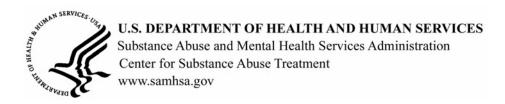# PERFORMANCE MANAGEMENT: IMPROVING STATE SYSTEMS THROUGH INFORMATION-BASED DECISIONMAKING

PERFORMANCE MANAGEMENT: IMPROVING STATE SYSTEMS THROUGH INFORMATION-BASED DECISIONMAKING

U.S. Department of Health and Human Services
Substance Abuse and Mental Health Services Administration
Center for Substance Abuse Treatment

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ORIGINATING OFFICE

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PERFORMANCE MANAGEMENT: IMPROVING STATE SYSTEMS THROUGH INFORMATION-BASED DECISIONMAKING

I. Introduction

Today's economic climate mandates and rewards cost-effective, performance-driven management. From large corporations and small nonprofits to State and Federal agencies, organizations are expected to demonstrate positive outcomes for the dollars they expend. Performance management—a data-driven process to help improve services and outcomes—provides a structure that promotes the development and delivery of high-quality products and services.

In the substance abuse treatment field, the Single State Agencies (SSAs) are uniquely positioned to infuse performance management throughout the substance abuse treatment system to improve the quality of services, client satisfaction, and outcomes. Current State data systems provide a foundation on which to build a performance management approach to improve treatment results. Because it is grounded in systematically measured data, a performance management approach allows SSAs to answer key questions from their management, staff, service providers, legislators, clients, and public constituents, among them:

- Are we getting what we are paying for?
- Are clients receiving the care appropriate for their needs?
- Has client retention improved?
- Is client substance use declining?
- Is there an increase in the number of clients employed and/or an increase in client income levels?
- Is school performance/ attendance/retention improving for youth?
- Is crime being reduced, measured by arrests and/or other crime indicators?

In SSAs currently implementing data-driven performance management, administrators have found they ask better questions and make better decisions. Performance management reflects a change of emphasis in organizations from command-and-control toward a facilitation model of leadership. This change is accompanied by recognition of the importance of relating staff, provider and State performance to the strategic, long-term, overarching mission of the system as a whole. Clinicians' goals and objectives, derived from their own programs, in turn, support the mission and goals of the overall system, thereby improving the system at all levels. The performance management process enables provider agencies and performance managers (either at the State or sub-State level) to discuss program goals and together to create a plan to achieve those goals. Individual program plans should contribute to system-wide goals and the goals of each provider agency. The planning process also must consider the changing environment.

Objectives

To support adoption or refinement of performance management approaches by SSAs, the Center for Substance Abuse Treatment (CSAT), part of the Substance Abuse and Mental Health Services Administration (SAMHSA) within the U.S. Department of Health and Human Services, established a technical advisory group of selected SSA representatives, CSAT staff, and experts in the field. Their goal was to develop this white paper to help delineate the benefits and challenges of implementing performance management and to encourage intra- and inter-State dialogue about this data-drive management tool. The information presented in this document neither presents an "ideal" State treatment performance management system, nor does it delineate specific performance

measures for States to implement. Rather, the content of this white paper is intended to help States develop and initiate a performance management process.

The balance of this section discusses the range of challenges and benefits of performance management. Section II provides a framework for performance management, focusing primarily on a self-assessment tool that States can use. Section III describes a number of strategies already implemented by States; Section IV provides guidance to States on how to move the development of a performance management system forward. The appendices provide reference materials and case studies from selected States.

Challenges and Benefits of Performance Management

Performance management requires an investment—particularly in the early stages when data-sensitive systems may need to be developed and enhanced. However, over time, performance management yields significant cost-benefits. States that do not implement performance management principles may incur much greater costs for substantially fewer benefits to the people their programs are intended to serve.

Performance management provides an intuitively straightforward tool—a "scoreboard" approach—for SSAs to address long-term issues in substance abuse treatment programs across the State, including:

- Barriers that stand between need for care and the delivery of services;
- High treatment dropout rates; and
- Insufficient capacity to demonstrate improvements in outcomes.

Instituting performance management across a Statewide treatment system takes time and an investment of dollars and personnel across all levels of the substance abuse treatment system. In addition to costs associated with additional technology, planning, and other staff labor, this management approach also requires expenditure of political capital and the capacity to leverage both resources and partnerships. Despite these challenges, performance management yields both immediate and long-term benefits. In order of "added value," adoption of performance management practices can help both the SSA and provider system to:

- Meet obligations of the Federal Substance Abuse Prevention and Treatment Block Grant
- Document and justify requests for State, Federal, and private funding, as well as enable the State to compete more effectively for limited resources.
- Quickly identify declining or improving services, and provide timely interventions and management strategies to rectify problems and support successes.
- Have an objective baseline for program, provider, and personnel reviews as well as for performance contracts.
- Achieve effective, strategic application of resources to plan for and promote long-term quality of care for clients.
- Develop the diagnostic capacity to examine, the relationship between targeted program inputs and outcomes of services over time.
- Develop and sustain partnerships, and coordinate resources and responsibilities across multiple service systems and agencies to benefit the target population.

Such benefits enhance both control and accountability, yielding programs that both better meet the needs of clients and promote fiscal responsibility.

