



Report to the Minister

Ministry of Seniors and Community Supports

Administrative Review of the
Persons with Developmental
Disabilities (PDD) Program

September 24, 2010
Confidential

ADVISORY



Disclaimer

We have relied on information provided to us by the PDD Program, as well as information collected through survey and focus sessions. Unless otherwise stated, the results presented in this report are based on 2009-2010 data obtained from extracts from the PDD Program Consolidated Services System (CSS) and IMAGIS records. We have not audited or otherwise validated the data however we have reviewed the information provided for internal consistency and reasonableness. The procedures we carried out do not constitute an audit, and as such, the content of this report should not be considered as providing the same level of assurance as an audit.

This report was prepared specifically for the Minister of Alberta Seniors and Community Supports pursuant to the terms of our contract dated June 14, 2010. The findings presented in this report address the criteria established specifically for this review.

No responsibility for loss or damages, if any, to any third party is accepted for reliance on this report.



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Introduction

On June 16, 2010, Mary Anne Jablonski, Minister of Seniors and Community Supports, announced that KPMG would be conducting a review of the administration functions and related costs of the Persons with Developmental Disabilities Program (PDD Program).

The PDD Program is well regarded by the community, known for its innovation and leading practices in serving individuals with developmental disabilities. Over recent years the PDD Program has introduced a number of changes to help ensure that the program continues to respond to individual needs, results in positive outcomes for individuals and is sustainable into the future.

The government wants to continue to make the PDD Program even better, to be more effective and efficient both internally within the Department of Seniors and Community Supports, the Regional Community Boards, and externally in the service delivery system.

The purpose of our review is to help identify efficiencies and savings in program administration that could be redirected to front-line services for PDD Program individuals.

Our review did not address the front-line services. Rather, it examined the internal administrative costs of the PDD Program, including the Department of Seniors and Community Supports, and the PDD Community Boards, including directly operated facilities. We also reviewed the administration costs of the network of service providers contracted by the PDD Program for the delivery of services to individuals with developmental disabilities.

This review identifies ways to make the PDD Program more efficient and effective and at the same time retain the fundamental elements of relationship and community engagement that underpin Alberta's program.

The PDD Program

The Program

The PDD Program is a provincial government program that provides funding for supports for adult Albertans with developmental disabilities.

The PDD Program works with others in the community to support adults with developmental disabilities to be included in community life and be as independent as possible. The PDD Program provides specific services for adults with developmental disabilities to supplement the support of family, friends and community members and assist the individual in living as independently as possible in the community. The level of service provided is based on an assessment of individual need.

The PDD Program is rooted in the principles of relationship and community engagement, recognizing that the governance system needs to be responsive to the voice of the community¹. The Program is dependent upon community involvement in an individual's life to help them fulfill their goals and provide them with meaningful opportunities to be included.

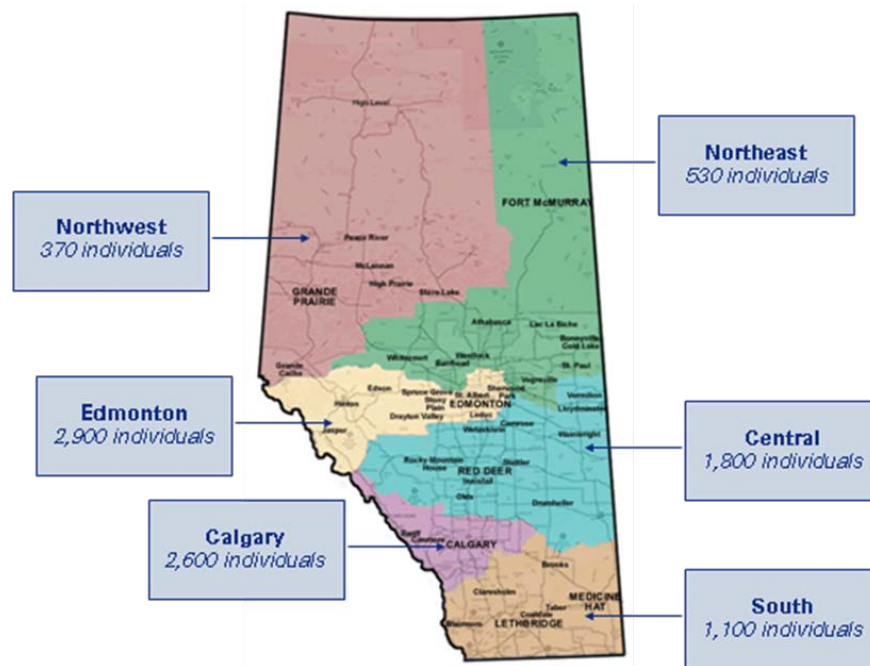
The Minister (through the Ministry of Seniors and Community Supports) determines the strategic direction for the PDD Program, monitors and reports on achievement of program results. Six Community Boards govern and deliver the program on behalf of the crown. The Community Boards include the Board of Directors appointed by the Minister, the Chief Executive Officer and Community Board staff². The Community Boards work with individuals, their representatives and families, and independent service providers to deliver the services and to assess the needs of the region.

The PDD Program provided support to approximately 9,300 individuals in 2009-2010, for a total cost of \$592 million.



¹ Community primarily includes individuals, families, guardians and service providers but can extend to the general public

² CEOs and Community Board staff are Alberta Government employees.



Approximate number of individuals served by Region in 2009-2010.

PDD Program Funded Supports

The PDD Program funds eight supports through four categories:

- Community Living Supports provide assistance to individuals in their home environment. This includes funding for overnight staffed residences, support homes, supported independent living and in and out of home respite.
- Employment Supports train, educate, and support individuals to gain and maintain paid employment. This includes funding for both employment preparation and employment placement.
- Community Access Supports promote community access and participation.
- Specialized Community Supports are generally short-term supports provided in unique circumstances.

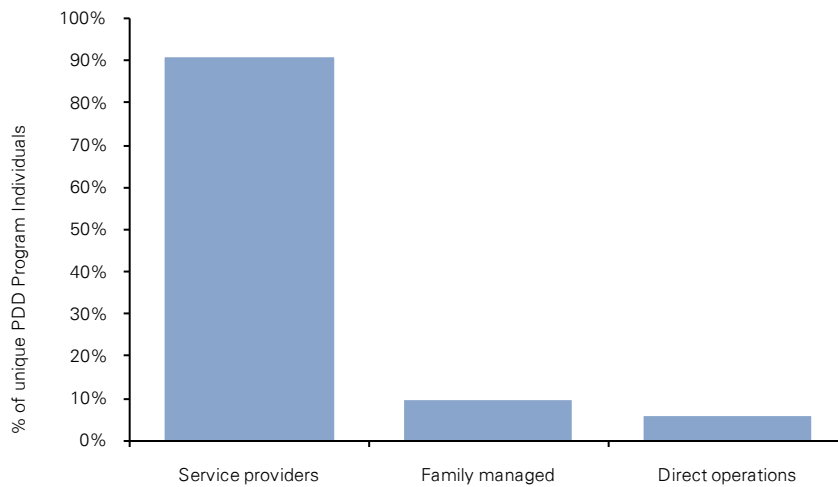
The PDD Program also promotes inclusion, which is defined as activities designed to stimulate the capacity of communities to support adults with developmental disabilities.

The Delivery of Supports

Individuals' eligibility for support and assessment of need is determined by Community Board staff. The actual delivery of the support is provided by one of three mechanisms – by an independent service provider, by one of three facilities that are operated by Community Boards (direct operations) or by a family managed administrator who then hires staff or service providers to provide the funded support. Additional oversight and support to develop policy and facilitate consistency across the province is provided by the Program Branch, a unit within the Department of Seniors and Community Supports.

The service provider network provides most individuals with support, as less than 10% of the individuals receive supports through the family managed program and less than 7% receive supports from one of the direct operations.

Percent of individuals served by delivery mechanisms



Percentage of individuals served by delivery mechanism by Region

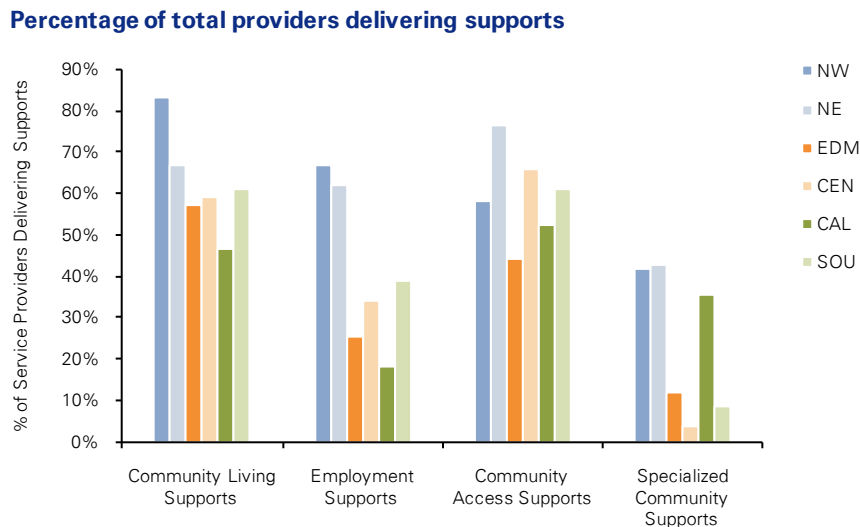


The relative use of each delivery mechanism is similar across all Regions, except for the Central Region. The high percentage of individuals in direct operations relates to the Michener Center which is a large institutional facility that was built in the 1920's. Since the 1970's, the population of Michener has been declining as individuals have more choice and have moved back to the community to receive supports. There have been few admissions over the last ten (10) years. In addition, younger families are looking for community options for their family members.

The small variances in each Region in the number of individuals receiving service from service providers as compared to the family managed program is likely caused by a number of factors, including whether the family managed option was encouraged by the PDD Client Service Coordinator, the extent to which resources for family managed administrators are available in the Region, and service provider capacity in the Region.

Service providers may provide only one type of support to providing all categories of supports. Currently 17% of service providers provide only one type of support, while 18% of service providers provide as many as seven or eight of the eight supports funded by the PDD Program.

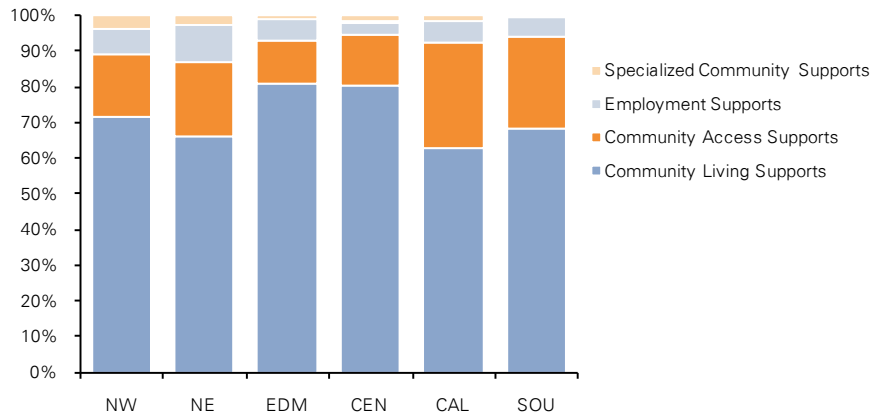
The chart below reflects the relative percentage of service providers providing each category of support by region. Although there are some small differences in the relative distribution of the different categories of support provided within each Region, all categories of support are available in each Region.



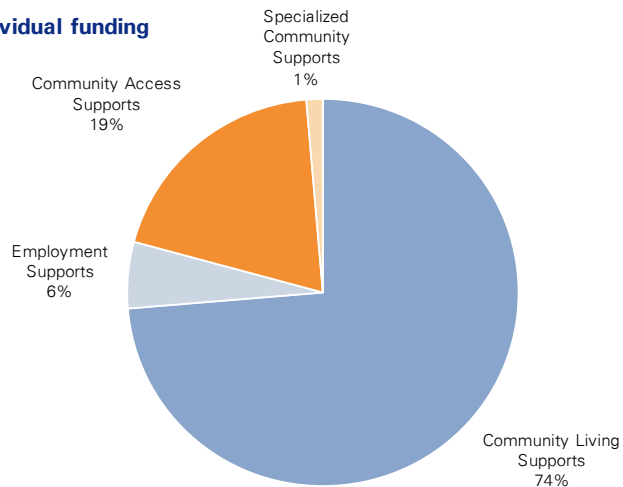
The distribution of supports funded by each Region is illustrated in the chart below by the percentage of PDD Program funding spent in each of the four support categories by Region, excluding the administration costs. Community Living Supports represents the largest proportion of funding in all Regions, followed by Community Access, Employment and Specialized Supports.

Across all Regions community living and / or community access supports make up between 90% and 95% of the supports funded by the PDD Program. This is consistent with 94% of individuals receiving some combination of community living and / or community access supports.

Percentage of total individual funding provided by Region



Total individual funding



In 2009-2010, the PDD Program had contracted with 257 service providers and 935 family managed administrators. The distribution of service providers is consistent with the number of adults with developmental disabilities residing in each Region.

Service providers							
	NW	NE	EDM	CEN	CAL	SOU	Total
% of total number of service providers	5%	8%	29%	22%	32%	14%	100%
% of total number of individuals receiving supports through service providers	4%	6%	32%	17%	28%	13%	100%

As reflected above there is a comparable distribution of individuals served by each Region as there are service providers in the Region.

The Individuals

In 2009, as part of the six Priority Actions for the PDD Program, the Minister of Alberta Seniors and Community Supports requested that a new regulation be put in place to clearly define, “developmental disability.” The purpose of the new regulation was to provide clarity on how eligibility for supports is determined and align the regulation with what was already the PDD Program’s eligibility policy.

