

**A Report on Virginia's Part C Early Intervention System  
(Budget Item 334K, 2005 Appropriations Act)**

**July 1 2005 – June 30, 2006**

**To the Governor and Chairmen of the House  
Appropriations and Senate Finance Committees of the  
General Assembly**

**Presented By  
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Commissioner**

**Virginia Department of Mental Health, Mental  
Retardation and Substance Abuse Services**

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*Our vision is of a consumer-driven system of services and supports that promotes self-determination, empowerment, recovery, resilience, health, and the highest possible level of consumer participation in all aspects of community life including work, school, family and other meaningful relationships.*

## **EXECUTIVE SUMMARY**

### **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 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 Mental Health, Mental Retardation and Substance Abuse Services (the Department) was designated as the 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. Some local lead agencies are the sole providers of early intervention services in their area while others support multiple providers.

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 Social Science Research Center commissioned a private consulting firm, through a contract with the Department to conduct 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 (\$4,148 for the fiscal year 2002-2003) identified in the cost study, the General Assembly adopted Budget Item 334K and significantly increased the allocation of state general funds for use in the provision of early intervention services from \$125,000 per year in 1992 – 2003 to \$975,000 in 2004 and \$3,125,000 in 2005. For fiscal year 2007, the General Assembly appropriated an additional \$4million to bring the total state general funds to \$7.1 million. The 2005 Appropriation Act continues Budget Item 334K and states:

*“The Department shall amend its fiscal year 2006 contracts with the Part C Local Interagency Coordinating Council (LICC) fiscal agents to require additional reporting on (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. Beginning October 1, 2005 the Department shall annually report this information to the Chairmen of the House Appropriations and Senate Finance Committees.”*

## DMHMRSAS Activities

In accordance with the budget language as delineated in 334K, the Department amended its fiscal year 2006 contract with local lead agencies to require additional reporting on revenues, expenses and number of children served. However, the Department and the local lead agencies faced a number of challenges in reporting the required data including:

- ❑ No systemic collection of data regarding planned service levels,
- ❑ No systemic cost information captured,
- ❑ No systemic delivered service information, and
- ❑ No central listing of service providers.

In order to address these challenges, the Department completed an analysis in the spring of 2006 of the existing early intervention data system (ITOTS) and all federal and state reporting requirements and as a result the Department developed a plan for enhancements to ITOTS that will facilitate data collection and reporting to meet requirements. The plan will be phased in starting with moving ITOTS into the Department by February 28, 2007 to ensure better control and a more cost-effective and efficient process for designing and implementing modifications to the system. Once the data plan is fully implemented, the Department will be better positioned to provide data to accurately and completely meet the legislative reporting requirements of Budget Item 334K. In the meantime, the Department has taken steps to provide the most accurate data possible to address the reporting requirements of Budget Item 334K. These steps included revisions to the expenditure report and training for local systems toward the goal of more accurate reporting of revenue. The table below shows federal and state revenue from all sources as reported by the 40 local early intervention systems.

### ***Total Revenue to Support Part C Early Intervention Services***

<b>Revenue Source</b>	<b>FY-06 Revenue Amount</b>
Federal Part C Funds	\$8,419,704
State Part C Funds	\$3,125,000
Local Funds	\$5,406,466
Family Fees	\$237,496
Medicaid	\$335,587
Targeted Case Management	\$549,210
Private Insurance	\$510,607
Grants/Gifts/Donations	\$53,252
Other	\$808,886
Local report of aggregated non-Part C revenue	\$1,313,582
<b>Total</b>	<b>\$20,759,790</b>

In accordance with the budget language, the chart below provides detail about the aggregated amount of federal and state Part C funds expended in FY-2006 for Part C direct services. The figures represent the total Part C federal and state funds spent on specific direct services as reported by the 40 local lead agencies who submitted expenditure reports to the Department. It should be noted that expenditure reports were due to the Department October 31, 2006. The list is by specific service:

