

Indiana Part C 2008 Verification Visit Letter
Enclosure

Indiana's Part C program, First Steps, is a component of the Bureau of Child Development Services in the Division of Disability and Rehabilitative Services (DDRS) of the Indiana Family and Social Services Administration (FSSA), the State lead agency. First Steps State staff include the Part C Coordinator, five employees (called "Consultants") who manage various program areas, and two administrative staff. First Steps is implemented at the local level by: (1) nine local early intervention service (EIS) programs called System Points of Entry (SPOEs), each of which contracts with FSSA to serve a cluster of geographical counties; and (2) service providers with which FSSA contracts directly.

SPOEs submit renewal applications annually with amendments to their full applications and compete every four years by submitting a full application to the State. Each SPOE hires its own staff, which includes the SPOE director, service coordinators, and data entry and administrative staff. Each SPOE is responsible for service coordinator functions, including intake, evaluation, assessment, Individualized Family Service Plan (IFSP) development and review/revision, and other service coordination functions. FSSA contracts directly with early intervention service providers, who, in coordination with the service coordinators, conduct evaluations and assessments, participate in the IFSP process, and provide early intervention services consistent with the IFSP. While FSSA has the primary responsibility for monitoring service providers, the SPOE staff interact with providers during evaluation and assessment, during the IFSP development/review/revision process, when monitoring the implementation of the IFSP, and when assisting families with selecting service providers. FSSA maintains a provider matrix where families can research provider training, philosophy, and the geographic areas in which they work. Providers that conduct evaluation activities for a specific SPOE cannot be service providers for families in that SPOE.

FSSA reported in its Part C Federal Fiscal Year (FFY) 2006 annual performance report (APR) that it served 9,547 infants and toddlers with disabilities representing 3.66% of the State's population from birth to age three. FSSA has adopted the Part C due process hearing procedures under 34 CFR §303.420 to resolve individual child disputes under Part C. FSSA has adopted a State system of payments under Part C of the IDEA and does not charge indirect costs to its Part C grant.

I. General Supervision

Critical Element 1: Identification of Noncompliance

Does the State have a general supervision system that is reasonably designed to identify noncompliance in a timely manner using its different components?

Verification Visit Details and Analysis

Components of General Supervision System

FSSA reported that it uses its general supervision system to identify SPOE and provider noncompliance and assess technical assistance and training needs. The major components of the general supervision system that FSSA uses to monitor SPOE performance are the following: quality assurance (QA) visits that are combined with self assessments; database reviews; SPOE audits; dispute resolution system; improvement plan reviews; progress reports; SPOE audits; technical assistance (TA); and Local Planning Coordinating Committee (LPCC) meetings. The general supervision system components that are used by FSSA to monitor provider performance include audits, database reviews, dispute resolution system, and training.

Monitoring SPOE Performance

FSSA conducts an annual monitoring QA visit with each SPOE. Two Quality Review (QR) monitoring teams, consisting of service coordinators, providers, parents, and First Steps State staff, conduct these visits. FSSA requires SPOEs to complete an annual self assessment to identify concerns that may need further review during a quality assurance visit. As part of the visit preparation process, QR teams review the SPOEs' self assessments and database reports and undergo training to ensure consistency in the use of the monitoring protocol.

As part of the QA visit to each SPOE, the QR team conducts interviews, reviews child records, and conducts a database review. When conducting visits prior to FFY 2008, the QR teams focused on all annual performance report (APR) indicators, previous monitoring issues, and other statewide priorities. In FFY 2008, the QR teams began focusing on APR indicators with data reflecting noncompliance and other areas aligned with best practices (e.g., natural environments, parent satisfaction and provider satisfaction).

At the completion of a visit, the QR team holds an exit interview with SPOE staff to discuss noncompliance and assist the SPOE in developing an improvement plan. FSSA must approve the plan, and the QR team monitors implementation through quarterly progress reports. The QR teams conduct monthly TA activities with SPOEs to monitor progress towards improvement and as a mechanism to identify and address training needs. They provide this TA through monthly calls or by targeted on-site TA. Quarterly LPCC meetings also assist FSSA with identifying training and TA concerns.

FSSA uses its dispute resolution system to monitor SPOE performance. It reviews formal complaints, concerns, and hearings to uncover SPOE violations of Part C and State regulations. Depending upon the violation, FSSA may require the SPOE staff to undergo training, submit progress reports, or may cancel a SPOE's contract with FSSA.

Another mechanism used by FSSA to monitor SPOE performance is audits. FSSA uses audits to examine SPOE performance by reviewing service coordinator and SPOE director activities. FSSA staff look for trends in service coordinator performance, review service coordinator files, monitor SPOE director performance, and review the semi-annual reports SPOEs submit to FSSA on their progress towards achieving outcomes that are specified in their contracts.

