DBHDS

Virginia Department of
Behavioral Health and
Developmental Services

Report on Virginia's Part C Early Intervention System (Budget Item 315 H.2., 2013 *Appropriation Act*)

July 1, 2012 – June 30, 2013

to the Chairs of the
House Appropriations and Senate Finance Committees
of the General Assembly

October 15, 2013

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COMMONWEALTH of VIRGINIA

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October 29, 2013

The Honorable Walter A. Stosch
Chair, Senate Finance Committee
General Assembly Building, Suite 626
Richmond, VA 23219

Dear Senator Stosch:

I am pleased to submit the Department's 2013 *Report on Virginia's Part C Early Intervention System* to comply with the reporting requirements of Item 315.H.2 of the 2013 *Appropriation Act*. In accordance with those requirements, this report includes data on the total revenues used to support Part C services, total expenses for all Part C services, total number of infants and toddlers and families served using all Part C revenues, and services provided to those infants and toddlers and families.

The additional state funds allocated for the end of FY2013 and for FY2014 are making a significant difference. Local systems have resumed child find efforts and those local systems that had cut services in FY2013 report that they are now serving all eligible children (with the exception of one local system whose continued noncompliance is now related to an infrastructure issue). Looking ahead, the system is still growing but also remains stressed. Unless funding stays apace with growth, Virginia runs the risk of falling back into noncompliance, which puts federal funding at risk and results in children and families not getting the supports and services they need in a timely and effective manner.

The Department, in collaboration with other state agencies and local stakeholders, is continuing to identify and evaluate possible sources of additional revenue and possible system changes needed to ensure the long-term financial stability of the Part C early intervention.

Please feel free to contact me if you have questions about the report.

Sincerely,

James W. Stewart, III

Cc: The Honorable Emmett W. Hanger, Jr.
The Honorable William A. Hazel, MD
Joe Flores
John Pezzoli
Janet Lung
Catherine Hancock

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October 29, 2013

The Honorable Lacey E. Putney
Chair, House Appropriations Committee
General Assembly Building, Room 947
Richmond, VA 23218

Dear Delegate Putney:

I am pleased to submit the Department's 2013 *Report on Virginia's Part C Early Intervention System* to comply with the reporting requirements of Item 315.H.2 of the 2013 *Appropriation Act*. In accordance with those requirements, this report includes data on the total revenues used to support Part C services, total expenses for all Part C services, total number of infants and toddlers and families served using all Part C revenues, and services provided to those infants and toddlers and families.

The additional state funds allocated for the end of FY2013 and for FY2014 are making a significant difference. Local systems have resumed child find efforts and those local systems that had cut services in FY2013 report that they are now serving all eligible children (with the exception of one local system whose continued noncompliance is now related to an infrastructure issue). Looking ahead, the system is still growing but also remains stressed. Unless funding stays apace with growth, Virginia runs the risk of falling back into noncompliance, which puts federal funding at risk and results in children and families not getting the supports and services they need in a timely and effective manner.

The Department, in collaboration with other state agencies and local stakeholders, is continuing to identify and evaluate possible sources of additional revenue and possible system changes needed to ensure the long-term financial stability of the Part C early intervention.

Please feel free to contact me if you have questions about the report.

Sincerely,

James W. Stewart, III

Cc: The Honorable Riley E. Ingram
The Hon. William A. Hazel, MD
Susan Massart
John Pezzoli
Janet Lung
Catherine Hancock

Report on Virginia's Part C Early Intervention System

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EXECUTIVE SUMMARY

In the 2013 *Appropriation Act*, paragraph H.2. of Item 315 directs the Department of Behavioral Health and Developmental Services (DBHDS) to report the following information to the Chairmen of the Senate Finance and House Appropriations Committees on October 1 of each year: (a) total revenues used to support Part C services, (b) total expenses for all Part C services, (c) total number of infants and toddlers and families served using all Part C revenues, and (d) services provided to those infants and toddlers and families.

Overview of Fiscal Climate for Part C in FY2013 and Beyond

As anticipated last year, Virginia's Part C Early Intervention System faced significant budget shortfalls in FY2013. While the Medicaid revenue realized through the Medicaid Early Intervention Services Program continued to provide funding for services to children with Medicaid, the amount of funding (federal, state, local, private insurance, family fees) available for services to children without Medicaid and the reimbursement rate for service coordination (case management) for children with Medicaid are inadequate to cover the costs for these services. In FY2012, the Department was able to offset some of the local systems' budget shortfalls with one-time additional funds realized from vacant positions, ARRA funds, and efficiencies within the Department including savings from DBHDS' facilities operations. However, those funds were not available in FY2013 to assist the 26 (out of 40) local systems that requested additional funds. Eight of those local systems reduced or completely cut services to eligible children and families, in violation of federal Part C regulations. DBHDS was required to cite certain localities for non-compliance.