***Total Expenditures for all Part C Early Intervention Services***

Assistive Technology	\$34,049
Audiology	\$11,393
Evaluation & Assessment	\$730,650
Family training, counseling, home visits	\$30,569
Health	\$435
Nursing	\$435
Nutrition	\$4,683
Occupational Therapy	\$908,514
Physical Therapy	\$1,447,951
Psychology	\$500
Service Coordination	\$3,933,752
Social Work	\$4,121
Special Instruction	\$1,387,561
Speech language pathology	\$1,907,702
Transportation	\$47,476
Vision	\$97,453
Other Entitled Part C Services	\$342,893
<b>Total-Direct Services</b>	<b>\$10,890,137</b>

Local lead agencies reported an additional \$1,265,811million of non-Part C revenues. This figure represents aggregated expenses (the local lead agency was unable to report the expense by category however; these expenses included funds spent on Part C early intervention services). Outside of the federal and state funds spent for Part C direct services, local lead agencies also reported \$1,529,242 of Part C federal funds spent on administration, system management, data collection and training.

***Total Number of Infants, Toddlers and Families Served***

A total of 10,212 infants, toddlers and families received Part C early intervention services in the one-year period from December 2, 2004 to December 1, 2005. This number represents a 6.2% increase over the previous year and a 37.8% increase since 2002.

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 by the children in order to achieve the child's outcomes.

***Services Provided to Those Infants, Toddlers and Families***

<b>Type of Early Intervention Service</b>	<b>Estimated # of Children with Initial IFSP Listing That Service 12/2/04 – 12/1/05</b>
Assistive Technology	153
Audiology	123
Family Training and Counseling	61
Health Services	2
Medical Services (for evaluation, diagnosis)	2
Nursing Services	10
Nutrition Services	123
Occupational Therapy	1,501
Physical Therapy	3,595
Psychological Services	31
Respite Care	0
Service Coordination	10,212
Social Work Services	123
Special Instruction	2,206
Speech-Language Pathology	4,299
Transportation	31
Vision Services	133
Other Entitled EI Services	102

## FULL REPORT

### Introduction

In the 2005 Appropriation Act, paragraph K of Item 334 directed the Department of Mental Health, Mental Retardation and Substance Abuse Services to amend its FY 2006 contracts with Part C Local Interagency Coordinating Councils (LICC) fiscal agents to require additional reporting on (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. This item also required the Department to report this information to the Chairmen of the Senate Finance and House Appropriations Committee on October 1 of each year.

### Data System Update

In its October 2005 *Report on Virginia's Part C Early Intervention System (Budget Item 334K, 2004 Appropriations Act)*, the Department noted that the existing early intervention data system, ITOTS, no longer meets the needs and demands for collection and reporting of Part C early intervention data. ITOTS was developed and implemented in 2001 to primarily meet annual federal reporting requirements related to child data and now presents a number of challenges to the Department in meeting federal and state reporting requirements, including the following:

- ❑ Child data is collected only at entry into the early intervention system and is not collected as child status or service needs change.
- ❑ No financial cost data for Part C services is collected, and, therefore, the Commonwealth is unable to determine the cost of providing services or the resources that are accessed in providing services.
- ❑ Data reports are limited and the analysis of the data is burdensome.

In order to address these limitations in the data system, the Department hired a consultant in October 2005 to provide a detailed analysis, plan and re-design of the ITOTS Part C data system to meet the additional federal and state reporting and data needs of the Department. The detailed analysis was completed in the spring of 2006.

The plan for data system enhancements will be phased in starting with moving the ITOTS system into the Department by February 28, 2007. Moving the data system into the Department will ensure better control of the data and provides a more cost-effective and efficient process for designing and implementing ongoing modifications to the system. Once the master plan is fully implemented, the Department will be better positioned to provide data to meet the legislative reporting requirements of Budget Item 334K as well as federal reporting requirements.

## Report of Required Data

To the maximum extent possible, the following narrative, charts and other graphics respond to the legislative requirements as delineated in Budget Item 334K of the 2005 Appropriations Act. The information provided for each reporting requirement includes identifying limitations in the data reported and future steps for addressing the limitations.

