

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2264

Chapter 205, Laws of 2012

62nd Legislature
2012 Regular Session

CHILD WELFARE SYSTEM--PERFORMANCE-BASED CONTRACTING

EFFECTIVE DATE: 06/07/12

Passed by the House March 7, 2012
Yeas 93 Nays 4

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 7, 2012
Yeas 47 Nays 2

BRAD OWEN

President of the Senate

Approved March 30, 2012, 11:15 a.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2264** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

March 30, 2012

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2264

AS AMENDED BY THE SENATE

Passed Legislature - 2012 Regular Session

State of Washington

62nd Legislature

2012 Regular Session

By House Ways & Means (originally sponsored by Representatives Kagi, Walsh, Hinkle, Carlyle, Darneille, Jinkins, Roberts, Dickerson, and Ryu)

READ FIRST TIME 02/07/12.

1 AN ACT Relating to performance-based contracting for certain
2 services provided to children and families in the child welfare system;
3 amending RCW 74.13.360, 74.13.370, 74.13.368, and 74.13.372; reenacting
4 and amending RCW 74.13.020; adding a new chapter to Title 74 RCW; and
5 providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) The state of Washington and several Indian tribes in the state
9 of Washington assume legal responsibility for abused or neglected
10 children when their parents or caregivers are unable or unwilling to
11 adequately provide for their safety, health, and welfare;

12 (b) Washington state has a strong history of partnership between
13 the department of social and health services and contracted service
14 providers who currently serve children and families in the child
15 welfare system. The department and its contracted service providers
16 have responsibility for providing services to address parenting
17 deficiencies resulting in child maltreatment, and the needs of children
18 impacted by maltreatment;

1 (c) Department caseworkers and contracted service providers each
2 play a critical and complementary role in the child welfare system;

3 (d) The current system of contracting for services needed by
4 children and families in the child welfare system is fragmented,
5 inflexible, and lacks incentives for improving outcomes for children
6 and families.

7 (2) The legislature intends:

8 (a) To reform the delivery of certain services to children and
9 families in the child welfare system by creating a flexible,
10 accountable community-based system of care that utilizes
11 performance-based contracting, maximizes the use of evidence-based,
12 research-based, and promising practices, and expands the capacity of
13 community-based agencies to leverage local funding and other resources
14 to benefit children and families served by the department;

15 (b) To achieve improved child safety, child permanency, including
16 reunification, and child well-being outcomes through the collaborative
17 efforts of the department and contracted service providers and the
18 prioritization of these goals in performance-based contracting; and

19 (c) To implement performance-based contracting under this act in a
20 manner that supports and complies with the federal and Washington state
21 Indian child welfare act.

22 NEW SECTION. **Sec. 2.** For purposes of this chapter:

23 (1) "Case management" means convening family meetings, developing,
24 revising, and monitoring implementation of any case plan or individual
25 service and safety plan, coordinating and monitoring services needed by
26 the child and family, caseworker-child visits, family visits, and the
27 assumption of court-related duties, excluding legal representation,
28 including preparing court reports, attending judicial hearings and
29 permanency hearings, and ensuring that the child is progressing toward
30 permanency within state and federal mandates, including the Indian
31 child welfare act.

32 (2) "Child" means:

33 (a) A person less than eighteen years of age; or

34 (b) A person age eighteen to twenty-one years who is eligible to
35 receive the extended foster care services authorized under RCW
36 74.13.031.

1 (3) "Child-placing agency" has the same meaning as in RCW
2 74.15.020.

3 (4) "Child welfare services" means social services including
4 voluntary and in-home services, out-of-home care, case management, and
5 adoption services which strengthen, supplement, or substitute for,
6 parental care and supervision for the purpose of:

7 (a) Preventing or remedying, or assisting in the solution of
8 problems which may result in families in conflict, or the neglect,
9 abuse, exploitation, or criminal behavior of children;

10 (b) Protecting and caring for dependent, abused, or neglected
11 children;

12 (c) Assisting children who are in conflict with their parents, and
13 assisting parents who are in conflict with their children, with
14 services designed to resolve such conflicts;

15 (d) Protecting and promoting the welfare of children, including the
16 strengthening of their own homes where possible, or, where needed;

17 (e) Providing adequate care of children away from their homes in
18 foster family homes or day care or other child care agencies or
19 facilities.

20 (5) "Department" means the department of social and health
21 services.

