



Better Solutions -
Improving Lives
Worldwide

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MAXIMUS

Today

1. Introduction to MAXIMUS
2. The importance of **Competition**
3. The **evolving global market** – driven by Government demand
4. **Key elements** of a successful Welfare to Work service provider
5. Questions

MAXIMUS Business Overview



- A global *government services* firm providing health and human services program management, consulting and technology services
- Founded in 1975 with the mission “*Helping Government Serve the People*”
- 8,000 employees in more than 220 offices in the United States, Australia, Canada, and United Kingdom
- For-profit, publicly held firm, traded under the symbol MMS on the New York Stock Exchange
- Excellent financial condition – over \$150 million in cash, no debt and a strong revenue base (\$910 million in estimated revenue for fiscal year 2011)

MAXIMUS - Our Core Focus is on Health & Human Services



Health Services

BPO and administration
of public health programs

Health appeals

Specialized &
eHealth services



Human Services

Employment Programs

Welfare to Work

Children's services

Specialized consulting

Our Mission is Helping Government Serving People



MAXIMUS Workforce Services



- One of **the largest** and most experienced providers worldwide
- Pioneered outsourcing of welfare employment programs since 1988
- Design and management of wide ranging programs from highly prescriptive to flexible 'black box' solutions
- Experience with over 75 contracts across the US
- Strong international presence
 - Australia (1999): 74 locations – 1,100+ staff
 - United Kingdom (2008): 44 locations – 250+ staff
 - Israel (2006-10): top performer – successful pilot program completed
 - Canada (2011): 2 locations (Kelowna) – 50 staff
- Fully integrated approach to job solutions for all categories: combining vocational, health, and training solutions to optimize outcomes
- Track record in providing solutions for international government clients

Is competition important?

How do you balance the public interest with shareholder interest in the Welfare to Work environment?



Competition

For example:

When the GAIN program was introduced in **California**, it was found to increase average earning of participants (cf participants in existing community based services) by 25%, and reduce welfare spend by 8%¹.

Introducing pay-for-performance models in the **Netherlands** increased job prospects by 5-10%, decreased the unemployment duration, and reduced average cost per case from approximately €4700 to just €2750².

The **Australian** model experience is similar, with increases in job performance seen³ while the average 'cost per case' reduced by 65% within four years of being introduced (overslide).

Competition

Pros	Cons
Element of 'Best Value' equation	Leads to unrealistic price / performance offers
Forces providers to look for as many savings as possible – good for public purse	Ignores welfare bill and other cost savings from increased performance (e.g. may end up with a cheaper per outcome price, but fewer outcomes, and so overall effect is negative)
Allows for new entrants from innovative practices	Reduce emphasis on past performance

“Too great an emphasis on cost reduction undermined service quality” – Prof. Dan Finn

(From: Lessons from contracting out welfare to work programmes in Australia and the Netherlands, (Nov 2008), Joseph Rowntree Foundation).