Monitoring Provider Performance

As stated earlier, FSSA contracts directly with EIS providers and supervises their performance. Providers are responsible for provision of all Part C services on the IFSP. FSSA requires external auditing of ten percent of First Steps' provider contracts every other year. FSSA conducts database reviews and examines file records related to timesheets, activity logs, and IFSPs. FSSA also pays close attention to provider performance as it relates to impact on timely provision of services, 45-day timelines and transition planning. Each such audit covers two years' worth of provider data.

In addition, FSSA conducts risk assessment audits of providers. These audits are triggered by providers who bill over a specific number of hours or dollar amount per day or by family complaints regarding providers who bill for unfulfilled services. FSSA also audits provider credentials and licenses to determine if they are current.

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FSSA uses its dispute resolution system to monitor provider performance. It reviews formal complaints, concerns, and hearings to uncover provider violations of Part C and State regulations. Depending upon the violation, FSSA may require a provider to undergo training or submit progress reports, or may cancel a provider's contract with FSSA.

Process for Issuing SPOE Findings

At the conclusion of the QA visit, the QR team debriefs the First Steps State staff and drafts an initial report. These initial reports identify areas of noncompliance. FSSA finalizes each monitoring report and includes the findings for SPOEs exhibiting noncompliance. FSSA then issues reports to all nine SPOEs at the same time.

FSSA reported to OSEP that its current monitoring process results in FSSA conducting QA visits in one FFY and then issuing a report (with findings from the visit) to all nine SPOEs at the same time in the next FFY. Typically, FSSA conducts QA visits between late spring and early summer, and then holds the monitoring reports for these visits until they have reviewed a full year's data from its database report shortly after June 30th of each year. Approximately 90 days after reviewing the database report, FSSA finalizes the monitoring reports and issues findings of noncompliance to its nine SPOEs. FSSA staff indicated that FSSA makes findings of noncompliance at other times during the year based on systemic issues. FSSA defines noncompliance as anything less than 100 percent compliance.

In FFY 2006, FSSA conducted QA visits between April and June 2007. The QR team compared child record data with database information for the three-month period of January through March 2007 covering initial IFSPs, six-month IFSP reviews, annual reviews/redeterminations, and transition. The QR teams examined a minimum of two records per service coordinator and used sampling to gather information on APR Indicators 1 and 8A. In August and September 2007, FSSA generated a full-year FFY 2006 data report from its database covering APR Indicators 7, 8B, and 8C. After reviewing the full-year database information, FSSA finalized the monitoring reports and issued findings to SPOEs in November 2007.

During the verification visit, OSEP provided TA to FSSA on how it could restructure its monitoring cycle to shorten the period of time between its monitoring visits and the issuance of findings of noncompliance and issue monitoring reports in the same FFY that it conducts the monitoring visits. As a result of this TA, FSSA indicated that it would begin to conduct monitoring reviews in January and February and issue monitoring reports with findings by March of that same year.

In addition to making findings of noncompliance based upon QA visits and database reports, FSSA uses its dispute resolution system to uncover SPOE noncompliance. FSSA issues findings of noncompliance to SPOEs that are found in violation of Part C or State regulations.

Process for Issuing Provider Findings

When providers are found in violation of Part C or State regulations, FSSA issues findings and specifies the required corrective action. In some instances, FSSA finds a relationship between provider noncompliance and noncompliance exhibited by SPOE staff, such as service coordinators. When this occurs, FSSA issues findings against both the provider and its corresponding regional SPOE.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP finds FSSA has a general supervision system that is reasonably designed to identify noncompliance using its different components. Without collecting data at the local level, OSEP cannot determine whether FSSA's procedures are fully effective in identifying noncompliance in a timely manner.

Required Actions/Next Steps

No action is required.

Critical Element 2: Correction of Noncompliance

Does the State have a general supervision system that is reasonably designed to ensure correction of identified noncompliance in a timely manner?

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SPOE Corrective Actions

As explained above, FSSA issues reports to all SPOEs after the completion of the monitoring process. The reports identify findings of noncompliance and specify that correction must occur as soon as possible but no later than one year from the date of notification. The reports also describe required corrective action. SPOEs develop improvement plans with the assistance of QR teams to address the noncompliance. Most SPOEs begin the process of correcting noncompliance before they receive official notification of findings from the State. SPOEs establish benchmarks for their improvement plans and submit them to FSSA for approval within 30 days after monitoring reports are issued.

In its FFY 2006 APR, FSSA's reported data for Indicator 9 were 85.7%, which represented progress from the prior year's FFY 2005 APR data of 72%. In FFY 2006 APR, FSSA reported that 12 of the 14 FFY 2005 findings were timely corrected. FSSA reported that it required the two SPOEs with uncorrected noncompliance to develop corrective action plans that included tracking tools to ensure the timely provision of services. FSSA's follow-up activities included technical assistance and progress monitoring.

FSSA monitors SPOEs' progress towards correction by conducting monthly Quality Review TA calls and by reviewing quarterly progress reports. FSSA verifies correction by examining SPOE database reports, training activities, and procedural or policy changes. In FFY 2008, FSSA will begin verifying correction ten months after issuing notification of noncompliance to SPOEs to help ensure that correction of noncompliance is verified within one year from identification.