The additional state funds allocated by the Governor and the General Assembly for the end of FY2013 and for FY2014 are making a significant difference. Local systems have resumed child find efforts and those local systems that had cut services in FY2013 report that they are now serving all eligible children (with the exception of one local system whose continued noncompliance is now related to an infrastructure issue). Looking ahead, the system is still growing but also remains stressed. Unless funding stays apace with growth, Virginia runs the risk of falling back into noncompliance, which puts federal funding at risk and results in children and families not getting the supports and services they need in a timely and effective manner. The Department, in collaboration with other state agencies and local stakeholders, is continuing to identify and evaluate possible sources of additional revenue, to closely monitor the local fiscal situation and to ensure local system personnel have the skills to provide effective oversight of local budgets and spending. DBHDS is providing guidance and management support to the local lead agencies to address these issues.

Data System Update

The existing early intervention data system, the Infant and Toddler Online Tracking System (ITOTS), was developed and implemented in 2001 primarily to meet annual federal reporting requirements related to child data. The system provides data on who is getting services and includes the number of children by local system, race/ethnicity, gender, age, and the reason for eligibility. Reports can be pulled for point-in-time data on who is being served, annual review,

and limited trend data. ITOTS now presents a number of challenges to the Department in meeting federal and state reporting requirements, including the following:

- Child data is collected in ITOTS only at entry into the early intervention system and is not collected as child status or service needs change.
- No financial data for Part C services is collected through ITOTS, resulting in a burdensome paper process for collection and reporting of comprehensive and reliable data related to the cost of providing services and the revenue sources that are accessed in providing services.
- Local systems incur additional costs as ITOTS cannot accept data from local information systems. Additional time is spent preparing manual or Excel reports.
- ITOTS data reports are limited in scope and, therefore, the analysis of the available data does not allow analysis of outcomes.

ITOTS allows for the collection of data on the services planned on each child's initial IFSP but does not provide for the collection of data on how those services change over time, on delivered services, or on payment for services. Because of the significant limitations of this system, there is no mechanism available for local systems or for DBHDS to get the kind of real-time, ongoing data that would be necessary to effectively and efficiently monitor service delivery for individual children, to study trends and patterns, or to monitor funding sources and service costs by child or by local system.

Between 2006 and 2010, a number of initiatives were implemented to analyze and improve ITOTS. Although data system improvements have been implemented to address data integrity and better reporting, fiscal constraints and competing data priorities within the Department led to delays in developing or purchasing a data system with the complete functionality necessary to enter and report on delivered services and to have more complete and accurate revenue and expense data.

Since 2011, the Health and Human Resources Secretariat has been committed to developing a consistent, comprehensive and non-duplicative data system for use across Virginia's Health and Human Resources agencies rather than developing or enhancing program-specific data systems. Since many local agencies and service providers have or are in the process of developing and implementing electronic health record systems, the Department's focus on data collection for all programs (not just the Part C early intervention system) has shifted to identifying and implementing the most effective and efficient mechanism for importing the data already collected by local systems into a state database through which that data can be aggregated, analyzed and reported. Until such a system is implemented, ITOTS will continue to be used and the Department's challenges in meeting federal and state reporting requirements will continue.

Revenue and Expense Data

The table below shows revenue from all sources as reported by the 40 local early intervention systems for FY2013.

Total Revenue to Support Part C Early Intervention Services

Revenue Source	FY13 Revenue Amount
Federal Part C Funds	$ 8,251,515
State Part C Funds	$ 9,602,586
Other State General Funds	$ 1,194,843
Local Funds	$ 7,970,999
Family Fees	$ 1,040,757
Medicaid	$ 19,733,600
Targeted Case Management	$ 5,665,674
Private Insurance	$ 5,283,510
Grants/Gifts/Donations	$ 149,087
In-Kind	$ 54,259
Other	$ 1,223,915
Total	**$ 60,170,745**

In accordance with Item 315.H.2., the chart below provides detail about the total amount of federal and state Part C funds and ARRA funds expended in FY2013 for Part C early intervention services as reported by the 40 local lead agencies and the private providers with whom those local lead agencies contract.

Total Expenditures for all Part C Early Intervention Services

Assessment for Service Planning	$ 2,337,794
Assistive Technology	$ 21,453
Audiology	$ 4,631
Counseling	$ 59,702
Developmental Services	$ 3,732,217
Evaluation for Eligibility Determination	$ 971,012
Health	$ 68,254
Nursing	$ 7,203
Nutrition	$ 41,408
Occupational Therapy	$ 1,890,873
Physical Therapy	$ 2,585,505
Service Coordination	$11,304,694
Social Work	$ 45,047
Speech language pathology	$ 8,452,672
Transportation	$ 102,799
Vision	$ 31,815
Other Entitled Part C Services	$ 638,183
EI Services by private providers	$14,441,988
Total-Direct Services	**$46,737,250***

*The local lead agencies reported an additional $6,983,744 of expenses related to the system components (administration, system management, data collection and training) that

are critical to implementation of direct services. **Therefore, total expenses are $53,720,994**.

