

State of Connecticut - Department of Children and Families
Request for Information (RFI)
"Social Impact Bonds and Pay for Success Contracts for
Children and Families Impacted by Substance Abuse"

Responses to Inquiries

- 1. Social impact bonds/pay for success contracts require rigorous, ongoing evaluation beyond what might be standard or typical for many programs, including longitudinal data collection. Where does the Department envision that the responsibility for this would lie: with the provider agency, with the state, or with an intermediary? How would the associated cost be incorporated into approach?**

As part of the RFI process, we welcome your suggestions on where the responsibility for the evaluation of outcomes should reside and how the costs should be incorporated into the SIB model.

- 2. What is the current (last data available) number of DCF children whose families are involved in substance abuse -- i.e. size of population to be served?**

During SFY13, DCF registered about 30,000 child welfare cases. Of these, DCF staff indicated in approximately 10,000 cases during the investigation phase that the family was impacted by substance abuse.

Substance abuse is likely underreported in these figures for three reasons: a) These do not include cases in which substance abuse was identified post-investigation, b) These may not include all the data fields which DCF staff may have used in order to indicate substance abuse, and c) Evidence or disclosure of substance abuse may not always be obtained. DCF believes substance abuse may be present in about half, or 15,000 per year, of total cases.

It should be noted that these figures do not include the juvenile justice population.

- 3. What is the geographical distribution of these families -- i.e. per DCF servicing location, or per residence area?**

The 10,000 child welfare cases with an indicator of substance abuse are distributed across CT regions as follows:

Region 1 (Bridgeport Office, Norwalk / Stamford):	28.2%
Region 2 (Milford Office, New Haven Office):	35.0%
Region 3 (Middletown Office, Norwich Office, Willimantic Office):	38.7%
Region 4 (Hartford Office, Manchester Office):	32.9%
Region 5 (Danbury Office, Torrington Office, Waterbury Office):	33.7%
Region 6 (Meriden Office, New Britain Office):	37.1%
Other:	11.3%

4. What is the age distribution of the above-referenced population?

Of the child welfare cases in which substance abuse is recognized, 35% have children in the family aged 0 – 2, 27% have children aged 3 – 5, 42% have children aged 6 – 12, and 28% have children aged 13 – 17. Note that the percentages do not add up to 100% because some families have children in more than one of these ranges.

5. What aggregate data will be available to RFP respondents on such metric categories as: Length of time in DCF involvement? Nature of substance abuse involvement (i.e. "reported", "involved with law enforcement" "parent incarcerated" or similar categories)?

As part of the RFI process, we welcome your input as to what data would be useful in order to develop RFP responses if and when an RFP is issued.

6. How willing is DCF to advocate for a SIB/PFS structure that actively engages the private sector? For example, would DCF contemplate contracting with a private employer to train and employ a parent with a substance abuse problem?

As part of the RFI process, we welcome your input as to whether and, if so, how DCF should contemplate contracting with the private sector.

7. How willing is DCF to advocate for a SIB/PFS structure that actively engages other government agencies and would share resources and the benefit from savings that are generated?

One of the potential benefits of SIBs is that they can help alleviate silos that sometimes make it hard for government agencies to collaborate effectively. As part of the RFI process, we welcome your suggestions as to how DCF could engage with other agencies and how a project could account for the savings generated to other agencies.

8. The financial benefits attendant to keeping a family intact and functional could permeate well beyond direct internal cost savings to DCF. Is it envisioned that a SIB/PFS program will seek to capture as “program savings” the longer term economic benefits tied to the financial stability of a family? For example, is it contemplated that a DCF SIB/PFS program would capture the avoided costs of TANF, SNAP or Medicaid, the costs attendant to avoidance of involvement with the criminal justice system or the positive revenue production tied to the payment of taxes for a formerly unemployed parent with a substance abuse problem?

As part of the RFI process, we welcome your suggestions as to the time frame for a potential SIB and if there may be ways to capture benefits or savings that may take place beyond the program implementation period.

