

COMMONWEALTH of VIRGINIA

DEPARTMENT OF
MENTAL HEALTH, MENTAL RETARDATION AND SUBSTANCE ABUSE SERVICES

Post Office Box 1797
Richmond, Virginia 23218-1797

Telephone (804) 786-3921
Voice/TDD (804) 371-8977
www.dmhmrzas.state.va.us

JAMES S. REINHARD, M.D.
COMMISSIONER

January 17, 2008

The Honorable John H. Chichester
Senate Finance Committee
P.O. Box 904
Fredericksburg, VA 22404

Dear Senator Chichester:

I am pleased to submit the Department's 2007 *Report on Virginia's Part C Early Intervention System* to the Chairmen of the Senate Finance and House Appropriations Committees to comply with the reporting requirements of the 2006 Budget Item 312 K.2. In accordance with the requirements of Budget Item 312 K.2, the Department's 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.

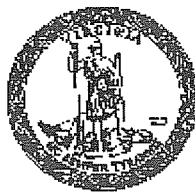
Please feel free to contact me if you have questions about the report.

Sincerely,

A handwritten signature in black ink that reads "James Reinhard".

James S. Reinhard, M.D.

Copy: The Hon. Marilyn B. Tavenner, Secretary, Health and Human Resources
The Hon. Phillip A. Hamilton
The Hon. William C. Wampler, Jr.
Heidi Dix, Assistant Deputy Secretary
Joe Flores
Kristin Burhop
Frank L. Tetrick, III
Shirley G. Ricks
Ruth Anne Walker



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JAMES S. REINHARD, M.D.
COMMISSIONER

January 17, 2008

The Honorable Vincent F. Callahan, Jr.
House Appropriations Committee
P.O. Box 1173
McLean, VA 22101

Dear Delegate Callahan:

I am pleased to submit the Department's 2007 *Report on Virginia's Part C Early Intervention System* to the Chairmen of the Senate Finance and House Appropriations Committees to comply with the reporting requirements of the 2006 Budget Item 312 K.2. In accordance with the requirements of Budget Item 312 K.2, the Department's 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.

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**A Report on Virginia's Part C Early Intervention System
(Budget Item 312 K.2, 2006 Appropriations Act)**

July 1, 2006 – June 30, 2007

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

**Presented By
James S. Reinhard, M.D.
Commissioner**

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

October 2007

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 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 Mental Health, Mental Retardation and Substance Abuse Services (the Department) was designated 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. 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 a total of \$7,203,366. The 2006 Appropriation Act continues Budget Item 334K as Budget Item 312 K.1 and K.2 and 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.”

DMHMRSAS Activities

In order to report the data required by the budget language delineated in 312 K.2, the Department amended its fiscal year 2007 contract with local lead agencies to require additional reporting on revenues and expenses. 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. Implementation of the plan began by moving ITOTS into the Department on 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 312 K.2. In the meantime, the Department has taken steps to provide the most accurate data possible to address the reporting requirements of Budget Item 312 K.2. These steps included revisions to the expenditure report form 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

Revenue Source	FY-07 Revenue Amount
Federal Part C Funds	\$8,839,815
State Part C Funds	\$7,203,365
Local Funds	\$7,427,535
Family Fees	\$367,346
Medicaid	\$1,081,489
Targeted Case Management	\$971,609
Private Insurance	\$825,931
Grants/Gifts/Donations	\$304,412
Other	\$1,008,074
Local report of aggregated non-Part C revenue	\$2,623,750
Total	\$30,653,326

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-2007 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.

Total Expenditures for all Part C Early Intervention Services

Assistive Technology	\$34,629
Audiology	\$12,691
Evaluation & Assessment	\$840,445
Family training, counseling, home visits	\$50,097
Health	\$3,290
Nursing	\$1,599
Nutrition	\$1,733
Occupational Therapy	\$903,419
Physical Therapy	\$1,623,660
Psychology	\$1,500
Service Coordination	\$4,238,341
Social Work	\$62,567
Special Instruction	\$1,810,959
Speech language pathology	\$2,195,039
Transportation	\$68,906
Vision	\$42,627
Other Entitled Part C Services	\$403,555
Total-Direct Services	\$12,295,057

The local lead agencies reported an additional \$15,986,056 of aggregated expenses (the local lead agency was unable to report the expense by category, though these expenses included the use of some non-Part C funds for Part C early intervention services). Outside of the federal and state funds spent for Part C direct services, local lead agencies also reported \$1,962,120 of revenue spent on administration, system management, data collection and training.