The discrepancy between revenue and expenses is primarily related to efforts by local systems to stretch available funding in the face of budget shortfalls. Many local systems held bills as long as possible with the hope of receiving additional funds or paying bills from late FY2013 in FY2014. Some local systems worked with private providers to temporarily reduce the rates they charged for services for children in Part C. In addition, it took time for local systems that had established waiting lists or reduced services due to budget shortfalls to bring those children into the system and resume full service levels. Therefore, the expenses associated with serving these children may not have been reported in FY2013.

Total Number of Infants, Toddlers and Families Served

A total of 15,523 infants, toddlers and families received Part C early intervention services in the one-year period from July 1, 2012 – June 30, 2013. As anticipated, Virginia's Part C early intervention system experienced significant shortfalls in FY2013 that resulted in several local systems establishing waiting lists for services and a reduced number of children served in FY2013 than would have been served if there were sufficient funding.

The following table breaks down the services that were provided to Part C eligible infants and toddlers by the type of early intervention service determined to be needed in order to achieve the child's outcomes as listed on the child's Individualized Family Service Plan (IFSP).

Services Provided to Those Infants, Toddlers and Families

Type of Early Intervention Service	Estimated # of Children With Initial IFSP Listing That Service in FY2013
Assistive Technology	16
Audiology	78
Counseling	16
Developmental Services	2,717
Health Services	0
Nursing Services	0
Nutrition Services	5
Occupational Therapy	2,266
Physical Therapy	3,943
Psychological Services	5
Service Coordination	15,523*
Sign Language and Cued Language Services	16
Social Work Services	16
Speech-Language Pathology	5,076
Transportation	5
Vision Services	109
Other Entitled EI Services	155

* All eligible children receive service coordination.

In addition to the services listed on IFSPs, a total of 9,305 children received an evaluation to determine eligibility and/or an assessment for service planning in FY2013.

FULL REPORT

I. Background

Congress enacted early intervention legislation in 1986 as an amendment to the Education of Handicapped Children's Act (1975) to ensure that all children with disabilities from birth through the age of three would receive appropriate early intervention services. This amendment formed Part H of the Act, which was re-authorized in 1991 and renamed the Individuals with Disabilities Education Act (IDEA). When the IDEA was re-authorized in 1998, Part H became Part C of the Act. IDEA was reauthorized most recently in December 2004. Virginia has participated in the federal early intervention program (under IDEA) since its inception.

General Assembly Guidance and Support

In 1992, the Virginia General Assembly passed state legislation that codified an infrastructure for the early intervention system that supports shared responsibility for the development and implementation of the system among various agencies at the state and local levels. The Department of Behavioral Health and Developmental Services (the Department), was designated and continues to serve as the State Lead Agency. The broad parameters for the Part C system are established at the state level to ensure implementation of federal Part C regulations. Within the context of these broad parameters, 40 local lead agencies manage services across the Commonwealth.

Subsequent to 1992, the General Assembly passed legislation establishing mandates for state employees' health plan and private insurance coverage for early intervention services, maximizing Medicaid coverage for Part C eligible children. In 2001, the General Assembly adopted legislation requiring a statewide family fee system.

In 2004, the Department commissioned a cost study of Virginia's Part C Early Intervention System. Based on the projected number of eligible children and the average annual per child cost for early intervention services identified in the cost study, the General Assembly significantly increased the allocation of state general funds for use in the provision of early intervention services from $125,000 per year during 1992 – 2003 to $975,000 in 2004, and $3,125,000 in 2005. For FY2007, a total of $7,203,366 was appropriated. The 2013 *Appropriation Act*, under Item 315.H.2., states:

> *"By October 1 of each year, the Department shall report to the Chairmen of the House Appropriations and Senate Finance Committees on the (a) total revenues used to support Part C services, (b) total expenses for all Part C services, (c) total number of infants and toddlers and families served using all Part C revenues, and (d) services provided to those infants and toddlers and families."*

In 2012, the General Assembly appropriated the state funds necessary to increase the Medicaid reimbursement rate for early intervention targeted case management from $120 per month to $132 per month for FY2013 (beginning July 1, 2012). In order to address a looming $8.5 million deficit in funding for early intervention due to significant increases in the number of children served and static federal funding, the General Assembly provided critical support for Virginia's

early intervention system in 2013 by allocating an additional $2,250,000 in state general funds for early intervention in FY 2013 and another $6 million for FY 2014.