### **Total Revenue Used to Support Part C Services**

<b>Revenue Source</b>	<b>FY-06 Revenue Amount</b>
Federal Part C Funds	\$8,419,704
State Part C Funds	\$3,125,000
Local Funds	\$5,406,466
Family Fees	\$237,496
Medicaid	\$335,587
Targeted Case Management	\$549,210
Private Insurance	\$510,607
Grants/Gifts/Donations	\$53,252
Other	\$808,886
Local report of aggregated non-Part C revenue	\$1,313,582
<b>Total</b>	<b>\$20,759,790</b>

Note: Nine local lead agencies were unable to report revenue by category but did report an aggregated amount of non-Part C revenue used to support local Part C early intervention services.

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**

<b>Infant &amp; Toddler Connection of</b>	<b>State</b>	<b>Federal</b>
Alexandria	\$55,076	\$93,698
Arlington	\$126,494	\$278,695
Central Virginia	\$84,483	\$246,499
Chesapeake	\$80,169	\$158,321
Chesterfield	\$142,163	\$378,502
Crater District	\$63,138	\$186,888
Cumberland Mountain	\$34,752	\$73,998
Danville-Pittsylvania	\$32,368	\$106,003
Dickenson	\$12,157	\$24,539
Fairfax-Falls Church	\$313,154	\$708,697

<b>Infant &amp; Toddler Connection of</b>	<b>State</b>	<b>Federal</b>
Goochland-Powhatan	\$29,643	\$58,767
Hampton-Newport News	\$158,626	\$426,929
Hanover	\$44,971	\$54,715
Harrisonburg/Rockingham	\$41,224	\$96,086
Henrico-Charles City-New Kent	\$174,522	\$416,380
LENOWISCO	\$41,451	\$93,906
Loudoun	\$89,252	\$233,584
Middle Peninsula-North Neck	\$65,863	\$194,848
Mount Rogers	\$44,290	\$113,848
Norfolk	\$118,659	\$320,801
Planning District 14	\$29,529	\$217,622
Portsmouth	\$63,138	\$256,784
Prince William, Manassas and Manassas Park	\$133,988	\$452,826
Rappahannock-Rapidan	\$62,002	\$146,119
Richmond	\$116,729	\$333,738
Shenandoah Valley	\$68,020	\$132,552
Southside	\$26,009	\$90,571
the Alleghany-Highlands	\$31,686	\$45,996
the Blue Ridge	\$66,203	\$309,766
the Eastern Shore	\$34,525	\$169,981
the Highlands	\$29,075	\$54,221
the New River Valley	\$54,281	\$170,453
the Piedmont	\$42,927	\$122,105
the Rappahannock Area	\$112,074	\$284,637
the Roanoke Valley	\$101,174	\$294,170
the Rockbridge Area	\$33,730	\$67,325
Valley	\$60,413	\$128,555
Virginia Beach	\$156,242	\$414,090
Western Tidewater	\$78,466	\$211,872
Williamsburg*James City*York Poqouson	\$72,334	\$250,617
<b>Total</b>	<b>\$3,125,000</b>	<b>\$8,419,704</b>

**Limitations:** As noted previously, the ITOTS data system does not collect financial cost data for Part C services. In its October 2005 *Report on Virginia's Part C Early Intervention System (Budget Item 334K, 2004 Appropriations Act)*, the Department was unable to provide specific reporting of revenue other than the federal and State Part C funds. In its FY-06 contracts with local lead agencies, the Department required reporting of revenues. However, without a data system that allows for ongoing and consistent reporting of revenues, manual collection of revenue data for private providers is time-consuming and costly. Because of concerns that this manual collection would result in private providers having to reduce services to Part C eligible

infants and toddlers, the Department amended its contract requirement to make revenue reporting from private providers optional for FY-06. Therefore, the revenue figures provided above only reflect state and federal Part C revenue in Virginia's Part C early intervention system.

**Future Actions to Address Limitations:** Starting no later than fiscal year 2008, the Department expects to have access to accurate and complete revenue data from all providers, including private providers, through the enhanced Part C data system.

**Total Expenses for all Part C Services**

The figures below show the amount of Part C funds spent on each Part C direct service in FY-2006, as reported by the 40 local lead agencies.

