Contracting for Change: Incorporating Payment Incentives for Early Childhood Outcomes in Maternal, Infant, and Early Childhood Home Visiting Contracts in Connecticut

IN BRIEF

In early 2018, Connecticut's Office of Early Childhood (OEC) announced a new approach for rewarding home visiting service providers who deliver positive outcomes for the families they serve. Under Connecticut's Maternal and Infant Early Childhood Home Visiting (MIECHV) Outcomes Rate Card Pilot initiative, OEC defined a menu of key two-generational outcomes it wishes to "purchase"—such as healthy births or parent employment—and the amount it is willing to pay the provider every time a family achieves a given outcome.

This initiative marks a dramatic shift in how government agencies measure and pay for positive outcomes. "Our reason for existing is getting better results for families—and our biggest tool is the resources we deploy," says OEC Commissioner David Wilkinson. "As a government agency, we tend to want to pay for process and compliance rather than outcomes and success; we wanted to begin to take steps in that direction."

In April 2018, ASTHO interviewed Wilkinson and Catherine Lenihan, OEC's primary prevention services coordinator, to learn more about Connecticut's implementation process, the key factors that supported the state's success, and their recommendations for other states and territories that want to incorporate payment incentives into early childhood contracts.

BACKGROUND AND GOALS

Created in 2013, Connecticut's Office of Early Childhood (OEC) coordinates and improves early childhood programs to "create a cohesive, high-quality early childhood system." In February 2018, OEC announced a pilot initiative designed to reward outcomes that matter for vulnerable families and children. Under Connecticut's Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program Outcomes Rate Card Pilot initiative, OEC pays for outcomes, such as healthy births or parent employment, that generate significant and two-generational impacts for families, communities, and the state government. The effort marks a shift from how government currently measures and pays for outcomes. "Nationwide, programs typically are funded by the number of individuals who receive a service," says OEC Commissioner David Wilkinson. "OEC's pilot outcomes rate card enables us to pay for the results that matter most, and do so for the whole family."

The initiative is grounded in the science of early brain development and the need to improve outcomes for caregiver and child. The importance of healthy relationships and safe environments, not only to brain health but also to long-term health and well-being, provides a strong justification for two-generation efforts that address the needs of both children and adults.[1] In its 2017 report to the Connecticut General Assembly, an interagency working group found that a "two-generational approach recognizes that if any part of a family system is not getting the support it needs, the other parts suffer, too."[2] In contrast to siloed systems of care, the report finds that two-generational approaches "place families at the center and place the work of coordination on agencies in order to ensure that whole family interests and needs are addressed."

Connecticut's Home Visiting Outcomes Rate Card Pilot
Improving early childhood mental health and responding to adverse childhood experiences and childhood trauma was the "animating driver" of Connecticut's approach, Wilkinson says. An outcomes rate card is a procurement and contracting tool that defines a set of outcomes that OEC wishes to "purchase"—for example, reduced child welfare involvement or increased caregiver employment—and the amount it will pay when an outcome is achieved. According to Wilkinson, "[It's] like walking into a store and seeing the prices."

OEC provides bonus payments for outcomes that generate significant and two-generational benefits for families, communities, and government, as well the other important benefits listed at right. Through MIECHV, HRSA spends approximately $9 million annually to support home visiting in Connecticut. OEC identified a pool of funds that would provide the bonus payments to MIECHV providers who achieved specific outcomes. The model rewards outcome achievement but does not penalize providers or put them at financial risk if they do not achieve specified outcomes. Potential bonus payments are capped at three percent of the total contract value for each provider.

Connecticut's Outcomes Rate Card Benefits[3]

Connecticut's Office of Early Childhood provides bonus payments for home visiting programs that:

- Focus on evidence and outcomes.
- Promote measurement.
- Attract new resources.
- Help scale up high-quality services.
- Optimize government resources for results.
- Serve more people in need with outcomes-based projects.

TARGET POPULATION

The current pilot initiative targets families who receive voluntary, evidence-based home visitation services in Connecticut. Families qualify for home visiting by meeting a range of criteria such as having incomes below certain thresholds, being a pregnant woman under the age of 21, or having previous interactions with child welfare services.[4] Each year, MIECHV-funded home visiting providers serve approximately 1,400 families living in high-risk communities in Connecticut.[5] Communities are considered high-risk if they are characterized by concentrations of poverty, crime, high school drop outs, unemployment, etc.[6] Beginning in summer 2018, OEC plans to expand the model to state-funded home visiting service providers and the families they serve.