Report of Required Data

To the maximum extent possible, the following narrative, charts and other graphics respond to the legislative requirements as delineated in Item 315.H.2. The information provided for each reporting requirement includes identifying limitations in the data reported and future steps for addressing the limitations. The following data is based on reports received from the 40 local lead agencies and includes data from the private providers with whom the local lead agencies contract.

II. Total Revenue Used to Support Part C Services

As noted previously, the ITOTS data system does not collect financial data for Part C early intervention services. However, in its contracts with local lead agencies, the Department requires reporting of revenues from local lead agencies. In addition, revenue reporting is required from private providers.

Total Revenue to Support Part C Early Intervention Services

Revenue Source	FY13 Revenue Amount
Federal Part C Funds	$ 8,251,515 *
State Part C Funds	$ 9,602,586*
Other State General Funds	$ 1,194,843
Local Funds	$ 7,970,999
Family Fees	$ 1,040,757
Medicaid	$ 19,733,600
Targeted Case Management	$ 5,665,674
Private Insurance and TRICARE	$ 5,283,510
Grants/Gifts/Donations	$ 149,087
In-Kind	$ 54,259
Other	$ 1,223,915
Total	**$60,170,745**

*These figures are the amount of Part C funding actually received by local systems. In some cases, local systems had more funds than indicated in the allocation table below because they had retained earnings from the previous fiscal year.

The following table represents the federal and state revenue allocated by the Department to the 40 local lead agencies:

Funds Allocated by Local Lead Agency*

Infant & Toddler Connection of	State	Federal
Alexandria	$ 254,693	$ 248,985
Arlington	$ 374,241	$ 354,404
Augusta-Highland	$ 53,199	$ 55,645
Central Virginia	$ 184,574	$ 130,517

Infant & Toddler Connection of	State	Federal
Chesapeake	$ 222,876	$ 238,408
Chesterfield	$ 502,018	$ 303,731
Crater District	$ 118,153	$ 81,446
Cumberland Mountain	$ 56,474	$ 59,417
Danville-Pittsylvania	$ 83,734	$ 43,556
DILENOWISCO	$ 70,610	$ 58,664
Fairfax-Falls Church	$ 1,993,010	$ 1,536,900
Goochland-Powhatan	$ 82,350	$ 86,802
Hampton-Newport News	$ 234,063	$ 186,638
Hanover	$ 124,251	$ 131,926
Harrisonburg/Rockingham	$ 98,935	$ 92,139
Henrico-Charles City-New Kent	$ 407,228	$ 357,539
Loudoun	$ 271,203	$ 289,898
Middle Peninsula-North Neck	$ 214,199	$ 114,984
Mount Rogers	$ 175,697	$ 43,050
Norfolk	$ 227,299	$ 243,625
Portsmouth	$ 95,799	$ 101,649
Prince William, Manassas and Manassas Park	$ 405,152	$ 434,950
Rappahannock-Rapidan	$ 91,274	$ 96,988
Richmond	$ 93,470	$ 100,433
Shenandoah Valley	$ 400,135	$ 179,804
Southside	$ 69,590	$ 54,887
Staunton-Waynesboro	$ 62,171	$ 45,701
the Alleghany-Highlands	$ 50,108	$ 46,082
the Blue Ridge	$ 256,604	$ 236,071
the Eastern Shore	$ 135,450	$ 32,231
the Heartland	$ 68,662	$ 124,310
the Highlands	$ 91,776	$ 58,475
the New River Valley	$ 117,877	$ 104,223
the Piedmont	$ 70,566	$ 61,683
the Rappahannock Area	$ 328,551	$ 352,381
the Roanoke Valley	$ 144,696	$ 155,564
the Rockbridge Area	$ 82,747	$ 70,245
Virginia Beach	$ 658,993	$ 507,966
Western Tidewater	$ 295,158	$ 161,369
Williamsburg-James City-York Poquoson	$ 262,458	$ 201,470
Total	**$9,530,044**	**$7,784,756**

*Please see Appendix A for a listing of the localities included in each system.

Limitations: Although the Department continues to refine the instructions and technical assistance related to the quarterly reporting forms used by local lead agencies and private providers to report revenue sources, there remain limitations with this process for collection of revenue data. Because the local lead agencies and private providers each maintain separate billing and accounting systems, there is no method to reliably ensure non-duplication of reporting in revenue categories, with the exception of Medicaid and Medicaid Targeted Case Management revenue. Through a data exchange agreement between the Department and the Department of Medical Assistance Services (DMAS) for implementation of the Medicaid Early Intervention Services Program, the Department is able to report the exact amount of Medicaid funds used to support Part C early intervention services for FY2013.