Provider Corrective Actions

When FSSA issues findings to providers, its letter specifies the corrective action needed for the provider to demonstrate compliance. This corrective action may include participating in training or receiving technical assistance from QR team members. FSSA State staff monitor provider progress and determine when compliance has occurred.

SPOE Enforcement Options

FSSA has several enforcement options that it uses with SPOEs and providers that have uncorrected noncompliance. SPOE contracts specify that FSSA may terminate a SPOE contract due to noncompliance. FSSA used this enforcement option in 2006 when FSSA replaced two

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SPOEs due to issues with payroll, staff supervision, and financial stability. In addition, SPOE contracts specify FSSA's ability to hold back funds. FSSA allocates funding to SPOEs to meet all federal, State, and contract requirements related to the Part C program. FSSA also allocates an additional 10 to 20 percent of each SPOE's grant award for the purposes of improving the quality and effectiveness of SPOE services. FSSA "holds back" this latter amount with the expectation that SPOEs will be in compliance with Part C and will meet certain performance expectations. Under its contract with FSSA, SPOEs must submit documentation twice per year that it has met the required outcomes. SPOEs that do not correct noncompliance within one year are subject to an FSSA hold back of a portion of their grant award.

Provider Enforcement Options

FSSA reported that it has used enforcement options against providers, including placing a provider on probation or canceling the contract with a provider from the First Steps program. Providers on probation report to the State's complaint coordinator, who verifies correction of provider noncompliance.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP finds FSSA has a general supervision system that is reasonably designed to ensure correction of identified noncompliance in a timely manner once a report is issued. Without also collecting data at the local level, OSEP cannot determine whether the system is fully effective in correcting noncompliance in a timely manner.

Required Actions/Next Steps

No action is required.

Critical Element 3: Dispute Resolution

Does the State have procedures and practices that are reasonably designed to implement the dispute resolution requirements of IDEA?

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FSSA has a tracking system for complaints and requests for mediations and hearings. FSSA received very few complaints and no requests for mediation or due process hearings in FFYs 2006 and 2007. FSSA staff also indicated that they communicate due process policies to the field by sending e-mail messages to all SPOE directors, SPOE staff, and providers; by placing articles in the quarterly *Training Times* publication; and by informing LPCC members during their meetings. FSSA has also had an attorney train LPCC members on the dispute resolution process. At State Interagency Coordinating Council (SICC) meetings, FSSA provides updates on dispute resolution policies and activities. FSSA staff reported that they inform families of their due process rights through the distribution of a procedural safeguard packet of documents at intake, IFSP meetings, and meetings with service coordinators and providers. FSSA staff described the following regarding its dispute resolution procedures.

State Complaints

The First Steps State staff member who functions as the complaint coordinator handles all signed, written complaints that are submitted by mail or fax to FSSA or to the SPOEs. The complaint coordinator date-stamps the complaint, enters the complaint information in the complaint log, contacts the complainant, initiates an investigation, and ensures that FSSA issues a written

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decision on each complaint within 60 calendar days from the date of receipt by the State. If any issue in the complaint is the subject of a due process hearing, FSSA procedures require the issue be set aside until conclusion of the hearing. FSSA staff indicated its procedural safeguard packet has forms and letter formats that parents can use for submitting complaints to the State.

Although not required under Part C of IDEA, FSSA maintains a tracking system at the State and local levels for all other informal concerns (i.e., issues identified by parents or others that are not part of a signed, written formal complaint and which may be expressed by phone or e-mail). FSSA receives concerns by phone and through a designated e-mail account that is listed in the procedural safeguard packet. The e-mail account is monitored by First Steps State staff who try to respond to messages within 48 hours. FSSA staff confirmed to OSEP that they treat any signed, written correspondence alleging a violation of Part C as a formal complaint, and resolve that complaint using procedures that are consistent with Part C State complaint requirements. SPOE procedures for responding to concerns mirror those used by the State. SPOEs track concerns and a designated staff member determines if issues can be resolved. SPOEs are required to submit copies of their tracking system to FSSA each month. In addition, SPOEs must notify FSSA of concerns involving violations of Part C before the end of the month.

FSSA received no complaints in FFY 2006 and four complaints in FFY 2007, of which one was withdrawn and the other three resulted in timely decisions. In two of these three decisions, FSSA found no noncompliance. FSSA staff indicated that when a provider is determined to have violated a Part C or State regulation, FSSA issues a finding against the provider and specifies the required corrective action needed to demonstrate compliance. FSSA's complaint coordinator monitors the activities of the provider to determine compliance.