II. Framework for Performance Management

Performance Management within CSAT

Over the past decade, the SAMHSA has partnered with SSAs and substance abuse service providers to increase program effectiveness and public accountability by fostering an emphasis on program results, service quality, and customer satisfaction. A key component of this effort has been the development of data-driven systems to respond to the Government Performance and Results Act (GPRA) of 1993. GPRA was designed to improve the confidence of the American people in the program and spending decisions of the Federal government by holding all Federal agencies accountable for positive program results.

In 2001, President Bush introduced the President's Management Agenda (PMA), an aggressive strategy for improving the management of the Federal government. It focuses on five areas designed to address identified management weaknesses across the government: Strategic Management of Human Capital, Competitive Sourcing, Improved Financial Performance, Expanded Electronic Government, and Budget and Performance Integration. In addition to the five government-wide goals, the PMA encourages agency-specific reforms in nine areas. Areas targeted by the PMA for government and agency reform were selected for their potential for dramatic and material performance improvements, focusing on remedies to problems generally considered to be serious, with the potential for demonstrating improvement in the near term.

GPRA and PMA (especially it's goal of Budget and Performance Integration) are reflected in the Office of Management and Budget's Performance Assessment Rating Tool (PART) review process. Under this process, SAMHSA is required to set program-specific performance targets, to measure program performance on a regular basis against those targets, and to report annually to Congress on its results. An implementation step under these parallel efforts is the initiative to improve performance reporting in the SAPT Block Grant. Under this initiative, SAMHSA will require performance measures, including selected measurable outcomes for substance abuse treatment. States will need to identify their priority objectives and project changes in the level of measures of stated outcomes. Beginning shortly, States will be expected to measure the selected outcomes in their State as well as to manage treatment resources to demonstrate they are addressing targeted changes in these outcomes.

Historical Context of Performance Management

Performance management is not something new created by SAMHSA or CSAT. It is a direct product of the quality management field, which began in the 1930s with Bell Telephone Laboratories of AT&T, and was introduced to the service fields in the 1940s by Dr. W. Edwards Deming. He took the approach to Japan in the 1950s, helping Japanese automobile and electronics companies surpass American companies by the 1970s.

In the 1980s, the Reagan Administration recognized the significant strides Japan had made in industrial quality and developed the Malcolm Baldrige National Award to motivate American companies to adopt quality management standards and programs. During that same decade, Motorola Corporation implemented a "Six Sigma" program to improve the quality of its products by decreasing the number of individual product defects.[1] In 1987, 91 nations adopted the International

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[1] Sigma (σ), a character of the Greek alphabet, is used in mathematical statistics to define standard deviation. The standard deviation indicates how tightly all the various examples are clustered around the mean in a set of data. The sigma value indicates how often defects are likely to occur. The higher the sigma value, the lower the likelihood of defects.

Organization for Standardization (ISO) 9000 series of standards to provide quality system standards across selected industries.

More recently, the Federal government implemented both GPRA and PART reviews to improve accountability for and quality of services. Additionally, many private health care agencies, including many substance abuse treatment providers and all methadone programs, are required to receive accreditation from established organizations (e.g., the Joint Commission Accreditation of Healthcare Organizations [JCAHO], Commission on Accreditation of Rehabilitation Facilities [CARF], Council on Accreditation [COA]). Such accreditation today includes a focus on quality management. Moreover, future Federal and State initiatives are likely to require even greater evidence of cost-effective, performance-driven management.

A Self-Assessment Matrix

SSAs should not be daunted by the scope of work needed to implement performance management and performance management standards. Performance management is a process that ultimately can involve all staff and all areas of operation in the use of data-driven decisionmaking to help organizations do their core functions well by routinely implementing good practices and achieving good outcomes. Performance management is a flexible tool. State systems can implement performance management literally overnight, and can tailor their specific approach to their current needs.[2] Moreover, performance management accommodates variation across providers by enabling States to negotiate individualized performance goals with individual providers. Performance management can start with small, isolated efforts that set the foundation for incremental, next-step efforts that, ultimately, may result in a full performance management system.

Drawing from the experiences of selected SSAs that already have implemented varying levels of performance management, the *Capacity Assessment Matrix*, Figure 1provides a quick measure of where the reader perceives the organization or service system to be with respect to performance management. The matrix provides a basis for discussion about improving an existing performance management approach. The self-assessment also can be used to identify particular areas of performance management that need improvement as well as to delineate and highlight unusual obstacles or opportunities.

The self-assessment matrix can be used by any agency within the substance abuse service system. For example, individual treatment agencies can assess their capacity for performance management. Similarly, sub-State entities that manage the treatment system, as well as the SSA, can assess their own capacity for performance management. Although meant as a quick tool, information from each assessment level can be aggregated, to assess the treatment system's overall capacity for performance management.

A systematic self-assessment of a State's performance management capacity, coupled with strategic planning, can help guide the State's adoption of both program and system improvements. For example, States may identify low-cost strategies that might yield high benefits to the system and to those the service system serves (e.g., adding a data field to the State-level data system to record unique client identifiers that programs already collect so that admission and discharge data can be matched across individual clients).

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[2] Wye, C. (2002). *Performance Management: A "Start Where You Are, Use What You Have" Guide.* Managing for Results Series. Washington, DC: The Center for Improving Government Performance, National Academy of Public Administration. Available at: http://www.businessofgovernment.org/pdfs/Wye_Report.pdf. Accessed August 12, 2003.