Future Actions to Address Limitations: Non-duplication of revenue reporting for other revenue sources can only be fully ensured once a reliable statewide mechanism is implemented to collect or import data from local systems on the source and amount of revenue for every service delivered. The Department is working to identify the most effective and efficient mechanism to accomplish this task.

III. Total Expenses for all Part C Services

The figures below show the amount of funds spent on each Part C direct early intervention service in FY2013, as reported by the 40 local lead agencies and including data from private providers with whom the local lead agencies contract.

Expenditures for Part C Early Intervention Services

Assessment for Service Planning	$ 2,337,794
Assistive Technology	$ 21,453
Audiology	$ 4,631
Counseling	$ 59,702
Developmental Services	$ 3,732,217
Evaluation for Eligibility Determination	$ 971,012
Health	$ 68,254
Nursing	$ 7,203
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Transportation	$ 102,799
Vision	$ 31,815
Other Entitled Part C Services	$ 638,183
EI Services by private providers**	$14,441,988
Total-Direct Services	**$46,737,250**

*The local lead agencies reported an additional $6,983,744 of expenses related to the system components (administration, system management, data collection and training) that are critical to implementation of direct services. **Therefore, total expenses are $53,720,994**.

**The local expenditure reporting forms were revised in FY2013 to eliminate duplicate reporting of expenses paid with Part C funds. It was not possible to eliminate the duplication by service category, so private provider expenses for all early intervention services are now reported as a lump sum.

The discrepancy between total expenses and total revenue is due to the following factors:

- Because of the anticipated budget shortfalls in FY2013, many local systems held bills as long as possible with the hope of receiving additional funds or paying bills from late FY2013 in FY2014. Since the additional state general funds for FY2013 were not received by local systems until the last quarter of the fiscal year, those additional funds are included in the total revenue reported but the expenses may not have been reported if the bills were not paid until early FY2014.
- It took time for local systems that had established waiting lists or reduced services due to budget shortfalls to bring those children into the system and resume full service levels. Therefore, the expenses associated with serving these children may not have been reported in FY2013. These are expected to be reported in FY 14.
- Some private providers discussed reducing rates temporarily to assist local systems that were experiencing budget shortfalls.
- Concerns about the completeness and accuracy of expense and revenue data and possible duplication of reporting remain since local lead agencies and private providers collect their data separately and there is no central mechanism to ensure reporting by all private providers or to ensure non-duplication.

Limitations: Although the Department continues to refine the instructions and technical assistance related to the quarterly reporting forms used by local lead agencies and private providers to report expenditures, there remain limitations with this process for collection of expense data. Because the local lead agencies and private providers each maintain separate billing and accounting systems, there is no method to reliably ensure non-duplication of reporting of expenses associated with each service. The local expenditure reporting forms were revised in FY2013 to eliminate duplicate reporting of expenses paid with Part C funds. It was not possible to eliminate the duplication by service category, so private provider expenses for all early intervention services can only be reported as a lump sum.

Future Actions to Address Limitations: Non-duplication of expense reporting can only be fully ensured once a reliable statewide mechanism is implemented to collect or import expenditure data from local systems. The Department is working to identify the most effective and efficient mechanism to accomplish this task.

IV. Total Number of Infants and Toddlers and Families Served

Local lead agencies are required to enter into the early intervention data system, ITOTS, every child who enters the local Part C early intervention system. Local lead agencies must use quarterly ITOTS verification reports to confirm the accuracy of the data entered. The following table provides the total number of children served for each year, as reported from ITOTS.

Please note that not all children who were served during that one-year period were served for the full year.