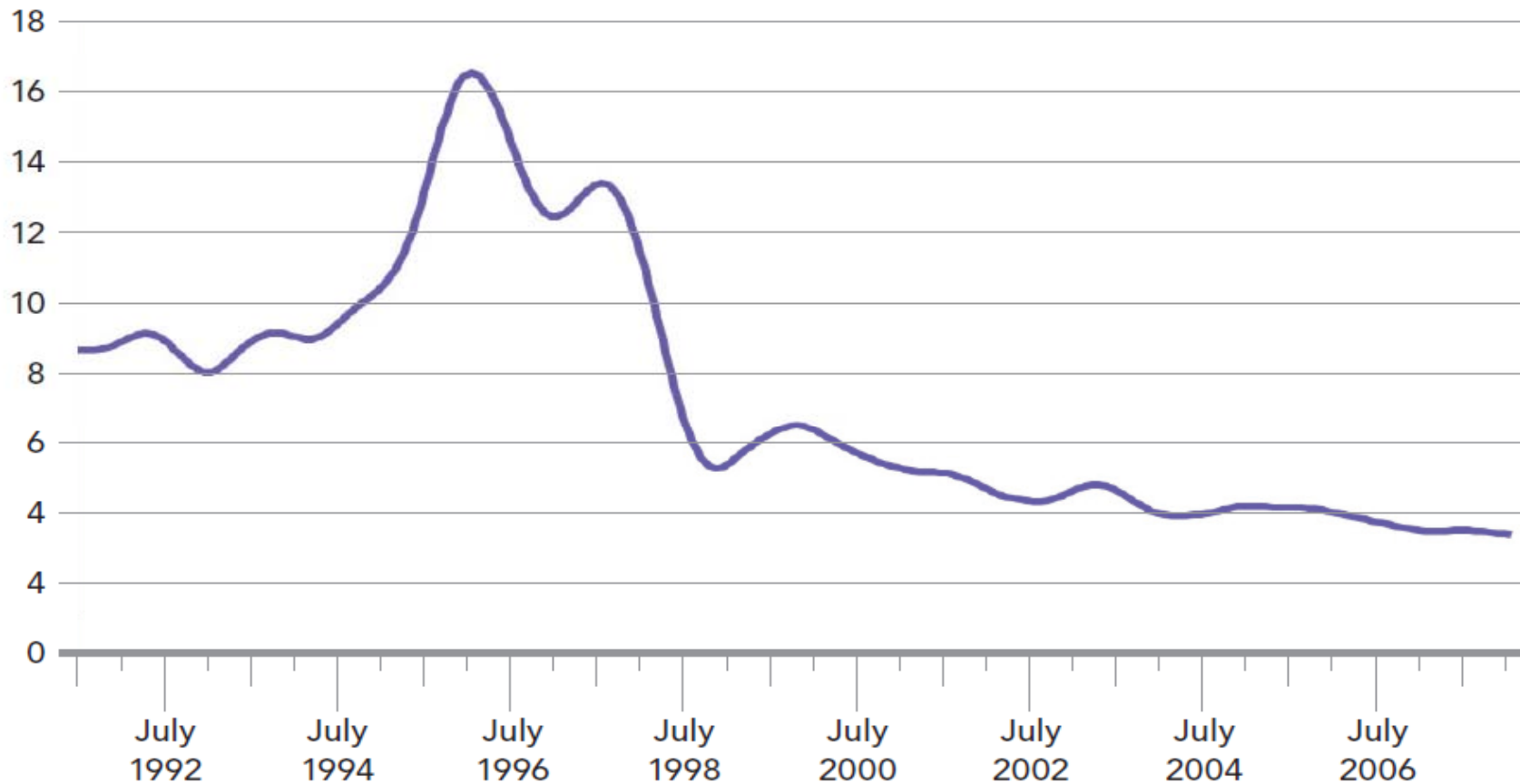
Such price competition has been abandoned in Australia and the Netherlands.

Best Value for Government ≠ Price

$$\text{Best Value} = \frac{\text{Outcomes That Matter}}{\text{Price Per Outcome}} \times (\text{Probability of achieving, based on past performance})$$

Competition

Cost Per Employment Outcome Decreased Since Commencing Outsourcing in 1998 (in 1,000 \$AUS)



Source: Department of Education, Employment, and Workplace Relations (DEEWR) Administrative Systems and Post-Program Monitoring Survey.

Competition

Using another measure

Average duration of unemployment per labour force member, June 1985 to June 2010



Source: Labour Market Information Portal, Department of Education, Employment and Workplace Relations.
<http://www.deewr.gov.au/lmip>

MARKET OUTLOOK: International Environment

- Generous public benefits seen as unaffordable going forward in many developed economies
- Austerity measures to deal with the financial crises in developed economies and civil unrest are creating opportunities
 - Plans to reform welfare, health care, eligibility, and “mutuals” in UK
 - Employment services initiatives in Spain, Poland, Netherlands, Slovakia, and other European Union (EU) member countries
 - Increased funding expected to deal with youth as result of the UK August riots
- Increase in governments’ openness to outsourcing and favoring US and Australian models
 - Much interest in our Wisconsin Works model, especially in Eastern Europe
 - Canadians are favoring the Australian model



Right Honorable Iain Duncan Smith, MP, Secretary of State for UK Department for Work and Pensions