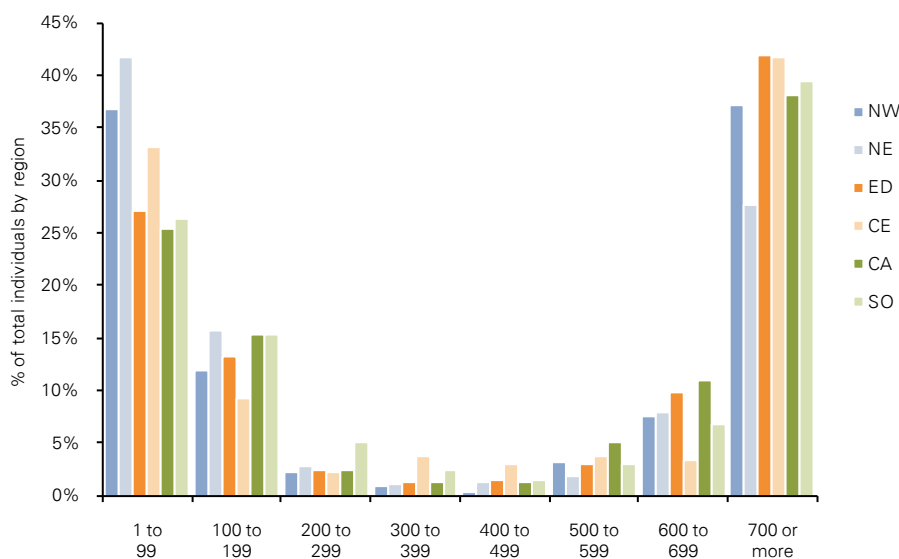
Historically, Community Board staff considered an individual’s intellectual capacity and their ability to perform daily living activities (adaptive skills) to determine whether that person was eligible for PDD Program funded supports. This practice has not changed but the regulation now provides clear criteria.

An individual’s need for support is currently assessed by a PDD Client Service Coordinator (CSC). Working with the individual and their family or guardian the CSC assesses what the individual might need, taking into consideration risks to the individual if support is not provided.

In the current year, the PDD Program has started to introduce the Supports Intensity Scale (SIS). The SIS is commonly used by other jurisdictions and is designed to measure the level of supports that people with developmental disabilities need in order to live in and be connected with their community. At the time of our review approximately 1,100 individuals had been assessed using the SIS tool across the province. The SIS scores assessed to date reflect that the populations supported by the PDD Program are generally similar in each of the six Regions.

We also considered the units of support provided to individuals within each Region. The results show that 30% to 40% of individuals receive 700 or more hours of support per month and approximately 25% to 35% receive less than 100 hours of support per month. Each Region generally has a similar distribution of clients receiving supports:

Percent of total individuals by number of units accessed by Region



Overall, there would appear to be no significant differences in the profile of individuals across Regions in terms of complexity and the types and amounts of supports they receive.

The Regions

Prior to the 1970's, most supports for persons with developmental disabilities were provided through institutionalized settings. During the 1970's the direction for the PDD Program changed significantly and the focus shifted to a model that would involve the community in the delivery system.

In 1994, the Michener Centre Advisory Board was created to examine the future of the Michener Centre in Red Deer. The Board broadened its scope of review and looked at all services provided to adults with developmental disabilities in Alberta. The Board prepared a report for the Minister with a number of suggested reforms to the then, "Services to Persons with Disabilities" in 1995. One of the proposed reforms was the establishment of boards to govern all services to adults with developmental disabilities in the province. The proposed reforms were approved and in 1996 the *Persons with Developmental*



Disabilities Foundation Act was passed with the *Persons with Developmental Disabilities Community Governance Act* following in 1997. The regional model supported the growing belief that better outcomes can be achieved the closer that client decisions are made to the individual within the community.

As a result of the proposed reforms, the six regional PDD Community Boards were created, along with a Provincial Board³.

The current regional boundaries for the PDD Program reflect the regional boundaries established at the time by the former Ministry of Family and Social Services. Other provincial programs that provide services to persons with developmental disabilities have different regional boundaries: Child and Family Service Authorities are organized into ten (10) regions, the Alberta Income for the Severely Handicapped and the Office of the Public Guardian are organized into five regions. The location of offices and regional management differ across the various programs.

The six (6) Regions vary in both population size and area. The Edmonton and Calgary Community Boards serve primarily large urban centers and are significantly smaller in geographic size. In comparison, the Northwest Region serves six (6) locations spread out across a large geographic area. Both the population size and the dispersion of communities across a large geographic area provide a challenge. Providing supports for individuals with complex needs, promoting inclusion and the ability for the PDD Coordinator to meet and know the individuals assigned to them is more difficult in the rural and less densely populated Regions.

We recognize that in some cases there may be an insufficient demand to warrant the development of supports for complex needs individuals in some Regions. However, it would appear that most individuals' needs can be supported within each Regional area.

³ The Provincial Board was dissolved in 2006.

PDD Program Administration

The PDD Program in itself is not an easy program to administer – it requires assessing each individual’s needs and developing a unique service plan.

Unlike an income support program which is formula driven the PDD Program is dependent upon relationships and special knowledge of Coordinators and others involved in the delivery of supports. It requires certain skills and experience of working with individuals with developmental disabilities, it requires knowing the many service providers and understanding the services that they each provide and it also requires an understanding of the broader community.

Cost of Administering the PDD Program

We were asked to develop a detailed understanding of what constitutes both internal and external “administration” costs and what should be defined as administration in the future.

In 2009-2010 the PDD Program spent a total of \$592 million, of which approximately \$142 million was recorded as administration costs. Of the \$142 million, \$46 million related to internal administration costs and \$96 million was recorded for external administration.⁴ The internal costs include all costs associated with the Program Branch, and the Community Boards, including direct operations. External costs are administration costs paid under contracts to the service providers and family managed administrators.

We believe that administration should be defined as all of the activities undertaken and related costs that would not be seen as a frontline service or support to the individual. For example, the staff that directly support an individual in their home or provide employment training would be a program cost. All other costs associated with delivering the support, including conducting the needs assessment, setting up the contract, providing staff supervision to the front-line support worker, and any supporting office costs such as staff training, and facility costs incurred by the service providers would be considered administration.

Internal administration

Internal administration activities and functions carried out by the Community Boards, and the Program Branch include the following:

- Fund activities relate to setting individuals up with services, contracting with service providers and family managed administrators, and funding direct operations.
- Monitor activities relate to how the PDD Program monitors individuals, service providers, family managed administrators and direct operations and how some of these stakeholders monitor themselves.
- Evaluate activities relate to how the PDD Program evaluates whether individuals are achieving their outcomes and as a result how delivery mechanisms are performing in the overall system.

⁴ The PDD Program budget for 2010-11 is \$597 million. Budgeted costs for administration are approximately \$127 million consisting of \$35 million for internal administration costs and \$92 million for external administration.

- Activities that are designed to promote inclusion and stimulate the capacity of communities but do not relate directly to supporting an individual.

- Governance includes activities and costs related to supporting each of the six (6) Community Boards and includes such things as honoraria fees and travel for Board members, various contracted services to support the Board's governance responsibilities, facilities, communications, and conferences and hosting.

Of the total internal administration cost of \$46 million in 2009-2010, \$15 million was incurred by direct operations for the overall management of the operations, and facility operating costs. This includes the cost of staff salaries and wages for management and supervision, purchase of supplies and services, as well as facility costs including maintenance, furnishings, laundry, security, vehicle costs and recreational facilities. The Alberta government owns and maintains the facilities used by direct operations, and costs incurred to maintain the facilities incurred by other Government Ministries are not reflected in the PDD Program costs. There would be a partial offset to these costs as many individuals residing in the PDD Program's direct operations do not receive an income supplement from the Assured Income for the Severely Handicapped program. We have not factored the net effect of these facility costs into our analysis.

Essentially all the current activities of the Program Branch and the PDD Community Boards fall into our definition of administration.

Service provider network

In 2009-2010, the PDD Program contracted with 257 service providers, of which 189 supported clients and 68 completed special projects. This network of service providers supports approximately 8,400 individuals (or 90% of all individuals supported by the PDD Program). The amount of funding that the PDD Program funds for service provider administration is determined through the contract process. Community Boards contract with service providers to provide an estimated number of units⁵ of service by type of support for the year at a fixed cost per unit. A percentage for service delivery expenditure and administration is applied to determine the total contract cost for the year.

The standard contract defines service delivery expenditures as:

1. Staff costs related to the supervision of staff providing the front line services
2. Program expenses such as the cost of admission for the staff member attending an event with an individual, and
3. Staff travel costs related to providing the support.

⁵ A unit of service is equivalent to one hour of support

The standard contract defines administration as:

1. Staff costs related to management and administrative support staff
2. Administrative office costs, such as office supplies and services, property, automobile and professional insurance, bank charges, postage, printing, advertising, accounting and audit fees, library resources and Board expenses, and
3. Operating costs, such as office rent or mortgage interest on administration office, office utilities, office equipment leases, business mileage for administrative staff, business taxes for the office, membership and accreditation fees, staff development and licensing.

Community Boards have indicated that they generally target total administration (service delivery expenditures and administration) to be 20% of the service costs⁶ for individual supports. There are however, no formal provincial standards or guidelines to establish what an appropriate level of funding that the PDD Program should cover for either service delivery expenditure or administration. Service providers invoice Community Boards monthly for units of service provided to individuals under the contract, including the percentage fee agreed to for service delivery expenditures and administration.

In 2009-2010, the \$96 million for administration costs consisted of approximately \$40 million for service delivery expenditures and \$56 million for administration costs paid by the PDD Program to service providers. Although some service providers report detailed financial information which detail the costs related to service delivery expenditures and the costs related to administration as defined by the contract, most provide only functional reporting which, as an example, groups salaries and wages for both supervision of front-line staff and management and administrative support. In addition, although Community Boards receive and review financial statements and other financial information from service providers, there is no direct reconciliation between the negotiated fees for service delivery expenditures and administration costs.

Overall, service providers told us that maintaining communications with individuals, families and guardians, and with Community Boards, and negotiating contracts, invoicing and reporting to Community Boards were the most frequent activities related to service delivery and administration.

Other activities that were identified but would not be a part of the direct role of service providers included monitoring quality of service and assessing the needs of the individuals served.

In looking at the overall system, there is clearly an overlap between what Community Boards do and what service providers do. There is no provincial standard which sets out the role of the service provider versus the Community Board in monitoring and assessing individual's needs or service quality.

⁶ Service costs are staffing expenditures relating to front-line staff who provide supports in the categories of Community Access, Community Living, or Employment supports.

Family managed

We define administration for the family managed program as all of the activities and costs related to managing the agreement, and hiring and managing staff and / or service providers that are funded by the PDD Program. Of the \$96 million administration costs, approximately \$0.5 million relates to amounts paid to the 935 family managers. Family managed administration averages 2% of support costs.

Family managers told us that the majority of their true administration costs are not funded by the PDD Program and that generally families are willing to absorb a portion of these costs. Key reasons for choosing the family managed program is that it allows the flexibility and control over supports for their individuals under their care that the other delivery mechanisms do not provide.

Administration for family managed supports is currently determined through the contract process and is based on a negotiation between the family managed administrator and Community Boards over what is required for the provisioning of services to be successful. This includes, for example, bookkeeping costs, WCB premiums, insurance, and training.

PDD Program Administration Costs are High

Based on our definition of administration and actual amounts spent by the PDD Program in 2009-2010, for every \$100 spent on the direct supports provided to individuals, the PDD Program spent an additional \$31 on administration.

We were not asked to provide detailed benchmarking against other programs. However, based on a jurisdictional scan, in comparison to other programs funded by the government of Alberta that provide similar supports, for every \$100 of direct support costs the average additional amount spent on administration was \$24. In addition, developmental disability programs in other jurisdictions such as British Columbia, Massachusetts and Western Australia, reported that the average additional cost of administration for every \$100 of direct support costs ranged between \$6 and \$20.

The overall assessment however does reflect that the PDD Program costs for administration is high.

PDD Program Administration Costs Vary

We analyzed service delivery expenditures and administration by Region and by delivery mechanism. For purposes of the analysis, we have defined administration costs as the combined service delivery expenditures and administration cost. To provide a basis for comparison we calculated the cost incurred per individual.

There is a wide range of the cost of administration between Community Boards, between service providers within Regions and across Regions, and between the three delivery mechanisms:

- Average administration costs incurred by Community Boards (Boards and Community Boards) ranged from \$2,000 to \$4,900 per individual.
- Average administration costs for service providers by Region ranged from \$7,600 to \$10,600 per individual.
- Average administration between service providers ranged from \$200 to \$45,000 per individual.



- Average administration costs incurred for family managed administrators by Region ranged from \$370 to \$1,700 per individual.
- Average direct incurred administration costs for direct operations by Region ranged from \$14,200 to \$27,900 per individual.

We looked further to understand the administration costs recorded by each service provider and also at the cost of the service provider network in each Region. The purpose of the analysis was to understand the degree of variation in the service provider costs between Regions and between service providers.

The internal administration cost per individual by region and for the province overall is reflected below:

FY2010 PDD System Administration Cost per individual														
	NW		NE		EDM		CEN		CAL		SOU		PROV	
Internal														
Boards	\$	306	\$	295	\$	44	\$	79	\$	46	\$	111	\$	84
Community Boards	\$	4,606	\$	4,612	\$	2,688	\$	2,476	\$	2,108	\$	1,852	\$	2,584
Program Branch	\$	662	\$	662	\$	662	\$	662	\$	662	\$	662	\$	662
	\$	5,574	\$	5,569	\$	3,394	\$	3,217	\$	2,816	\$	2,625	\$	3,330

Factors that contribute to the higher cost per individual in the Northeast and Northwest Regions is largely attributable to having similar fixed costs spread across fewer individuals and higher travel costs to support Community Board operations and governance activities.

The average cost of administration incurred by service provider per individual is shown in the table below:

FY2010 PDD System Administration Cost per individual		
Administration cost per individual	% of service providers	
Less than \$2,500	15%	
\$2,500 to \$5,000	11%	
\$5,000 to \$7,500	18%	
\$7,500 to \$10,000	21%	
More than \$10,000	35%	

Factors that will contribute and support some but not all of the variability in average costs between service providers include:

- More complex individuals will generally require increased requirements for ongoing assessment and monitoring, and
- The nature of supports provided. For example, an employment support program where staff are involved with an individual for only part of the day will be different to administer from community living supports where staff may be involved with individuals 24 hours per day.

The following shows the average cost per individual incurred within each Region for the service provider network and the family managed option.



Service Provider Administration Costs												
		NW		NE		EDM		CEN		CAL	SOU	
Average Service Provider network administration cost per individual	\$	8,465	\$	10,673	\$	7,608	\$	7,939	\$	10,210	\$	8,427
Average Service Provider network administration cost as a % of direct supports		27.3%		28.5%		21.4%		22.0%		36.0%		22.0%

Family Managed Administration Costs												
		NW		NE		EDM		CEN		CAL	SOU	
Average Family Managed network administration cost per individual	\$	1,397	\$	1,707	\$	610	\$	369	\$	189	\$	490
Average Family Managed network administration cost as a % of direct supports		4.0%		6.3%		2.0%		1.0%		1.0%		1.6%

Factors that contribute to the variability in average costs of the network in each Region include:

- Individuals accessing more than one service provider attract more administration cost per individual
- In four of the six Regions there are a number of low cost service providers who support many clients that reduce the overall network cost per individual below the average cost incurred by all service providers in the Region. In two of the six Regions this is not the case and as a result there is a greater cost per individual reflected in two Regions.
- Five Regions recorded administration costs in 2009-2010 for service providers who received funding for special projects including research and development, consultations and pilots designed to improve the overall PDD Program (there were 68 service providers identified for a total of \$1.2 million).