Total Number of Infants, Toddlers and Families Served

A total of 10,330 infants, toddlers and families received Part C early intervention services in the one-year period from July 1, 2006 – June 30, 2007. This number represents a 12.2% increase over the previous year and a 21% increase since 2004.

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

Type of Early Intervention Service	Estimated # of Children with Initial IFSP Listing That Service 7/1/06 – 6/30/07
Assistive Technology	72
Audiology	258
Initial Evaluation/Assessment	6,768*
Family Training and Counseling	52
Health Services	2
Medical Services (for evaluation, diagnosis)	8
Nursing Services	4
Nutrition Services	21
Occupational Therapy	1,498
Physical Therapy	2,965
Psychological Services	12
Service Coordination	10,330
Social Work Services	93
Special Instruction	2,407
Speech-Language Pathology	4,855
Transportation	6
Vision Services	83
Other Entitled EI Services	62

* The enhanced ITOTS data system allows reporting of the actual number of initial evaluations/assessments completed from July 1, 2006 – June 30, 2007.

FULL REPORT

Introduction

In the 2006 Appropriation Act, paragraph K.2 of Item 312 directs the Department of Mental Health, Mental Retardation and Substance Abuse Services to report the following information to the Chairmen of the Senate Finance and House Appropriations Committee 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.

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 met 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 in ITOTS 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 through ITOTS, 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.

A detailed analysis of ITOTS was completed in the spring of 2006. The resulting plan for data system enhancements will be phased in and began with moving the ITOTS system into the Department on February 28, 2007. Moving the data system into the Department ensures better control of the data and provides a more cost-effective and efficient process for designing and implementing ongoing modifications to the system. Statewide training was provided prior to implementation of the new ITOTS system, and a detailed User's Manual has been developed and disseminated. This first phase of the data system improvements focused primarily on data integrity and better reporting rather than additional data elements. 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 312 K.2 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 312 K.2 of the 2006 Appropriations Act. 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.

Total Revenue Used to Support Part C Services

Revenue Source	FY-07 Revenue Amount
Federal Part C Funds	\$8,839,815
State Part C Funds	\$7,203,365
Local Funds	\$7,427,535
Family Fees	\$367,346
Medicaid	\$1,081,489
Targeted Case Management	\$971,609
Private Insurance	\$825,931
Grants/Gifts/Donations	\$304,412
Other	\$1,008,074
Local report of aggregated non-Part C revenue	\$2,623,750
Total	\$30,653,326

Note: Seven 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

Infant & Toddler Connection of	State	Federal
Alexandria	\$138,726	\$93,698
Arlington	\$280,764	\$310,901
Central Virginia	\$220,930	\$246,499
Chesapeake	\$216,489	\$158,321
Chesterfield	\$304,271	\$378,502
Crater District	\$121,532	\$186,888
Cumberland Mountain	\$64,216	\$73,998
Danville-Pittsylvania	\$61,416	\$106,003
Dickenson	\$21,264	\$24,539

Infant & Toddler Connection of	State	Federal
Fairfax-Falls Church	\$918,964	\$830,697
Goochland-Powhatan	\$53,808	\$58,767
Hampton-Newport News	\$330,705	\$426,929
Hanover	\$92,046	\$54,715
Harrisonburg/Rockingham	\$120,027	\$96,086
Henrico-Charles City-New Kent	\$381,476	\$416,380
LENOWISCO	\$80,387	\$93,906
Loudoun	\$205,042	\$233,584
Middle Peninsula-North Neck	\$134,609	\$296,060
Mount Rogers	\$94,540	\$113,848
Norfolk	\$315,902	\$320,801
Planning District 14	\$55,999	\$217,622
Portsmouth	\$139,710	\$256,784
Prince William, Manassas and Manassas Park	\$300,392	\$452,826
Rappahannock-Rapidan	\$162,863	\$146,119
Richmond	\$251,196	\$392,135
Shenandoah Valley	\$153,105	\$132,552
Southside	\$49,099	\$90,571
the Alleghany-Highlands	\$58,127	\$45,996
the Blue Ridge	\$152,053	\$309,766
the Eastern Shore	\$81,287	\$244,106
the Highlands	\$53,140	\$54,221
the New River Valley	\$131,114	\$189,221
the Piedmont	\$82,612	\$122,105
the Rappahannock Area	\$261,997	\$284,637
the Roanoke Valley	\$213,888	\$294,170
the Rockbridge Area	\$66,025	\$90,728
Valley	\$118,749	\$128,555
Virginia Beach	\$369,222	\$414,090
Western Tidewater	\$190,935	\$211,872
Williamsburg*James City*York Poqouson	\$154,738	\$250,617
Total	\$7,203,365	\$8,839,815

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-07 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-07. Therefore, the revenue figures provided above primarily reflect that of the local lead agencies in Virginia's Part C early intervention system.