FSSA's regulations for the First Steps program are contained in Article 13 of the Indiana Administrative Code (IAC). FSSA's regulations regarding complaints in section 470 IAC 3.1-14-1 are inconsistent with IDEA Part C complaint resolution procedures in 34 CFR §303.511. Specifically, FSSA's regulation requires complaints to include the name of the child and the address of the residence of the child and a proposed resolution of the problem to the extent known and available to the parents at the time (470 IAC 3.1-14-1 Sec. 1. (b)(5) and (6)). Under 34 CFR §303.511(a), "[t]he complaint must include . . . [t]he facts on which the complaint is based." Arguably, in many instances such facts would require including the name of the child. However, such content requirements are not expressly in the IDEA Part C regulations in 34 CFR §§303.510 through 303.512 and FSSA may not dismiss any complaints for failure to include the content requirement in 470 IAC 3.1-14-1 Sec. 1. (b)(5) and (6). FSSA staff confirmed during OSEP's visit that FSSA would inform the field that these complaint content requirements are not applicable.

Due Process Hearings

FSSA has adopted the Part C due process hearing procedures under 34 CFR §303.420. Hearing officers, on contract with DDRS, conduct due process hearings for First Steps. FSSA procedures provide that, upon receipt of a hearing request, FSSA informs DDRS and DDRS assigns a hearing officer to handle the case and issue a written finding to both parties within 30 days of the hearing request. FSSA reported that it ensures the impartiality of the hearing officers by using hearing officers that: (1) are not employed by the State or any program involved with early intervention; and (2) do not have a personal or financial interest in the Part C program or its staff.

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The First Steps complaint coordinator reported, and FSSA's APR data confirm, that FSSA did not receive any requests for due process hearings during FFYs 2006 and 2007.

Mediations

The First Steps complaint coordinator also handles mediation requests submitted at the SPOE or State level. Mediation is available to parents upon request. The complaint coordinator also discusses mediation with complainants as a possible resolution. FSSA maintains documentation of discussions about mediation and shares the file with the State's Part C Coordinator and the State's legal counsel. FSSA has contracts with mediators who do not have any financial or other personal interests in the Part C program or its staff. FSSA did not receive any mediation requests in FFYs 2006 and 2007.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP finds that FSSA has procedures and practices that are reasonably designed to implement the dispute resolution requirements of Part C of the IDEA, except that the complaint content requirements in 470 IAC 3.1-14-1 are inconsistent with 34 CFR §303.511.

Required Actions/Next Steps

With its FFY 2009 Part C grant application, the State must provide an assurance that: (1) it will revise 470 IAC 3.1-14-1 Sec. 1. (b)(5) and (6) to delete the content requirements (name and address of child and proposed resolution); (2) it will ensure that, throughout the period that the State uses its FFY 2009 grant funds under Part C of IDEA: (a) it will not dismiss any complaint for failing to include such content; and (b) all early intervention service programs and providers in the State will comply with all requirements of Part C of IDEA, including 34 CFR §303.511; and (3) the State will submit revised 470 IAC 3.1-14-1 Sec. 1 to OSEP as soon as it is finalized, but no later than June 30, 2010.

Critical Element 4: Improving Early Intervention Results

Does the State have procedures and practices that are reasonably designed to improve early intervention results and functional outcomes for all infants and toddlers with disabilities?

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Individualized Services

In interviews with OSEP staff during the verification visit, First Steps State staff explained that FSSA has made significant strides to ensure that early intervention services are individualized for children by implementing policies that minimize conflicts of interest for SPOE staff and IFSP teams. When FSSA first instituted the SPOE system in 1996, State data showed a correlation between SPOE resources and the amount of services that children were receiving. In addition, FSSA found that some agencies that were operating SPOEs steered families to their providers. Although there were no data to substantiate this, FSSA also suspected that there was a relationship between the type of services provided to children and the agencies that employed the children's providers.

In an effort to address these issues, FSSA finalized a number of policies in 2006 to ensure the impartiality of SPOEs and IFSP teams. These policies included the following: (1) SPOEs cannot have a financial or personal relationship with providers in their service areas; (2) SPOE funding is not contingent on the amount or type of services authorized; (3) service coordinators are

employees of the SPOE; (4) evaluation determination (ED) team members cannot provide ongoing services within the same geographical areas where they are providing assessment and evaluation services; and (5) IFSP teams are responsible for the development of the IFSP. As a result of these policies, eligibility determinations and IFSPs are more appropriate and individualized because the ED and IFSP teams are now separate processes and IFSP Teams, which include the parent, do not have a financial interest in whether children are assessed as being in need of particular services.

Natural Environments

FSSA teaches families about the concept of services in natural environments during their first interaction with the First Steps program. In addition, FSSA works to address provider concerns about safety issues and transportation costs associated with natural environment service provision. FSSA encourages SPOEs to have presentations by their local police department to discuss safety tips for providers. In response to rising transportation costs, FSSA has given providers the flexibility to share rides with other providers serving families in the same geographic region.

Family Initiatives

FSSA places great emphasis on the incorporation of family in service delivery and supports several family-to-family initiatives. FSSA has a family involvement fund that provides \$300 per person or \$600 per family annually to cover the expenses of national or State conferences and training. In addition, FSSA invites families to all local training and solicits their participation in provider workshops. FSSA grooms parents for leadership roles within the First Steps program by encouraging them to present their stories at LPCC meetings and by inviting them to participate on LPCC committees. Other family initiatives include a subcontract with an organization that serves as a point of contact for other families within each SPOE. Also at the local level, many SPOEs have a family newsletter.