We also know that some of the variability is explained by inconsistent practices across the Regions. Through our survey and focus sessions we observed and heard that there is not a common understanding or clear definition of what constitutes administration between Regions, and even within Regions between individual staff members. For example we know in some instances the PDD Program has funded facility costs for service providers but not others, or has funded bookkeeping costs for some family managed administrators and in other instances they have not.

The following summarizes the average internal and external administration cost per individual by Region by delivery mechanism:

FY2010 Average PDD System Administration Cost per individual based on delivery mechanism														
Delivery mechanism		NW		NE		EDM		CEN		CAL		SOU	PROV	
Direct operations	\$	-	\$	-	\$	30,420	\$	31,135	\$	17,053	\$	-	\$	29,464
Service provider	\$	14,039	\$	16,242	\$	11,002	\$	11,156	\$	13,026	\$	11,052	\$	12,102
Family managed	\$	6,971	\$	7,276	\$	4,004	\$	3,586	\$	3,005	\$	3,116	\$	3,842

From a system perspective, the administration cost per individual per year can range from \$3,000 to \$31,000 depending on which delivery mechanism is used to delivery supports. Notwithstanding that some of the variability is warranted as has been noted above, the range in average cost per individual highlights the inconsistency in practices, and in operating efficiency between Regions, between service providers and between delivery mechanisms.

Key Drivers Underlying the PDD Program's Cost of Administration

The PDD Program's cost of administration appears high relative to other similar programs. Furthermore, the significant variability in administration costs across Regions and service providers indicates there are inefficient practices in place.

Based on a review of the detailed cost data, surveys, interviews and focus sessions, as well a comparison to leading practices; the following are the primary contributing factors for the high and variable costs:

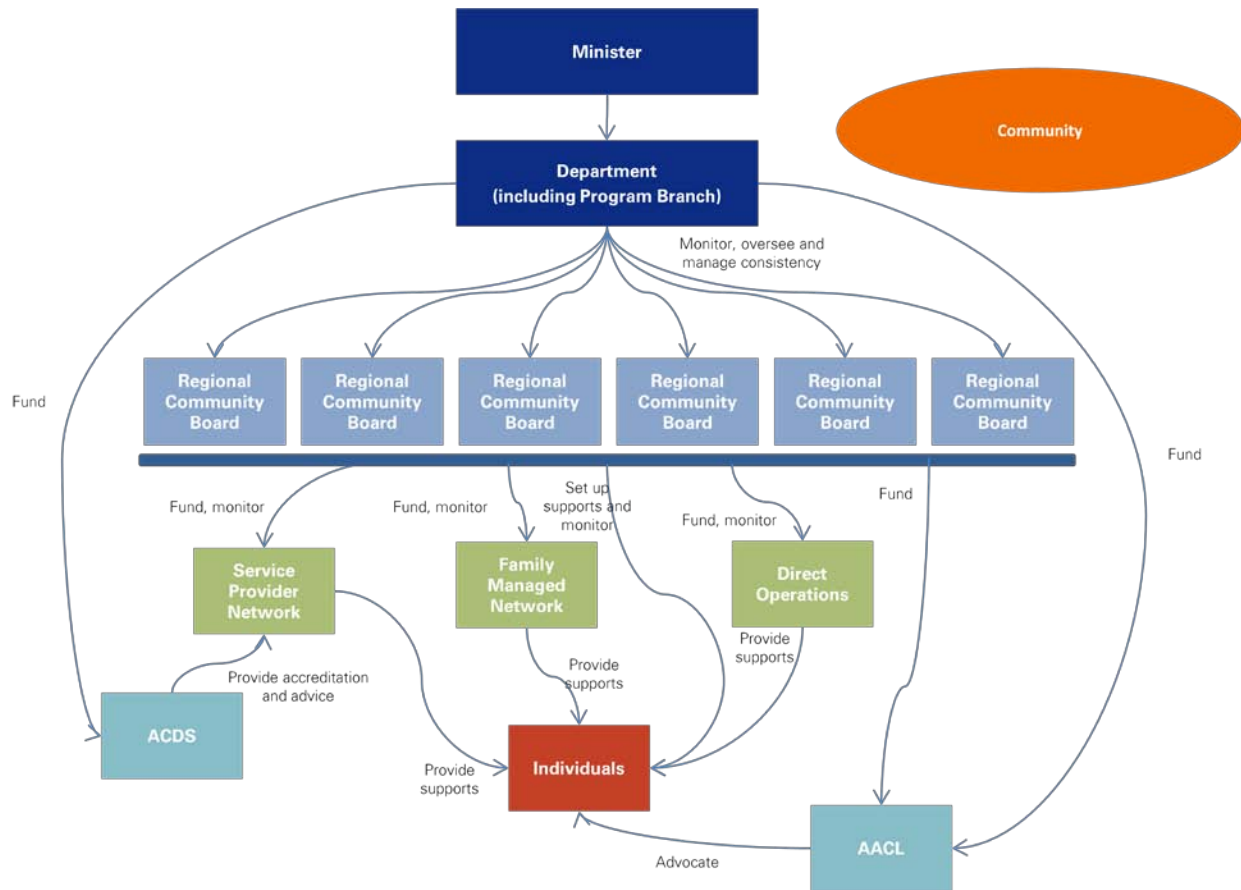
- *A complex delivery system with many stakeholders and multiple reporting relationships and operating practices*
- *The lack of comprehensive information on the PDD Program, including clarity of the core businesses*
- *Inefficiencies in the service provider network and a lack of use of the family managed option*
- *Excessive manual activities and the lack of automation*
- *Unclear roles and responsibilities*
- *Cost of direct operations*

Each of these drivers is explained further.

A complex delivery system with many stakeholders and multiple reporting relationships and operating practices

Stakeholders

The current delivery system includes the Department, the six (6) Regional Community Boards, the service provider network, including service agencies, family managed administrators and direct operations, as well as Alberta Council of Disability Services (ACDS) and Alberta Association for Community Living (AACL).

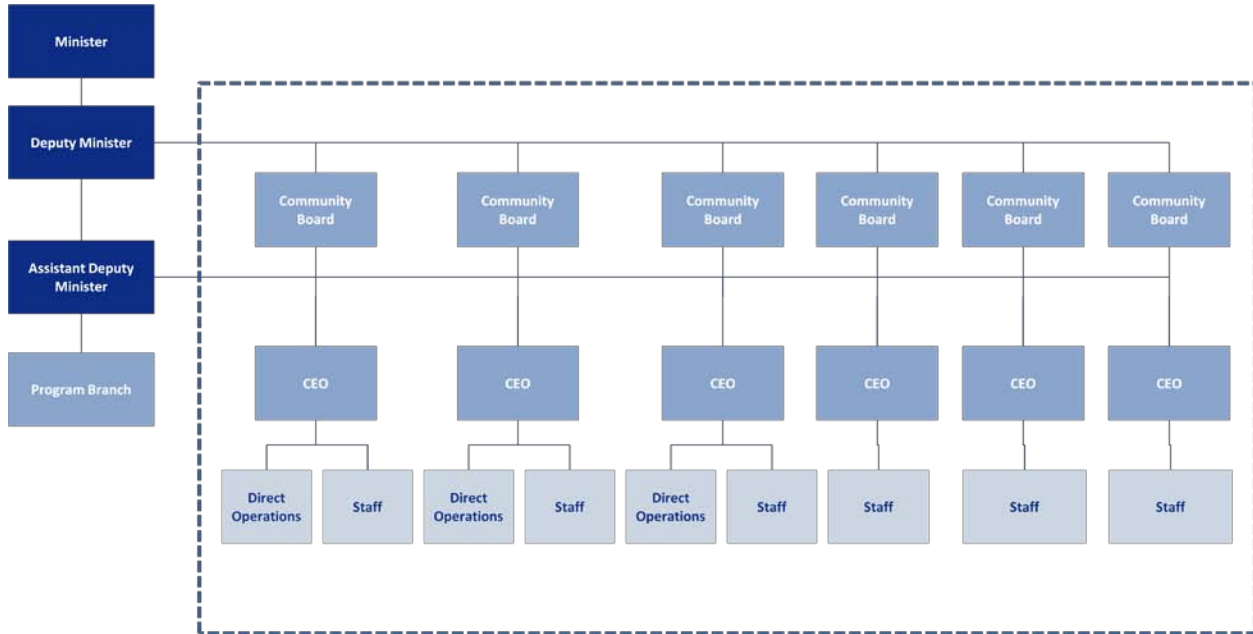


The Alberta Association for Community Living (AAAL) is a family-based, non-profit federation that advocates on behalf of children and adults with developmental disabilities and their families. As an advocacy organization, AAAL supports families and individuals with developmental disabilities to be fully included in community life. AAAL receives funding from the Program Branch and / or Community Boards for special projects.

The Alberta Council of Disability Services (ACDS) is a non-profit association for 130 member agencies that provide services to individuals with developmental disabilities. ACDS facilitates interaction, co-operation and communication between members, the Government of Alberta Ministry funders, communities and other external stakeholders. ACDS is also the accrediting body for the Creating Excellence Together (CET) standards. The CET standards were developed through a partnership between the PDD Program and ACDS. All service providers that support adults with developmental disabilities are required to comply with CET standards as a condition of funding. ACDS receives funding from the Program Branch to complete accreditation and / or Community Boards for special projects.

The relationship with the community is a key element of Alberta’s PDD program. The PDD Program only provides for certain supports and is designed to work with others in the community to supplement the needs of adults with developmental disabilities.

The following illustration shows the reporting relationships of the stakeholders that are internal to government:



The roles and responsibilities of each of the internal PDD Program stakeholders are described in a Memorandum of Understanding between the Minister of Seniors and Community Supports and each of the Community Boards. Key responsibilities for each of the above stakeholder groups include:

- *Minister of Seniors and Community Supports:* responsible for setting objectives and strategic direction for the provision of services to adults with developmental disabilities, allocating funding to and monitoring Community Boards and their operations.
- *Community Board:* consists of up to nine (9) members that are appointed by the Minister. There are currently 52 Board members across the six (6) Regions. The Community Board is accountable to the Minister, through the Deputy Minister, for the execution of its roles and responsibilities. Community Boards are involved in setting Regional objectives and strategic direction, establishing Regional guidelines and procedures, overseeing and ensuring the delivery of programs, services and funding and facilitating community engagement.

Each of the Community Board Operations is a separate legal entity, and has a different operating structure and staffing model. Although operating structures differ by Region, all Regions use the same system (CSS) for maintaining client information and administering payments.

- *Board Chair:* is the liaison between the Board and the Minister. Board Chairs also monitor and appraise CEO performance in collaboration with the Assistant Deputy Minister. Board Chairs evaluate and report on Board performance to the Ministry.
- *Council of Chairs:* is comprised of the Deputy Minister of Seniors and Community Supports and the Chairs of each of the six (6) PDD Community Boards. The primary focus of the Council of Chairs is to provide advice, feedback and recommendations to the Minister on provincial policy and program directions to ensure that the needs of adults with developmental disabilities are being met through the PDD program.

- *Chief Executive Officer (CEO):* reports to and is fully accountable to both the Board Chair and to the Assistant Deputy Minister. The CEO provides leadership, financial and human resource management, and direction in the operational management of the Community Board organization, and delivery of programs and services to ensure that the Community Board is effectively administered.
- *Deputy Minister:* is the executive head of the Ministry who acts under the general direction of the Minister. The Deputy Minister also chairs the Council of Chairs.
- *Assistant Deputy Minister:* is responsible for the operational leadership and oversight of the Regional operations of the PDD program and delivery system. The Assistant Deputy Minister assists in recruiting the CEO, chairs the CEO Forum, and provides direction and oversight of the CEOs on an operational day to day basis.
- *Program Branch:* Under direction from the Assistant Deputy Minister, the Program Branch provides advice, support and resources to the Community Boards, acts as a resource in policy development and interpretation to ensure provincial consistency.

In actual fact, the current structure results in significant overlap in responsibilities and the duplication of activities. As an example, financial results for each Community Board are reviewed by the respective Boards, as well as the Program Branch. Approximately 20% of PDD Program staff (this includes staff of the Program Branch and Community Boards) are performing either similar or the same activities. This is based on a review of each Community Board's staff complement, their roles and responsibilities and of the Program Branch.

Operating Models

Community Boards acknowledge that provincial consistency in the program is important. The Program Branch liaises with the Community Boards to implement program-wide initiatives and develop program policies. Notwithstanding this, there is no agreement as to what needs to be consistent and the degree to which operating policies and practices should be the same. As a result we saw many instances where both operating practices differed as did the focus of the Community Boards on case management, service provider management, monitoring compliance to standards and financial results.

Each Community Board has also designed and implemented a different operating model and as a result, each has a different staffing model. There are differences in caseloads, as well as roles and responsibilities of various staff members across the Regions.

Some Community Boards have combined the role of Client Service Coordinator and Contract Manager, while others have kept these two functions separate. Front-end processes (intake, eligibility and assessment) also differ by Region as some Community Boards have specialized positions to deal with specific tasks such as the family managed program or individuals transitioning from Children and Youth Services programs, while others have these tasks integrated into other roles. Some also have specialized positions that deal with intake, while others have this integrated into the role of the Client Service Coordinator or Contract Manager.

Job titles and roles also differ by Community Board – a Client Service Coordinator (CSC) in the Northeast Region looks after Service Providers and contract management while a CSC in all other Regions looks after clients. The South Region does not have a separate CSC role, and as a result the CSC is devoting significant time on matters related to contracting with the service providers as compared to focusing on the individual. In other Regions, the CSC role may see individuals more often.