Future Actions to Address Limitations: Barring unforeseen barriers, 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 no later than fiscal year 2010.

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-2007, as reported by the 40 local lead agencies.

Expenditures for Part C Early Intervention Services

Assistive Technology	\$34,629
Audiology	\$12,691
Evaluation & Assessment	\$840,445
Family training, counseling, home visits	\$50,097
Health	\$3,290
Nursing	\$1,599
Nutrition	\$1,733
Occupational Therapy	\$903,419
Physical Therapy	\$1,623,660
Psychology	\$1,500
Service Coordination	\$4,238,341
Social Work	\$62,567
Special Instruction	\$1,810,959
Speech language pathology	\$2,195,039
Transportation	\$68,906
Vision	\$42,627
Other Entitled Part C Services	\$403,555
Total-Direct Services	\$12,295,057

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

- Local lead agencies are required to address the systems components (administration, system management, data collection, and training), which are critical to implementation of direct services. Beyond the Part C funds spent for Part C direct services, the local lead agencies reported an additional \$1,962,120 of revenue was 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 \$15,986,056 of aggregated expenses (the local lead agency was unable to report the expense by category, though these expenses included the use of some non-Part C funds for Part C early intervention services).

Total Number of Infants and Toddlers and Families Served

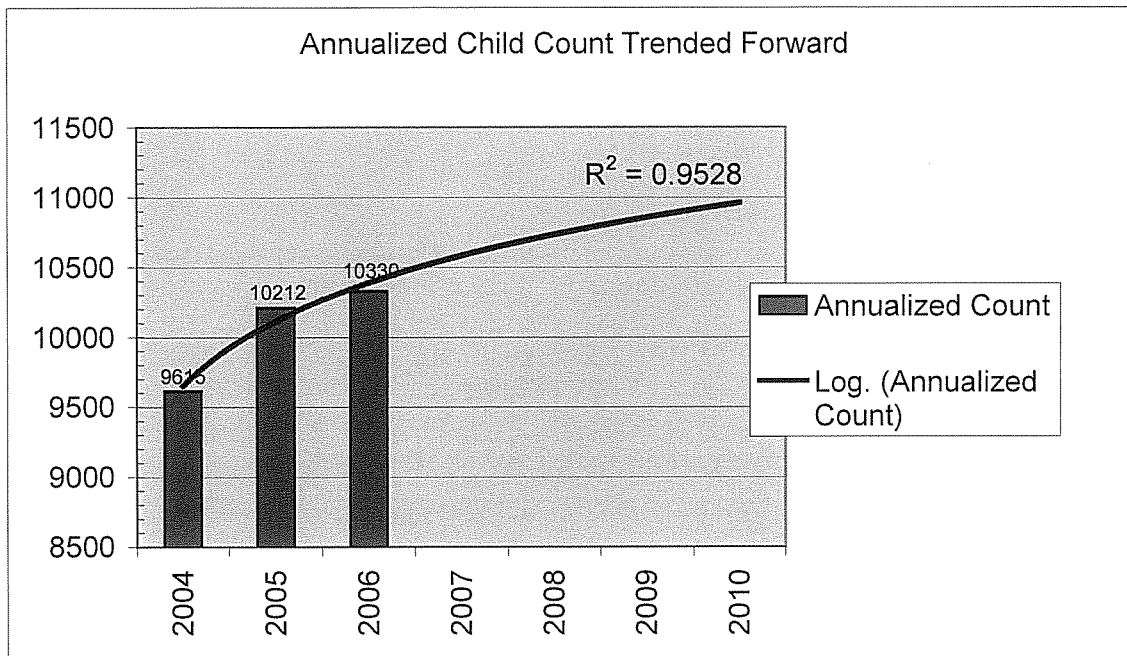
Local lead agencies are required to enter into the Part C data system, ITOTS, every child who enters the local Part C early intervention system. In 2006, the Department implemented new quarterly ITOTS reports that local lead agencies must use to verify the accuracy of the data entered. As a result of the first phase of ITOTS enhancements, DMHMRSAS is now able to report annually (beginning July 1, 2006) on the total number of children who were served in the Part C system from July 1 – June 30, using all Part C revenues. The following table provides the annualized child count data for each year, as reported from ITOTS. There was a 12.2% increase in the number of children served from 2004 – 2005 to 2006 – 2007 and a 21.0% increase since 2003 - 2004.