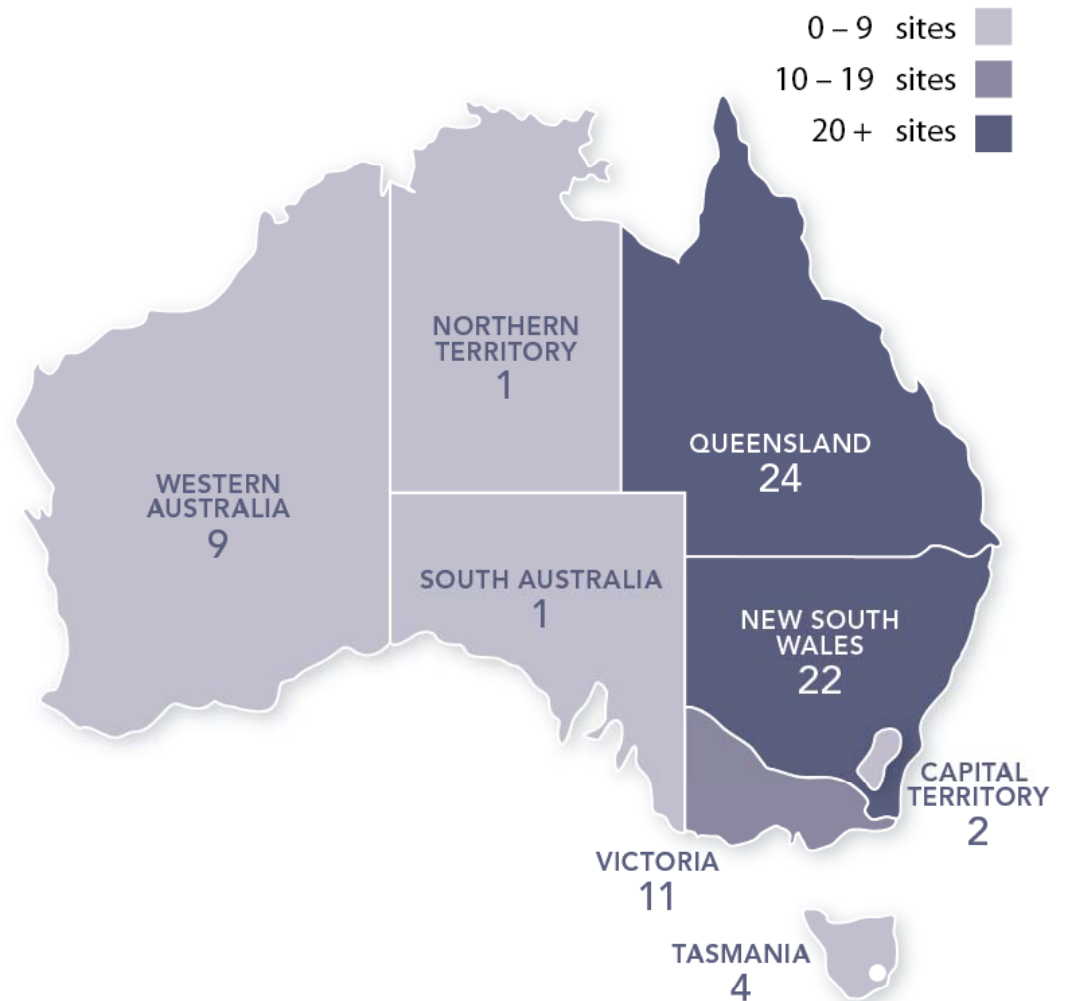
National Leader in Australian Employment and Disability Services

Finding Jobs, Changing Lives

- 74 full-service employment sites
- 55 outreach centers
- Job Services Australia
- Disability Employment Services
- National Green Jobs Corps
- One of the best ranking companies in the Star Rating