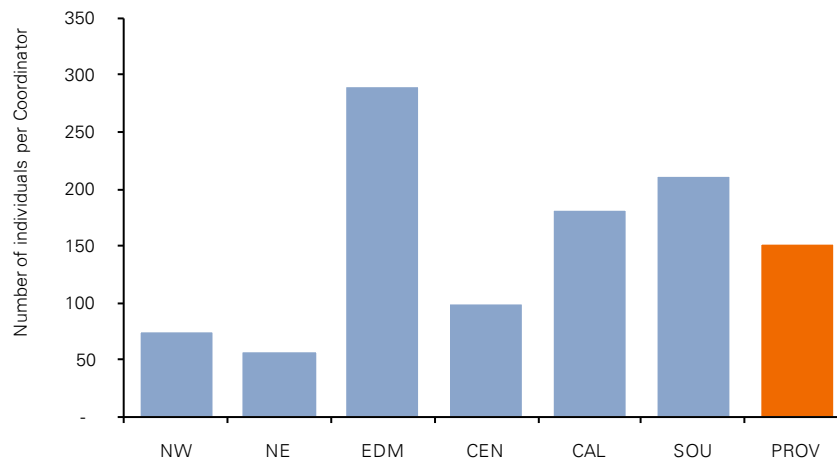
Additionally, the collaboration between the various functions in the organizations differs, depending on the organization structure of the Community Board. Some Community Boards have implemented cross-functional teams (consisting of Coordinators and Contract Managers) while others have maintained these two functions as separate teams.

The different practices and operating models contribute to varying experiences for individuals, families and guardians and is reflected in a wide variance in the estimated time it takes for an individual to go from the start of the application process through to funding determination:

- The average number of days from application date to eligibility determination ranged from 26 days in one Region to a high of 115 days in another. The overall provincial average is 56 days.
- The average number of days from eligibility determination to funding determination ranged from a low of 36 days to a high of 90 days. The provincial average is 61 days.

Some of the variability can be explained in the different size of case loads as illustrated below:

Average caseload of PDD Client Service Coordinator



Caseloads also affect the degree to which Coordinators are able to monitor the quality of the services individuals receive. The table below shows the percentage of individuals that are contacted by Coordinators per year to monitor progress on goals and outcomes:

Monitoring indicators	NW	NE	EDM	CEN	CAL	SOU	Average
% of individuals in a PDD Coordinators caseload contacted per year to monitor progress on goals and outcomes	70%	95%	45%	100%	40%	10%	60%

In considering the effectiveness of the current operating practices we also looked at appeals and funding reviews. We found that although the number of formal eligibility and funding appeals appear to be reasonable (7.8% of the total applications received and assessed in a year), the number of funding requests that are reviewed by an internal committee is high. Only three Regions formally track funding review requests. For the three Regions that do track funding review requests they reported approximately 1,100 requests were made in 2009, which represented 31% of the individuals in those Regions. This volume is significant because the funding review is often required to revisit a funding decision already made.

The different Community Board operating models and practices also impacts the service provider network. There are 16 service providers that operate in more than one Region. These providers have had to implement different processes and reporting requirements to meet the different requirements established by each Community Board.

In addition, there is difficulty with the current regional system associated with transferring individuals from one region to another as the funding allocated to each Community Board is not tied to the individual. The current policy on the portability of services does not guarantee access to funding or resources when an individual moves from one Region to another.

The lack of comprehensive information on the PDD Program, including clarity of the core businesses

One of the more significant challenges for PDD Program staff is clearly conveying how the mandate and core businesses translate into funding decisions at the individual level. As part of the six (6) Priority Actions for the PDD Program, a mission and core businesses for the PDD Program were approved with the objective of providing clarity regarding the mandate of the PDD Program and provincial consistency in the core supports that the PDD Program funds. However, we heard and saw that many stakeholders are still unclear as to what the boundaries or limits of the PDD Program are. Considerable effort is spent by staff in helping individuals and families understand what the PDD Program can provide and what it cannot.

Individuals, families and guardians told us that navigating through the system was difficult and confusing. We heard a wide variation in experiences ranging from very good to very difficult and frustrating. We were told that their experience with the PDD Program was in most respects related to who helped them, often just to answer basic questions. This includes both the PDD Program staff member(s) that assess their needs and determine the supports available, and the service provider(s) staff members.

We are not sure what the program is able to provide us.

We receive different explanations of what is available, how to access the support we need, and who we should talk to for information.

Although some of us found it easy to access the support we needed, many others say it was very hard.

Only after a long time or after fighting back did we get the support we needed.

It is really hard to move to a new city or town and if we do we have to start the process all over.

(Source: Family Managed and Families / Guardians / Self-Advocate Focus Sessions and Family Managed Survey Responses)

Comprehensive information clearly explaining what the PDD Program funds and how the level of support is determined for an individual is not readily available.

We also found there is confusion relating to Core Business #3 – to promote inclusion. Core business #3 was launched in the 2009-2010 fiscal year and states that the PDD Program will:

- Promote activities that stimulate the capacity of communities to share responsibility to support adults with developmental disabilities in their community.
- Incorporate at least one of the following best practices: providing leadership, partnering through networking, influencing change, and social marketing.
- Share learnings from activities provincially.

Through our survey we found that a large number of stakeholders in the system, including Board members, Program Branch and Community Board staff, AACL, service providers, families, guardians, and self-advocates all identified themselves as being involved in various activities that have been categorized as promoting inclusion. Given that the core businesses have only recently been defined and that a fundamental principle of the PDD Program has always been to support and promote inclusion it is not surprising that staff time and costs are being identified as relating to activities for promoting inclusion. Additional work however is required to define who is accountable for Core Business #3, how it will be conducted given no dollars are allocated to it, and how success will be measured.

Although there are numerous sources of information there is no common communication strategy across the system. A very visible example of this occurring is the seven (7) unique and different websites maintained by Alberta Seniors and Community Supports as well as each Community Board. Each site is different, with varying content and quality.

We also heard from family managed administrators that they do not have access to sufficient information, tools and templates to support their own administration. Province wide there is limited public information on family managed supports. Across the Regions there was varying levels of support available for family managed administrators. For example, two Regions have dedicated staff to support family managed administrators, another Region publishes a newsletter, another produces an information binder, and one Region actually funds a payroll provider to assist families with the payroll of their staff.

Inefficiencies in the service provider network and a lack of use of the family managed option

As shown previously there is a wide range of administration cost per individual per service provider, ranging from \$200 to \$45,000 per year. Administration cost per individual per service provider averaged \$8,800 per year in Alberta. 54% of service providers in the network have an administration cost below the average, while 46% of service providers have an administration cost above the average. Of those service providers that are above average, the total difference between their administration cost and the average is \$18 million.

We believe there are opportunities to reduce the variability and increase cost efficiencies within the network of service providers. Our analysis did not evaluate individual performance of service providers but focused on the network as a whole. Currently the PDD Program does not conduct a competitive bid process, each contract with service providers is negotiated on a case by case basis and there is no formal strategy to determine best practices, establish formal guidelines and benchmarks for administration cost or optimize the use of the family managed option. The following provides a summary of key findings related to the network of providers.

Number and size of service providers

The number of service providers alone contributes to lower efficiency through the duplication of corporate services (e.g. finance, human resources, etc.). Although the majority of service providers indicated that they share training resources for their staff, there are few other corporate functions that are leveraged. There are opportunities to increase the sharing of information technology solutions and support, human resource and payroll support, office space and vehicles and transportation.

Our research and analysis has also shown that administration costs are also driven by the number of individuals supported and the type and mix of supports delivered by service provider. Service providers across the province each deliver different combinations of supports and may support as few as one (1) individual to as many as 443 individuals in any Region. One service provider supported 745 clients across multiple Regions.

On average the results show that:

- Service providers who support fewer than 100 individuals have a higher administration cost per individual than those that support more than 100 individuals
- Service providers who provide many direct supports (i.e. between five (5) and six (6) supports) have a more consistent (i.e. lower standard deviation) administration costs than their peers

- Service providers that deliver complementary supports (i.e. community living and community access supports) tend to have lower administration costs than their peers.

We also believe that the level of sophistication of service providers contributes to the variability and higher costs incurred by some providers than others. There are a number of providers in the network that rely largely on manual processes to support their operation.

Use of multiple service providers

There are over 3,000 individuals currently receiving supports from more than one service provider or delivery mechanism (e.g. two service providers, one family managed agreement and one service provider, etc.).

The average administration costs being incurred by individuals who were supported by more than one service provider was \$18,000. This compares to an average administration cost of \$8,800 for individuals only accessing one service provider.

We recognize that for various reasons, including differences in the types of supports provided and different requirements to meet the unique challenges individuals' face it is not reasonable to assume that all individuals can be supported by one service provider. At the same time, there would appear to be significant opportunity to reduce administration cost through either the reduction of the number of individuals receiving support from multiple service providers and better leveraging of shared corporate services across the network.

Service providers that work across Regions

There are a total of 16 service providers in the Province that deliver supports to clients in more than one Region. Collectively these service providers support approximately 3,000 individuals through 41 separate contracts. Due to differences in operating practices of the Community Boards, these service providers are required to implement and maintain different operating and reporting requirements across the Regions.

Benchmarks for administration costs

The PDD Program has not defined benchmarks or formal guidelines for funding administration. Currently, administration is negotiated on a case by case basis. Based on the current approach the negotiated rate should reflect the actual administration costs for each service provider. However, there are limited processes in place to benchmark service providers against best practices.

Family managed supports

Compared to the service provider network and direct operations, family managed supports are the least expensive option, with an average administration cost per individual of \$500 per year.

We noted through both the survey and focus sessions that there is strong support from the family managed administrators using the family managed option as it provides greater flexibility, and choice and is less costly to the system.

The family managed program provided the flexibility and the choice we were looking for.

The administration costs less, in part because as the Administrator we do more of the work ourselves with no reimbursement, but we also incur fewer costs.

The support meets our families need better and allows us more control.

(Source: Family Managed Focus Sessions and Family Managed Survey Responses)

From what we were told through our focus sessions, the process for managing the ongoing supports also appears to be less complicated once the contract has been set up. It should be recognized though that Community Board staff do spend additional time providing ongoing support to family managed administrators. This time is not tracked and therefore not quantifiable, however we expect that much of this time can be reduced through the development of additional standardized tools, templates and common administrative supports, such as a shared payroll service.

While the family managed option is more efficient and effective than other options, safeguards are needed for the vulnerable adults and the often stressed families who are trying their very best in a service provision situation but may lack skills and supports to be successful. Offering some type of training such as how to manage staff, develop service plans and monitor the progress of individuals would alleviate most of these concerns.

The family managed option will not work for all individuals with developmental disabilities because some families and guardians would not be available or willing to take on the responsibility. In addition, those individuals who use the Office of the Public Guardian (OPG) as their representative would not be able to use this option.

Performance measurement

There are numerous standards defined through legislation and policy that service providers must comply with. We heard from many Community Board staff and Program Branch staff that they are involved in some activity related to monitoring service providers, family managed administrators or individuals directly. The following represents the number of PDD Community Board and Program Branch staff who indicated that some aspect of their role involved monitoring. These figures are based on what we were told through the surveys and focus sessions and do not represent the full-time jobs of PDD Program staff.

- Approximately 180 PDD Program staff involved in some aspect of monitoring service providers.
- Approximately 145 PDD Program staff involved in some aspect of monitoring family managed administrators.
- Approximately 125 PDD Program staff involved in some aspect of monitoring Individuals.

In addition to the above monitoring activities, other regulatory authorities and / or government departments conduct reviews of service providers' compliance to standards including:

- Occupational Health and Safety
- Protections for Persons in Care Branch
- Supportive Living Accommodation Branch
- Workers Compensation Board

As previously noted, Alberta Council of Disability Services (ACDS) also assesses service provider compliance to the Creating Excellence Together (CET) standards.

The PDD Program has not defined what standards and performance indicators should be monitored, the frequency which they should be monitored, or who should perform the activity. As a result, similar activities are performed by the PDD Community Boards, the Program Branch, the accrediting body (ACDS) and other government ministries and programs. Furthermore there is no consolidated view of the results to provide an overall assessment of service providers or the PDD Program as a whole.

In our review of other jurisdictions, we found no common or preferred model for accreditation in the social services sector. Each jurisdiction varies in its requirements for accreditation and who the responsible body is for providing the service. Some jurisdictions do not require accreditation of their providers.

Generally, the requirement for accreditation will depend on the risks the program is trying to manage, and whether accreditation is the most appropriate method to manage these risks. If it is determined that accreditation is an appropriate means of managing risks, then there should be processes in place to obtain assurance over the accreditation process. Ongoing monitoring requirements can then be minimized accordingly.

Excessive manual activities and the lack of automation

PDD Program Operations

Community Boards rely on a common system, the Consolidated Services System (CSS), to record, manage and retain client information. CSS was developed in 1998 and was originally designed to be a payment system. Over the years, functionality has been added so that it can also track additional information about clients, although it does not have the capability to act as an effective case management system. Furthermore, it does not effectively support many of the information management requirements and is missing key functionalities to support required workflows for the review and approval processes. This relates to contracting with service providers, setting up individuals with supports, managing change requests and invoice payments.

We heard and evidenced through our review concerns regarding data integrity with the data actually recorded in CSS. To address these concerns, staff are maintaining duplicate case files, creating duplicate records using excel spreadsheets and creating additional tracking documents. Because client information is stored in so many different locations, there is no single source of truth and staff time is required to find and reconcile the multiple sources of information.

Service providers

There is a wide variation in the level of sophistication and supporting technology used by the service provider network. Some service providers have developed customized software to assist them with monitoring, recording contact notes, etc. while others rely on hand-written log books and / or Microsoft Office products. There are over 30 different systems in use by the service provider network to collect and record client information. There are also various systems used by service providers to record financial, personnel and payroll information.

The PDD Program has not implemented electronic commerce with service providers allowing service providers to access a web-based, self-service portal to the PDD Program where they would be able to submit invoices, run reports, access relevant documents, obtain historical information or review contract requirements. Service providers maintain a client file for each individual, with much of the information being similar to information the Community Board also retains. If CSS had interface capabilities this would allow service providers and family managed administrators to access the same information as the PDD Program staff, reducing the duplicate files. It should be recognized that the overall level of sophistication in the service provider network would need to increase to leverage this technology.

Technology enabled applications are also not currently available to manage supplier contracts. As a result, there is a higher reliance on manual reconciliations using Excel spreadsheets. Given the lack of interface with CSS that service providers and family managed administrators have, approximately 15,000 invoices generated from provider systems need to be manually entered into CSS and other tracking records each year.

Individuals

Information on the individual that is collected by the PDD Program is also collected by other government funded social assistance programs. There is limited transfer of knowledge when an individual transitions from the Children and Youth Services program for developmental disabilities or between the PDD Program and other programs providing support to adults with developmental disabilities.

Unclear roles and responsibilities

The roles and responsibilities of PDD Program staff are often unclear and differ by Region. This is specifically the case for the roles of Coordinators (those who deal primarily with individuals) and Contract Manager (those who manage contracts with service providers). The role and responsibility delineation between these two functions is often blurred.