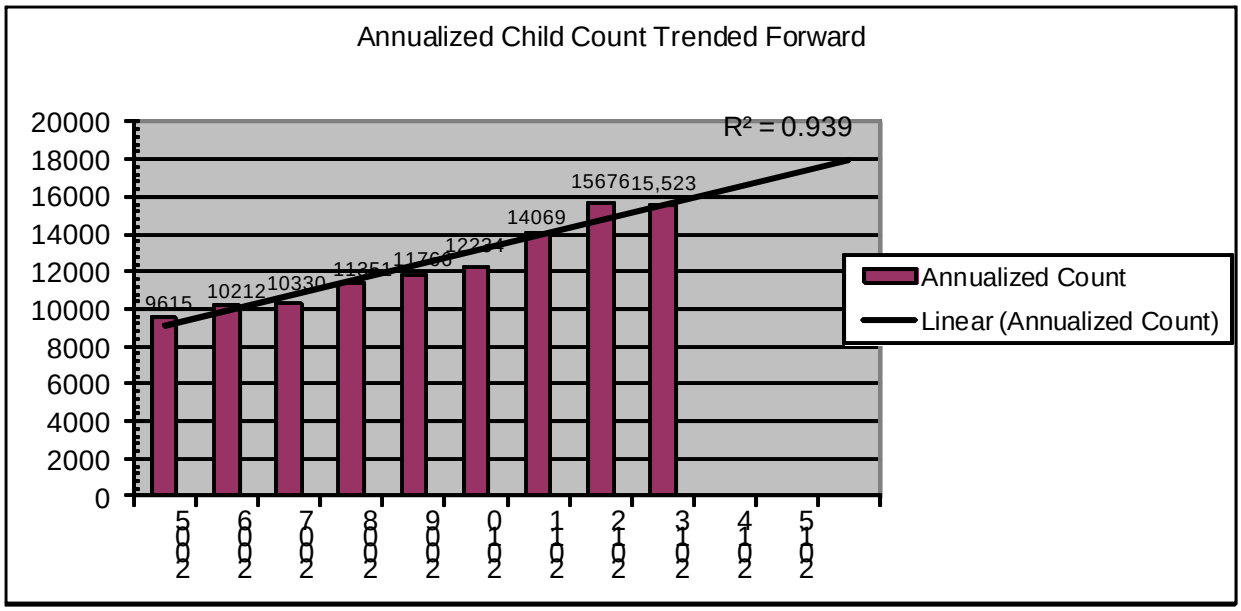
There was a decrease of just below 1% from FY2012 to FY2013 in the number of children served. As a result of statewide efforts to identify and enroll all eligible children per federal child find requirements, Virginia had experienced significant growth from FY2007 to FY2012, with an almost 52% increase over that period in the number of children served. Virginia had also added prematurity as an automatic eligibility criterion for service in December 2010, which may have contributed to the especially sharp increases in children enrolled in FY2011 and FY2012. As anticipated, Virginia's Part C early intervention system experienced significant shortfalls in FY2013 that resulted in several local systems establishing waiting lists for services and a reduced number of children served in FY2013.

Total Number of Infants and Toddlers Served in Each Year

Year	Total Number Served – Eligible and Entered Services	Total Number Evaluated Who Did Not Enter Services*
Dec. 2, 2003 – Dec.1, 2004	8,540	
Dec. 2, 2004 – Dec. 1, 2005	9,209	
July 1, 2006 – June 30, 2007	10,330	
July 1, 2007 – June 30, 2008	11,351	1,760
July 1, 2008 –June 30, 2009	11,766	1,671
July 1, 2009 – June 30, 2010	12,234	1,494
July 1, 2010 – June 30, 2011	14,069	1,829
July 1, 2011 – June 30, 2012	15,676	1,797
July 1, 2012 – June 30, 2013	15,523	1,745

* These children received a multidisciplinary team evaluation to determine eligibility and, in some cases, an assessment for service planning, but did not enter services because they were either found ineligible for Part C, declined Part C early intervention services, or were lost to contact. Since evaluation and assessment, by federal law, must be provided at no cost to families, neither private insurance nor families can be billed for these services. Unless the child has Medicaid or Tricare, federal and state Part C funds are generally used to pay for evaluation and assessment.

Using the total number of children served each year (annualized child count), the chart below trends the projected number of eligible children served through 2015.



V. Services Provided to Eligible Infants and Toddlers

Efforts to include delivered service data on the quarterly expenditure reports from local lead agencies and private providers have resulted in inconsistent and duplicative counts. Until there is an electronic mechanism to collect reliable delivered service data from local systems, the Department will report estimates based on planned services data. The ITOTS data system provides a report of the number of children active on December 1 of a given year for whom the initial IFSP listed each type of early intervention service. The table below estimates the total number of children served between July 1, 2012 and June 30, 2013 who have each service listed on their initial IFSP. This is based on the percentage of children with initial IFSPs having those services listed on December 1, 2012.

Estimates of Total Number of Children Receiving Each Service:
July 1, 2012 – June 30, 2013

Type of Early Intervention Service	% of Children with an Initial IFSP Listing that Service on 12/1/12	Estimated # of Children with an Initial IFSP Listing that Service in FY2013 (% multiplied by Total Served)
Assistive Technology	0.1%	16
Audiology	0.5%	78
Counseling	0.1%	16
Developmental Services	17.5%	2,717
Health Services	0%	0
Nursing Services	0%	0
Nutrition Services	0.03%	5
Occupational Therapy	14.6%	2,266
Physical Therapy	25.4%	3,943
Psychological Services	0.03%	5
Service Coordination	N/A*	15,523
Sign Language and Cued Language Services	0.1%	16
Social Work Services	0.1%	16

Speech-Language Pathology	32.7%	5,076
Transportation	0.03%	5
Vision Services	0.7%	109
Other Entitled EI Services	1.0%	155

*All eligible children receive service coordination.

