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# News Release

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For Immediate Release

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## **MTF Report: Reform the Commonwealth's \$2 Billion Purchase of Human Services**

The Commonwealth's vast system for purchasing human services needs major reform, according to a report released today by the Massachusetts Taxpayers Foundation.

The report, prepared by MTF in collaboration with the Massachusetts Council of Human Service Providers and with major funding from The Boston Foundation, concludes that the burden of the system's flaws falls on the clients – who too often do not receive the quality services they need – and the taxpayers, who are not getting a fair return on the \$2 billion spent annually on services purchased from private providers. Since its inception three decades ago, the purchasing system has grown rapidly to become the primary means of delivering human services, ranging from group homes for the developmentally disabled to treatment for juvenile offenders. Over 1,100 provider organizations care for 600,000 Massachusetts residents.

The report, *Reforming the Commonwealth's \$2 Billion Purchase of Human Services: Meeting the Promise for Clients and Taxpayers*, finds that while most clients still receive good care, they and their families frequently face long waiting lists, substantial barriers to access, and difficulty navigating the system, and many are not getting services matched to their particular needs.

The report recommends a series of reforms designed to refocus the system on meeting the needs of clients, to create incentives for high performance, and to eliminate unnecessary and costly administrative requirements. Key recommendations include:

- Designating a single case manager to oversee the care for each client in order to improve access to the system and provide more integrated and individually tailored services;
- Developing quality standards and outcome measures for all human services contracts to serve as a basis for fair and reasonable rates and to provide performance data for holding the system accountable; and
- Implementing more consistent procurement policies, procedures and reporting requirements across state agencies to reduce administrative costs for both agencies and providers and put more emphasis on producing results for clients.

MTF President Michael J. Widmer praised the administration and Legislature for their restructuring of human services agencies in the fiscal 2004 budget, noting, "The reorganization is an important first step that sets the stage for more fundamental changes in how the state manages this massive enterprise. It is time for all the stakeholders to come together in a far-reaching and sustained effort to reform the way the state purchases and delivers human services."

MCHSP President Michael D. Weekes added, “The problems engulfing the system – ranging from a lack of integrated care to difficulties in maintaining a qualified workforce to a lack of basic performance information – are not the fault of any particular group, but affect participants at every level of the system, from clients and providers to purchasers and policy makers.”

The report identifies a number of factors that contribute to the problems:

- The purchasing system has been hamstrung by its own rules and procedures, which put too much emphasis on bureaucratic processes, compliance with regulations, and achieving narrowly defined programmatic objectives, rather than producing results for clients;
- Each state agency has its own policies and procedures for purchasing services, creating a myriad of often conflicting requirements for providers, including multiple licensing visits and varying data collection and reporting formats, and diverting resources from improving the quality and impact of services;
- A growing gap between rates paid to providers and the cost of providing services – most rates have not been increased at all for well over a decade – is producing a workforce crisis for providers and is compromising standards of care for those receiving services;
- Compounding the situation, the Commonwealth has attempted to expand services without addressing the problems in the existing system, putting the emphasis on serving the maximum number of clients at the least cost rather than on the quality and outcomes of services.

The recommendations are intended to serve as a framework for developing more specific reforms rather than a prescription for detailed changes. The report underscores that these problems will be difficult to solve and calls on the administration to lead a long-term reform effort in collaboration with the Legislature, purchasing agencies, providers, service advocates, and clients and their families. A list of key recommendations is attached.

While the report identifies a number of areas for administrative savings, it warns that reforming human services will not help address the state’s fiscal crisis. Opportunities for savings are limited by the fact that human services agencies have already been subjected to hundreds of millions of dollars in budget reductions over the last three years, and any savings that are achieved are likely to be outweighed by the costs of reform.

The report is based on research that draws heavily upon the first-hand experience of a cross-section of individuals who either receive services or work in the system, including both state employees and providers. Scores of interviews and focus groups were held across the state, and a wide range of data sources were analyzed in preparing the study.

The report and its recommendations will be the subject of a public forum featuring Health and Human Services Secretary Ronald Preston and Senator Susan Tucker, chair of the Legislature’s Human Services and Elderly Affairs Committee. The forum will be held at The Boston Foundation, 75 Arlington Street, Boston, from 8:00 to 9:30 a.m. on Tuesday, September 23.

Through its independent, unbiased research, the Massachusetts Taxpayers Foundation has played an instrumental role in achieving major reforms and promoting sound public policy in state government since 1932. The quality and impact of the Foundation’s work is reflected in the eight national awards received in the past eight years.

The Massachusetts Council of Human Service Providers, Inc., widely recognized as the leading voice for change within the human services sector, is the largest statewide trade association for community-based organizations providing social, rehabilitative, education and health care services. The mission of the Council is to promote a healthy, productive and diverse human services industry.

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# *Reforming the Commonwealth's \$2 Billion Purchase of Human Services: Meeting the Promise for Clients and Taxpayers*

## **Recommendations**

### Focus on Clients

- Designate a single case manager to oversee the services provided to each client.
- Develop information technology systems to share information among departments and coordinate services to clients.
- Develop assessments of provider performance for use by clients, families and caseworkers in selecting appropriate services, as well as by providers in benchmarking their delivery of services.
- Expand the use of lead agencies to deliver integrated services.

### Focus on Performance

- Develop quality standards and outcome measures for all human services contracts.
- Establish reasonable and adequate rates based on the costs of meeting standards.
- Provide incentives for superior performance in order to encourage creativity and quality.
- Employ performance contracts that pay providers when clients attain specified outcomes.
- Use cost reimbursement contracts only for initial operating costs of new programs.

### Eliminate Unnecessary Requirements

- Develop and enforce more consistent procurement policies, procedures and reporting requirements across purchasing agencies.
- Eliminate licensing and certification regulations that no longer serve to ensure safe and effective services, and consolidate licensing and certification reviews.
- Certify providers with national accreditation by a recognized body, except in cases where the state has a legitimate need to set higher or different standards.
- Eliminate or reform the Uniform Financial Report to include only data the state actually needs.

### Set Priorities

- Set priorities with realistic expectations of what the Commonwealth can afford.
- Use needs assessments to identify gaps in – and duplication of – services.
- Use performance data and program evaluation to gauge quality and outcomes of services.
- Use financial data to evaluate costs of meeting priorities.