

Healthy Start Option 3 Funding Methodology Summary and Monitoring Process September 10, 2009

The funding methodology parameters were given to the Implementation Team by the Healthy Start Redesign Team.

Parameters include:

- Fund programs based on “*family service units*” expected to serve
- Family service units are not based only on first birth (population) rates
- Every child in Oregon holds the same value
- Discourage family turnover – retention is highly valued
- Encourage creativity in developing programs across county lines (co-locating, shared staffing, regionalizing, etc...) to increase efficiency and cost effectiveness

The funding subcommittee focused on three key issues using the information discussed at Healthy Start Redesign and Implementation meetings:

1. What is the definition of family unit?
2. What is the best way to determine the cost per family unit?
3. What is the best way to allocate family service units to counties?

Issue #1: What is the definition of family unit?

The definition of a “unit” or “family service unit” is an average family served for one full year.

Family service units are represented by the average number of families who can be served at any point in time, and is conceptually similar to a “slot.” Because family service units are based on the **average** family, the methodology takes into account the fact that families are served on different service levels. The Home Visit Completion (HVC) data indicates that families are distributed relatively equally among all service levels. On average, the family unit and therefore the cost are designed to include families at all service levels. This method assumes a family unit is “full” for an entire year, regardless of how many families might occupy a family unit. (For example, Program X could be funded for 50 family service units but actual serve 75 families as families leave and enter a program.)

Issue #2: How can we determine cost per family unit per year?

The workgroup determined that basing cost on how many family service units state General Fund dollars were able to purchase in the past made the most sense.

Although approaches to determining costs using some form of prototypical program were discussed, prototypical programs do not currently exist in reality, may not reflect actual local costs and may restrict local creativity and program design. The group agreed that it is important to follow the lead of Healthy Families America (HFA) to allow programs to decide how best to structure their program to meet the needs of the community, and not giving exact instructions on how programs should be structured.

The cost per family unit includes all core services required (i.e. screening and outreach, home visiting, supervision, training, program management) for a full fiscal year and only reflects the state’s investment or contribution towards local Healthy Start core service delivery. The actual cost per family unit may differ by county.

Issue #3: How to allocate or distribute units and funds across the state?

Step one: Determine the cost per family unit (see Issue #2).

Step two: Determine how many family service units can be funded.

- o Divide unit cost (issue #2) into the total General Fund allocation to determine the number of units that can be funded. Note: The Family Unit cost is higher than the *cost per family served* utilized in previous years as it is not impacted by family retention.

Step three: Determine how to allocate the family service units to counties.

1. FY 2009-10 – Temporary Option 3 - Across the board 17.4% reduction to all county Healthy Start allocations. Convert each county's allocation to "family service units" expect to serve using the "cost per family service unit" of \$4,656 developed by the Healthy Start Implementation Workgroup.
2. FY 2010-11 and ongoing – Continue deliberation to define a funding method that:
 - **Becomes effective July 1, 2010** and has been fully vetted by the local commissions, programs and the public, and approved by the State Commission **by the end of December 2009. This will allow all local programs time to fully understand the formula and its implications.**
 - **Recognizes and rewards quality service (performance) and thus protects quality service programs across the state.**
 - Builds on the work done by the Healthy Start Redesign and Implementation Teams to date, including **application of "family service unit" funding.**
 - **Encourages local reorganization and regionalization** where doing so will produce strong, efficient programs.

Next steps include convening a taskforce made up of Redesign and Implementation Team members to continue active deliberation between now and December to fully work through options. There will be opportunities for everyone to provide input and comment before finalizing a fund distribution method to be approved by the State Commission by December 31, 2009 and to be effective beginning July 1, 2010.

Contract Monitoring/Performance Incentives

OCCF will continue to rely on identified service capacity and performance data to drive fiscal decisions. The workgroup recommends implementing a stronger monitoring process to encourage improved performance. They agreed programs should be held accountable for the number of family service units they are funded to provide.

After a start up period, and beginning January 2010, the workgroup recommends that programs be held accountable to adequate service delivery through contract and performance data monitoring. Beginning July 2010, family service units may be reallocated to align with demonstrated capacity during FY 2009-10.

The group prioritized the importance of training and technical assistance to support programs in meeting the service expectations. It was suggested that this be the focus of the fall program managers meeting.