Child and Family Outcomes

FSSA has had a focus on outcomes for many years prior to the federal initiative under IDEA. FSSA has educated its First Steps State staff, SPOE staff, providers, and families on child and family outcomes on multiple occasions through training, provider forums, and postings in the *Training Times* newsletter. FSSA emphasizes to First Steps' stakeholders that child outcomes are ultimately focused on ensuring that children can work and function in the community. FSSA uses the Assessment, Evaluation, and Programming System for Infants and Toddlers (AEPS) as the assessment tool for gathering child outcomes data at program entry and exit. Providers use the child progress form of the AEPS with families to show the linkage between goals and child outcomes. FSSA can override scores on the AEPS based on informed clinical opinion. FSSA worked with the developer of the AEPS to ensure that they were using the tool correctly at entry and exit. FSSA is still drafting documents to educate families about the AEPS.

Providers use the survey developed by the Early Childhood Outcomes (ECO) Center to gather family data at entry and exit. Providers take information from the family survey at entry and use it to complete sections of the IFSP.

Leveraging Quality Improvement

FSSA informed OSEP that, while it requires all SPOE grantees to meet the federal, state, and contract requirements related to the Part C program, it recognizes that how grantees meet these

requirements may vary from SPOE to SPOE. FSSA allocates funds to each SPOE each year, providing each SPOE with the amount of funds that FSSA deems reasonably necessary to meet these requirements. The allocation for each SPOE includes an additional amount that will enable the SPOE to improve the quality and effectiveness of its services. FSSA "holds back" this latter amount with the expectation that certain performance expectations will be met. Under the contract, the SPOE must submit documentation twice per year that it has met the required outcomes. When the SPOE has achieved the outcomes, the State will release the remaining grant funds. The SPOE grantees understand that failure to receive the additional funds does not mean they may reduce services or performance.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP finds FSSA has procedures and practices that are reasonably designed to improve early intervention results and functional outcomes for all infants and toddlers with disabilities.

Required Actions/Next Steps

No action is required.

Critical Element 5: Implementation of Grant Assurances

Does the State have procedures and practices that are reasonably designed to implement selected grant assurances (i.e., monitoring and enforcement, CSPD, and interagency agreements, contracts or other arrangements)?

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Public Reporting and Determinations

As part of its monitoring and enforcement responsibilities under sections 616 and 642 of the IDEA, each State must annually report to the public on the performance of each local EIS program against the State's SPP/APR targets and must make an annual determination for each EIS program. FSSA staff informed OSEP that it meets this reporting requirement by publishing the performance of each SPOE against the State's SPP targets. OSEP confirmed, by reviewing the State's website, that FSSA posts this information on the First Steps website with SPOE report cards and the State's APR.

FSSA's methodology for making local program determinations involves reviewing data from on-site monitoring, the database, audits, complaint and concern logs, and SPOEs' semiannual performance reports. FSSA uses this information and input from the QR teams to make SPOE determinations. FSSA staff make annual determinations during the first quarter of the monitoring cycle and send determination letters to all SPOEs on the same date. FSSA staff debrief SPOE directors on determinations within two weeks after sending the letters and share the determination letters with LPCCs and the SICC.

Interagency Agreements and Contracts

Under IDEA sections 635(a)(10), 637(a)(2), (6) and (9), and 640, each State lead agency must include in its Part C application: (1) a certification that its methods to ensure service provision and fiscal responsibility for services are current; and (2) its policies and procedures for transition (including an interagency agreement if the lead agency is not the SEA) and potential interagency agreements regarding referrals of children under the Child Abuse and Protection and Treatment

Act (CAPTA). FSSA is the only State agency responsible for providing Part C services (through contracts with SPOEs and service providers) and, thus, FSSA reported it does not need to use interagency mechanisms to meet the fiscal responsibility provisions in IDEA section 640.

Regarding transition and other interagency coordination, FSSA has memoranda of agreement (MOAs) with the Indiana Department of Health, Healthy Families Indiana, and Head Start. As required by 34 CFR §303.148(b)(4), FSSA staff reported that FSSA's MOA with the Indiana Department of Education (IDE) specifies how First Steps and DOE will handle transition issues and late referrals to Part C. First Steps is also part of a larger State MOA with the Indiana Department of Mental Health. This MOA enables First Steps to access training on social and emotional concerns for its staff and providers.

Comprehensive System of Personnel Development (CSPD)

FSSA has contracts with local universities for CSPD activities. These CSPD contractors conduct the State's annual training needs assessment and manage the State's credentialing process for providers and service coordinators. In addition, these contractors conduct the State's three-part orientation process for new staff. FSSA offers face-to-face and distance-learning training opportunities to First Steps staff.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State personnel, OSEP determined that FSSA has procedures and practices that are reasonably designed to implement selected grant assurances regarding local determinations, public reporting, interagency coordination, and CSPD.

Required Actions/Next Steps

No action is required.