In some Regions, the role of Coordinator and Contract Manager is amalgamated into one, and in others, the role is split between the two. There is often limited information shared between the two roles, and the detailed responsibilities whether combined into the one role or two roles differ by Community Board. This may stem from differences in underlying priorities of the Regions and whether the focus is on the client/family or on the service provider.

In some Regions, the Coordinator has a strong relationship with the client and may act as an advocate on the client’s behalf, while in other Regions, the caseloads are too large that Coordinators do not know their clients well enough, and generally rely on what is reported to them by service providers or families and guardians.

Across Regions the skills and capabilities in finance, analytics, forecasting and budgeting and information technology varies.

Cost of direct operations

Direct operations supported approximately 7% of the total PDD Program clients in 2009-2010. The average administration cost for this delivery mechanism was \$26,000 per individual.

FY2010 Average PDD System Administration Cost per individual based on delivery mechanism							
Delivery mechanism	NW	NE	EDM	CEN	CAL	SOU	PROV
Direct operations	\$ -	\$ -	\$ 30,420	\$ 31,135	\$ 17,053	\$ -	\$ 29,464
Service provider	\$ 14,039	\$ 16,242	\$ 11,002	\$ 11,156	\$ 13,026	\$ 11,052	\$ 12,102
Family managed	\$ 6,971	\$ 7,276	\$ 4,004	\$ 3,586	\$ 3,005	\$ 3,116	\$ 3,842

The administration of direct operations is similar to that of a community-based service provider, as are the tasks that it completes. Direct operations maintain the same standards that community-based service providers are expected to, such as CET Accreditation through ACDS, Supportive Living Accommodation Standards and Licensing and Abuse Protocols.

Unlike service providers, budgets are not developed at the individual level. They do not account for the units of service or hours provided to each individual, nor are they subject to invoicing Community Boards for the units of service delivered.

The three direct operations also have duplicate roles and functions in their administration structures (e.g. banking for client trusts, procurement activities, etc.). This finding is similar to the lack of shared resources in the service provider network.

The Compelling Case for Change

There are no startling differences across the Regions in the individuals being supported by the PDD Program. Each Region has a comparable distribution of those needing minimal supports and those with complex requirements. Notwithstanding that each individual is unique as is their combination of needs, the supports that the PDD Program provides to meet each individual's needs is well defined.

And yet we see significant differences in the administration of the program, including:

- The cost to administer the program between the six (6) Community Boards and across the service provider network
- The average time to manage the intake and assessment of individuals' needs entering the system
- The caseloads for Coordinators across the province, and
- The levels of capability both within the PDD Program and the service provider network

Each Community Board has adopted a different approach to how they are organized, and have placed different priorities on funding, monitoring and evaluating and promoting inclusion. Each Community Board is working hard to do what they believe is right for their Region, but in doing so are not leveraging best practices and operating approaches.

The duplication that also exists in the system is far reaching. The duplication of corporate functions, including finance, human resource management, information systems, to the development and implementation of operating policies and practices in each Region, and arguably across the service provider network represents a significant cost to the program.

The extent of time that it appears to take to communicate basic principles of the PDD Program, what the Program funds and does not, who is eligible and how that is determined is high. There is no consistent messaging across the PDD Program, leading to greater confusion, frustration and often mistrust. The impact of this drives additional costs, as it potentially increases the volume of appeals and funding review requests.

The PDD Program is not formula driven; it relies on staff making difficult decisions around the relative funding and support that the PDD Program can provide to all eligible individuals. Achieving equity and transparency requires a system of clear accountabilities across the multiple stakeholders, it means having a common understanding of the mandate, agreement on the priorities and assessment of risk, consistent communications and approaches to delivering services, and it requires trust between the stakeholders.



The PDD Program is about helping individuals with developmental disabilities live as independently as possible in the community. Yet, when we look at the system there is a large focus on monitoring the financial management of dollars and less on the outcomes of the individuals. It is not designed to promote best practices and there is little assessment of client outcomes.

Implicit in what we heard and in what we observed is that trust between the various stakeholder groups is missing.

The impact on the individual ranges from frustration in navigating the system to inequities resulting from delays in receiving adequate supports. The impact on the system is that it is not as effective or efficient as it can or should be.

A Strategy for the Future State

The Alberta Government’s vision is to move social-based assistance towards an approach that is citizen-centered and integrated across ministries and programs. The goal is to make social programs and services more effective, consistent and easy to navigate, while ensuring they continue to be available for Albertans in the future. This includes enhancing service integration and alignment not only within government but also with community partners.

Citizen-centred social-based assistance means focusing on people rather than programs and puts individuals at the centre of service delivery instead of operating within traditional program systems and vertical silos. Underpinning this direction are five key concepts:

- 1 Focus on the Citizen** - connecting Albertans to programs, services and information they need, regardless of who delivers them;
- 2 Integrate Citizen Information** - requiring Albertans to tell their story once;
- 3 Collaborate and Partner** - building relationships and leveraging collective potential of the workforce to deliver services and supports to improve client outcomes;
- 4 Deliver One-Stop Government Services** - delivering through integrated service channels (web portal, contact centre, in-person sites); and
- 5 Improve Client Outcomes** - understanding Albertans’ needs through citizen engagement and providing those services and supports to better meet their needs and achieve outcomes.



Already underway, Alberta Supports will be a made in Alberta solution for an integrated citizen-centered approach to providing social supports. One of the first initiatives has been the introduction of a new web service (<http://www.programs.alberta.ca/>) designed to make it less complicated for Albertans to find information about Alberta’s social support programs and services. Through a single point of contact, Albertan’s can quickly find the information they need including estimating their potential eligibility.

Our recommendations for the PDD Program reflect the Alberta Government’s vision.

Rethinking the PDD Program we started from the view of the individual, the need for the system to provide for the same outcome regardless of where they come from within the province. It means a system that empowers individuals, families and guardians to navigate the system of support provided both by government and the broader community in as efficient and effective a way as possible.

We believe that this means first recognizing Alberta is one community. One community that is served by one organization, one network of service providers, and one set of policies.

It means providing for a consistent and common approach to communication, administration and to access.

It also means promoting one relationship both with a case worker and where ever possible one service provider – increasing the critical need to know the individual, building trust and better outcomes.

We are recommending a new organization model, a new governance approach and a more efficient network of service providers for the PDD Program. Our proposal incorporates balancing the need for decision making close to the individual with an organization model that promotes equity and consistency.

We specifically identify options for the future state organization, for which the final decisions we believe need to be based on additional debate and discussion by the Ministry.

Simplified Organization

We were specifically asked to consider the appropriateness of the roles, relationships and structure of the PDD Program, including the Community Boards, the Program Branch and executive reporting structures. We were to do this within the context of maintaining a community governance model, but should include consideration of the number and structure of Community Boards to maximize effectiveness and efficiency and optimize relationships among the Community Boards and the Department.

The current organization structure is complex with multiple reporting relationships that overlap and result in duplication of many activities and functions. We believe that the current structure presents significant challenges to achieving provincial consistency, fairness and equity, and to support a responsive service delivery system. The review findings highlight that there are distinct differences in operating practices and approaches leading to different results across the Regions, and that there are questions around fairness and equity. These differences ranged from the type of supports provided to family managed administrators to significant differences in caseloads between Community Boards.

It is our opinion that to achieve optimum effectiveness and efficiency, the PDD Program delivery should be delivered by one organization. Many of the challenges that the PDD Program faces result from inconsistent operating practices across the Regions.

We did consider whether the key challenges and issues identified in our review would be effectively addressed in a reduction in the number of regional Community Boards to two or three boards thus improving the chances of synergy and consistency. Our opinion is that although some improvements could be achieved the same challenges would still exist in achieving consistency and more importantly in promoting fairness and equity across the restructured regions

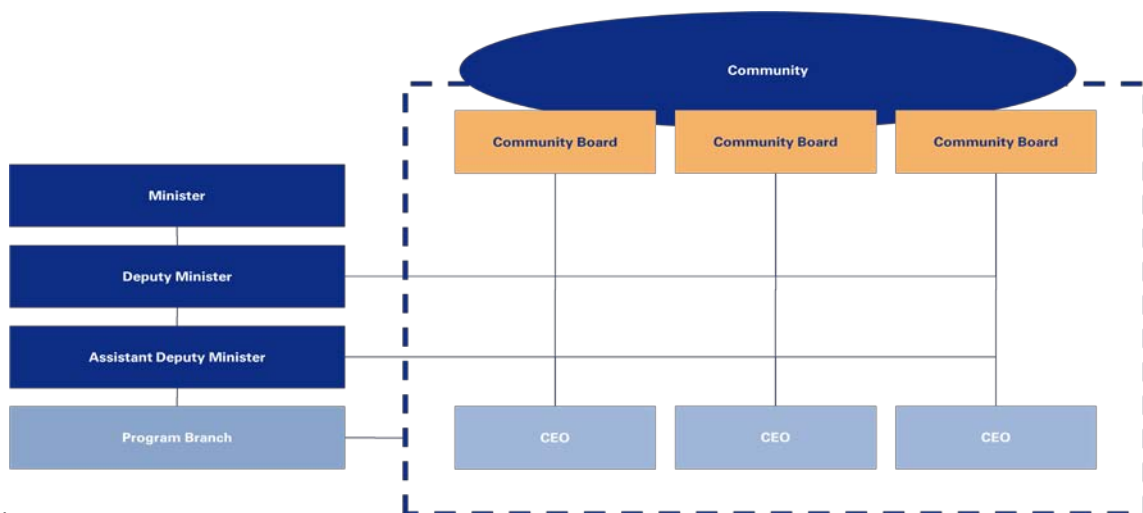


Diagram – Reduced number of boards

When comparing the profiles of the different regions, there does not appear to be such significant differences that would justify the creation of multiple independent entities to administer the PDD Program. A reduced number of boards would minimize some of the duplication currently occurring in the system but not significantly enough to ensure the ongoing sustainability of the program. As long as more than one organization is making funding decisions, and addressing funding reviews, there will continue to be inconsistent results. Similar problems occurring in the system now would continue to occur, although possibly on a smaller scale – two (2) or three (3) regions trying to reach consensus rather than six (6). Finally, simply reducing the number of boards will not result in clearer roles and responsibilities between the various stakeholders.

Based on both literature review and a review of a selection of both Canadian and international jurisdictions the preponderance of evidence supports the use of one organization to oversee the delivery of supports for persons with developmental disabilities. In total we looked at nine (9) jurisdictions and all but two (2) used a one-organization concept.

We also considered how the current governance model of the PDD Program blends both corporate and community governance responsibilities into the role of the Community Boards and how effective the current structure is meeting the respective responsibilities. It is important to make the distinction between corporate and community governance, as they serve different purposes and achieve different results:

Corporate Governance	Community Governance
<ul style="list-style-type: none"> • Sets the 'tone at the top' of the organization • Provides oversight of management and financial reporting • Develops strategy, business planning, and performance expectations • Develops corporate ethics and codes of conduct • Ensures compliance with laws and regulations • Maintains an effective audit function • Provides oversight of the risk management and internal control frameworks 	<ul style="list-style-type: none"> • Allows for community involvement in decision making • Informs community of issues that are relevant to them • Fosters information sharing and learning • Supports development of innovative programs and services and identifying changes to provincial policies and programs • Creates community connections and encourages local participation • Builds trust with the community

We did not conduct a detailed assessment of the effectiveness of the corporate governance role that the six (6) Boards are accountable for, but we did note that many of the activities that the Boards either conduct or should conduct as a corporate board are being carried out by the Department (through the Program Branch). Key examples include the oversight of management and financial reporting.

The fundamental principle behind the original creation of the six (6) Community Boards was to create a model that would better involve the community in the delivery system. The mission of the PDD Program and the newly defined core businesses continue to emphasize the importance of community: through the inclusion of individuals in community life, in sharing responsibility to support individuals with developmental disabilities and in building the capacity to provide supports in the local communities.

Although the current structure does reflect the importance of engagement with the community through a regional organization the findings from our review suggest that the role that the Boards are playing in community governance is varied and in many circumstances not seen as effective.

Through the focus sessions held, and the surveys and interviews, many stakeholders were unaware of the role and the activities of the Boards. Furthermore, through the survey results, the matters which were rated as most important as it relates to community governance were also rated as being the least accomplished. In comparison to the key principles for community governance the assessment suggests the following:

- Although it was evident that the community is provided opportunities to provide input to the Board, the Boards are not perceived to have any significant ability to influence the decisions made at the PDD Program level or to effect any real change in their community.
- All Boards used a variety of methods to communicate with their respective communities. Some examples include, the distribution of newsletters, holding open board meetings, organizing sessions with the community to discuss priorities, and posting meeting minutes on a Community Board's website.
- The perception is that there is limited information sharing across Boards. While sharing occurs between staff through committees, the only formal method of sharing information between Boards is seen through the Council of Chairs. We believe that both in perception and in fact Boards do not effectively share best practices.
- Board members are passionate about delivering supports to individuals with developmental disabilities and try to build trust with the community through open board meetings and focus sessions. However, what was evident through both survey results and focus sessions held is there still is a low level of trust across the PDD system.

One Board or No Board

If the PDD Program moves to one organization the government has an option to move to a one board structure reporting through to the Minister, or to eliminate the board structure altogether.

The decision to retain a board structure or not should be evaluated against a number of critical decisions, which are described further below:

Consideration	Assessment of PDD Program
<i>Public policy is the responsibility of government, whereas agencies and boards are established to carry out public policy. An agency or board can be established when there is an ability to clearly distinguish between development of public policy and delivery.</i>	Historically the lack of clarity in mandate and core businesses, as well as the lack of a standard assessment tool has made it difficult to separate policy from delivery. Notwithstanding that a number of recent changes are being implemented through the six Priority Actions, based on the nature and mandate of the PDD Program it is unlikely that a complete separation between policy and delivery can be achieved.
<i>The level of autonomy the government is willing to delegate.</i>	Since the dissolution of the PDD Provincial Board and the creation of the Program Branch to assist the Minister (to fulfill her authority/responsibility), the government has taken a proactive role in establishing operating policies and processes.
<i>The ability to provide for clear and appropriate allocation of responsibilities taking into account the responsibilities of the governing board, agency and department staff.</i>	Current responsibility lines are blurred between all stakeholders and as a result there is duplication in the monitoring and oversight activities completed at all levels by the governing board, agency and department staff. Clear delineation of roles and responsibilities needs to be implemented across the PDD Program. This requirement will be harder to address under a board structure and it will be difficult to eliminate the overlap between the Board and the Ministry.
<i>The level of involvement the Minister will need to have in the affairs of the agency in order to balance the broader public interests.</i>	The Minister for the PDD Program has taken an active role in addressing and responding to concerns raised by individuals and others representing the interest of individuals served by the PDD Program.
<i>Who has the ultimate authority when there are dual reporting relationships by the CEO to both the Board and the Assistant Deputy Minister.</i>	CEO's have a dual reporting role to both the Board and to the Assistant Deputy Minister. Under the current Memorandum of Understanding between the Minister and the Boards the ultimate responsibility for the PDD Program lies with the Minister. Although the authority to act has been delegated to the Community Boards, the Minister still maintains ultimate authority, although in practice this may not be clear under the current structure.