The matrix arrays four specific capacities that factor into the development and implementation of a performance management process:

- Cultural capacity
- Analysis and management capacity
- Provider capacity
- Data systems capacity.

Definitions of each capacity are shown in the left column of the matrix. The matrix does not identify specific, separate capacities for politics and funding, because these critical elements operate across all of the delineated capacity areas. The matrix lists types of performance management practices associated with each capacity, arraying them across four columns in ascending order, from basic to expert. The scheme is straightforward and does not use formal criteria to classify these methods. Practices that fall somewhere between basic and expert are considered intermediate and advanced, with some general notion of increasing effort and quantification. An agency need not aim for the same level of sophistication for each capacity. Experience suggests that State systems demonstrating high levels of even one capacity will be able to support a stronger performance management system.

Figure 1
Capacity Assessment Matrix

Capacity	Current Level of Implementation			
	Basic - - - - - - ▸	*Intermediate* - - - - ▸	*Advanced* - - - - - - - ▸	*Expert*
Cultural Capacity: internal culture of agency (e.g., SSA, sub-State entity, provider organization) regarding the use of data in planning and decisionmaking	Agency activities focus on meeting compliance Agency has data available	Leadership reviews monthly data reports Agency has allocated some staff to performance management (PM)	Agency has a defined performance management process Performance improvement projects are underway Performance processes are integrated into planning and decision-making Workforce has skills to apply performance management Agency has allocated sufficient staff to performance management	Performance management system is viewed as an effective tool Performance measures are consistently defined in measurable terms Performance measures have been implemented Agency has implemented a continuous improvement process Agency shares collaborative role/responsibility for performance management with multiple agencies serving target population Agency provides Web access for all appropriate staff Agency invests in information technology as needed
Analysis and Management Capacity: capacity of the agency to use data to manage services and influence practices at multiple levels, including analytic capacity and processes, roles, and protocols for action	Agency collects data Agency meets minimal Federal data requirements Agency submits raw data to reporting agency	Agency analyzes and distributes data Agency distributes program-level data Agency has an action plan for improving data quality	Agency has analytical/management staff dedicated to performance management activities Agency provides timely comparison data by program, region, and State Agency has a specified process for taking action after review of data Agency identifies outliers and discusses/provides onsite technical assistance (TA) Agency trains system-wide staff on performance management Agency trains own staff on performance management	Providers have the ability to go online for comparison reports SSA runs cost-effectiveness and offset analyses Agency uses performance measures to manage contracts Agency regularly engages in performance contracting

Figure 1
Capacity Assessment Matrix

Capacity	Current Level of Implementation			
	Basic ------▶	Intermediate ----▶	Advanced -------▶	Expert
Provider Capacity: capacity of providers within a system to implement performance management	Provider collects standardized data	Management within the provider agency uses data for planning and decisionmaking	Provider collects performance management data	Clients use data to select program
Data Systems Capacity: capacity of stakeholders for collecting, moving, and manipulating data, including collecting data, to meet management needs, transmitting and storing data, and linking data across other data systems	Data are collected at admission System meets Treatment Episode Data Set (TEDS) requirements Data are used for other Federal reporting (e.g., Block Grant/ Performance Partnership Grant) Paper or diskette system is used Paper/diskette is mailed to lead agency Time between data collection and data entry is approximately 30 days Data are cleaned by lead agency (e.g., SSA, sub-State entity) Lead agency links data at provider level Provider maintains unique client identification number	Data are collected at admission and discharge Provider uses electronic data system State alcohol and other drugs (AOD) data system uses unique client identification number Lead agency generates error reports	Admission and discharge data are linked at client level Follow-up performance management data are collected at multiple points in time Provider has skill set to use performance management data to make clinical adjustments Data edits are built into the data entry system Client-level data can be linked to other behavioral healthcare data Data are linked to other State data for special projects	Client-level data are routinely linked to other State data systems (e.g., criminal justice, employment) Statewide system uses a Web-based data entry system Data system provides "real time" reports Analyses adjust for case mix

Figure 2. How To Use the Capacity Assessment Matrix

As described above, the Capacity Assessment Matrix describes an SSA, or other entity in the substance abuse service system, as the program and service system exist today. The idea is that any organization or system can start implementing performance management immediately and use the performance management approach to continuously improve the system. To make the concept more concrete, a detailed example of a hypothetical State is provided.

Background. State X has been meeting its Federal reporting requirements consistently for many years. In the past year, State managers identified the need to use data to manage the system better and to greater effect. However, initial exploration indicated that they were not confident about the quality of the data submitted by treatment providers across the system. Additionally, the system itself is complex, with sub-State entities that oversee and manage the treatment providers within their regions. State X developed contracts for the system two years ago, and the contracts run for five years each, so major changes to the contracts will not be possible for three additional years. State X, however, has identified adolescents as a priority population and will be releasing a new Request for Proposals to fund six adolescent outpatient and aftercare programs over the next three years.

Self-Assessment. State X convened managers within the SSA to assess its capacity for performance management by using the self-assessment grid provided in Table 1. Results of the State's assessment of its current capacity for performance management are delineated in detail in the State X Example provided in **Appendix A**.