**Expenditures for Part C Early Intervention Services**

Assistive Technology	\$34,049
Audiology	\$11,393
Evaluation & Assessment	\$730,650
Family training, counseling, home visits	\$30,569
Health	\$435
Nursing	\$435
Nutrition	\$4,683
Occupational Therapy	\$908,514
Physical Therapy	\$1,447,951
Psychology	\$500
Service Coordination	\$3,933,752
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Special Instruction	\$1,387,561
Speech language pathology	\$1,907,702
Transportation	\$47,476
Vision	\$97,453
Other Entitled Part C Services	\$342,893
<b>Total-Direct Services</b>	<b>\$10,890,137</b>

Note: The discrepancy between revenue and expenditures is due to a number of factors, including the following:

- Local lead agencies may use a portion of the federal Part C funds to support systems components (administration, system management, data collection, and training). Beyond the Part C funds spent for Part C direct services, the local lead agencies reported an additional \$1,529,242 of Part C (federal) funds were used for these system component expenses.

- Similarly, some non-Part C revenue sources, such as local funds, may be used for expenses other than direct services and will, therefore, not be reflected in the table showing expenditures for Part C direct services.
- The local lead agencies reported an additional \$1,265,811 of non-Part C revenues spent on aggregated expenses (the local lead agency was unable to report the expense by category, though these expenses included the use of some of these funds for Part C early intervention services).

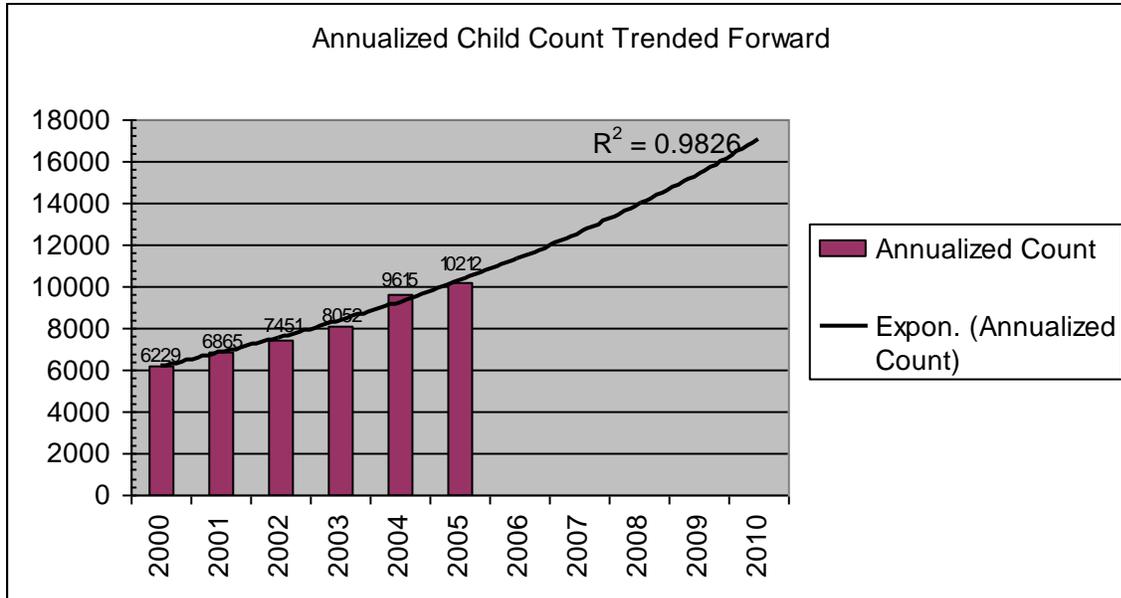
**Total Number of Infants and Toddlers and Families Served**

Local lead agencies are required to enter into the Part C data system, ITOTS, every child who enters the local Part C early intervention system. In 2006, the Department implemented new quarterly ITOTS reports that local lead agencies must use to verify the accuracy of the data entered. The current data system allows for reporting on the number of children in the system by annualized count (December 2 – December 1 one-year period) and by point-in-time (December 1 of each year). The annualized count provides a much more accurate picture of the total number of children served than does the point-in-time December 1 count used in the Department's October 2005 *Report on Virginia's Part C Early Intervention System (Budget Item 334K, 2004 Appropriations Act)*. The following table provides the annualized child count data for each year, as reported from ITOTS. There was a 6.2% increase in the number of children served from 2004 to 2005 and a 37.8% increase from 2002 to 2005.