According to draft General Agency Review Guidelines provided by Alberta's Agency Governance Secretariat, agencies are often used where public confidence in a process requires a high degree of autonomy from elected officials. The degree of autonomy is often associated with the need for

independent advice or outside expertise, a need for ongoing advice from a range of stakeholders or community representatives, as well as autonomous decision making that promotes credibility and public confidence. A governance board structure is generally not appropriate where the mandate or business of the agency cannot be clearly defined.

Generally, the government should retain the responsibility and authority to make higher level policy decisions while agencies are given the responsibility and authority to implement policy. While agencies do advise on policy, this is primarily a Ministry role. Maintaining a single Board and clarifying the roles and responsibilities between the Ministry and the Board would reduce duplication, enhance consistency and simplify the current governance model significantly. However, if a Board is chosen it is our view that to be fully effective, the government needs to clearly distinguish their role as leading high level policy and that the Board has the authority to set operating policies and practices in accordance with the policy direction established by the government.

Regardless of whether a board structure is put in place or not, it would be our recommendation to implement an Advisory Council to provide for community governance. Based on a review of comparable jurisdictions it is common practice to use an Advisory Council to support the community governance role. The advantage of an independent Advisory Council puts the focus for the Council on connecting and engaging with the community rather than on corporate governance activities, provides input and a clear depiction of community needs directly to the Ministry. If an Advisory Council is established it will need to interact with and be supported by dedicated PDD Program resources responsible for community promotion and engagement.

A good advisory structure ensures that:

- There is representation from each major geographic area and / or stakeholder group to ensure that the different view points from each are heard, understood, debated and communicated. The size should be limited and generally would not consist of more than ten (10) members.
- Members are trusted advisors in the field, have relevant and deep industry skills and knowledge, and can contribute to establishing best practice and building credibility for the program.
- The roles and responsibilities are clearly defined and the advisory structure is clearly stated to have no fiduciary responsibility.

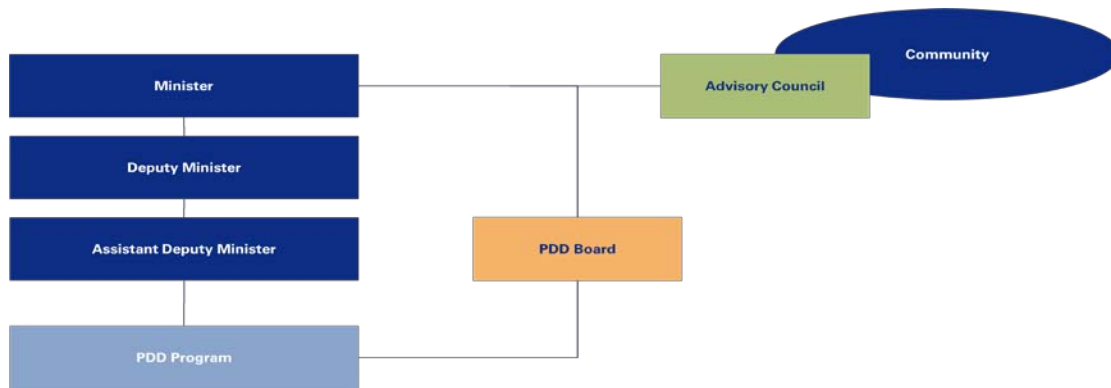


Diagram – One board

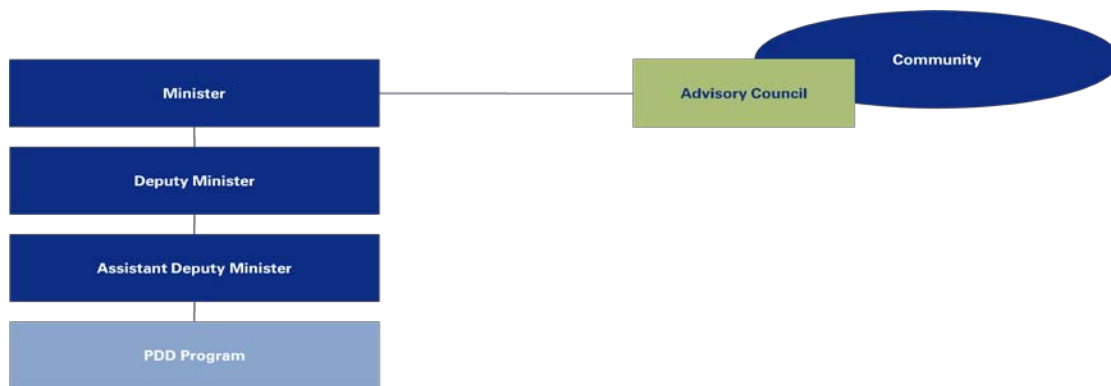


Diagram – No board

Ultimately, the decision of whether a Board structure is chosen or not will be influenced by a number of factors, including the degree to which government believes it should retain responsibility and authority over both developing high level policy and implementing those policies, the degree to which the Ministry needs to be actively involved to balance public interests, and the degree of autonomy required to effectively deliver the program.

Design and Implement Common Processes

Implementing one organization by its nature enables the design and implementation of common processes and practices across the province. The use of common processes and shared services are leading practices that enable cost efficiency and consistency. Common front counters and integrated case management are emerging best practices for social-based programs across jurisdictions.

Human services programs are often structured along functional lines, with the use of a shared services model to support their core business, focusing the business on the individual being served and not on administrative activities. Sharing resources reduces administrative costs and separates core business activities from corporate support activities.

The PDD Program’s primary business is to fund, monitor and evaluate supports for individuals with developmental disabilities, not to contract service providers. Our findings found that under current

operating models, activities of the two functions were often blurred. In certain instances we found staff do not have the appropriate skills and background to carry out their role effectively. The lack of common processes, operating practices, and procedures has led to inconsistent practices and inequity across the province.

In our view the future organization should be designed along the following common functions:

- **Client Support Services** provide the front-end interactions with new clients when they enter the PDD Program and provide / manage the common program information and other community resources that anyone, not just PDD-eligible, clients may access⁷. This provides for a more streamlined approach to new clients and to providing information and resources to a broader range of stakeholders.
- **Contract Management** provides a common function to manage the service provider contracts and family managed agreements and allows for the separation of funding from case management. This allows Contract Managers to be focused on the management of the contracts and the performance of providers.
- **Client Case Management** provides a coordinated unit that manages the individuals case, determines needs, coordinates with the Contract Management for setting up services and establishes follow up and monitoring requirements
- **Support functions** include Policy and Strategic Development, Finance, and Information and Technology. These should be moved to a shared service model.

We believe implementing one organization using common processes and shared services wherever possible is critical to achieving efficiency and effectiveness in the administration of the PDD Program. Key outcomes from the above changes include:

- Enhanced role clarity between case management and procurement of services
- More consistent processes and improved client experiences with being setup for supports and accessing necessary information regarding the program
- Increased portability and sense of flexibility within the PDD Program for individuals to move anywhere in the Province
- Less time spent by PDD Program staff reassessing and determining how to meet the needs of clients moving from other Regions
- Improved relationships between case managers and individuals, families, guardians.

⁷ Creating common processes and business requirements is a first step. Ultimately the common processes should be enabled by technology which promotes one client record and enables efficient work flows.

Alignment with Alberta Supports

The Alberta Supports vision identifies the need for common front-end services (e.g. intake, eligibility determination, etc.) that would allow for “no wrong door”; the need for coordinated case management to provide “seamless service” and a holistic approach to meeting the needs of clients through the use of other services (e.g. supports delivered by service providers); and the use of technology to allow for increased “self service” options either in person, by phone or over the internet. The implementation of common processes would align the PDD Program with the vision for Alberta Supports.

Options for Organizational Model

We reviewed two organization models for the future state – a matrix organization and a functional organization.

Matrix Organization

A matrix organization model is demonstrated in the diagram below:

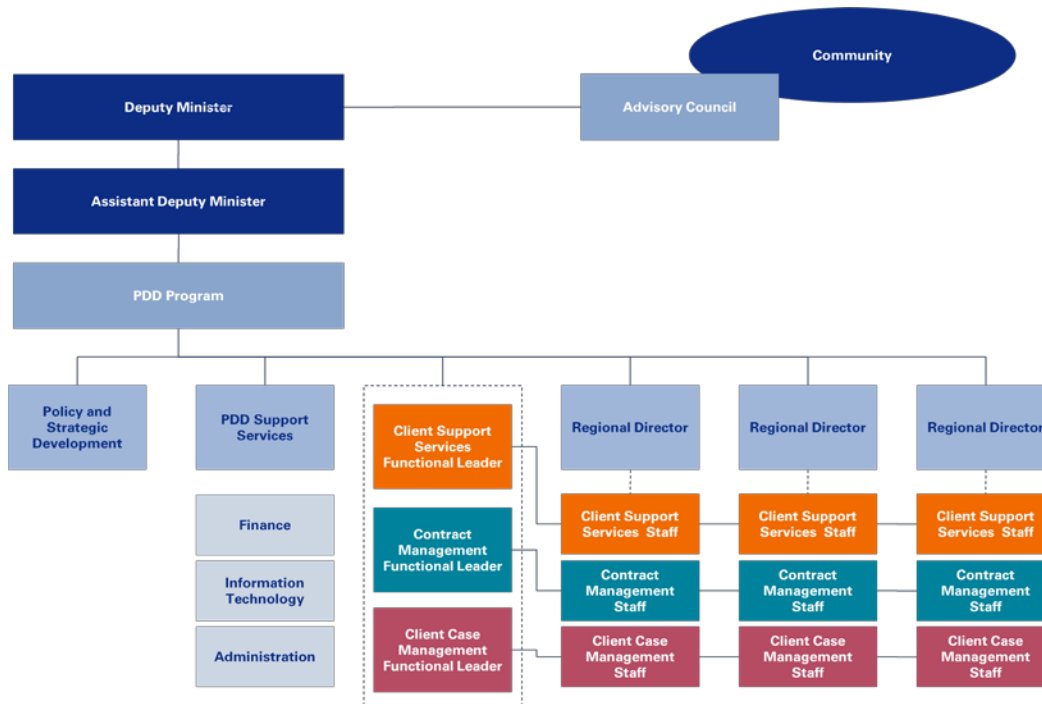


Diagram – For illustration purposes

Note - The number of Regions should be reduced from six (6). Ultimately, the number of Regions for the end state should be aligned with what is implemented for Alberta Supports.

In this model, staff would be aligned by function and would have a direct reporting relationship to a Functional Leader with overall accountability for that function. Each region would have a Regional Director that would provide oversight for all regional activities.

A matrix organization provides the Functional Leader with centralized control and oversight for policies, practices and decision making for the function, promoting consistency across regions. A Regional

Director plays an integral role in coordinating different functional units, facilitating understanding and providing oversight for the regional office.

Today’s CEO’s provide an important role in engaging and interacting with the community and individuals served by the program. Regional Directors would maintain this responsibility.

Maintaining a Regional model has some drawbacks as it adds another layer of management to the organization. It may also be more difficult to maintain consistency across geographies if authorities are not clearly defined. The authority of the Regional Director and the Functional Leader would need to be determined, clearly communicated and understood by all staff to avoid the potential for confusion in reporting relationships and development of contradictory policies across regions.

Functional Organization

A functional organization is demonstrated in the diagram below:

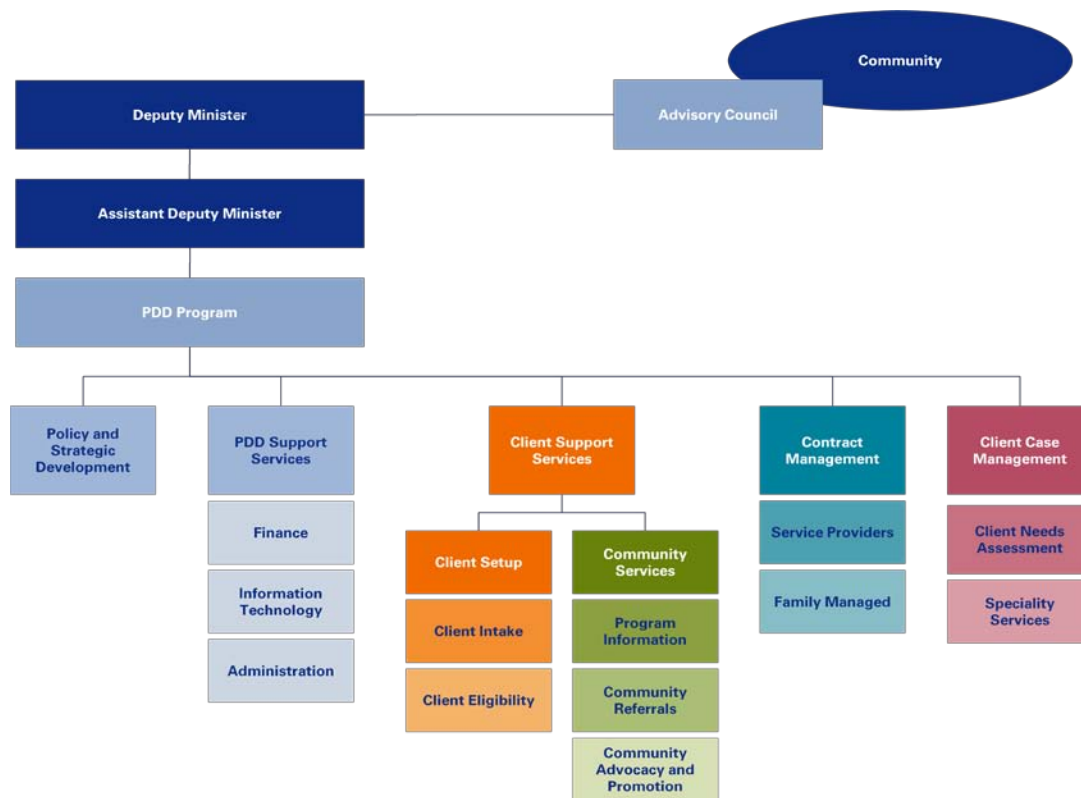


Diagram – For illustration purposes

In the functional approach, reporting relationships would be structured along functional responsibilities Corporate supports (such as Finance, IT), Client supports (intake, registration), Contract management and Case management. The primary advantage of the functional model over the matrix model is that it is a simpler model and easier to define and maintain functional reporting relationships. The disadvantages however is that it loses a critical role that the CEO provides and can lead to dysfunctional behaviours between the functions.