Next Steps. By working through the self-assessment process, managers within the SSA in State X were able to identify a number of next steps to take:

- Conduct a 1½-day workshop with sub-State entities and treatment providers to assess the system's capacity for performance management with the input from all these perspectives. Seek technical assistance (TA) support from CSAT to conduct this workshop.

- Focus on improving the quality of the data by producing and distributing error reports within 30 days of data submission. Meet with programs with error rates of six percent or more to discuss and implement strategies to improve the quality of the data. Work with the system to decrease error rates to five percent or less within two years.

- Develop performance measures for the new adolescent outpatient and aftercare contracts. During the proposal development and contracting process, work with providers to set goals for each performance measure. Link the performance measures to the contracts so providers receive a baseline fee with an added incentive for meeting performance targets.

- Identify SSA, sub-State entities, and provider training and TA needs in the area of performance management (e.g., leadership training, TA on performance contracting, training on using data for continuous quality improvement). Seek assistance from CSAT and other resources to provide training and TA throughout the system.

- Develop a strategic plan to assess the critical areas to be monitored and improved, to provide a clear delineation of priorities, goals, objectives, measures, and targets. This plan also should identify strategic partnerships with other State agencies serving the target population, as well as ways to support providers and sub-State entities in adopting performance management within their programs.

III. Current State Experience

States vary in their use of data for program planning and implementation. Use of data ranges from meeting basic compliance standards to using data for management purposes and to implementing model performance management approaches. Few States have implemented performance management on a large scale; to date, no State has a comprehensive performance management system. Since such a long-term goal is desirable, any movement toward improved use of data to inform managerial decisions can result in better management. The balance of this section briefly describes performance management strategies implemented by selected States and explores some lessons learned in the process. See Appendix B for detailed State case studies of performance management.

Strategies

- **Improving Data Quality.** As a first step to implement a performance management process, the *Office of Substance Abuse Services (OSAS), within Virginia's Department of Mental Health, Mental Retardation, and Substance Abuse Services*, identified the need to improve the quality of the data collected to give stakeholders greater confidence in the decisionmaking process. To this end, OSAS' Research and Evaluation section implemented a quarterly reporting system to provide automated feedback to providers that submitted data below the accuracy acceptability limit (90 percent accuracy). Reports include an error analysis that OSAS uses as a starting point to provide assistance needed to address program and data issues. The reports also include regional and State data for comparison purposes. OSAS' commitment to address reporting problems has resulted in solid working and trusting relationships with the providers.

- **Developing Feedback Systems.** *New York State's Office of Alcoholism and Substance Abuse Services (OASAS)* regularly monitors performance of over 1,300 substance abuse treatment programs. As part of this process, providers have online access to quarterly performance reports. OASAS field office staff work with outlier programs to address identified performance deficiencies and implement improvement strategies.

  The *Oklahoma Department of Mental Health and Substance Abuse Services* uses multiple methods of combining data from a variety of sources to provide information to State administrators, providers, and other stakeholders for performance improvement decisionmaking. Methods include: (1) an annual report card of performance indicators that compares agencies' scores to the State average, to other agencies' scores, and to their own previous year's score; (2) a quarterly summary of regional performance on a set of indicators modeled on indicators developed by the Washington Circle Group (identification, initiation, and engagement indicators); (3) monthly reports of the same data for individual treatment agencies supplied to service providers, to help them monitor their own performance improvement efforts; (4) an annual individual Provider Performance Management Report combining client, staff, short-term, and long-term performance data (based on the other indicator reports) with recipient perception-of-care data that compares these data to State standards and averages; and (5) an annual report of long-term indicators that links service-recipient data with outcomes data from other State agencies, using a probabilistic matching algorithm. Data, for example, on arrests for driving under the influence (DUIs), mortality, incarceration, and employment among clients of an agency are compared to State averages.

The Division of Health Promotion, Prevention, and Addictive Behaviors, of the Iowa Department of Public Health, produces an annual report to assess Statewide outcomes. The report compares admission, discharge, and follow-up data on arrests, education, living environment, employment, income, and substance use. This report is shared with legislatures, other State agencies, and treatment providers.

- **Building Partnerships.** The *Wisconsin SSA* has aligned itself strategically with the State court system to coordinate services across the two systems and to implement drug courts. By sharing State treatment data and outcomes with these collaborators, the SSA has increased the court system's commitment to substance abuse treatment, and has built a partnership that shares responsibility for clients of the two systems.

- **Implementing Performance Contracts.** *Delaware* introduced performance-based contracting with Statewide outpatient substance abuse treatment providers in July 2001. Their performance monitoring approach uses individually negotiated provider goals rather than standardized group performance norms. Providers are monitored for both program performance and TA needs. Financial rewards or penalties, previously negotiated with providers, are authorized relative to services utilization and levels of client treatment participation. This approach has led to improved overall results both in individual programs and throughout the service system as a whole. Additionally, providers more routinely are using performance-based data for internal planning and decisionmaking.

Lessons Learned

- **Start today.** Although barriers to implementing a performance management system exist, these barriers are most readily overcome simply by beginning a system of performance management. Data quality improves faster when providers realize that the lead agency is committed to the process. Similarly, information and communication flow more smoothly and quickly across the system once it is operational and ongoing

- **Start slowly.** Performance management in a large system works well with gradual, stepwise, ongoing implementation. Identify short-term priorities and goals (fix what you can), and recognize that this is a continuously changing process in which goals and performance measures change over time.