In addition to the services listed on IFSPs, a total of 9,305 children received an evaluation to determine eligibility and/or an assessment for service planning in FY2013.

Limitations: The numbers provided above are only estimates and almost certainly underestimate the number of children receiving each service, since some children whose initial IFSP does not list a service (e.g., physical therapy) may have that service added at a subsequent IFSP review during the 1-year period. The ITOTS data system captures only those planned services identified on a child's initial IFSP, with no updates of services added on subsequent IFSPs and no data on services actually delivered.

Future Actions to Address Limitations: Accurate reporting of the number of children actually receiving each early intervention service can only be fully ensured once a reliable statewide mechanism is implemented to collect or import delivered service data from local systems.

VI. Overall Fiscal Climate for Part C for FY2013 and Beyond

Medicaid revenue generated through the Medicaid Early Intervention Services Program continues to fully fund services (other than service coordination) for children with Medicaid. However, there was not sufficient funding available in FY2013 to fully support the costs of providing service coordination to Medicaid eligible children or to support the costs of providing all appropriate services to children who do not have Medicaid. Specifically, the funding challenges in FY2013 included the following:

- The Medicaid Early Intervention Targeted Case Management program that began in October 2011ensures eligible children and families receive service coordination that is appropriate to the needs of infants, toddlers and their families. However, the original Early Intervention Targeted Case Management reimbursement rate of $120 per month did not cover the expenses of providing this service, which are estimated at $175 per month, based on a recent cost study. During the 2012 session, the General Assembly passed a budget amendment that appropriated the state funds necessary to increase the Medicaid reimbursement rate for early intervention targeted case management to $132 per month beginning July 1, 2012. These additional funds have helped to shrink, but not eliminate, the gap between revenue and the $175 per month expenses associated with service coordination for children with Medicaid.
- Just over $2.2 million in funding through the American Recovery and Reinvestment Act (ARRA) was available for final spend-down during the first quarter of FY2012. ARRA funding has now ended and is no longer a source of revenue for early intervention.
- Federal funding for Virginia's early intervention system remained flat.
- In general, insurance companies pay lower rates for early intervention services than Medicaid does and do not reimburse at all for service coordination or developmental services. Federal and state Part C funds must be used to make up the difference between the insurance rate and the Medicaid rate and to pay for services that are not covered.

- Whereas hundreds of thousands of federal and/or state one-time funds have been available in previous years because of vacant positions, surpluses in federal Part C funds budgeted for other state-level projects, or efficiencies within the Department, fewer than $84,000 in one-time federal funds were available in FY2013 to help off-set local budget shortfalls.

As a result of the funding challenges listed above, 26 of the 40 local systems experienced budget shortfalls in FY2013. Eight (8) local systems reduced or completely cut services to eligible children and families in FY2013 due to budget shortfalls and were, therefore, in violation of federal Part C regulations.

Thanks to the support of the General Assembly, $2,250,000 in additional state funds were allocated for FY2013 and available to address budget shortfalls during the last quarter of FY2013. Although the total amount of additional funds requested by the twenty-six local systems with budget shortfalls exceeded the $2,250,000 available, these local systems were funded at 80% of their determined need. Since receiving these additional funds and those allocated for FY2014, local systems have resumed child find efforts and those local systems that had cut services in FY2013 report that they are now serving all eligible children (with the exception of one local system, whose continued noncompliance is now related to an infrastructure issue, which is being corrected as quickly as possible, rather than a fiscal issue).

Looking ahead, the system is still growing and remains stressed. Meeting federal early intervention requirements will necessitate aggressive outreach for public awareness and child find to identify all eligible children, meeting rigorous standards for timely and effective services, and ensuring no waiting lists. With the additional state funds allocated for early intervention in FY2013 and FY2014, local systems have already resumed child find efforts and the number of children served in early intervention is expected to rise again. Since April 2013, when it became known that additional state funds were allocated for early intervention in FY2013 and FY2014, the number of children enrolled in early intervention as of the first day of each month has been higher than in any previous year. Unless funding stays apace with growth, Virginia runs the risk of falling back into noncompliance, which puts federal Part C funding at risk and results in children and families not getting the supports and services they need in a timely and effective manner.

Federal sequestration cuts have added to the financial stress on the early intervention system. While Virginia is working to meet the rigorous federal requirements and serve all eligible children, sequestration resulted in a decrease of $424,650 for Virginia's early intervention system for FY2014. The Department was able to absorb this cut in federal funding for FY2014 using funding that was set aside in case federal funding was delayed at the start of the fiscal year. Sequestration cuts will continue each year unless federal action occurs. If sequestration continues, the cuts will need to come from the federal allocations to the local systems.