The decision of whether to organize along a matrix or functional approach will ultimately depend on a number of factors, including the degree of coordination that will be required across functions in various Regional offices, the degree to which the connection to the community will need to be maintained through a Regional Director position, the importance of maintaining consistency across functions and processes, and the layers of management required to run Regional units.

It should also take into consideration decisions that are made through the implementation of Alberta Supports.

Optimize the Network of Providers

A strong provider network is critical to the PDD Program. The current provider network in the PDD system is comprised of over 1,100 providers. This includes 257 service providers, 935 family managed administrators and 3 direct operations.

From an administration perspective some delivery mechanisms are more efficient than others – the most costly delivery mechanism is direct operations, while family managed administrators are the least costly. Across the network of service providers we have shown that there is a wide range of administration costs. While we believe some of the variability in costs can be explained, the relative number of service providers with high administration costs as compared to the average cost of administration is extremely high. We believe that the method of procuring for supports which does not promote or encourage best practices, or establish baseline fees for administration has led to a large differential in costs per individual between service providers.

The PDD Program should develop and implement a strategic approach to optimize the network of providers and encourage strong performance. This includes:

- Implementing a competitive approach to procuring for services that promotes bundling of services ,
- Implementing standard benchmarks or fees for service to fund the cost of service delivery expenditures and administration cost,
- Reviewing the opportunity to increase the family managed option and implement a structured program to provide better and consistent support across the province for the family managed option, and
- Considering and developing ways to reduce the reliance on direct operations.

These opportunities are discussed further below:

[Competitive procurement strategy](#)

A competitive procurement strategy should be implemented which will promote strong performers and eliminate poor performers. These performance metrics should address service quality, client outcomes and efficiency measures.

Building performance metrics into contracts is not a new concept. Since the 1980s, performance based contracts have been used successfully throughout the United States to purchase results and manage the performance of Providers. In Delaware select performance indicators from service providers are posted online. In Alberta, other government Ministries such as Alberta Employment and Immigration (employment training) and Alberta Health and Wellness (home care) have been using performance based contracts for a number of years. Alberta Seniors and Community Supports Alberta Brain Injury Network uses an electronic database for service providers to track outcomes for individual clients.

The strategy should encourage service providers to increase the bundling of service offerings and recognize strong performance.

The strategy should promote the provision of service bundles. There are natural bundles of services that individuals will typically be eligible for. For example, individuals typically receive one of the following bundles:

- Community living and community access supports
- Employment and community access supports
- Community living, employment and community access supports

Based on our analysis, by strategically bundling services such that individuals can obtain supports from fewer providers will result in lower administration costs per individual.

Using a competitive procurement strategy, smaller service providers will reorganize and / or consolidate with other service providers which over time will reduce the number in the network.

The bundling of services and / or the reduction of smaller service providers is typically done through a prime contractor model. This type of model is used by many different service sectors, including the delivery of human services in the United States. Procurement is done through a competitive bid process where a request is made for a provider to provide a fixed volume and bundle of services. The prime contractor facilitates the bundling of supports from a number of service providers. The prime contractor does not necessarily reduce the number of providers in a system, but encourages and promotes greater use of shared services and administration across the network.

The optimal number of service providers will be influenced by the following:

- Data analysis to determine the optimal mix of services and size of provider that promotes cost efficiencies while not jeopardizing the effectiveness of services
- Choice of service providers for individuals, families and guardians
- Accessibility

Establish formal benchmarks

Currently, service providers' effectiveness in delivering services is generally based on the review and analysis of units of service provided to individuals. There is little assessment of the overall efficiency of the service providers' administration or service delivery. A detailed analysis of the cost of administration and service delivery should be completed to establish formal benchmarks or fees for service for the cost of administration (service delivery and administration).

Benchmarks should be transparent and service provider results actively monitored and reported.

Family managed program

We recognize that the family managed program will not be a viable alternative for many individuals. It requires family members and others to take on significant responsibilities and requires personal commitment and support that is often not available.

At the same time we heard consistently that there is not sufficient information or support for the family managed option and that with increased knowledge and support more individuals and families would see it as a preferable option. Based on our review we believe that even a small increase in the use of the family managed option can provide significant savings for the PDD Program.

The family managed program should be encouraged through the development of resources such as PDD funded payroll service providers (building on the ERAPS model in Edmonton), information on the program being centrally available, and access to tools and templates that would assist the family managed administrator with hiring, performance appraisals and monitoring of staff and individuals. The majority of information has already been developed and exists in pockets across the Community Boards. Critical to the family managed program is ensuring that families that lack the skills required to manage an agreement and provision services have access to training. There needs to be mechanisms in place that prevent burnout of families who are overwhelmed with service provisioning.

Direct operations

Direct operations, support fewer than 7% of PDD individuals but have the highest administration cost. Direct operations have administration structures that are similar to that of a community-based service provider and conduct many of the same activities, but cost significantly more per individual.

Other Governments in Canada have made the decision to no longer support individuals through facilities owned and operated by their respective province. British Columbia closed its direct operations in 1996 and Ontario invested \$276 million to close its remaining direct operations in 2009.

The Ministry should explore opportunities to reduce the reliance on direct operations as a delivery mechanism where possible.

Recommendations for the Minister

Recommendations

This review by its nature has identified a number of areas where the administration of the PDD Program can be improved. It was focused specifically on the efficiency and effectiveness of the administration of the PDD Program. The recommendations arising from this review will assist in enhancing the current PDD Program in Alberta and make it even better. It will be important that as changes are made to the PDD Program administration, that the fundamental elements of relationship and community engagement are not lost.

For the reasons stated previously, we believe the PDD Program should be simplified and one organization be created. There are significant opportunities to eliminate duplication in the system and to better leverage and share services and best practices. We believe that just reducing the number of boards will not address some of the fundamental issues.

You have asked us for specific recommendations on the future state and the short term. Based on our assessment of the current state we recommend that the Minister:

- Dissolve the six (6) Community Boards and create one organization under the direct authority of the government. We believe the evidence strongly supports creating one organization under the direct authority of the government, eliminating the need for a separate agency with a Board of Directors.
- Establish an Advisory Council to provide for community governance. The Advisory Council would not have fiduciary responsibilities and would report directly to the Minister.
- Adopt a matrix organization model. Under this model, staff will have direct reporting relationships to functional leaders. This model also reflects a need for a Regional Director to replace today's Chief Executive Officer's (CEO). Today's CEO plays a critical role in community engagement and that role needs to be preserved.
- Improve the efficiency of the service provider network by implementing a new procurement strategy to optimize the number, size and efficiency of the service providers within it.
- Implement additional resources to support and enhance the use of the family managed option. We believe that any additional cost incurred would be minimal and would be offset by the enhanced use of the family managed option
- Replace CSS with an integrated case management system that will allow for one view of the individual by both the PDD Program and the service provider network.

The decision to appoint a Board or not, and whether a functional or matrix organization be implemented, will require further discussion by the Ministry. Primarily we believe that a key decision needs to be made as to the level of involvement of the Department and the Minister in the operational affairs of the PDD Program.



The inefficiencies in the current system approximate \$30 to \$35 million. Whether the full amount can be realized or not will depend on a number of factors, including the ability to effect changes in the service provider network, increase the use of the family managed option, and to reduce the reliance on direct operations. These savings do not contemplate the cost to implement any of the following actions. A quantification of implementation costs was outside the scope of our review.

Alignment with Alberta Supports

The Government of Alberta is developing an implementation plan for Alberta Supports. One of the early concepts for implementing Alberta Supports was to bundle services around a client group for transition to the new model, reducing as much as possible the wave of change that individuals, staff and service providers experience.

We believe that the proposed future organization model for the PDD Program could inform and influence the future operating model of Alberta Supports. The implementation of the above recommendations should be coordinated with the implementation of Alberta Supports. More specifically, it will be important to coordinate and integrate the activities that are being undertaken in the Alberta Supports test centers with the changes to the PDD Program.

Actions to Implement the Future State

The following outlines activities and key considerations that would need to be undertaken to implement the future state recommendations.

Organization structure

1. Confirm the future organization and governance model for the PDD Program
2. Establish an Advisory Council
3. Determine the organizational structure

Design and implement common processes

4. Develop common processes for client intake, client eligibility determination, program information, community referrals, community advocacy and promotions, client needs assessment, specialty services, corporate services, contract management and client case management
5. Design and implement new roles and positions
6. Leverage technology to implement the common processes

Service provider network

7. Develop and implement a strategic procurement strategy
 - a. Develop and communicate formal guidelines for service delivery expenditures and administration costs
 - b. Review the approach to contracting and monitoring service provider service delivery and administration costs
 - c. Implement a risk based approach for contracting
8. Develop resources for and promote the use of the family managed program
9. Determine whether service providers need to obtain accreditation
10. Explore opportunities for cost efficiencies in direct operations

Supporting the transition

We also believe ahead of any changes being announced or implemented, that the following actions should be undertaken:

11. Create a Change Management Office
12. Develop a communications strategy

Activities and Key Considerations

Organization structure

1. *Confirm the future organization and governance model for the PDD Program*

A decision is first required on whether one organization will be adopted and if so, whether a Board will be put in place or not. We have suggested that selecting to use either a single agency to administer the Program (rather than the current six) or eliminating the use of a Board altogether and administering the Program directly by the Department needs further discussion. We do not believe that this needs to be a lengthy process however we believe that it is important that the decision is fully weighed against the reasons for and against a Board.

Key considerations:

- Debate should take into consideration key questions from the Agency Governance Secretariat including:
 - Whether there is an ability to clearly distinguish between the development of public policy and delivery
 - The level of autonomy the government is willing to delegate
 - Whether the use of an agency provides for clear and appropriate allocation of responsibilities taking into account the responsibilities of a governing board, agency and department staff
 - The level of involvement of the Minister required in the affairs of the PDD Program in order to balance the broader public interests
- Other factors should also be considered, including the ease for a board versus government to transform the organization
- If a Board model is selected, the role and responsibility should solely be of corporate governance and not community governance. Key responsibilities would include the following:
 - The 'tone at the top' of the organization
 - Oversight of management and financial reporting
 - The development of strategy, business planning, and performance expectations
 - The development of corporate ethics and codes of conduct
 - Compliance with laws and regulations
 - Maintenance of an effective audit function
 - Providing oversight of the risk management and internal control frameworks
- The community governance aspects will fall to the Advisory Council as described below
- If a Board model is selected, the monitoring and reporting functions will need to be clearly defined between the Board and the Ministry

2. *Establish an Advisory Council*

In order to maintain the critical elements of community governance, including the engagement of community members and identification of needs, an Advisory Council should be established. The Council should provide input and a clear depiction of community needs to the Ministry.

Key considerations:

- o Number of members on the Advisory Council and representation requirements across the Province
- o Terms of reference, similar to the existing Core Governance Policies will need to be developed to clearly define the role, responsibilities and reporting line of the Council to the Minister
- o Communicating the role of the Advisory Council to PDD system stakeholders (including individuals, families, guardians, advocacy groups, associations, service providers, etc.)

3. *Determine the organizational structure*

Either a matrix or a functional organization structure could support the future state recommendations to develop common processes.

A matrix structure will organize and align staff by function and would have a direct reporting relationship to a Functional Leader with overall accountability for that function. Each region would also have a Regional Director that would provide oversight for all regional activities.

A functional structure would organize and align staff along functional responsibilities, such as corporate supports (such as Finance, IT), client support services (intake, eligibility), contract management and case management.

The number and structure of regions that are required to support a matrix structure will require consideration of the decisions made for Alberta Supports. Each region will require a main office and then satellite offices and staff will report through this office. If a functional model is selected, staff will report through a Functional Leader and will be located in offices across the province which negates the need for any definition of regions.

Regardless of which organization structure is selected, the functional areas required for the PDD Program need to be validated and confirmed by the Ministry, including the roles and responsibilities.

At a minimum, functions should include: policy and strategic development, support services (finance, IT, administration), client support services, contract management, and client case management.

Key considerations:

- If a matrix structure is selected, the number of individuals served and the number of service providers should be considered in drawing regional boundaries to ensure that there is a critical mass to support a full staff complement
- Clear definitions of roles and responsibilities by function should inform job descriptions
- Skill sets should be defined for each role
- Clearly defined reporting relationships between the different functions will be required
- Management information requirements should be developed for each function taking into account the role and accountability of the function. These requirements should inform the development of the communication process and the implementation of a technology solution

Design and implement common processes

4. *Develop common processes*

Common processes should be developed for the following:

Client intake: processes to support the collection of information about a potential new individual that can be used to determine eligibility, assess needs and provide other required information.

Client eligibility determination: processes to determine the eligibility of individuals against intellectual capacity and an adaptive skills inventory.

Program information: processes that create and publish PDD Program information using a variety of media.

Community referrals: processes that monitor and update lists of generic supports that can be accessed by PDD individuals and those individuals that were not deemed eligible for PDD Program supports.

Community advocacy and promotions: processes that engage the community.

Client needs assessment: processes that determine the level of need of an individual and the corresponding amount of service required.

Specialty services: processes that enable the delivery of psychological, behaviour or other one-time specialized supports through external providers.

Corporate services (finance, IT, administration, policy and strategic development): processes that enable the finance function, IT function, administration duties and activities and the policy and strategic development function.

Contract management: processes that fund, monitor and evaluate service provider or family managed delivered supports. This includes the contracting process and performance management.

Client case management: processes that manage an individual's case file and regularly monitor and adjust supports to meet their needs.

Key considerations:

- o Majority of processes can be re-designed and implemented, while the implementation of the case and contract management functions will require new technology to fully realize efficiencies
- o All processes should be owned and maintained by a centralized role regardless of the organization structure chosen
- o Reporting relationships between the different roles will need to be clearly defined and established

5. *Design and implement new roles and positions*

Based on a comparison to new job roles and job positions, a skills gap analysis should be completed and a plan to address the gaps developed. The skills gap analysis should start with an assessment of existing staff members. This may necessitate providing training for staff to bring them to an acceptable skill level in a new function or termination of positions that no longer align with the new functional model.