Total Number of Infants and Toddlers Served in Each Year

Year	Total Number Served
Dec. 2, 2003 – Dec. 1, 2004	8,540
Dec. 2, 2004 – Dec. 1, 2005	9,209
July 1, 2006 – June 30, 2007	10,330

Note: The annualized counts reported for 2004 and 2005 in last year’s *Report on Virginia’s Part C Early Intervention System (Budget Item 334K, 2004 Appropriations Act)* were higher because they included children birth – 3 who were served under Part B of the Individuals with Disabilities Education Act through the public schools. The annualized counts provided above give a more accurate picture of the total number of children served in the Part C system using all Part C revenue sources.

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



In its Annual Performance Report to the U.S. Department of Education on February 1, 2007, DMHMRSAS, with broad stakeholder input, identified child find as a priority area. Improvement activities have begun and include increased statewide public awareness efforts and local Corrective Action Plans/Service Enhancement Plans to increase the number of eligible children being served in Part C.

Services Provided to Eligible Infants and Toddlers

The ITOTS data system provides a report of the number of children who entered the Part C system between July 1, 2006 and June 30, 2007 for whom the initial IFSP listed each type of early intervention service. Based on that data, the table below estimates the total number of children who were served in the Part C system for that one-year period who have each service listed on their initial IFSP (some of the children served in that one year period actually entered the Part C system prior to July 1, 2006). The percentage of children entering the Part C system during the one-year period with the given service listed on their IFSP is multiplied by the total number of children served in the one-year period to provide an estimate of the total number of children receiving each service. This data was then compared to the number of children in the Part C system on December 1, 2006 for whom the initial IFSP listed each service. If the actual number of children in the system on December 1, 2006 with a given service listed on their IFSP was greater than the estimate, then the actual number is reported.

**Estimate of Total Number of Children
Receiving Each Service: July 1, 2006 – June 30, 2007**

Type of Early Intervention Service	Percent of Children Entering Part C 7/1/06 – 6/30/07 with an Initial IFSP Listing That Service	Estimated # of Children Served 7/1/06 – 6/30/07 with Initial IFSP Listing That Service (% multiplied by total served)
Assistive Technology	0.7%	72
Audiology	2.5%	258
Initial Evaluation and Assessment	N/A	6,768*
Family Training and Counseling	0.5%	52
Health Services	0.02%	2
Medical Services (for evaluation, diagnosis)	0.08%	8
Nursing Services	0.02%	4**
Nutrition Services	0.2%	21
Occupational Therapy	14.5%	1,498
Physical Therapy	28.7%	2,965
Psychological Services	0.02%	12**
Service Coordination	100%	10,330
Social Work Services	0.9%	93
Special Instruction	23.3%	2,407
Speech-Language Pathology	47.0%	4,855
Transportation	0.06%	6
Vision Services	0.8%	83
Other Entitled EI Services	0.6%	62

* The enhanced ITOTS data system allows reporting of the actual number of initial evaluations/assessments completed from July 1, 2006 – June 30, 2007.

** Since the actual number of children in the system on December 1, 2006 with this service listed on their IFSP was greater than the estimate, the actual number is reported here.

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: Barring unforeseen barriers, the Department expects to have access to updated and accurate service data for all eligible children through the enhanced Part C data system no later than fiscal year 2010.

Conclusion

The Department has taken a number of steps since October 2006 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) implementing a process of annual, statewide, on-site data verification that included visiting and verifying selected ITOTS data for all 40 local lead agencies in October 2006,
- 2) bringing the data system into the Department on February 28, 2007,
- 3) providing regional training across the Commonwealth to all ITOTS users in February 2007,
- 4) developing and disseminating an ITOTS User's Manual in February 2007,
- 5) determining the most cost- and time-effective ways to expand the capacity of the data system to report all revenue including Medicaid and private insurance to fulfill the reporting requirements of 312 K.2 and the federal reporting requirements,
- 6) engaging stakeholders in an on-going dialogue about the re-design of the ITOTS data system,
- 7) collaborating with other state agencies to develop linkages to their data systems, and
- 8) 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 continue to be scrutinized to ensure accurate and timely reporting of information, accountability and stewardship of public funds.

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 10,300 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.