22 (6) "Evidence-based" means a program or practice that is cost-
23 effective and includes at least two randomized or statistically
24 controlled evaluations that have demonstrated improved outcomes for its
25 intended population.

26 (7) "Network administrator" means an entity that contracts with the
27 department to provide defined services to children and families in the
28 child welfare system through its provider network, as provided in
29 section 3 of this act.

30 (8) "Performance-based contracting" means structuring all aspects
31 of the procurement of services around the purpose of the work to be
32 performed and the desired results with the contract requirements set
33 forth in clear, specific, and objective terms with measurable outcomes
34 and linking payment for services to contractor performance.

35 (9) "Promising practice" means a practice that presents, based upon
36 preliminary information, potential for becoming a research-based or
37 consensus-based practice.

1 (10) "Provider network" means those service providers who contract
2 with a network administrator to provide services to children and
3 families in the geographic area served by the network administrator.

4 (11) "Research-based" means a program or practice that has some
5 research demonstrating effectiveness, but that does not yet meet the
6 standard of evidence-based practices.

7 NEW SECTION. **Sec. 3.** (1) No later than December 1, 2013, the
8 department shall enter into performance-based contracts for the
9 provision of family support and related services. The department may
10 enter into performance-based contracts for additional services, other
11 than case management.

12 (2) Beginning December 1, 2013, the department may not renew its
13 current contracts with individuals or entities for the provision of the
14 child welfare services included in performance-based contracts under
15 this section for services in geographic areas served by network
16 administrators under such contracts, except as mutually agreed upon
17 between the department and the network administrator to allow for the
18 successful transition of services that meet the needs of children and
19 families.

20 (3) The department shall conduct a procurement process to enter
21 into performance-based contracts with one or more network
22 administrators for family support and related services. As part of the
23 procurement process, the department shall consult with department
24 caseworkers, the exclusive bargaining representative for employees of
25 the department, tribal representatives, parents who were formerly
26 involved in the child welfare system, youth currently or previously in
27 foster care, child welfare services researchers, and the Washington
28 state institute for public policy to assist in identifying the
29 categories of family support and related services that will be included
30 in the procurement. The categories of family support and related
31 services shall be defined no later than July 15, 2012. In identifying
32 services, the department must review current data and research related
33 to the effectiveness of family support and related services that
34 mitigate child safety concerns and promote permanency, including
35 reunification, and child well-being. Expenditures for family support
36 and related services purchased under this section must remain within
37 the levels appropriated in the operating budget.

1 (4)(a) Network administrators shall, directly or through
2 subcontracts with service providers:

3 (i) Assist caseworkers in meeting their responsibility for
4 implementation of case plans and individual service and safety plans;
5 and

6 (ii) Provide the family support and related services within the
7 categories of contracted services that are included in a child or
8 family's case plan or individual service and safety plan within funds
9 available under contract.

10 (b) While the department caseworker retains responsibility for case
11 management, nothing in this act limits the ability of the department to
12 continue to contract for the provision of case management services by
13 child-placing agencies, behavioral rehabilitation services agencies, or
14 other entities that provided case management under contract with the
15 department prior to July 1, 2005.

16 (5) In conducting the procurement, the department shall actively
17 consult with other state agencies with relevant expertise, such as the
18 health care authority, and with philanthropic entities with expertise
19 in performance-based contracting for child welfare services. The
20 director of the office of financial management must approve the request
21 for proposal prior to its issuance.

22 (6) The procurement process must be developed and implemented in a
23 manner that complies with applicable provisions of intergovernmental
24 agreements between the state of Washington and tribal governments and
25 must provide an opportunity for tribal governments to contract for
26 service delivery through network administrators.

27 (7) The procurement and resulting contracts must include, but are
28 not limited to, the following standards and requirements:

29 (a) The use of family engagement approaches to successfully
30 motivate families to engage in services and training of the network's
31 contracted providers to apply such approaches;

32 (b) The use of parents and youth who are successful veterans of the
33 child welfare system to act as mentors through activities that include,
34 but are not limited to, helping families navigate the system,
35 facilitating parent engagement, and minimizing distrust of the child
36 welfare system;

37 (c) The establishment of qualifications for service providers

1 participating in provider networks, such as appropriate licensure or
2 certification, education, and accreditation by professional accrediting
3 entities;