- **Performance management is a partnership.**
  - Involve providers and their staff in designing performance measures and integrating these measures into the treatment process as part of good care.
  - Bring consumers to table at the outset. Too often, initiatives move forward without consumer participation, thereby creating difficulty later in the process.
  - Bring other resources to the partnership to build synergy, such as SAMHSA's Addiction Technology Transfer Centers (ATTCs), SAMHSA's Practice Improvement Collaboratives (PICs), the National Institute on Drug Abuse (NIDA) Clinical Trial Networks (CTNs), and university-based or nonprofit research groups.

- **Work closely with providers.** Providers are critical to successful implementation of a performance management process. They need to be included in its planning and implementation. Lead agencies should identify key staff at provider agencies and work

directly with them. They also should negotiate both individual performance levels and feedback data with individual programs in a timely manner.

- **Assess the quality of the data and build in improvements as necessary.** Performance management data do not need to be of the same rigor and quality as research data. Often, performance management systems can begin by using data they have available. However, the performance management plan should assess the data and build in improvements if necessary and possible.

- **The performance management system should include a process for how to use both existing and new data for improvements.** From the outset, the performance management system should include a mechanism to use data to improve programs, services, and outcomes. One approach might be to involve a Statewide advisory group that includes representatives of providers, staff of sub-State entities, advocates from coalition groups, and consumers. The group would review data regularly and use them to make system improvements. The performance management system also should include periodic training and provide TA throughout the system.

- **A range of stakeholders should be included in the process.** Much diversity is found in Statewide substance abuse treatment programs. Programs differ on such dimensions as modality, public/private status, geographic location, and client population. These varying viewpoints need to be represented in the performance management system.

- **There is no one solution.** Performance management is a process that changes as the system changes.

IV. How To Get Going

As States work to increase their accountability to funding agencies and to the public, they may need to adapt their existing data systems. This presents an unparalleled opportunity to adapt the data system to meet the needs of performance management. . Although States will vary in their path toward adoption of a performance management approach, the general idea is to move along the continuum from no use of data to the SSA's use of data only; to the use of data by the SSA and provider agencies, including clinicians; to widespread use of data by the SSA, management of provider agencies, clinicians, and clients. States may have different starting points. Because performance management is a process, SSAs need to build in time for each phase to demonstrate its own effectiveness before rolling it out to the full system. States can begin this process by conducting a self-assessment, exploring available resources, and seeking TA.

Conduct a Self-Assessment

As a first step, an SSA can use the Capacity Assessment Matrix (see Figure 1) to characterize its current ability to implement performance management. As conveyed in the matrix, this will include considerations of how agencies currently collect, analyze, and use data for planning and development. Although the matrix is designed as a quick assessment tool, it also may provide an opportunity for more in-depth discussion with staff and treatment providers to determine a State system's current status and the direction its stakeholders should take to develop and implement a performance management system.

Explore Available Resources

Much can be learned from States that already have begun this process. The case studies in Appendix B provide detailed descriptions of some State' experiences. The case studies are written to

parallel the matrix, providing concrete examples of the continuum within each capacity. Additionally, contact information is provided in Appendix C for each State to promote State-to-State consultation. Many States also are open to sharing their resources and technologies. For example, some States might share their software architecture and allow another State to build on it for an upgraded data system. Other resources are available on the Web, such as information from the SAMHSA's Office of Applied Studies Statistics page (http://www.drugabusestatistics.samhsa.gov/) and from the Robert Wood Johnson Foundation's Paths to Recovery program (www.pathstorecovery.org).

Seek Technical Assistance

Technical Assistance (TA) is available from CSAT's Division of State and Community Assistance. For years, SAMHSA has made available to States and communities a wide array of TA to help develop more powerful and accurate tools to help improve the quality of treatment. These resources themselves are being "retooled" to empower SSAs to move forward with the management capability to meet opportunities and requirements offered by the improvements to the SAMHSA Substance Abuse Prevention and Treatment Block Grant. CSAT recognizes that the use of performance management is a process and will consider TA requests from States for any stage of the process. Additionally, the National Association of State Alcohol and Drug Abuse Directors (NASADAD) provides access to resources and programs that can support States in their move toward performance management.

Using the framework presented here or information found in other materials on performance management, SSAs can move toward strategic implementation of a performance management system involving key stakeholders, seeking and receiving training and TA they need to develop and deliver quality products and services.