II. Data System

Critical Element 1: Collecting and Reporting Valid and Reliable Data

Does the State have a data system that is reasonably designed to collect and report valid and reliable data and information to the Department and the public in a timely manner?

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First Steps Databases

FSSA has a comprehensive Part C data system that consists of several components. The Central Reimbursement Office (CRO) database serves as the State system that collects and compiles data from all SPOEs. In addition, FSSA uses this database to handle provider billing. Providers can access the billing system online at the SPOE level to bill FSSA for service provision and other early intervention activities.

The data system at the SPOE level serves as the early intervention case management system and is the first point of entry for data on the child and family. This system consists of two components—child and parent. Intake coordinators establish records in the child database by entering referral data into the system. The SPOE uploads this information to the CRO and the CRO automatically downloads this information to the parent database where data entry clerks enter IFSP data. Data elements include services, intensity levels, provider information, and

transition information. Data entry clerks make updates to child records, such as IFSP service changes, in the parent portion of the data system.

FSSA has an Outcomes database that is managed by Indiana University (IU). This database contains child and family outcomes data. SPOE staff collect entry data for each child and family by using the AEPS and ECO forms. These forms are maintained in the child's paper record until they exit the program. Upon exit, SPOE staff collect exit data and enter both entry and exit data into a survey software system. IU accesses the data and generates the child and family outcomes reports for the State.

The Data Warehouse is another State database system that compiles information for First Steps and other FSSA programs. The Data Warehouse compiles data for all "618 data" submissions except those for due process (Table 4). Contractors manage this database and compile the "618 data" from EDS. Contractor staff meet with FSSA staff to discuss the "618 data" prior to submission to the Data Accountability Center

FSSA has established timeline requirements for data entry and provider billing. SPOE data entry clerks must enter data on a weekly basis. Twice per month, SPOEs upload these data to the CRO database. SPOEs are subject to "holdbacks" if their data submissions are untimely. Providers have 60 days to bill FSSA for their services, or they are denied payment. FSSA works with providers who have challenges with the billing process.

APR Data Collection

FSSA generates APR data for Indicators 7, 8B and 8C from the CRO database. Currently, FSSA staff cannot use the CRO database to collect data for APR Indicators 1 and 8A, or to record documented exceptional family circumstances. FSSA staff use sampling to collect data for APR Indicators 1 and 8A. While conducting QA visits, FSSA staff review a sample of child records and IFSPs at each SPOE to verify timely service provision. FSSA also reviews child records to determine if IFSP delays and delays in transition steps and services were due to exceptional family circumstances. After the CRO database transitions to a new contractor in February 2009, FSSA plans to make revisions to the system to enable it to capture more APR indicator data.

Data Staff

Each SPOE has at least one data entry clerk. The State, QR teams, and SPOE Directors ensure that data entry clerks are trained. Data staff attend monthly meetings with SPOE Directors and meet with service coordinator supervisors to ensure that they understand how to conduct data entry correctly. FSSA also gives data entry staff a users' guide to the database system. FSSA is planning to conduct training with SPOE staff and providers when the CRO database transitions to the new contractor.

Data Edit Checks

The SPOE database system has many data edit checks that identify illogical data. There are edit checks, for example, that prohibit data staff from entering birth dates over age three. In addition, there are checks that prevent the entering of IFSP dates prior to referral dates. When data entry clerks input illogical data, the system prevents them from conducting additional data entry until the error is corrected. The database also has mechanisms designed to prevent staff from entering logical but incorrect information. Date errors, for example, require data entry clerks to reenter the entire record or contact EDS to request a data change. The database also has safeguards that

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prohibit changing data once they have been entered. A referral date, for example, cannot be changed after it is entered.

Data errors involving services are often identified by providers because services are tied to billing. If data staff input an incorrect service into a child's record on the database, the provider for that child would be unable to bill FSSA because there would be a mismatch between the services listed on the provider's billing authorization and the services in the database record for that child. In this circumstance, providers notify FSSA of the error and request a correction.

FSSA requires SPOE Directors and data entry clerks to ensure data accuracy by comparing database records with paper records before the SPOE uploads data to the State data system. First Steps State staff monitor data errors through a number of processes, including QA visits and record reviews. FSSA also sends certain database reports, such as the Indicator 7 report, to SPOEs for validation.

Data Reports

FSSA generates data reports on a monthly, quarterly, and semiannual basis to monitor trends across the State, plan training, and develop improvement activities. FSSA has certain reports, such as Indicator 7, that are run monthly and quarterly. FSSA can also have EDS generate reports to answer specific questions about the EI program. Reports are viewed at the State and local levels. SPOE staff use those reports to assist with developing their self assessments.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State personnel, OSEP determined FSSA has demonstrated that it has procedures and practices that are reasonably designed to collect and report valid and reliable data and information to the Department and the public in a timely manner.

Required Actions/Next Steps

No action is required.

Critical Element 2: Data Reflect Actual Practice and Performance

Does the State have procedures that are reasonably designed to verify that the data collected and reported reflect actual practice and performance?