4 (d) Adequate provider capacity to meet the anticipated service
5 needs in the network administrator's contracted service area. The
6 network administrator must be able to demonstrate that its provider
7 network is culturally competent and has adequate capacity to address
8 disproportionality, including utilization of tribal and other ethnic
9 providers capable of serving children and families of color or who need
10 language-appropriate services;

11 (e) Fiscal solvency of network administrators and providers
12 participating in the network;

13 (f) The use of evidence-based, research-based, and promising
14 practices, where appropriate, including fidelity and quality assurance
15 provisions;

16 (g) Network administrator quality assurance activities, including
17 monitoring of the performance of providers in their provider network,
18 with respect to meeting measurable service outcomes;

19 (h) Network administrator data reporting, including data on
20 contracted provider performance and service outcomes; and

21 (i) Network administrator compliance with applicable provisions of
22 intergovernmental agreements between the state of Washington and tribal
23 governments and the federal and Washington state Indian child welfare
24 act.

25 (8) As part of the procurement process under this section, the
26 department shall issue the request for proposals no later than December
27 31, 2012. The department shall notify the apparently successful
28 bidders no later than June 30, 2013.

29 (9) Performance-based payment methodologies must be used in network
30 administrator contracting. Performance measures should relate to
31 successful engagement by a child or parent in services included in
32 their case plan, and resulting improvement in identified problem
33 behaviors and interactions. For the initial three-year period of
34 implementation of performance-based contracting, the department may
35 transfer financial risk for the provision of services to network
36 administrators only to the limited extent necessary to implement a
37 performance-based payment methodology, such as phased payment for
38 services. However, the department may develop a shared savings

1 methodology through which the network administrator will receive a
2 defined share of any savings that result from improved performance. If
3 the department receives a Title IV-E waiver, the shared savings
4 methodology must be consistent with the terms of the waiver. If a
5 shared savings methodology is adopted, the network administrator shall
6 reinvest the savings in enhanced services to better meet the needs of
7 the families and children they serve.

8 (10) The department must actively monitor network administrator
9 compliance with the terms of contracts executed under this section.

10 (11) The use of performance-based contracts under this section must
11 be done in a manner that does not adversely affect the state's ability
12 to continue to obtain federal funding for child welfare-related
13 functions currently performed by the state and with consideration of
14 options to further maximize federal funding opportunities and increase
15 flexibility in the use of such funds, including use for preventive and
16 in-home child welfare services.

17 NEW SECTION. **Sec. 4.** (1) For those services included in contracts
18 under section 3 of this act, the service providers must be chosen by
19 the department caseworker from among those in the network
20 administrator's provider network. The criteria for provider selection
21 must include the geographic proximity of the provider to the child or
22 family, and the performance of the provider based upon data collected
23 and provided by the network administrator. If a reasonably qualified
24 provider is not available through the network administrator's provider
25 network, at the request of a department caseworker, a provider who is
26 not currently under contract with the network administrator may be
27 offered a provisional contract by the network administrator, pending
28 that provider demonstrating that he or she meets applicable provider
29 qualifications to participate in the administrator's provider network.

30 (2) The department shall develop a dispute resolution process to be
31 used when the network administrator disagrees with the department
32 caseworker's choice of a service provider due to factors such as the
33 service provider's performance history or ability to serve culturally
34 diverse families. The mediator or decision maker must be a neutral
35 employee of the department who has not been previously involved in the
36 case. The dispute resolution process must not result in a delay of

1 more than two business days in the receipt of needed services by the
2 child or family.

3 (3) The department and network administrator shall collaborate to
4 identify and respond to patterns or trends in service utilization that
5 may indicate overutilization or underutilization of family support and
6 related services, or may indicate a need to enhance service capacity.

7 NEW SECTION. **Sec. 5.** (1) On an annual basis, beginning in the
8 2015-2017 biennium, the department and contracted network
9 administrators shall:

10 (a) Review and update the services offered through performance-
11 based contracts in response to service outcome data for currently
12 contracted services and any research that has identified new evidence-
13 based or research-based services not included in a previous
14 procurement; and

15 (b) Review service utilization and outcome data to determine
16 whether changes are needed in procurement policies or performance-based
17 contracts to better meet the goals established in section 1 of this
18 act.