Key considerations:

- o When designing the new roles, the required skills should be identified rather than focusing only on the existing skills of the current organization
- o New roles and job positions should clearly identify the role of the PDD Program staff versus those of service providers relating to monitoring and assessing individuals needs or service quality

6. *Leverage technology to implement common processes*

Building on the Alberta Supports vision, a common enterprise case management system should be implemented across the PDD Program. A fundamental principle of Alberta Supports is the need for a common case management system across all social assistance programs to enable an integrated and a client-centric approach to service delivery. The technology solution for the PDD Program should align with decisions made for Alberta Supports.

Using technology, the PDD Program can enable better case management. A case file should allow the PDD Program to store all relevant information about the individual including: information about other participants involved in the case and all financial transactions. It should also capture information about communications between the PDD Program and any provider, any notes recorded for the case and events that occurred as part of the case.

An integrated case managed solution should enable the PDD Program to manage its providers (both service providers and family managed) and allow the creation of one client file common to both PDD Program staff and external stakeholders. In addition, the system should be able to store the information about each provider and their service offerings, license and contract information, provide a framework to manage capacity and functionality to pay providers for the services offered. An integrated system would significantly reduce the time spent on invoice generation by the provider and on the payments made by the PDD Program. There should also be an interface that provides access to client case files and other information that the PDD Program may wish a provider to report on.

Technology will also assist with workflow management by supporting the automation of business processes and allowing work to be routed among individuals and other organizations.

Key considerations:

- The technology solution should align with Alberta Supports

Service provider network

7. *Develop and implement a strategic procurement strategy*

A detailed analysis should be completed to determine business requirements that will promote greatest administration cost efficiencies. The analysis should include:

- An assessment of required capacity based on individuals current needs
- The current capacity of the service provider network and any gaps or excess capacity in the system
- The identification of leading service providers taking into consideration both quality of service delivery and cost of administration. This analysis should reflect best practices, as well as the relative size of service providers, the number of clients supported, the number of supports delivered
- The bundles of services that are most cost effective

This would build on the analysis completed through this review and the work that has been completed by the Calgary Region Community Board.

Key considerations:

- A goal should be to have a one-to-one ratio (i.e. an individual would receive a full range of services from one provider) where ever possible. To achieve this, further analysis will need to be completed to determine what changes would be required to the network to move individuals under a single provider
- An analysis will need to be completed to determine the impact on individuals of strategic procurement
- The future needs of the PDD Program should be considered as part of the detailed analysis

- a. *Develop and implement standard rates for administration costs (both service delivery expenditures and administration costs)*

Standard rates for service delivery and administration funding should be developed to promote best practice and support equity in the system.

Based on the detailed analysis establish rates for service delivery expenditures and administration. Rates may vary by the nature of supports delivered, but should generally be consistent for the number of individuals served and the number of supports provided. Rate schedules should be consistent and applied across the province.

Additional funding to address and build capacity within an area should be done on an exception basis and outside of the normal contracting process for supports.

- b. *Review the approach to contracting and monitoring service provider service delivery and administration costs*

The PDD Program should work with and evaluate each provider according to pre-defined performance metrics in order to determine if the supplier is meeting, exceeding or not meeting the program's service requirements.

This information could be compared against the administration cost per individual of providers to establish a clearer picture of the relationship between cost and performance. This will help to assess which are high or low performing providers.

Key considerations:

- o Need for creating a logic model for the program at the provider level (connecting inputs, outputs and outcomes) and determining which outcomes can reasonably be measured
- o Need for validating measures with internal and external stakeholders and determining which measures can/should be publicly communicated
- o Need for developing data collection processes
- o Change in contract requirements to incorporate performance elements
- o Incorporate defined outcomes into the contracting process with incentive / penalty structures (not necessarily tied to compensation)

- c. *Implement a risk based approach for contracting*

Develop and implement a risk identification process and apply this to the current contracting process. For example, explore how to simplify reporting and monitoring requirements for situations considered low risk (e.g., quarterly reporting, multi-year contracts, flexibility in allocating funding between approved supports), and increase reporting and monitoring requirements and supports for situations deemed high risk.

Review specific clauses in the family managed contract to simplify language and responsibilities, and increase flexibility. As part of the PDD program's annual review of contract templates we

understand that there are potential changes to contract clauses that have been identified through other review processes and family managed consultations that are currently being discussed with Alberta Justice.

8. *Develop resources for and promote the use of the family managed program*

Develop common processes and communication tools for PDD Program staff to use when informing families of funding options, including the family managed option (examples include common brochure, personal stories, videos, information sessions, website, adopting resources / tools).

Education and awareness should extend to PDD Program staff and others in government that deliver assistance to adults with developmental disabilities, such as the Family Support for Children with Disabilities (FSCD) program and Assured Income for the Severely Handicapped (AISH).

Develop and post information to a website on family managed in a variety of easy to understand formats (e.g. provincial guide, checklists, Frequently Asked Questions, instruction sheet to accompany contract).

Develop and implement best practices for family managed option province wide leveraging tools and approaches that already exist by Region (e.g. guide to best practices in recruiting and hiring staff and best practices regarding methods to assist families in being successful with family managed, including elements from Calgary's Family Resource Center; Edmonton's contract with Residential Aide Payroll Services (ERAPS) and Gateway Association for Community Living; South's family newsletter; and Central's FMS handbook).

9. *Determine whether service providers need to obtain accreditation*

There are multiple entities that assess service provider compliance with standards, including the requirement for service providers to be accredited. The PDD Program needs to determine what accreditation means and what purpose it serves.

The PDD Program should consider whether accreditation is necessary in terms of the risks the program is trying to manage and whether accreditation is the most appropriate way to manage those risks.

Key considerations:

- A detailed risk framework should be developed that identifies and quantifies key risks to the PDD Program. The risk framework should be compared to current processes and bodies that provides an assessment of the management of key risks.
- Assess program risks that the accreditation process is attempting to address and an assessment of whether these are being met through the current Creating Excellence Together (CET) standards
- Assess the differences between CET standards and other accreditation standards used in the human services sector
- Assess the current benefits of accreditation through the Alberta Council of Disability Services (ACDS)

- Compare the cost of accreditation through ACDS versus other accreditation bodies.
- Conduct a risk assessment by service provider and match this to CET accreditation to indicate whether the process is meeting PDD's needs

10. *Explore opportunities for cost efficiencies in direct operations*

The PDD Program should consider what cost efficiencies it can realize from its direct operations.

Key considerations:

- Community capacity for individuals from the direct operations
- Preference of families or individuals
- Need level of individuals and associated funding required to sustain service levels if external providers are used
- Comprehensive stakeholder analysis and communications plan will be required to support any fundamental changes to the direct operations

Supporting the transition

The future state recommendations propose fundamental changes in the current organization model and delivery network.

11. *Create a change management office*

We would recommend that the PDD Program create a CMO (Change Management Office) to plan and guide the changes. The CMO will help bring skills, support and execution discipline. The CMO guides the transition starting with the development of a change strategy, implementing project and program management best practices, communications and interventions, leadership coaching, building capabilities for PDD Program staff to enable them to deliver on the changes, and helping to design the key organization enablers like measurement and reporting, and performance management— all these skills are necessary to ensure that the new organization is effective and self-sustaining.

As an important first step, a transitional plan should be developed that will guide the changes and identify critical activities and milestones. The change strategy should be developed ahead of final decisions being made. There is significant risk if changes to move to one organization are announced or communicated to stakeholders prior to having a plan that will inform PDD Program staff and provincial stakeholders of how and when changes will be made.

12. *Develop a communications strategy*

In conjunction with the creation of a CMO, a formal communications strategy should be developed. Furthermore, very early on, even as part of communicating the results from this review, key messages should be developed that address what is currently working with the PDD Program's administration, what is not working, and how the proposed changes will improve the PDD Program.

The communication strategy should identify each of the key stakeholder groups / audiences to be addressed (such as Community Boards, Department staff, service providers, family managers, families, guardians, individuals, ACDS and AACL). Messages should be developed that communicate the “what’s in it for me” to each stakeholder group, but we would also suggest that these messages need to reflect how the changes will benefit the individual in the PDD Program. Different forms of messaging should also be used to quickly communicate what the changes might mean. Appendix A provides for some simple illustrations of what the proposed changes mean.

A risk catalogue should be developed based on each stakeholder group to identify all of the potential barriers to change – for example, how service providers will react to the strategic procurement recommendations.

The strategy should also start to align the multiple Community Board and government websites for the PDD Program, with the ultimate objective of developing one source of information to ensure consistency in the messaging of any changes.

Finally, the strategy should address a need to develop a common and consistent understanding of the role and mandate of the PDD Program, including what the PDD Program does fund, what it does not, and the necessary support that is required from the community.

Timelines

Opportunities that can be implemented in the short-term (12 to 18 months), regardless of the organization model selected include:

- Develop common processes (Future State Action #4)
 - Streamline the corporate support functions in the Community Boards and the PDD Program Branch. Notwithstanding that ideally this change would be made in context of moving to one organization, a shared service model could be considered as an interim step.
- Develop and implement a strategic procurement strategy (Future State Action #8), including
 - Develop and communicate formal guidelines for service delivery expenditures and administration costs (Future State Action #7.a)
 - Review the approach to contracting and monitoring service provider service delivery and administration costs. (Future State Action #7.b)
 - Implement a risk based approach for contracting (Future State Action #7.c)
- Develop resources for and promote the use of the family managed program (Future State Action #8)

The estimated annualized savings that could be achieved from these actions approximate \$8 million.

Opportunities that will take longer to implement, regardless of the organization model selected, include:

- Determine whether service providers need to obtain accreditation (Future State Action #9)
- Explore opportunities for cost efficiencies in direct operations (Future State Action #10)

Opportunities that would be easier to implement with one organization include:

- Establish an Advisory Council (Future State Action #2)
- Develop common processes for client intake, client eligibility determination, program information, community referrals, community advocacy and promotions, client needs assessment and specialty services (Future State Action #4)
- Design and implement new roles and positions (Future State Action #5)
- Leverage technology to implement the common processes (Future State Action #6)

Appendix A – Illustrating the Changes

Some simple illustrations⁸ that may be used as part of a communication strategy to communicate quickly what the changes mean.



The system empowers individuals, families and guardians to find the supports they need.



The PDD Program recognizes that Alberta is one community.



The PDD Program provides a consistent and common approach to communication, administration and to access.



The result is a common outcome regardless of where the individual comes from within the province.



One network of support, provided by one organization, recognizing the importance of connection with the community, balancing the need for decision making close to the individual with a model that promotes equity and consistency.

⁸ Illustrations were prepared by DecisionWorks

Appendix B – Project Methodology

Our review was governed by the terms of reference outlined by the Minister of Community Supports. To develop an assessment of the current state of the PDD Program’s governance, operating model, and network of delivery mechanisms, KPMG collected and analyzed information from a number of different sources and obtained input from a broad spectrum of stakeholders from across the province.

Surveys

KPMG distributed approximately 1,200 surveys to Community Board members, Community Board staff, Executive Directors for the direct operations, all service providers and family managed administrators.

As of the close of the survey, a total of 630 responses were received, with the following response rates:

- Community Governance (69%)
- Community Board Operations (76%)
- Direct operations (100%)
- Service providers (70%)
- Family managed (35%)

Focus Sessions and Interviews

Focus sessions and interviews were held in all Regions with select members from the above stakeholder groups. A total of 235 participants provided input through interviews or focus sessions:

- Community Governance (8 Board Members)
- Community Board Operations (64 Staff / Managers and 6 CEOs)
- Direct operations (3 Executive Directors)
- Service providers (56 Executive Directors or Designates)
- Family managed (23 Administrators)
- Families / Guardians / Self Advocates (48 Members)
- Office of the Public Guardian (8 Public Guardians / Representatives)
- Program Branch (17 Staff / Managers / Directors)
- Alberta Association for Community Living (AACL) and the Alberta Council of Disability Services (ACDS)



Document Review

Data was collected from each Community Board– including key operating metrics, operational procedures, job descriptions and organizational charts. Financial data from IMAGIS and client data from the Consolidated Service System (CSS) was obtained for all individuals receiving supports and all service providers and family managed administrators contracted by the PDD Program. Key financial results were also received by some service providers as well as the direct operations.

Through the review, KPMG did not conduct an assessment of individual service provider operating procedures or financial results, but looked at the administration cost of the network of service providers in comparison to each other and across the PDD Program as a whole. The data analysis was correlated with the results of the surveys and focus sessions to understand the underlying issues and reasons for the variability in costs.

Leading practices

KPMG reviewed nine other jurisdictions in Canada, the United States, Australia and the United Kingdom to understand approaches to governance, operational models and service delivery structures that would improve the long-term sustainability of the community service delivery operating model for PDD.

Appendix C – Glossary

Agency Governance Secretariat: promotes continuous improvement in good governance by supporting departments and agencies to implement the *Alberta Public Agencies Governance Act* (APAGA), guided by policies in the Public Agencies Governance Framework.

Board: refers to the governing body of the Community Board, which is comprised of the Chair, Vice Chair (if designated) and Board Members.

Client Service Coordinator or Coordinator: PDD Program staff function involved with clients, determining and adjusting supports to meet their needs and regular monitoring of the supports received from service providers or family managed programs.

Community Board: refers to the entire Community Board organization, including the Board of Directors, the Chief Executive Officer (CEO and Community Board staff.

Contract Manager: PDD Program staff function involved in managing contracts and relationship with service providers.

Direct operations: facilities owned and operated by the Government of Alberta where individuals with developmental disabilities receive supports.

Family managed program: an option within the PDD Program, whereby a family managed administrator hires staff or service providers to provide the funded support for their family member with a developmental disability.

Family managed administrator: refers to the family or guardian that enters into a contractual arrangement with PDD to administer supports for an individual either by hiring staff or a service provider.

Individuals: persons with a developmental disability who receive supports from the PDD Program.

PDD Program (PDD): provincial government program that provides funding for staff supports for adult Albertans with developmental disabilities.

PDD Program Branch: a unit within the Department of Seniors and Community Supports.

Providers: generic term to refer to all those who provide services and supports to individuals with disabilities (includes both family managed administrators and service providers).

Region: refers to one of the six regions that the PDD Program has operations and provides support.

Service providers: agencies that provide services and supports for individuals with developmental disabilities. The total number of service providers noted in this report includes 189 service providers delivering supports to individuals and 68 organizations that received administration funding for special projects.



Service provider network: refers to the collective group of service providers delivering supports in any Region or across the Province.

Supports Intensity Scale (SIS): a tool used to evaluate the supports requirements of an individual with a developmental disability. The SIS measures the frequency, amount and type of supports an individual needs to participate in areas such as home living, community living, lifelong learning, employment, health and safety, and social activities.

Appendix D – Sources

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