases to include:

- converting existing contracts for child welfare services to performance-based contracts by 2011; and
- contracting with supervising agencies for child welfare services, including case management functions, in select demonstration sites by June 30, 2012.

### *Phase One: Performance-Based Contracts and Network Administrator.*

The requirement that the DSHS convert existing contracts for child welfare services to performance-based contracts has been referred to as Phase One of performance-based contracting.

In 2011 the DSHS offered a model for Phase One that would reduce the number of contracts by establishing one lead agency contractor per geographic area to provide or subcontract for all child welfare services. Contract performance would be measured by outcomes related to child safety and well-being, timeliness of services, and results of periodic satisfaction surveys. A request for proposals for this model was released in February 2011.

In May 2011 a Thurston County Court granted a preliminary injunction against the state, ruling that the DSHS was in violation of state law requiring agencies that contract out duties customarily performed by state workers to permit state employees to offer alternatives or bid for the contracts.

Legislation enacted in 2012 and 2013 required the DSHS to enter into performance-based contracts for family support and related services no later than December 1, 2014. The DSHS was further required to conduct a procurement process to enter into a performance-based contract for family support and related services.

In December 2014 the DSHS entered into a contract with the Family Impact Network (FIN), a subsidiary of the Empire Health Foundation, to act as the network administrator for performance-based contracting for family support and related services in Spokane and neighboring counties. The FIN began managing child welfare parent child visitation contracts during the summer of 2016.

### *Phase Two: Demonstration Sites.*

The requirement that the DSHS set up two demonstration sites to compare child welfare case management by supervising agencies with child welfare case management by employees of the DSHS has been referred to as Phase Two of performance-based contracting. A supervising agency is defined as an agency licensed by the state or an Indian tribe that has entered into a performance-based contract with the DSHS to provide child welfare services.

The implementation dates for the demonstration sites that must be operated by supervising agencies have been periodically extended. In 2013 the implementation date was extended to December 30, 2016.

### Child Welfare Transformation Design Committee.

The Child Welfare Transformation Design Committee (TDC) was established in 2009 and charged with selecting the two demonstration sites to be used for the comparison of the delivery of child welfare services. The TDC was also required to develop performance outcomes to be included in performance-based contracts. Initially, the TDC was required to report to the Governor and the Legislative Children's Oversight Committee on a quarterly basis.

In November 2011 the TDC determined the locations for the two demonstration sites. The TDC selected a Western Washington site to include the offices in Everett, Lynnwood, Sky Valley, Smokey Point, and two offices in Seattle (King West and Martin Luther King Jr.). The TDC selected an Eastern Washington site to include offices in Clarkston, Colfax, Moses Lake, and Spokane. The TDC also invited three tribes in Eastern Washington (Colville, Spokane, and Kalispel) to take part in the demonstration.

In 2013 the TDC was suspended until December 1, 2015, and expires on July 13, 2016.

### **Summary of Engrossed Bill:**

The implementation date for the demonstration sites operated by supervising agencies that deliver child welfare services is delayed from December 30, 2016, to December 30, 2019.

The report conducted by the Washington State Institute for Public Policy regarding the measurable effects achieved by demonstration sites is delayed from April 1, 2018, to April 1, 2023.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) The Legislature enacted legislation in 2009 that required the DSHS to use two pilot areas to do child welfare services. This has been delayed since 2009. There was an injunction related to Phase One. For Phase Two, the DSHS has routinely requested a delay, and the DSHS is requesting another delay to 2019. This has been a multi-year effort to effectuate some changes in child welfare services. Phase One includes the move to consolidate contracts and move to performance-based contracting. This is now happening through the network administrator model. The state should continue implementation of Phase One before moving into implementation of Phase Two. The pilots if implemented by the end of the year will cost money that does not exist and will not be done effectively. Delaying implementation makes sense.

(Opposed) None.

**Persons Testifying:** Jennifer Strus, Department of Social and Health Services; Laura Lippold, Partners for Our Children; and Alia Griffin, Washington Federation of State Employees.

**Persons Signed In To Testify But Not Testifying:** None.