19 (2) In conducting the review under subsection (1) of this section,
20 the department must consult with department caseworkers, the exclusive
21 bargaining representative for employees of the department, tribal
22 representatives, parents who were formerly involved in the child
23 welfare system, youth currently or previously in foster care, child
24 welfare services researchers, representatives of child welfare service
25 providers, and the Washington state institute for public policy.

26 NEW SECTION. **Sec. 6.** (1) To achieve the service delivery
27 improvements and efficiencies intended in sections 1, 3, 4, and 7 of
28 this act and in RCW 74.13.370, and pursuant to RCW 41.06.142(3),
29 contracting with network administrators to provide services needed by
30 children and families in the child welfare system, pursuant to
31 sections 3 and 4 of this act, and execution and monitoring of
32 individual provider contracts, pursuant to section 3 of this act, are
33 expressly mandated by the legislature and are not subject to the
34 processes set forth in RCW 41.06.142 (1), (4), and (5).

35 (2) The express mandate in subsection (1) of this section is
36 limited to those services and activities provided in sections 3 and 4

1 of this act. If the department includes services customarily and
2 historically performed by department employees in the classified
3 service in a procurement for network administrators that exceeds the
4 scope of services or activities provided in sections 3 and 4 of this
5 act, such contracting is not specifically mandated and will be subject
6 to all applicable contractual and legal obligations.

7 NEW SECTION. **Sec. 7.** For the purposes of the provision of child
8 welfare services by provider networks, when all other elements of the
9 responses to any procurement under section 3 of this act are equal,
10 private nonprofit entities and federally recognized Indian tribes
11 located in this state must receive primary preference over private
12 for-profit entities.

13 **Sec. 8.** RCW 74.13.360 and 2010 c 291 s 4 are each amended to read
14 as follows:

15 (1) ~~((No later than July 1, 2011, the department shall convert its
16 current contracts with providers of child welfare services into
17 performance based contracts. In accomplishing this conversion, the
18 department shall decrease the total number of contracts it uses to
19 purchase child welfare services from providers. The conversion of
20 contracts for the provision of child welfare services to performance
21 based contracts must be done in a manner that does not adversely affect
22 the state's ability to continue to obtain federal funding for child
23 welfare related functions currently performed by the state and with
24 consideration of options to further maximize federal funding
25 opportunities and increase flexibility in the use of such funds,
26 including use for preventive and in home child welfare services.~~

27 ~~(2))~~ No later than December 30, ~~((2012))~~ 2015:

28 (a) In the demonstration sites selected under RCW 74.13.368(4)(a),
29 child welfare services shall be provided by supervising agencies with
30 whom the department has entered into performance-based contracts.
31 Supervising agencies may enter into subcontracts with other licensed
32 agencies; and

33 (b) Except as provided in subsection ~~((4))~~ (3) of this section,
34 and notwithstanding any law to the contrary, the department may not
35 directly provide child welfare services to families and children

1 provided child welfare services by supervising agencies in the
2 demonstration sites selected under RCW 74.13.368(4)(a).

3 ~~((+3))~~ (2) No later than December 30, ~~((2012))~~ 2015, for families
4 and children provided child welfare services by supervising agencies in
5 the demonstration sites selected under RCW 74.13.368(4)(a), the
6 department is responsible for only the following:

7 (a) Monitoring the quality of services for which the department
8 contracts under this chapter;

9 (b) Ensuring that the services are provided in accordance with
10 federal law and the laws of this state, including the Indian child
11 welfare act;

12 (c) Providing child protection functions and services, including
13 intake and investigation of allegations of child abuse or neglect,
14 emergency shelter care functions under RCW 13.34.050, and referrals to
15 appropriate providers; and

16 (d) Issuing licenses pursuant to chapter 74.15 RCW.

17 ~~((+4))~~ (3) No later than December 30, ~~((2012))~~ 2015, for families
18 and children provided child welfare services by supervising agencies in
19 the demonstration sites selected under RCW 74.13.368(4)(a), the
20 department may provide child welfare services only:

21 (a) For the limited purpose of establishing a control or comparison
22 group as deemed necessary by the child welfare transformation design
23 committee, with input from the Washington state institute for public
24 policy, to implement the demonstration sites selected and defined
25 pursuant to RCW 74.13.368(4)(a) in which the performance in achieving
26 measurable outcomes will be compared and evaluated pursuant to RCW
27 74.13.370; or

28 (b) In an emergency or as a provider of last resort. The
29 department shall adopt rules describing the circumstances under which
30 the department may provide those services. For purposes of this
31 section, "provider of last resort" means the department is unable to
32 contract with a private agency to provide child welfare services in a
33 particular geographic area or, after entering into a contract with a
34 private agency, either the contractor or the department terminates the
35 contract.