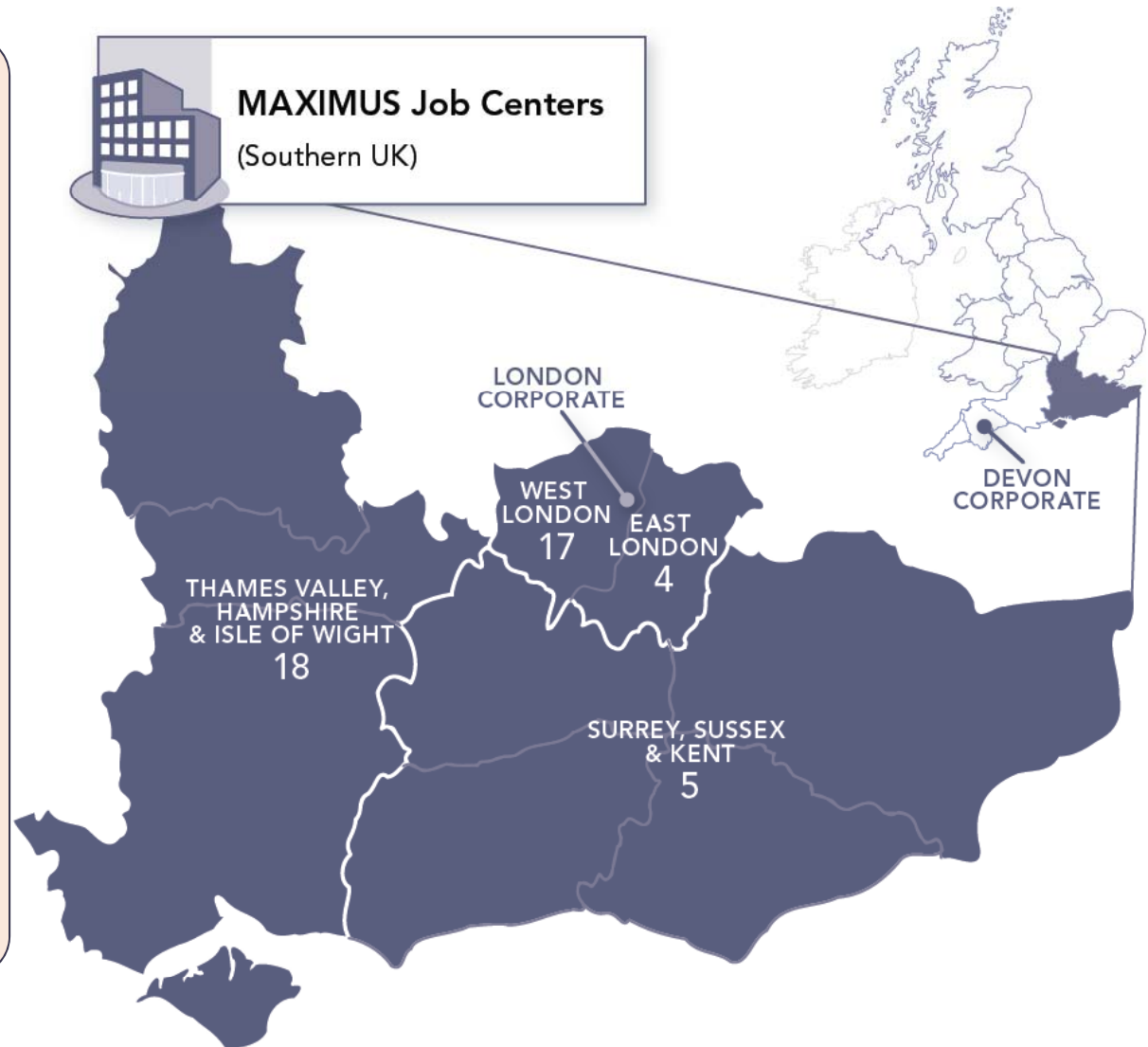
Primary Services

- Intake, assessment, job placement and retention
- Accredited skills-based and workplace training
- Employment support services
- Provide “work ready” candidates



The United Kingdom's Work Programme

- Launched June 15th; fully operational July 4th
- 44 delivery locations
- Key management and staff in place
- Launched Technology and WorkQWEST™ systems
- Under the Flexible New Deal contract, ranked number one in job placement and retention



Key elements for success in Welfare to Work

Our Approach: Guiding Principles

MAXIMUS has implemented many highly visible, new, large-scale public programs on tight time lines. A good start is critical to long-term success.

- Alignment: Our job development strategy aligns with the government's austerity measures and need to create outcomes that matter.
- Collaboration: Strong local partnerships are key to success. We create partnerships across multiple sectors including the public, private, and third sector to leverage resources, expertise, and support.
- Capacity: Organizational and financial capacity support rapid assess, design, deploy, and manage cycle of highly visible, complex public programs.
- Quality: Quality management and continuous improvement practices help ensure comprehensive performance delivery.
- Innovation: Innovative solutions support performance and create value added economies and efficiencies.
- Performance: All efforts are directed to meeting or exceeding all performance targets year after year.

Concluding Remarks

Summary

1. Competition builds stronger provider performance
2. The market is wide open to a diverse range of individual providers and consortia
3. Viable contracts that focus on rewarding the best providers are the most successful
4. Reward based on outcomes
5. Involve community groups and local governments in solutions
6. Provide an incentive for employers

Questions?