

DELAWARE OUTCOMES-BASED FUNDING MODEL FOR PUBLIC SECTOR SERVICES

Since 2001, Delaware has employed an outcomes-based contracting model for public sector addictions treatment. Financial incentives are based on documentable performance in meeting prescribed goals such as client engagement, level of participation, and treatment completion. Performance benchmarks are spelled out in contracts between the state and providers. Incentive payments can be earned each month in addition to the base contract. Incentives totaling 5% of the base contract can be achieved if all benchmarks for all performance benchmarks are met.

Initially, the contracts contained penalties if providers fell below a minimum performance standard on the benchmarks. However, recent contracts have not included such provisions. Apparently, the incentive payments make penalties unnecessary. Some of the benchmarks have been raised based on reviews of provider performance and determinations of what constitutes reasonable performance.

Outcomes-based strategies such as that employed by Delaware have a number of advantages over state mandates requiring providers to use the so-called “evidence-based” program models. The first advantage is that the outcomes-based strategy guarantees performance. Just because a program purports to use an “evidence-based” treatment model does not mean that its results will match those from formal research projects that may or may not have addressed a similar population as the current program. The second advantage is that outcomes-based funding does not limit funding to a few program models. It allows for innovations that can be tested in real world applications. In other words, outcomes-based funding of treatment provides real-time, real-word verification of results and promotes innovation and quality improvement.