36 ~~((+5))~~ (4) For purposes of this chapter, on and after September 1,
37 2010, performance-based contracts shall be structured to hold the

1 supervising agencies accountable for achieving the following goals in
2 order of importance: Child safety; child permanency, including
3 reunification; and child well-being.

4 ~~((+6+))~~ (5) A federally recognized tribe located in this state may
5 enter into a performance-based contract with the department to provide
6 child welfare services to Indian children whether or not they reside on
7 a reservation. Nothing in this section prohibits a federally
8 recognized Indian tribe located in this state from providing child
9 welfare services to its members or other Indian children pursuant to
10 existing tribal law, regulation, or custom, or from directly entering
11 into agreements for the provision of such services with the department,
12 if the department continues to otherwise provide such services, or with
13 federal agencies.

14 **Sec. 9.** RCW 74.13.370 and 2009 c 520 s 9 are each amended to read
15 as follows:

16 (1) Based upon the recommendations of the child welfare
17 transformation design committee, including the two sets of outcomes
18 developed by the committee under RCW 74.13.368(4)(b), the Washington
19 state institute for public policy is to conduct a review of measurable
20 effects achieved by the supervising agencies and compare those
21 measurable effects with the existing services offered by the state.
22 The report on the measurable effects shall be provided to the governor
23 and the legislature no later than April 1, ~~((2015))~~ 2018.

24 (2) No later than ~~((June 30, 2011))~~ December 1, 2014, the
25 Washington state institute for public policy shall provide the
26 legislature and the governor an initial report on the department's
27 conversion to the use of performance-based contracts as provided in
28 ~~((RCW 74.13.360(1))~~ sections 3 and 4 of this act. No later than June
29 30, ~~((2012))~~ 2016, the Washington state institute for public policy
30 shall provide the governor and the legislature with a second report on
31 the ~~((department's conversion of its contracts to performance-based~~
32 ~~contracts))~~ extent to which the use of performance-based contracting
33 has resulted in:

34 (a) Increased use of evidence-based, research-based, and promising
35 practices; and

36 (b) Improvements in outcomes for children, including child safety,
37 child permanency, including reunification, and child well-being.

1 (3) The department and network administrators shall respond to the
2 Washington institute for public policy's request for data and other
3 information with which to complete these reports in a timely manner.

4 (4) The Washington state institute for public policy must consult
5 with a university-based child welfare research entity to evaluate
6 performance-based contracting.

7 **Sec. 10.** RCW 74.13.368 and 2010 c 291 s 2 are each amended to read
8 as follows:

9 (1)(a) The child welfare transformation design committee is
10 established, with members as provided in this subsection.

11 (i) The governor or the governor's designee;

12 (ii) Four private agencies that, as of May 18, 2009, provide child
13 welfare services to children and families referred to them by the
14 department. Two agencies must be headquartered in western Washington
15 and two must be headquartered in eastern Washington. Two agencies must
16 have an annual budget of at least one million state-contracted dollars
17 and two must have an annual budget of less than one million state-
18 contracted dollars;

19 (iii) The assistant secretary of the children's administration in
20 the department;

21 (iv) Two regional administrators in the children's administration
22 selected by the assistant secretary, one from one of the department's
23 administrative regions one or two, and one from one of the department's
24 administrative regions three, four, five, or six;

25 (v) The administrator for the division of licensed resources in the
26 children's administration;

27 (vi) Two nationally recognized experts in performance-based
28 contracts;

29 (vii) The attorney general or the attorney general's designee;

30 (viii) A representative of the collective bargaining unit that
31 represents the largest number of employees in the children's
32 administration;

33 (ix) A representative from the office of the family and children's
34 ombudsman;

35 (x) Four representatives from the Indian policy advisory committee
36 convened by the department's office of Indian policy and support
37 services;

1 (xi) Two currently elected or former superior court judges with
2 significant experience in dependency matters, selected by the superior
3 court judges' association;

4 (xii) One representative from partners for our children affiliated
5 with the University of Washington school of social work;

6 (xiii) A member of the Washington state racial disproportionality
7 advisory committee;

8 (xiv) A foster parent;

9 (xv) A youth currently in or a recent alumnus of the Washington
10 state foster care system, to be designated by the cochairs of the
11 committee; and

12 (xvi) A parent representative who has had personal experience with
13 the dependency system.