IMPLEMENTATION STEPS

Social Finance, a nonprofit organization dedicated to using Pay for Success methods to address complex social problems, says that to develop and implement an outcomes rate card, "government selects outcomes, identifies target population(s), sets prices, and selects an evaluation/measurement methodology as the basis for a Pay for Success procurement for multiple service providers." OEC has taken the following steps to implement the MIECHV Rate Card Pilot Project.

Partnership with Social Finance

In 2017, Social Finance awarded a social innovation grant and 12 months of technical assistance to OEC, in partnership with the Yale Child Study Center, to help OEC develop an outcomes rates card addressing early childhood outcomes. Social Finance worked with OEC to analyze early childhood data and identify the most viable program for piloting an outcomes rate card. OEC determined that home visiting was the best place to start because it is an evidence-based and two-generational model with strong financial and system capacity to implement such a change. The timing was also right, as OEC was preparing to renew all reauthorized MIECHV contracts. In November 2017, OEC received HRSA approval to use a portion of MIECHV funds for bonus rate card outcomes payments.

Rate Card Pilot Development

In late 2017, OEC and Social Finance analyzed historical home visiting data and identified a menu of outcomes that OEC wished to purchase. Selecting outcomes to reward can be a complex process. OEC developed guiding principles that helped to narrow down outcomes to those that:

- Generate significant value to families, communities, and government.
- Are measurable, observable, and can be linked to administrative data systems in other agencies, such as the Connecticut Departments of Social Services, Children and Families, and Labor.
- Focus on two-generational impacts.
- Offer all providers an equal and fair opportunity to earn bonus payments by incorporating risk levels and using historical MIECHV data.

Using these guiding principles, OEC identified and defined a menu of outcomes that included full-term birth, safe children, family stability, and caregiver employment. These outcomes may vary for different service providers to reflect providers' unique services. "We landed on a set of outcomes that are really classic outcomes when people explain what home visiting is—reducing preterm birth, reducing child welfare involvement, reducing ER trips, and family economic success," Wilkinson says. For example, parents most often identify economic success—as measured by obtaining a better or more stable job—as their top priority. "We should be rewarding providers for that," Wilkinson says, adding that family economic stability is "core two-gen" policy.

Based on the available pool of funds, OEC and Social Finance used historical data to develop prices for each outcome. Recognizing the additional service required to support higher-need families, OEC pays more when a high-risk family achieves a specific outcome than when a lower-risk family achieves the same outcome. For example, providers can receive between $135-$170 for every full-term birth, depending on whether the family is determined to be low-risk or high-risk. Similarly, providers can receive between $180-$225 every time a participant becomes employed or enrolls in job training or education. OEC established outcome payment levels that offered a mix of attainable or “easy wins” and “stretch” outcomes, according to Lenihan, OEC’s primary prevention services coordinator. The bonus payments can add 3 percent to 4 percent above the core contract value for each provider, becoming a significant, flexible source of funds.

Rate Card Pilot Launch for All Home Visiting Providers

In January 2018, OEC incorporated the rate card pilot initiative into all MIECHV contracts. OEC began making payments for initial outcomes in March 2018. Throughout the process, OEC has worked closely with the state’s independent contracting unit to share information, develop new contract language, and work through implementation and payment procedures and issues.

Because the expansion launched in 2018, it is still too early to evaluate the impact of the rate card pilot. Wilkinson says that OEC is working with the Yale Child Study Center to evaluate the pilot project but has not yet developed a randomized control approach. Before launching into a rigorous evaluation, Wilkinson notes, “it’s good to be able to test out the working components of this sort of model.”

REPLICATION AND SCALING

OEC intends to build on the pilot project by developing data agreements with the Connecticut Departments of Social Services, Children and Families, Public Health, and Labor to share and cross-check data across systems. By the end of 2018, OEC hopes to sign memoranda of understanding to automatically link and affirm participant data, ultimately the reducing provider reporting burden. OEC also plans to replicate the model in other contracts, starting in summer 2018 with state-funded home visiting contracts. “Our goal is to expand this to all our contracts,” Lenihan says.

Other states have taken notice of Connecticut’s approach and have reached out to the Connecticut OEC team to learn how to replicate the model in their own states. While Connecticut had funding to implement the pilot, Wilkinson says that it may not be a requirement, since states can draw from an existing model.

CONNECTICUT’S KEYS TO IMPLEMENTATION SUCCESS

Wilkinson and Lenihan identified several keys to Connecticut’s success and rapid implementation of the outcomes rate card pilot initiative.