Verification Visit Details and Analysis

FSSA uses QA visits, staff training, database report reviews, and data edit checks to ensure that data reflect actual practice and performance across the State. During QA visits, QR teams review records to ensure that database information is consistent with child records. When FSSA conducts training activities for data entry staff, it emphasizes the importance of following data input procedures to ensure the validity and reliability of data. FSSA compares SPOE database reports with billing documents to look for anomalies and errors. FSSA also uses data edit checks and other mechanisms to support the collection of valid and reliable data by highlighting illogical data and rejecting data entry errors. FSSA requires SPOE Directors and data entry staff to adhere to data entry timelines and to compare data with child record information prior to submission to the State.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State personnel, OSEP determined FSSA has demonstrated that it has procedures and practices that are reasonably designed to verify that the data collected and reported reflect actual practice and performance. OSEP cannot, however, without conducting a review of data collection and reporting policies at the local level, determine whether all EIS programs and providers in the State implement the State's data collection and reporting procedures in a manner that reflects actual practice and performance.

Required Actions/Next Steps

No action is required.

Critical Element 3: Integrating Data Across Systems to Improve Compliance and Results

Does the State compile and integrate data across systems and use the data to inform and focus its improvement activities?

Verification Visit Details and Analysis

State First Steps staff routinely review monitoring information, data reports, complaints, concerns, and general program feedback to determine needed technical assistance and improvements in program operations. First Steps State staff discuss observations and findings with the training contractors and monitoring teams. In addition, twice per year, FSSA notifies SPOEs of areas needing quality improvement based on a review of outcomes contained in their grants.

FSSA also uses data to identify guidance needs and needs for changes in policy. Through monthly supervisor meetings, for example, FSSA discovered that providers were not submitting quarterly progress reports to service coordinators. FSSA posted reminders in the *Training Times* newsletter, which is required reading for all providers. Another needed improvement became evident during the 2008 QA visits. Through monthly supervisor meetings, for example, FSSA discovered that providers' verification of the 30 day timeline for the start of services was frequently missing from children's EI files. This lack of documentation necessitated that service coordinators and reviewers question parents and providers to verify service start dates. As a result, FSSA developed statewide procedures for documentation of the start date with input from the SPOEs. Training on procedures for documentation of the start date was provided by First Steps technical assistance providers to SPOEs and service coordinators and was added to the training curriculum for new service coordinators. FSSA sent instructions regarding the new procedures to providers via e-mail alerts.

FSSA has been using improvement strategies outlined in the "Thinking Through Improvement" training kit (IT Kit) that was developed and facilitated by the North Central Regional Resource Center, one of OSEP's TA providers. First Steps State staff, SICC members, all SPOE directors and one additional staff member from each SPOE participated in the five-day training. Each SPOE also had three to five additional staff members participate in the three-day training. FSSA is now using the IT Kit self assessment forms with the SPOEs and is aligning SPOE improvement plans with processes outlined in the IT Kit training. By implementing strategies from this training and routinely reviewing monitoring information, data reports, and SPOE progress reports, FSSA sustains compliance and ensures improved performance.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State personnel, OSEP finds that FSSA compiles and integrates data across systems and uses the data to inform and focus its improvement activities.

Required Actions/Next Steps

No action is required.

III. Fiscal System

Critical Element 1: Timely Obligation and Liquidation of Funds

Does the State have procedures that are reasonably designed to ensure the timely obligation and liquidation of IDEA funds?

Verification Visit Details and Analysis

The FSSA Division of Finance is responsible for fiscal oversight of the First Steps Part C grant. Seven months ago, that Division underwent a reorganization that resulted in many changes among the finance staff. When this reorganization occurred, FSSA was in the midst of transitioning to a new accounting system. In 2008, FSSA hired new finance staff. At the time of the verification visit, these new staff were still learning all of the federal requirements associated with the Part C grant and the First Steps program. They were also assisting with the transition to the new accounting system. FSSA planned to complete this transition by December 2007; however, it was still ongoing at the time of OSEP's visit in October 2008. As a result, First Steps is operating under two financial systems. The accountant for First Steps must reconcile how expenditures are entered in the new accounting system with how expenditures are entered in the old accounting system still in use by FSSA.

Timely Obligation and Liquidation of Funds

The State's process for obligating funds begins with FSSA determining SPOE allocations based on the SPOE's child count, administrative costs, and the geographic area they serve. FSSA tells SPOEs their allocation amounts and SPOEs develop budgets. FSSA gives SPOEs their State funds first and then obligates their Federal funds later. As noted earlier, FSSA holds back funds for SPOEs exhibiting noncompliance in accordance with provisions in SPOE contracts. However, this "hold back" process has not impacted FSSA's ability to timely obligate and liquidate funds. FSSA ensures timely obligation of Federal funds by conducting a monthly financial system review, generating financial reports, and sharing expenditure data with First Steps State staff.