14 (b) The president of the senate and the speaker of the house of
15 representatives shall jointly appoint the members under (a)(ii), (xiv),
16 and (xvi) of this subsection.

17 (c) The representative from partners for our children shall convene
18 the initial meeting of the committee no later than June 15, 2009.

19 (d) The cochairs of the committee shall be the assistant secretary
20 for the children's administration and another member selected by a
21 majority vote of those members present at the initial meeting.

22 (2) The committee shall establish a transition plan containing
23 recommendations to the legislature and the governor consistent with
24 this section for the provision of child welfare services by supervising
25 agencies pursuant to RCW 74.13.360.

26 (3) The plan shall include the following:

27 (a) A model or framework for performance-based contracts to be used
28 by the department that clearly defines:

29 (i) The target population;

30 (ii) The referral and exit criteria for the services;

31 (iii) The child welfare services including the use of evidence-
32 based services and practices to be provided by contractors;

33 (iv) The roles and responsibilities of public and private agency
34 workers in key case decisions;

35 (v) Contract performance and outcomes, including those related to
36 eliminating racial disparities in child outcomes;

37 (vi) That supervising agencies will provide culturally competent
38 service;

1 (vii) How to measure whether each contractor has met the goals
2 listed in RCW 74.13.360(~~(5)~~) (4); and
3 (viii) Incentives to meet performance outcomes;
4 (b) (~~A method by which the department will substantially reduce~~
5 ~~its current number of contracts for child welfare services;~~
6 ~~(e)~~) A method or methods by which clients will access community-
7 based services, how private supervising agencies will engage other
8 services or form local service networks, develop subcontracts, and
9 share information and supervision of children;
10 (~~(d)~~) (c) Methods to address the effects of racial
11 disproportionality, as identified in the 2008 Racial Disproportionality
12 Advisory Committee Report published by the Washington state institute
13 for public policy in June 2008;
14 (~~(e)~~) (d) Methods for inclusion of the principles and
15 requirements of the centennial accord executed in November 2001,
16 executed between the state of Washington and federally recognized
17 tribes in Washington state;
18 (~~(f)~~) (e) Methods for assuring performance-based contracts adhere
19 to the letter and intent of the federal Indian child welfare act;
20 (~~(g)~~) (f) Contract monitoring and evaluation procedures that will
21 ensure that children and families are receiving timely and quality
22 services and that contract terms are being implemented;
23 (~~(h)~~) (g) A method or methods by which to ensure that the
24 children's administration has sufficiently trained and experienced
25 staff to monitor and manage performance-based contracts;
26 (~~(i)~~) (h) A process by which to expand the capacity of
27 supervising and other private agencies to meet the service needs of
28 children and families in a performance-based contractual arrangement;
29 (~~(j)~~) (i) A method or methods by which supervising and other
30 private agencies can expand services in underserved areas of the state;
31 (~~(k)~~) (j) The appropriate amounts and procedures for the
32 reimbursement of supervising agencies given the proposed services
33 restructuring;
34 (~~(l)~~) (k) A method by which to access and enhance existing data
35 systems to include contract performance information;
36 (~~(m)~~) (l) A financing arrangement for the contracts that
37 examines:

1 (i) The use of case rates or performance-based fee-for-service
2 contracts that include incentive payments or payment schedules that
3 link reimbursement to outcomes; and

4 (ii) Ways to reduce a contractor's financial risk that could
5 jeopardize the solvency of the contractor, including consideration of
6 the use of a risk-reward corridor that limits risk of loss and
7 potential profits or the establishment of a statewide risk pool;

8 ~~((n))~~ (m) A description of how the transition will impact the
9 state's ability to obtain federal funding and examine options to
10 further maximize federal funding opportunities and increased
11 flexibility;

12 ~~((o))~~ (n) A review of whether current administrative staffing
13 levels in the regions should be continued when the majority of child
14 welfare services are being provided by supervising agencies;

15 ~~((p))~~ (o) A description of the costs of the transition, the
16 initial start-up costs and the mechanisms to periodically assess the
17 overall adequacy of funds and the fiscal impact of the changes, and the
18 feasibility of the plan and the impact of the plan on department
19 employees during the transition; and

20 ~~((q))~~ (p) Identification of any statutory and regulatory
21 revisions necessary to accomplish the transition.