**Total Number of Infants and Toddlers Served in Each Year**

<b>Year (12/2 – 12/1)</b>	<b>Total Number Served</b>
2002	7,409
2003	9,076
2004	9,615
2005	10,212

Using the annualized child count, the chart below trends the projected number of eligible children served through 2010.



**Limitations:** Due to the limited report capabilities in the existing data system, the Department is unable to provide the exact number of children served in the 2006 fiscal year. The December 2 – December 1 one-year period is used here to report the total number of infants, toddlers and families served since it is a verified and therefore reliable number. Using the total number served in 2005, dividing by 12 months, and multiplying by 6 months provides an estimate of 5,106 children served from July 1 – December 31, 2005. Using the same method of estimation with the total number of children who have entered the Part C early intervention system so far in 2006 results in an estimate of 6,207 children served from January 1 – June 30, 2006. These calculations would suggest that approximately 11,313 infants, toddlers and families will be served in FY-06, indicating that the trend will continue upward for the number of children served in all of 2006.

**Future Actions to Address Limitations:** When ITOTS is moved into the Department, it is planned that data reports will include criteria will allow real time data reporting of the number of infants, toddlers and families served in the one-year period. This and other “new” reports will be available for the FY 2007 reporting period. (July 1 – June 30, 2008).

***Services Provided to Eligible Infants and Toddlers***

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 in a one-year period who have each service listed on their initial IFSP based on the percentage of children with initial IFSPs listing those services on December 1. The chart below provides estimates of both the number of children and which services were provided during a one-year period:

**Estimate of Total Number of Children  
Receiving Each Service in a 1-Year Period**

Type of Early Intervention Service	Percent of Children with an Initial IFSP Listing That Service on 12/1/05	Estimated # of Children with Initial IFSP Listing That Service 12/2/04 – 12/1/05
Assistive Technology	1.5%	153
Audiology	1.2%	123
Family Training and Counseling	0.6%	61
Health Services	0.0002%	2
Medical Services (for evaluation, diagnosis)	0.0002%	2
Nursing Services	0.1%	10
Nutrition Services	0.6%	123
Occupational Therapy	14.7%	1,501
Physical Therapy	35.2%	3,595
Psychological Services	0.3%	31
Respite Care	0.0%	0
Service Coordination	100%	10,212
Social Work Services	1.2%	123
Special Instruction	21.6%	2,206
Speech-Language Pathology	42.1%	4,299
Transportation	0.3%	31
Vision Services	1.3%	133
Other Entitled EI Services	1.0%	102

**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.

**Future Actions to Address Limitations:** Starting no later than fiscal year 2008, the Department will have access to updated and accurate service data for all eligible children through the enhanced Part C data system.

**Conclusion**

The Department has taken a number of steps since October 2005 to improve the completeness and accuracy of the data reported within this document. The steps have included but are not limited to the following:

- 1) bringing the data system into the Department by February 28, 2007,
- 2) expanding the capacity of the data system to report all revenue including Medicaid and private insurance to fulfill the reporting requirements of 334 K and the federal reporting requirements,
- 3) engaging stakeholders in an on-going dialogue about the re-design of the ITOTS data system,
- 4) collaborating with other state agencies to develop linkages to their data systems, and

- 5) continuing to participate on Department committees and workgroups to integrate ITOTS into the Department's data systems. As enhancements to the Part C early intervention data system (ITOTS) are phased in, the quality of the data will be enhanced and will be scrutinized to ensure accurate and timely reporting of information, accountability and stewardship of public funds. All state and federal funding for early intervention services has been dedicated for direct services. To support the growth in the early intervention system, it is important to continue to maintain funding for direct services and to allocate new funding for infrastructure needs.

As demonstrated by the data reported above, the additional funding provided by the General Assembly permitted local Part C systems to provide a wide variety of needed supports and services to more than 10,000 eligible infants, toddlers and their families during fiscal year 2006. As the number of eligible infants and toddlers identified continues to increase and federal Part C funding decreases, State Part C funding is critical to ensure all eligible children and families receive timely early intervention supports and services. The Department, local service providers and families are appreciative of the continued financial support for Part C provided by the General Assembly.