Appendix A

Capacity Assessment Matrix – State "X" Example

Capacity Assessment Matrix – State "X" Example

Capacity	Current Level of Implementation			
	Basic ------>	Intermediate ---->	Advanced ------>	Expert
Cultural Capacity: internal culture of agency (e.g., SSA, sub-State entity, provider organization) regarding the use of data in planning and decisionmaking	Agency activities focus on meeting compliance ✓ Agency has data available ✓	Leadership reviews monthly data reports ✓ Agency has allocated some staff to performance management (PM)	Agency has a defined PM process Performance improvement projects are underway Performance processes are integrated into planning and decisionmaking Workforce has skills to apply PM Agency has allocated sufficient staff to PM	PM system is viewed as an effective tool Performance measures are consistently defined in measurable terms Performance measures have been implemented Agency has implemented a continuous improvement process Agency shares collaborative role/responsibility for PM with multiple agencies serving target population Agency provides Web access for all appropriate staff Agency invests in information technology as needed
Analysis and Management Capacity: capacity of the agency to use data to manage services and influence practices at multiple levels, including analytic capacity and processes, roles, and protocols for action	Agency collects data ✓ Agency meets minimal Federal data requirements ✓ Agency submits raw data to reporting agency ✓	Agency analyzes and distributes data Agency distributes program-level data Agency has an action plan for improving data quality	Agency has analytical/management staff dedicated to PM activities Agency provides timely comparison data by program, region, and State Agency has a specified process for taking action after review of data Agency identifies outliers and discusses/provides technical assistance (TA) onsite Agency trains system-wide staff on PM Agency trains own staff on PM	Providers have the ability to go online for comparison reports SSA runs cost-effectiveness and offset analyses Agency uses performance measures to manage contracts Agency regularly engages in performance contracting

Capacity Assessment Matrix – State "X" Example

Capacity	Current Level of Implementation			
	Basic ------▶	Intermediate ---▶	Advanced -------▶	Expert
Provider Capacity: capacity of providers within a system to implement performance management	Provider collects standardized data ✓	Management within the provider agency uses data for planning and decisionmaking Provider uses data to seek funding/resources Provider has continuous quality improvements (CQI) process in place	Provider collects PM data Management shares data with staff Clinical staff within the provider agency use data for treatment planning and decisionmaking Staff within provider agency are trained on PM and CQI	Clients use data to select program Clinicians and clients use data for treatment planning Staff use data to improve quality of services for clients Provider uses PM data for clinical reviews

Capacity Assessment Matrix – State "X" Example

Capacity	Current Level of Implementation			
	Basic ------→	Intermediate ----→	Advanced -------→	Expert
Data System Capacity: capacity of stakeholders for collecting, moving, and manipulating data, including collecting data, to meet management needs, transmitting and storing data, and linking data across other data systems	Data are collected at admission ✓ System meets Treatment Episode Data Set (TEDS) requirements ✓ Data are used for other Federal reporting (e.g., Block Grant/PPG) ✓ Paper or diskette system is used ✓ Paper/diskette is mailed to lead agency ✓ Time between data collection and data entry is approximately 30 days ✓ Data are cleaned by lead agency (e.g., SSA, sub-State entity) ✓ Lead agency links data at provider level ✓ Provider maintains unique client ID ✓	Data are collected at admission and discharge ✓ Provider uses electronic data system ✓ State alcohol and other drugs (AOD) data system uses unique client identification number ✓ Lead agency generates error reports	Admission and discharge data are linked at client level ✓ Follow-up PM data are collected at multiple points in time Provider has skill set to use PM data to make clinical adjustments Data edits are built into the data entry system Client-level data can be linked to other behavioral healthcare data Data are linked to other State data for special projects	Client-level data are routinely linked to other State data systems (e.g., criminal justice, employment) Statewide system uses a Web-based data entry system Data system provides "real time" reports Analyses adjust for case mix

Appendix B

Performance Management Case Studies - Selected State Examples

Performance Management Case Studies - Selected State Examples

Background

To provide case examples of current experience and practice in performance management among the various state alcohol and drug abuse treatment systems, CSAT offered States an opportunity to contribute a specific example of a performance management practice, tool, or activity now in use, and to conduct a performance management self-assessment using the model provided..

The PM-TACC coordinated the aggregation of state performance management examples through presentations at regional CSAT meetings and through direct email contact with the SSA Directors. Eleven state alcohol and drug abuse authorities voluntarily responded between August 2003 and February 2004.

Some States provided a performance management readiness assessment of their general operations, using the self-assessment tool described in the body of this report. Other States described the performance management characteristics of a specific example practice they submitted. Some States provided both general and specific responses.

The States providing examples included: California, Colorado, Delaware, Iowa, Louisiana, New York, Oklahoma, South Carolina, Tennessee, Virginia, and Washington.

Limitations

The States case examples are a self-selected sample and are not necessarily representative of all states and territories - demographically, geographically, or in terms of progress toward adoption of performance management practices.

The template provided to facilitate case study production was designed to be very brief, with relatively few content guidelines and open-ended questions. Some States produced case examples with significant detail, including assessment of multiple operations and practices; other States provided case studies with a single performance management example expressed in a few paragraphs.

The State case studies utilized a readiness assessment and performance management matrix, and were not intended to represent an inventory of all performance management protocols that a State may have in practice. Many (if not all) of the participating States probably employ more performance management practices than were specifically mentioned in the particular examples provided.

Nevertheless, the State examples do offer insight into the extent to which States employ performance management practices in alcohol and drug service delivery, and provide some measure of State variability in such practices.

Results

The 11 States mentioned approximately two dozen practices related to performance measurement, performance monitoring, or performance management. These case studies, by State, are summarized in the table and described in selected detail in the text that follows.