22 (4)(a) The committee, with the assistance of the department, shall
23 select two demonstration sites within which to implement chapter 520,
24 Laws of 2009. One site must be located on the eastern side of the
25 state. The other site must be located on the western side of the
26 state. Neither site must be wholly located in any of the department's
27 administrative regions.

28 (b) The committee shall develop two sets of performance outcomes to
29 be included in the performance-based contracts the department enters
30 into with supervising agencies. The first set of outcomes shall be
31 used for those cases transferred to a supervising agency over time.
32 The second set of outcomes shall be used for new entrants to the child
33 welfare system.

34 (c) The committee shall also identify methods for ensuring that
35 comparison of performance between supervising agencies and the existing
36 service delivery system takes into account the variation in the
37 characteristics of the populations being served as well as historical
38 trends in outcomes for those populations.

1 (5) The committee shall determine the appropriate size of the child
2 and family populations to be provided services under performance-based
3 contracts with supervising agencies. The committee shall also identify
4 the time frame within which cases will be transferred to supervising
5 agencies. The performance-based contracts entered into with
6 supervising agencies shall encompass the provision of child welfare
7 services to enough children and families in each demonstration site to
8 allow for the assessment of whether there are meaningful differences,
9 to be defined by the committee, between the outcomes achieved in the
10 demonstration sites and the comparison sites or populations. To ensure
11 adequate statistical power to assess these differences, the populations
12 served shall be large enough to provide a probability greater than
13 seventy percent that meaningful difference will be detected and a
14 ninety-five percent probability that observed differences are not due
15 to chance alone.

16 (6) The committee shall also prepare as part of the plan a
17 recommendation as to how to implement chapter 520, Laws of 2009 so that
18 full implementation of chapter 520, Laws of 2009 is achieved no later
19 than December 30, (~~2012~~) 2015.

20 (7) The committee shall prepare the plan to manage the delivery of
21 child welfare services in a manner that achieves coordination of the
22 services and programs that deliver primary prevention services.

23 (8) Beginning June 30, 2009, the committee shall report quarterly
24 to the governor and the legislative children's oversight committee
25 established in RCW 44.04.220. From June 30, 2012, until (~~January 1~~)
26 December 30, 2015, the committee need only report twice a year. The
27 committee shall report on its progress in meeting its duties under
28 subsections (2) and (3) of this section and on any other matters the
29 committee or the legislative children's oversight committee or the
30 governor deems appropriate. The portion of the plan required in
31 subsection (6) of this section shall be due to the legislative
32 children's oversight committee on or before June 1, 2010. The reports
33 shall be in written form.

34 (9) The committee, by majority vote, may establish advisory
35 committees as it deems necessary.

36 (10) All state executive branch agencies and the agencies with whom
37 the department contracts for child welfare services shall cooperate
38 with the committee and provide timely information as the chair or

1 cochairs may request. Cooperation by the children's administration
2 must include developing and scheduling training for supervising
3 agencies to access data and information necessary to implement and
4 monitor the contracts.

5 (11) It is expected that the administrative costs for the committee
6 will be supported through private funds.

7 ~~((12) ((Staff support for the committee shall be provided jointly by
8 partners for our children and legislative staff.~~

9 ~~(13))~~ The committee is subject to chapters 42.30 (open public
10 meetings act) and 42.52 (ethics in public service) RCW.

11 ~~((14))~~ (13) This section expires July 1, ~~((2015))~~ 2016.

12 **Sec. 11.** RCW 74.13.372 and 2009 c 520 s 10 are each amended to
13 read as follows:

14 Not later than June 1, ~~((2015))~~ 2018, the governor shall, based on
15 the report by the Washington state institute for public policy,
16 determine whether to expand chapter 520, Laws of 2009 to the remainder
17 of the state or terminate chapter 520, Laws of 2009. The governor
18 shall inform the legislature of his or her decision within seven days
19 of the decision. The department shall, regardless of the decision of
20 the governor regarding the delivery of child welfare services, continue
21 to purchase services through the use of performance-based contracts.

