

The Development of a Consortium Management Model: Information and Considerations for Human Services Agencies

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The human services market is evolving in two distinct, but connected ways: the movement of human service delivery through managed health care organizations, and an increased emphasis on evidence-based models and participant outcomes.

We know as the human service market consolidates, in some instances, the payer is changing too. Outcomes are increasingly important. One way for human service agencies to increase their reach and solidify their participation with managed care payers is through the development of service delivery consortia or lead agency care management models. Human service agencies should consider implementing consortium models to remain competitive and relevant, to grow with the market, and to continue to positively impact the community.

As the market evolves, human services agencies must evolve with it, thus considering changes to remain relevant and part of the service network.

Care Management Models

Determining the best way to deliver services requires careful consideration from both the payer and the community-based agencies. The two most prominent care management models employed by human services agencies – lead agency and consortium models – seem similar during the implementation phase but significant differences exist between the two. Therefore, agencies must answer important questions to identify the best model for their service delivery.

Comparing Models: Lead Agency or Consortium of Network Providers

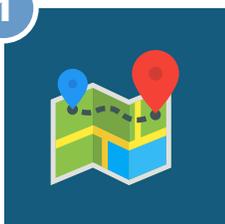
Considerations	Lead Agency	Consortia
Who is responsible for coordinating services?	A single agency coordinates all services for individuals or families.	A network of community-based agencies, including both public and private agencies, work together to coordinate and deliver services to the identified individuals. Multiple partners contribute to the management entity of the consortium and share accountability for managing care and achieving desired outcomes.
Who provides direct services to individuals?	The lead agencies and/or subcontractors provide direct services.	The providers within the consortium network provide an array of services across the continuum of care.
Who bears the risk?	A single lead agency bears the risk.	The risk is pooled and then shared among the consortium partners.

We want to develop a consortium...Now What?

Key Considerations and Questions:

Both the payer and the community-based agencies providing the service array should give consideration to, and have in depth planning sessions regarding, the development of a consortium model. The considerations and questions should be weighed carefully prior to embarking on the endeavor to change the service delivery model by implementing a new structure.

1



Strategic Planning

How should consortium members begin the planning process? What considerations must be addressed in the plan? Developing a strategic plan and leveraging facilitated decision making meetings are integral to determining how to operationalize this new way of delivering services. It is important for the consortium members to have a solid plan in place detailing how they anticipate changing the service delivery model, and how that model will enhance the quality of services. The plan should also address how cost shifts will occur as the service delivery model changes. Consortia, as a group of community-based agencies, can often braid funding to present a cost effective plan for the payer to consider.

2



Governance

What will the consortium governance structure be? The governance structure is a piece of the consortium model that, in theory, seems straight forward; however, when determining the governance structure, there are many considerations involved. For example, is the consortium going to be a separate non-profit entity? If so, who will be the members of the board making decisions regarding the consortium, what is the process for making key decisions regarding the consortium, and is there an opt out clause for any of the community-based agencies? These questions and others must be fully vetted prior to introducing a plan to a payer.

3



Contracting

How will the consortium contract with its members, and other community-based agencies outside the consortium? The methods by which the consortium contracts with its own members, and possibly other outside agencies, is an undertaking that cannot be overlooked. This process includes setting rates and understanding the funding sources to use to pay for specific contracts. Each state has unique laws and regulations that must be followed in the contracting process. Also, if the consortium is receiving any federal dollars as part of the project, those dollars must be accounted for and tracked according to the specific requirements set forward by the federal regulations.

4



Technology and Infrastructure

What technology is needed to support the consortium model? For example, how will referrals be received by the consortium and then sent to the consortium members? Also, how will outcome data be tracked and sent back to the payer; how will the financial data be tracked; and how will reports be generated to be sent to the payer? Technology is a large part of the equation when developing a consortium model. Determining which data system will be used, and whether it is a data system already in existence through a consortium partner, or whether a new system is needed, will largely drive the cost of developing a consortium model.

5



Payment

How will the consortium and community-based agencies be reimbursed? Specific questions relevant to this issue include: how will the consortium make payments to the community-based agencies and what does the process entail; will payments be made using a case rate or through fee for service? The payment structure often carries some risk in an outcome based contract. Therefore, the consortium and its members must be able to determine how much risk they are willing to take, and how they will develop measures for cost containment using the new model.

6



Winning the Work

Will the payer release a request for proposal for this work, or will this be a sole source? The payer and the community-based organizations should be knowledgeable about the state laws and regulations regarding how contracting is allowed in each state. Some states permit sole sourcing to community-based agencies and consortiums for specific projects for specific dollar amounts. If a request for proposal is released, the consortium members may be required to work within a specific timeframe to answer questions about how they intend to carry out the service model.

Community-Based Agencies - Why a Consortium?

In a time of decreasing funding, community-based agencies are often small, non-profit agencies providing specific services for the target population identified by the payer. When community-based agencies serve similar target populations, it is often favorable to build consortia to leverage resources and collaborate with peer agencies to build a sustainable network of services. Some of the benefits of being part of a consortium include:

- Agency focus is on great service delivery, less administrative burden
- Reduced interaction with the payer
- Support managing the risk in performance-based contracts

The Benefits:

When developing a consortium management model, it is important to highlight the benefits to all parties involved, including the payer and the community-based agencies. Remember to always keep the outcomes for individuals at the forefront of the planning process when developing these models.

Potential Benefits to the Payer:

1. One sole point of contact for all aspects of the continuum of care
2. One stream of accountability
3. One contract incorporating all performance measures
4. Administrative costs decrease by outsourcing to the private market under one umbrella agency
5. Blended funding streams
6. Streamlined reporting

Benefits to the Community-Based Agencies:

1. Less administrative burden, more focus on great service delivery
2. Reduced interaction with the payer
3. Risk management assistance for performance-based contracts
4. Results are owned and shared among many of the community-based agencies; no one assumes all risk

Founded in 1986 and headquartered in Boston, Massachusetts, Public Consulting Group (PCG) has nearly 2,000 professionals in 61 offices around the U.S., in Canada, and in Europe who are dedicated to delivering leading consulting approaches and technologies to public sector clients. PCG's Human Services division helps state, county, and municipal human services agencies to achieve their performance goals in order to better serve populations in need. PCG's seasoned professionals offer proven solutions to help agencies design programs, services, and systems; increase program revenue; cut costs; and improve compliance with state and federal regulations.

Interested in learning more about the consortium management model?

Contact Sara Goscha today at
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Consortium Responsibilities:

Developing a consortium to be the single point of contracting with a payer takes considerable time and planning. This process streamlines the administrative functions and the consortium ultimately takes on a variety of specific responsibilities (i.e., financial, administrative, managerial and operational) for the affiliated partner agencies. Examples of those responsibilities include:

Financial

Setting appropriate rates, including an administrative component to sustain the consortium functions

Passing the financial accountability through the system

Assistance with risk management regarding the performance of the consortium and its members

Reporting accurately on the funding streams

Developing a methodology for how to fund programs, and how to contract with other community-based agencies for services

Administrative

Managing referrals for equitability

Providing contract management

Supporting flexibility in the model

Managerial

Subcontracting to other community-based agencies; must develop a mechanism to contract with others

Developing policies and procedures

Operational

Monitoring subcontractor performance

Overseeing any performance improvement plan

Developing capabilities to simplify the reporting for service providers

Providing technical assistance, evaluating performance, and capacity assessment

Training consortium members