- 9. There are a wide variety of methods for measuring whether services can be deemed successful. These methods range from the rigor involved in a randomized control trial, to comparing program clients against historical data as a baseline to determine success. The measurement tool can greatly impact the cost of a program and limit its size and flexibility. At this time, is there a preference or cultural leaning within DCF regarding what measurement standard will be used to determine whether a program is successful?**

The evaluation serves 3 functions in a SIB: 1) determining the payment to investors, 2) contributing to our knowledge of what interventions are effective in addressing entrenched social problems, and 3) informing decision-making for the State with regard to funding the program after the period of delivering the service through the SIB is concluded. Given how critical these functions are, it is important that the evaluation methodology used be rigorous and produces credible results. As part of the RFI process, we welcome your input as to what methodology should be used and what the tradeoffs between different methodologies may be. We are also interested in suggestions about how to use state administrative data systems for outcome measurement as a way to lower the costs of implementing rigorous evaluations.

- 10. Is it presently contemplated that services currently offered by DCF for parents and children impacted by substance abuse will be the ones offered as the central component of a SIB/PFS program, or is there a willingness to introduce new programs from providers that may not presently be offering services within the State of Connecticut?**

Through this RFI process, DCF is seeking to learn about interventions that may improve the outcomes for children and families involved in the child welfare system who are also impacted by substance abuse including those from providers that are already working in the state and those that are currently not offering services within Connecticut. DCF is interested in learning about all voluntary evidence-based services that target caregivers, adolescents, and families with substance abuse issues.

- 11. Is it the opinion of DCF that legislation is necessary to enter into a binding SIB/PFS contract?**

DCF is engaging with the Office of Policy and Management and the General Assembly on this question. As part of the RFI process, we welcome your input as to the role of legislation in a SIB/PFS contract.

- 12. Is there an anticipated time-frame for issuing an RFP for a SIB/PFS project?**

DCF will make a decision as to whether to issue an RFP following analysis of RFI responses.

- 13. Will DCF consider models of care that are made up of multiple evidence-based practices?**

As part of the RFI process, we welcome your input as to the benefits and challenges of implementing a SIB for an intervention model made up of multiple evidence-based practices.

14. Will the department consider different models of care in various areas of the state with common outcome measures?

As part of the RFI process, we welcome your input as to the benefits and challenges of implementing different models of care in different areas of the state.

15. Will the SIB be statewide or for specific geographic areas?

We are interested in using SIBs to address service gaps and lack of capacity throughout the state. As part of the RFI process, we welcome your input as to whether the SIB should be statewide or focused on specific geographic areas.

16. Will DCF mandate that providers must be locally based with local offices?

As part of the RFI process, we welcome your input as to whether providers should have to be locally based.

17. Will DCF allow providers flexibility to select and manage care models provided they are evidenced based or best practices? Will the state define outcomes and leave the design and execution of the model to provider discretion and judgment?

As part of the RFI process, we welcome your suggestions on the extent to which providers should be given flexibility to select and manage care models.

18. Will the state consider models that are not reimbursable under Medicaid in Connecticut such as home based clinical services for adults?

As part of the RFI process, we welcome your suggestions on this issue.

19. How will the state manage payment of incentives over the period of a contract when the state budgeting process does not allow funding to be carried over from one fiscal year to the next? Cost savings due to practice innovation and positive outcomes will be lost from one fiscal year to the next. How will this impact the financing model?

Governments experimenting with the pay for success model have used several different approaches to make sure budget resources are available at the point in time that the outcome-based payments need to be made. As part of the RFI process, we welcome your suggestions regarding the best way to achieve this in the context of Connecticut's budgeting practices.

20. Can providers provide the service and be investors?

As part of the RFI process, we welcome your suggestions on the roles of PFS partners.

