

Measuring Systems Change and Quality Improvement through Statewide Investments in Therapeutic Residential Care

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Background

Many countries and U.S. states are focused on ensuring access to high-quality mental health care for children and youth, including services offered through therapeutic residential care (TRC). In 2024, North Carolina invested \$80 million to transform its youth and child behavioral health systems, with a substantial share directed at improving TRC quality.

The primary goal of the statewide investments is to ensure children with behavioral health needs receive suitable, essential, child-centered, trauma-informed, and high-quality services, so that as many children as possible can remain in or return to a home setting.

Partnering with a university research team, the NC Department of Health and Human Services is evaluating these investments and residential quality, focusing on system-wide effects on target populations.

Investment Aims & Questions

The investments were targeted to three areas to support the quality and capacity of TRC services in the state. Associated evaluation questions were developed for each investment area.

1. Increase quality and management of residential care

- Do facility improvements create physically safe centers and improve experience of care?

2. Build specialty residential care capacity

- Do added specialty beds improve access to specialized care?
- Does specialized capacity improve outcomes for youth with complex needs?

3. Address residential licensure backlog

- Does added licensure staffing speed access to licensed TRC programs?
- Does it improve TRC access for priority populations?

Evaluation Plan

Key TRC investment outcomes:

- Reduce readmissions to residential care
- Shorten length of stay in residential care

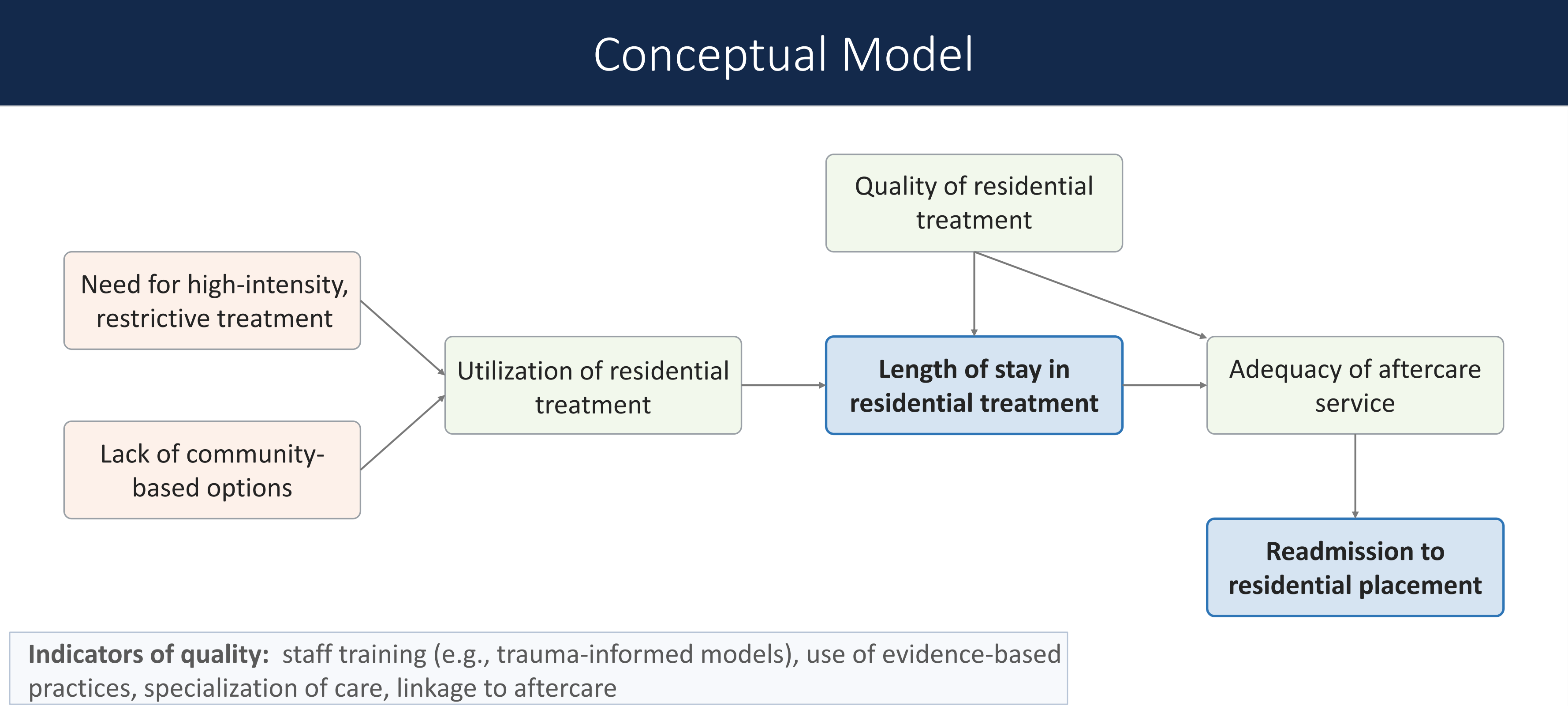
Initiatives are planned to be evaluated using data from:

- Multi-sector administrative data (e.g., health claims, expenditure reports, critical incident logs, staff training reports)
- Primary data collection (e.g., family and youth surveys, staff surveys, provider focus groups)

Residential quality will be examined through descriptive trend analyses, to monitor outcomes over time and to assess changes in the perceived environment of care and safety after facility improvements.

Logic Model

Strategy	Inputs	Activities	Outputs	Short-term	Intermediate	Long-term
Increase quality & management of residential care	•Environment of Care and Safety Initiative •Residential quality assurance •Quality contracting	•Facility repairs and renovations •Ukeru safety model •Develop QA system •Quality-based contracting	•Funds spent by category •Provider and family experience surveys •Critical incidents •Youth discharge plans	•Facilities repaired and renovated •More providers reporting standardized quality measures	•Better experience of care •Emotional-regulation programming •Physical and psychological safety •Fewer critical incidents	•Fewer children sleeping in county child welfare offices •Less emergency department boarding •Fewer readmissions to out-of-home care
Build specialty residential care capacity	•Specialty residential beds •Enhanced rate beds	•Fund specialty beds in psychiatric residential treatment facilities	•Facilities providing specialty care •Provider and family surveys	•More facilities providing specialized care	•Fewer referral denials for specialized needs	•Shorter length of stay in out-of-home care •More foster youth with behavioral health needs living in a home setting
Address residential licensure backlog	•Licensure staffing	•Add licensure staff to clear the application backlog	•Applications processed •Time from referral to placement	•Faster application processing •Smaller application backlog	•TRC system capacity •Shorter time from referral to placement	



Key Insights

To increase trauma-informed care, the state has invested in the quality of residential treatment, with initiatives focused on:

- The built environment of care
- Delivery of therapeutic interventions within TRC setting through specialized treatment for priority populations)
- Innovative trauma-informed crisis intervention training

Through a systems-oriented lens, the evaluation is structured to examine interconnection across systems outside residential care, including the emergency department and home- and community-based services.

Toward a Quality Assurance Approach

North Carolina is working toward a system-level **quality assurance and performance improvement (QAPI)** approach for TRC. In this developing model the state will pilot an external QA role, building a process for monitoring quality across providers, while developing internal capacity for performance improvement (PI) within individual facilities. This system-level approach builds on North Carolina's experience with quality improvement programs such as Transitions to Community Living (TCL) and NC Medicaid. Key components of this TRC QAPI system will likely include:

- Standardized measurement:** facility profiles summarizing performance across standardized domains, reported on a regular cycle
- Potential data sources:** administrative data combined with primary data such as structured quality surveys of youth, families, and staff (for example, a North Carolina adaptation of Florida's Quality Standards Assessment)
- Outcome monitoring:** trends tracked across investment areas over time
- Learning over time:** quality information informs state and provider decisions as evidence accumulates

Implications for Policy & Practice

Reorienting an entire state’s TRC system toward quality is a long-term and complex challenge. This evaluation and improvement plan shows the potential to systematically strengthen the continuum of care for children and families by:

- Integrating improvements across systems
- Targeting high-needs populations
- Using responsive, data-driven learning

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Disclosures

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