Achieving a stable and sustainable fiscal structure for Virginia's early intervention system remains a top priority, as this is essential to ensuring an effective service system that leads to positive outcomes for infants and toddlers with disabilities and their families. Towards this end, the Department continues to:

- Closely monitor the fiscal situation across local systems;
- Provide additional training to local system managers and local fiscal staff to ensure effective oversight of local budgets and spending as well as accurate reporting of revenues and expenditures; and
- Work with local systems and the Bureau of Insurance, the Virginia Association of Health Plans, and the Virginia Interagency Coordinating Council on ways to maximize and possibly improve private insurance reimbursement for early intervention services.

VII. Conclusion

As demonstrated by the data reported above, the funding provided by the General Assembly permitted local Part C early intervention systems to provide a wide variety of needed supports and services to more than 15,000 eligible infants, toddlers and their families during fiscal year 2013. These funds also touched the lives of almost 1,800 additional infants, toddlers and families who received evaluations for eligibility determination and assessments upon referral to the Part C early intervention system even though they did not proceed on to receiving other early intervention supports and services. As the number of eligible infants and toddlers identified continues to increase and federal Part C funding levels remain static or fall, state Part C funding is critical to ensure all eligible children and families receive timely and appropriate early intervention supports and services. The department, local service providers and families are appreciative of the continued financial support for Part C early intervention provided by the General Assembly.

Appendix A
Local System Names and Included Localities

Local System	Localities Included
Alexandria	City of Alexandria
Alleghany-Highland	Alleghany County; Cities of Clifton Forge and Covington
Arlington County	Arlington County
Central Virginia	Counties of Amherst, Appomattox, Bedford and Campbell; Cities of Bedford and Lynchburg
Chesapeake	City of Chesapeake
Chesterfield	Chesterfield County
Williamsburg, James City, York	Counties of James City and York; Cities of Poquoson and Williamsburg
Heartland	Counties of Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, Nottoway, and Prince Edward
Cumberland Mountain	Counties of Buchanan, Russell, and Tazewell
Danville-Pittsylvania	Pittsylvania County; City of Danville
Eastern Shore	Counties of Accomack and Northampton
Fairfax-Falls Church	Fairfax County; Cities of Fairfax & Falls Church
Goochland-Powhatan	Counties of Goochland and Powhatan
Hampton-Newport News	Cities of Hampton and Newport News
Hanover County	Hanover County
Harrisonburg-Rockingham	Rockingham County; City of Harrisonburg
Henrico, Charles City, New Kent	Counties of Henrico, Charles City, and New Kent
Highlands	Washington County; City of Bristol, Abingdon
Loudoun County	Loudoun County
Middle Peninsula-Northern Neck	Counties of Essex, Gloucester, King & Queen, King William, Lancaster, Mathews, Middlesex, Northumberland, Richmond, and Westmoreland; Cities of Colonial Beach and West Point
Mount Rogers	Counties of Bland, Carroll, Grayson, Smyth, and Wythe; City of Galax and Marion
New River Valley	Counties of Floyd, Giles, Montgomery and Pulaski; City of Radford
Norfolk	City of Norfolk
Shenandoah Valley	Counties of Clark, Frederick, Page, Shenandoah, and Warren; City of Winchester
Piedmont	Counties of Henry, Franklin, and Patrick; City of Martinsville
DILENOWISCO	Counties of Dickenson, Lee, Scott and Wise; City of Norton
Crater District	Counties of Dinwiddie, Greensville, Prince George, Surry, and Sussex; Cities of Colonial Heights, Emporia, Hopewell, and Petersburg
Portsmouth	City of Portsmouth
Prince William, Manassas, Manassas Park	Prince William County; Cities of Manassas, Manassas Park and Quantico

Rappahannock Area	Counties of Caroline, King George, Spotsylvania, and Stafford; City of Fredericksburg
Rappahannock-Rapid an	Counties of Culpepper, Fauquier, Madison, Orange, and Rappahannock
Roanoke Valley	Counties of Albemarle, Fluvanna, Greene, Louisa, and Nelson; City of Charlottesville
Richmond	City of Richmond
Blue Ridge	Counties of Botetourt, Roanoke and Craig; Cities of Roanoke and Salem
Rockbridge Area	Counties of Bath and Rockbridge; Cities of Buena Vista and Lexington
Southside	Counties of Brunswick, Mecklenburg, and Halifax; Cities of South Boston and South Hill
Augusta-Highland	Counties of Augusta and Highland
Virginia Beach	City of Virginia Beach
Western Tidewater	Counties of Isle of Wight and Southampton; Cities of Franklin and Suffolk
Staunton-Waynesboro	Cities of Staunton and Waynesboro