21. What role will investors have in determining program design?

One of the benefits of the PFS model is that it aligns incentives of private and public sector partners to design the program in accordance with evidence base to maximize the likelihood of success. As part of the RFI process, we welcome your suggestions on the role each party should play in determining program design.

22. What role will investors have in modifying or influencing service delivery during the course of the contract?

As part of the RFI process, we welcome your suggestions on the governance structure for the project, the process that should be put in place in order for decisions to be made about possible modifications during the course of the contract, and the role that each PFS partner should have during the course of the contract.

23. What mechanism will be used to collect, aggregate and analyze data for this project? Who will manage this?

As part of the RFI process, we welcome your suggestions on the most appropriate mechanism for collecting, aggregating, and analyzing data, and on who should manage this process.

24. Any funding withholds may be problematic to provider cash flow. Getting to a break end point is currently a challenge and most providers have little or no flexibility in their budgets. Will withholds be used in the funding model?

To avoid the cash flow challenges associated with a performance based contract in which payments are made at the end of the project based on outcomes, in a traditional SIB model the operating costs of the project are provided upfront by private investors. Repayment of funds to investors will be determined based on the outcomes that are achieved at the conclusion of the project.

25. Does the State have any current plans to appropriate funds for a PFS project? If so, would the State use a moral obligation pledge (such as full faith and credit) or appropriate funds annually into a separate fund?

DCF is currently considering the issue of appropriation of funds for a PFS project by engaging with OPM and the General Assembly. As part of the RFI process, we welcome your advice on the options.

26. Does DCF have research results addressing the correlation of employment and training with reduction of substance abuse? More specifically, is there evidence-based research

into how such interventions as essential skills development (e.g., soft skills, 21st century skills, career readiness skills, or career competencies), youth employment, work and learn strategies, and related case management/support services correlate to reduced substance abuse?

As part of the RFI process, we welcome information related to any type of intervention that improves the outcomes for children and families involved in the child welfare system who are also impacted by substance abuse.

27. Does DCF contemplate that youth workforce development programs might be specifically aimed at substance abuse prevention, or that those programs might address such prevention as one of a spectrum of intended consequences or outcomes?

As part of the RFI process, we welcome information related to any type of intervention that improves the outcomes for children and families involved in the child welfare system who are also impacted by substance abuse.

28. Is there a specific age group that DCF would prefer to focus on in terms of substance abuse prevention? Youth? Or adults with families? Or both?

There is no specific age group that DCF would prefer to focus on. As part of the RFI process, we welcome your suggestions on projects that could be done with either of both of these groups.

29. Is the State particularly interested in addressing 1) substance abuse challenges faced by youth involved in the child welfare system, 2) substance abuse challenges faced by parents or caregivers involved in the child welfare system, or 3) both?

As part of the RFI process, we welcome your suggestions on projects that could be done with either or both of these groups.

30. Is there a further subgroup of individuals in the State in which there is a particular gap in addressing the substance abuse issue (e.g.: certain age ranges)?

DCF has identified families impacted by substance abuse as a subgroup of the total DCF-involved population for which there is a gap in addressing their needs. DCF has not identified a further subgroup of individuals for which there is a particular gap in service delivery. As part of the RFI process, we welcome your suggestions as to whether there is a further subpopulation that should be specifically targeted.

31. Who is responsible for measuring the outcomes of the comparison group?

Depending on the outcome measures, the state's administrative data systems may be able to track the outcomes of the comparison group. For other outcome measures, it is possible that an independent evaluator would need to be retained to collect the data.

32. What resources are provided for the provider to track outcomes?

If the service provider does not have the capacity to track SIB-related outcomes prior to SIB implementation, these costs could be accounted for in the service delivery cost for a SIB project and provided upfront through the funds raised from the private sector investors.

33. How does the intermediary get paid?

The intermediary fee can be part of the upfront funds raised from the private sector. Since the intermediary assumes the performance management role in the SIB model, part of its fee can also be success-based and paid out of the outcome-based payment at the conclusion of the project.