FSSA reported that, over the past year, there have been some challenges that have slowed the flow of information between the Division of Finance and First Steps staff regarding timely obligations and liquidations of federal Part C funds and data necessary to support SPOE budgetary processes. FSSA attributed these communication issues to the October 2007 retirement of the financial analyst assigned to First Steps, the hiring of new finance staff, and the ongoing transition to the new accounting system. In addition to learning the federal requirements associated with Part C, new finance staff are also deciding how to generate financial reports for First Steps that were routine under the old accounting system but require special programming with the new accounting system.

FSSA is aware that each calendar year there is a three-month period in which they can have access to federal Part C funds that cover three federal fiscal years. FSSA has procedures to ensure that they follow first in/first out procedures when obligating these funds. However, the accountant for First Steps must conduct this process manually, as this process is not automated. According to OSEP's records from the U.S. Department of Education Grants Administration and Payments System, FSSA expended all of its Part C funds for FFY 2004, 2005 and 2006.

Conclusions

Based on the review of documents, analysis of data, feedback from stakeholders and interviews with State personnel, OSEP finds FSSA has demonstrated that it has a fiscal system that is reasonably designed to ensure timely obligation and liquidation of IDEA funds at the State level.

Required Actions/Next Steps

No action is required.

Critical Element 2: Appropriate Use of IDEA Funds at the State Level

Does the State have procedures that are reasonably designed to ensure the appropriate use of IDEA funds at the State level?

Verification Visit Details and Analysis

Fiscal monitoring

The Division of Finance uses a fund and center number combination to segregate Federal and State funds. With the new accounting system, Federal and State funds are designated as projects. The First Steps Part C grant has a project code and a grant year code. Expenditures in the new accounting system are linked to projects. Funds are not drawn until expenditures are uploaded into the accounting system and linked with project codes. This minimizes commingling of Federal and State funds.

Appropriate Use of Funds and Payor of Last Resort

First Steps State office administrative expenses are directly charged to the Part C grant. Funds for SPOE contracts are allocated from Part C, Temporary Assistance for Needy Families (TANF), Medicaid, and State funds. FSSA determines the appropriate cost allocation from each funding source by using SPOE budgets. SPOE budgets specify the percentage of time staff work on Part C. Indiana has adopted a system of payments under Part C of the IDEA that includes payor of last resort provisions and describes when insurance and family fees may be used to pay for Part C services.

Cost allocations are also based on SPOE audit information. Every two years, FSSA conducts an audit of administrative costs to ensure that the percentage of time that contractors charge to Part C is accurate. This audit also examines payroll, timesheets, activity logs and eligibility files. In addition, First Steps conducts a fiscal audit of ten percent of providers each year. This audit takes a random sample of providers, interviews the families of the children on their caseloads and compares their records with their clients' IFSPs to determine if services were provided.

FSSA also requires external audits of all contractors. One audit identifies the percentage of time SPOE staff expend on tasks linked with one of the SPOE funding sources. FSSA is then able to use the audit information to bill the appropriate funding source. SPOE budgets and the audits

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ensure that Part C and other funding sources are being billed and used appropriately. They also help to ensure that Part C is the payor of last resort for SPOE tasks.

FSSA processes First Step provider claims through the CRO. Providers submit claims via an online web-based billing system. FSSA has an electronic process that determines if the claim can be paid with Medicaid, TANF, or other State funds, such as Children with Special Health Care Services, before it accesses Part C funds. This process is another mechanism used by FSSA to meet the requirement that Part C is the payor of last resort.

Maintenance of Effort (MOE)

FSSA reported to OSEP that the Indiana Legislature controls budget allocations for First Steps and that the amount of State funds allocated has remained at \$6.4 million for the last several years. FSSA staff did not identify any procedures to comply with the tracking of State and local expenditures to meet the requirements of Part C's nonsupplanting/ maintenance of effort (MOE) requirements in IDEA section 637(b)(5)(B) and 34 CFR §303.124(b). While there appear to be data that FSSA could use to monitor MOE, FSSA has not had a systematic way to ensure that it is budgeting and expending in a given FFY at least as much State and local funding in a FFY as they had expenditures in the previous FFY. Indiana indicated in its FFY 2008 Part C application that it does not charge indirect costs to Federal IDEA Part C grant funds.

OSEP Conclusions

Based on the review of documents, analysis of data, feedback from stakeholders and interviews with State personnel, OSEP finds the State has a fiscal system that is reasonably designed to ensure appropriate use of IDEA funds at the State level, except that the State lacks procedures to determine and ensure compliance with maintenance of effort requirements under 34 CFR §303.124(b).

Required Actions/Next Steps

FSSA must submit with its Part C FFY 2009 Application: (1) a specific written assurance that FSSA has informed its State audit office of the need to review, under the State's Single Audit, FSSA's procedures to track State and local expenditures for meeting the requirements of Part C's nonsupplanting/MOE requirements in IDEA section 637(b)(5)(B) and 34 CFR §303.124(b); and (2) a copy of its procedures for monitoring compliance with those same Part C nonsupplanting/MOE requirements. FSSA must also continue to keep OSEP apprised in writing of any further efforts it or its State audit office makes to ensure compliance with Part C's MOE requirements.