Performance Measurement, Performance Monitoring, and Performance Management Elements Specifically Mentioned in the Examples Provided by Each State

Performance Elements - Current or in Process	CA	CO	DE	IA	LA	NY	OK	SC	TN	VA	WA
State or provider has received technical assistance on performance management issues	✓				✓		✓				
State and provider staff trained in performance management issues		✓									
Collaborative decision-making re performance management protocols between state, providers, others		✓									
System-wide collection of performance measurement data elements				✓				✓			
Continuous data quality improvement protocols										✓	
Data errors flagged and corrected in real time at provider level during data entry						✓	✓				
Unique client identifiers (statewide-unique or nationally-unique identifiers)				✓		✓	✓				
Client admission and discharge records are linked			✓			✓	✓	✓			
Web-based data systems data entry or real time performance data querying and reporting					✓		✓				✓
Client perception of care and satisfaction surveys	✓						✓	✓			
Outcome post-discharge follow-up surveys - occasional or on-going	✓			✓		✓	✓	✓	✓		✓
Outcome follow-up surveys linked by unique identifier to admission, discharge, service records (if available)	✓			✓			✓				
Client level data linked to external data (health, social service, arrests) for outcome studies, special projects	✓		✓	✓		✓	✓		✓		✓
Outcome analyses and provider comparisons adjusted for case-mix or through stratification				✓		✓					
Implementation of evidence-based best practices		✓	✓		✓						
Implementation of continuous process quality improvement protocols	✓				✓						
Performance monitoring - monthly or quarterly leadership review of performance measures		✓	✓			✓					
Performance measurements used by state and providers for general decision-making		✓		✓	✓		✓				
Performance measurements used by state for provider comparisons or evaluations					✓		✓	✓			
Provider-level and state performance data shared or easily accessible by public, legislators, others				✓			✓		✓		
Use of performance data for strategic planning		✓			✓						
Performance-based budgeting contracting, funding, and contract management for providers and programs		✓	✓		✓	✓		✓			
Cost-effectiveness analyses, cost-benefit, cost-avoidance analyses, cost-offset analyses	✓					✓			✓		

California

California highlighted its cross-linked client database as its example of a performance management practice. The California alcohol-drug client database is linked to other health, social services, and criminal justice databases. This cross-linking provides an ongoing client outcome monitoring capability. The results obtained from the cross-linked database are supplemented by client follow-up interviews and are analyzed by various client characteristics, level of services received, and other factors. California uses the results of these analyses to identify opportunities for improvements in service quality and effectiveness. California also uses its cross-linked database capabilities to calculate cost offsets related to alcohol-drug treatment services.

Colorado

Colorado chose as its example of performance management its use of evidence-based practices and information-based decisionmaking to support the agency's strategic planning efforts. Colorado described its efforts to educate stakeholders in its information-based strategic planning efforts and to solicit their input. Agency management reports emphasize client outcomes and other performance measures. Colorado has implemented contract language that supports their performance management objectives and has shifted programmatic funding to activities whose outcomes are measurable and consistent with the agency's strategic plans.

Delaware

Delaware described its efforts in performance-based contracting as its example of a performance management practice. Delaware has employed performance-based contracting for its outpatient treatment services for several years. Outpatient service providers contractually agree to specific performance goals in measures such as client retention in services, client successful completion of services, and service utilization. The state office monitors provider performance on these contract objectives each month. Providers not meeting the contract objectives are provided consultation and technical assistance. Providers that maintain high performance on the contract objectives receive financial rewards, while under-performing providers receive financial penalties.

Iowa

Iowa described its outcomes management system as its example of performance management practices. Iowa conducts outcome follow-up surveys on a sample of clients six-months post-discharge. The outcome survey collects client-reported responses on measures such as alcohol-drug use, arrests, employment, education, income, and living arrangements. The client outcome follow-up responses are linked to the individual client's responses at admission and discharge. The comparative changes in these client measures from admission to discharge to follow-up are reported at the state level and are distributed to legislators, other state agencies, and other interested stakeholders.

Louisiana

Louisiana emphasized its efforts with performance-based budgeting and strategic planning as its example of performance management practices. The Louisiana performance-based budgeting system is integrated with the agency's five-year strategic plan. The strategic plan contains various performance measures, such as client retention in services (minimal expected length of stay in outpatient services), service utilization (increased admissions, increased access and utilization of bedded services), client successful completion of services, and percentage change in alcohol-drug use and arrest rates from admission to discharge. The state office monitors individual provider performance on these measures quarterly and generates trend reports and provider comparison reports.

New York
New York described its performance management database (and its relationship to funding decisions) as its example of a performance management practice. New York monitors its providers' performance quarterly on measures such as client retention rates, percent of clients successfully completing services, percent of clients abstinent from alcohol-drug use, and percent of clients in gainful employment (or employment-related activities, etc). Client improvement from admission to discharge is measured at the individual client level. Client outcome follow-up data is obtained on a sample of clients post-discharge. State agency staff monitor provider performance on specific measures, identify providers failing to meet specified standards, and implement corrective action plans. Provider performance on the specific measures is considered when developing provider-funding contracts.

Oklahoma
Oklahoma presented an integrated provider performance management report as its example of a performance management practice. This report combines client process data and client outcomes into one summary document, and is produced semi-annually for each provider. Client progress and short-term client outcome elements in the report include client engagement and retention in services, client improvements from admission to discharge, client follow-up services after transfer to a lower level of care, client re-admission rates, and client satisfaction. Long-term client outcome elements are obtained through linkages with external databases and include measures such as re-arrest rates, incarcerations, employment status, and mortality. Agency staff monitors the performance reports for each provider and provide technical assistance and correction plans as needed.