22 **Sec. 12.** RCW 74.13.020 and 2011 c 330 s 4 are each reenacted and
23 amended to read as follows:

24 For purposes of this chapter:

25 (1) "Case management" means ~~((the management of services delivered
26 to children and families in the child welfare system, including
27 permanency services, caseworker child visits, family visits, the
28 convening of family group conferences, the development and revision of
29 the case plan, the coordination and monitoring of services needed by
30 the child and family,))~~ convening family meetings, developing,
31 revising, and monitoring implementation of any case plan or individual
32 service and safety plan, coordinating and monitoring services needed by
33 the child and family, caseworker-child visits, family visits, and the
34 assumption of court-related duties, excluding legal representation,
35 including preparing court reports, attending judicial hearings and

1 permanency hearings, and ensuring that the child is progressing toward
2 permanency within state and federal mandates, including the Indian
3 child welfare act.

4 (2) "Child" means:

5 (a) A person less than eighteen years of age; or

6 (b) A person age eighteen to twenty-one years who is eligible to
7 receive the extended foster care services authorized under RCW
8 74.13.031.

9 (3) "Child protective services" has the same meaning as in RCW
10 26.44.020.

11 (4) "Child welfare services" means social services including
12 voluntary and in-home services, out-of-home care, case management, and
13 adoption services which strengthen, supplement, or substitute for,
14 parental care and supervision for the purpose of:

15 (a) Preventing or remedying, or assisting in the solution of
16 problems which may result in families in conflict, or the neglect,
17 abuse, exploitation, or criminal behavior of children;

18 (b) Protecting and caring for dependent, abused, or neglected
19 children;

20 (c) Assisting children who are in conflict with their parents, and
21 assisting parents who are in conflict with their children, with
22 services designed to resolve such conflicts;

23 (d) Protecting and promoting the welfare of children, including the
24 strengthening of their own homes where possible, or, where needed;

25 (e) Providing adequate care of children away from their homes in
26 foster family homes or day care or other child care agencies or
27 facilities.

28 "Child welfare services" does not include child protection
29 services.

30 (5) "Committee" means the child welfare transformation design
31 committee.

32 (6) "Department" means the department of social and health
33 services.

34 (7) "Extended foster care services" means residential and other
35 support services the department is authorized to provide to foster
36 children. These services include, but are not limited to, placement in
37 licensed, relative, or otherwise approved care, or supervised

1 independent living settings; assistance in meeting basic needs;
2 independent living services; medical assistance; and counseling or
3 treatment.

4 (8) "Measurable effects" means a statistically significant change
5 which occurs as a result of the service or services a supervising
6 agency is assigned in a performance-based contract, in time periods
7 established in the contract.

8 (9) "Out-of-home care services" means services provided after the
9 shelter care hearing to or for children in out-of-home care, as that
10 term is defined in RCW 13.34.030, and their families, including the
11 recruitment, training, and management of foster parents, the
12 recruitment of adoptive families, and the facilitation of the adoption
13 process, family reunification, independent living, emergency shelter,
14 residential group care, and foster care, including relative placement.

15 (10) "Performance-based contracting" means the structuring of all
16 aspects of the procurement of services around the purpose of the work
17 to be performed and the desired results with the contract requirements
18 set forth in clear, specific, and objective terms with measurable
19 outcomes. Contracts shall also include provisions that link the
20 performance of the contractor to the level and timing of reimbursement.

21 (11) "Permanency services" means long-term services provided to
22 secure a child's safety, permanency, and well-being, including foster
23 care services, family reunification services, adoption services, and
24 preparation for independent living services.

25 (12) "Primary prevention services" means services which are
26 designed and delivered for the primary purpose of enhancing child and
27 family well-being and are shown, by analysis of outcomes, to reduce the
28 risk to the likelihood of the initial need for child welfare services.

29 (13) "Supervising agency" means an agency licensed by the state
30 under RCW 74.15.090, or licensed by a federally recognized Indian tribe
31 located in this state under RCW 74.15.190, that has entered into a
32 performance-based contract with the department to provide case
33 management for the delivery and documentation of child welfare
34 services, as defined in this section. This definition is applicable on
35 or after December 30, 2015.

1 NEW SECTION. **Sec. 13.** Sections 1 through 7 of this act constitute
2 a new chapter in Title 74 RCW.

 Passed by the House March 7, 2012.

 Passed by the Senate March 7, 2012.

 Approved by the Governor March 30, 2012.

 Filed in Office of Secretary of State March 30, 2012.