Legislative and Executive Branch Leadership and Vision Matters

Several pivotal factors, including gubernatorial, legislative, and agency-level leadership regarding social innovation and two-generational solutions, have paved the way for Connecticut’s two-generational pilot initiative. The initiative is an early result of a 2016 law that directed OEC to advance two-generational solutions. In a 2018 press release, Gov. Daniel P. Malloy said that the initiative “demonstrates that cross-branch collaboration can spur out-of-the-box thinking and breakthrough solutions.” Legislative co-chairs of the Two-Generational Advisory Council, which the legislation created, called OEC’s rate card innovation “an exciting step towards delivering on the promise of 2Gen: thinking outside of the normal agency box to reward results for both children and parents.”

A Common Early Childhood Goal Helps Leverage Investments and Efforts

The state's focus on two-generational solutions helped to engage stakeholders and drive investments to support an outcomes-based early childhood approach. Connecticut also benefits from having a coordinated early childhood agency driven by a two-generation vision that all young children in Connecticut are safe, healthy, learning and thriving, and that each child is "surrounded by a strong network of nurturing adults who deeply value the importance of the first years of a child's life and have the skills, knowledge, support and passion to meet the unique needs of every child." States have many models for coordinating early childhood services, but a common goal—such as pursuit of two-generational solutions—can coordinate investments and move agencies forward in a common direction.

Starting Small Can Show What's Possible

While public sector change can be slow, Wilkinson believes that a rate card success offers an important "proof point" to show that government can move toward a performance and outcomes orientation for early childhood services. According to Lenihan, using payment incentives, without financial risk to the provider, is administratively easier than adopting other, more complex pay-for-success models. "It's something simple and dip[s] your toe in the water," Lenihan says. "It's a way for us to ask, 'can we reward programs for the outcomes we want, and can we match outcomes to administrative data?'"

Setting Up Contracts Takes Time and Open Communications with the State Contracting Unit

Because Connecticut's initiative required a new type of contracting process, it was important to have an ongoing and open dialogue with the state's central contracting unit to explain the initiative and OEC's process for selecting outcomes and developing risk levels.

Rely on Home Visiting Data and Analytics to Identify Outcomes and Define Payments

Having analytics support and capacity is helpful when developing an outcomes rate card. For most states, evidence-based home visiting offers a rich and historical data set that can help administrators develop outcome measures and define a payment structure that works with a state's available funding pool. Lenihan said that having 20 years of home visiting data helped OEC and Social Finance analyze past trends and determine how much to pay for each outcome. "We had a certain amount of money, so we had to think strategically and critically about how much we should pay for each outcome based on how likely it is that providers achieve them."

Engage and Support Service Providers

OEC engaged and informed home visiting service providers as it was developing the rate card to ensure that providers understood the pilot's various components and contracting changes. Wilkinson and Lenihan say that providers have been supportive because the initiative introduces the Pay for Success model through incentives and not through contractual risk. "They really care about these outcomes, but they just haven't had incentives to focus on them before," Wilkinson says.

It's critical to meet providers where they are, which can vary across models. As compared with MIECHV-funded providers, state-funded home visiting agencies may not have advanced data collection capacity, so the outcomes and payment structure may emphasize screening and data collection outcomes. As Connecticut prepares to expand the model to state-funded home visiting, Lenihan says OEC will apply a lesson that it learned from the Harvard Government Performance Lab: "When trying to move up the ladder, it's good to reward every rung a provider steps up."

Key Resources

More information on Connecticut's Maternal and Infant Early Childhood Home Visiting Outcomes Rate Card Pilot initiative is available through the following resources:

- Ascend at the Aspen Institute: "Reinventing the Way We Measure Family Outcomes," 2018.
- Connecticut Office of Early Childhood: "Malloy Administration Launches Innovative Solution to Improve Results for At-Risk Infants, Young Children and their Parents."
- Two-Generational Interagency Working Group Report to the Connecticut General Assembly, "A Two-Generational Approach: Reaching Workforce Success and School Readiness."

[1] Thompson R. "Stress and Child Development." *The Future of Children* [serial online]. 2014. 24:41-59. Available at www.jstor.org/stable/23723382. Accessed 12-18-2017.
[2] Connecticut Commission on Women, Children, and Seniors. "A Two-Generational Approach: Reaching Workforce Success and School Readiness." 2016. Available at https://ctcwcs.files.wordpress.com/2016/06/two-gen-ar-2016-1-2.pdf. Accessed 5-5-2018.
[3] Connecticut Office of Early Childhood and Social Finance, 2017.
[4] Maternal and Infant Early Childhood Home Visiting (MIECHV) Program: Background and Funding
[5] Social Finance and the Connecticut Office of Early Childhood. "Maternal, Infant, and Early Childhood Home Visiting Rate Card Pilot Overview" [Presentation Slides]. 2017
[6] Maternal and Infant Early Childhood Home Visiting (MIECHV) Program: Background and Funding