South Carolina
South Carolina described its provider performance matrix as its example of a performance management practice. This accountability matrix measures each provider's performance in five major domains: persons served, best practices and efficiency measures, client progress and outcome measures, revenue and expenditure measures, and other considerations and qualifiers. Each domain is assessed using eight to eleven performance measures, such as market penetration, client engagement and retention, quantity-density-periodicity of services, service placement analyses, client completion of services, client follow-up, aftercare participation, client improvements from admission to discharge to post-discharge, client recidivism, unit costs, episode costs, diversity of funding sources, and social capital and collaborative efforts. Every service provider and all major programs and services are assessed on most measures quarterly and on all measures annually. All performance measures within each domain and all domains can be separately weighted for each program or service. Each provider can be compared globally across all programs, services, and domains or can be assessed separately by specific program, service, or domain.

Tennessee
Tennessee presented a performance-based evaluation of a specific DUI offender program as an example of performance-based practices. Clients entering the DUI offender programs were assessed at admission and again post-treatment on measures such as alcohol-drug use, re-arrests, employment, and other behavioral measures. Significant improvements were documented in these measures post-treatment. A cost-offset analysis of the DUI offender program demonstrated the program's cost-effectiveness and was instrumental in securing continuing finding for the program.

Virginia

Virginia described its automated data quality assurance system as its example of a performance management practice. In an effort to improve the completeness and accuracy of its admission and discharge client data, Virginia implemented a data quality improvement program. Local providers must meet data quality standards (example: missing data cannot exceed x% on specified data elements). Providers receive electronic quarterly data quality reports from the state office. The data quality reports compare each agency's performance with regional and state averages. The state office develops corrective action plans for providers that fail to meet data quality objectives or timelines. The development of the data quality assurance program was a collaborative effort between the state office and providers.

Washington

Washington described its efforts in the development of a web-based client outcome management system as its example of a performance management practice. This database, currently in development, features web-based querying and reporting capabilities. Post-discharge client outcomes include arrests, employment status, wages, mortality, reentry into alcohol-drug services, and utilization of mental health service. All client outcomes are obtained from administrative data linkages. The outcome management database also provides client demographics and process data, plus related performance measures such as length of stay.

Summary and Discussion

The examples submitted by the States do not represent an exhaustive inventory of all the performance management practices that a State might now employ. In addition, the fact that 11 States submitted example practices limits the extent to which inferences can be drawn about the status of performance management initiatives across all States and Territories. Nevertheless, selected observations and conclusions can be made:

(1) <u>States are further developed in performance measurements and performance monitoring processes than in implementation of comprehensive performance management protocols.</u> Many of the reporting States discussed their ability to collect and monitor various measures of the efficiency and quality of services, the cost of services, and client outcomes. However, many States also indicated that the actual use of the performance measurement to make management decisions is not fully institutionalized nor applied in all relevant situations.

(2) <u>States vary significantly in their implementation of performance management systems.</u> While the survey format was not designed to capture a full inventory of State performance management practices, several reporting States appear to have moderately developed performance management systems (consisting of multiple elements such as advanced data collection systems, client reported outcomes, external database linkages, performance-based contracting, and cost-effectiveness analyses), while other States currently appear to be focused on only one or two elements of performance management.

(3) <u>States that did not respond to the survey may have relatively limited performance management systems.</u> Given the voluntary nature of the survey, States with some degree of performance management experience would be more likely respond to the survey; States with limited or no experience in performance management would be more likely not to respond. This presumption is augmented by the observation that many States do not supply client discharge data to the Federal Treatment Episode Data Set (TEDS) database. The ability to document client progress from admission to discharge is a minimal requirement of a performance management system.

(4) <u>States appear to be developing common interests in specific performance management elements.</u> Among the 11 responding States, current or planned common efforts appear to be developing in three areas: client data linkages to external databases for purposes of outcome evaluations, performance-based contracting, and web-based client data systems and performance management systems.

(5) <u>States and providers would benefit from technical assistance (TA) and training.</u> Many of the responding States reported that staff and management are not trained sufficiently if at all in performance management concepts. Many of the responding States also identified specific areas of desired technical assistance and training. Particular items of technical assistance requested (or suggested) include: general staff training on performance management, management buy-in and full utilization of performance management practices, development of performance management policies and procedures, practical guidance in the effective presentation and use of performance information, client confidentiality issues regarding database linkages and follow-up surveys, benefits and weakness of client self-reported outcomes versus outcomes derived from external database linkages, client data linkages within and across databases, determination of realistic, defensible performance goals based on factors other than historical baselines or state averages, methodologies for provider performance comparisons, web-based client data and performance management systems, implementation of evidence-based practices, performance-based contracting, cost-effectiveness and cost-offset methodologies, and performance management data for personnel reviews. Assistance to states with minimal or non-existent performance management systems would benefit from more extensive technical assistance (including performance management readiness self-assessments, performance management implications of the SAPT Block Grant performance reporting requirements and Access to Recovery initiatives, and basic performance measurement development, collection, monitoring, and analysis concepts/ techniques).

Appendix C

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Center for Substance Abuse Treatment

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**Performance Management and State Utilization of Data:
Improving State Systems through Data-Based Decisionmaking**

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