



PAYMENT REFORM FOR HUMAN SERVICES: LOOKING AT MONEY DIFFERENTLY

Prepared by the IFS Management Team

October 2015

Integrating Family Services is pursuing reform in both the areas of service delivery and how we pay for services in the Agency of Human Services. The goal is to look at an individual and their family as a whole and provide the services they need, when they need them and in the quantity that will help them move forward in their lives. A large part of this is working to change the culture that has service providers looking at parts of a person, using programs that are often inflexible, and often being unable to deliver services as a total prescription for success.

How the money flows and the restrictions attached to money have helped to create our current system. In attempts to have the money well accounted for, or to address the topic de jour, dollars flow in separate streams rather than in a river. Those dribs and drabs mount up to impressive numbers, but they don't flow in any logical manner. A part of Integrating Family Services is dealing with that flow of money.

Increasing flexibility

The financial goal of Integrating Family Services is to create a system for funding services that allows flexibility in the quantity of services that an individual or a family receives. This is done by creating an IFS case rate and moving away from a fee for service model. Outcomes and performance measures go beyond counting the number of people served to assure services provided are high quality and that people are better off for receiving the services. In addition, funding flexibility allows providers to address the individual as a whole person and that means including the family when appropriate. This flexibility also allows for preventative services to be delivered without the need to "open a case". This shift is requiring a change in how our financial system looks at and tracks money.

Currently the dollars in the IFS case rate are traditional Medicaid funds (think: fee for service dollars). In a fee for service world, all of the time spent supporting a child must be accounted for with distinct billing codes linked to specific and a set of pre-defined services. Each code is prescriptive about the service that can be provided and how much of the service can be provided. This leads providers to spend lots of time figuring out what "code" a person fits into. It is an excellent way to track dollars. Everything fits into a code and that fits into a larger box and it's all prescribed and it is detailed and accurate and feels very secure. Unfortunately, people's needs don't come in boxes; and neither do the solutions.

Measuring impact

The flexibility in dollars that leads to flexibility in programing challenges the current financial accounting practices. We understand and appreciate this issue. The federal government requires codes and clear, line by line accounting for every dollar. That's not bad; we need to know where the money goes. More importantly we need to know if anybody is truly benefiting from the dollars that are spent. Over the years the federal government and states have spent lots of money. Many of us question what good we have accomplished. Our financial and program reporting systems have excelled at counting how many and how much we have done, and haven't done so well asking if anyone benefited from those investments and if the benefit outweighed the cost. Now we are working to change that as we develop performance measures. As we change that part of the model, we need to change how we think about money.

As we go from dribs and drabs of money in separate streams, to a flow of dollars in one river, how do we properly account for the money? How many "codes" or boxes do we need? What are the data that are important to assure dollars are accounted for and to show that people are better off? With that data, do we have the courage to stop things that aren't working and go to things that are working?

Federal government is pushing payment reform agenda

We know that the medical world is moving away from fee for service and the federal government is telling us they want human services to do the same. We need our program providers and our financial folks to work together to develop a payment system that meets the demands of clear accountability and simultaneously provides flexibility to allow for the provision of the right services in the correct quantity and at the appropriate time for our clients.

In Integrating Family Services, we believe these changes can allow our service providers to deliver more and better services to Vermonters, with the same amount of money. We believe that we need to be able to spend what we have differently. That means we need to look at money in a different manner. If there is "surplus" in a program, it doesn't mean the program did not meet its goals, or for that matter that the goals were not set high enough. It may mean that the programs benefited from efficiencies. It might mean that the state and local providers negotiate how to use those surpluses to continue to develop better services. How are we going to make those decisions in an integrated environment?

Work groups are tackling these questions

Integrating Family Services has five workgroups that are developing the details of the many facets of these changes in service delivery and financing. Sometimes we seem to ask more questions than we answer. But that is the process of making change, taking the time to ask the questions and finding solutions that support the new model.

For further information related to IFS financing please see companion document entitled, "Financing for IFS".

If you have questions about this document you can contact a member of the IFS Management Team:

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