



February 2006

Report No. 06-14

Early Steps Faces Service Challenges; Has Not Used All Available Federal Funds

at a glance

The Early Steps Program served a decreased number of children in Fiscal Year 2004-05 and a smaller percentage of the birth to three population. Also, due to federal requirements, the program is shifting to providing services in the “natural environment.” Some providers are choosing not to participate in the program because it can be costly to provide services in this way. These factors may affect the availability of services throughout the state. The program is also exploring tightening its eligibility requirements, which would affect both providers and the number of children served.

Although local program offices have reported funding shortfalls, the program has not used its full federal grant allocation. The program also has not fully analyzed the option of requiring families to pay some costs through a sliding co-payment scale or annual fee schedule, which some states use to increase available resources.

The program needs to revise its contracts with local offices to ensure that they provide adequate oversight of their providers. Also, while the program could be moved to another agency, such a transfer would not provide clear benefits.

Scope

As directed by the Legislature, OPPAGA reviewed the Early Steps Program’s delivery of services, funding, program management, and placement.

Background

The Early Steps Program provides services to infants and toddlers from birth to three years of age who have developmental delays or disabilities, and their families. Typical services include physical, speech, and occupational therapy.¹ By assisting children in their early, formative years, these early intervention services seek to enhance infants’ and toddlers’ development, reduce costs by decreasing the need for special education, minimize the likelihood of institutionalization, and increase families’ abilities to meet their children’s needs.

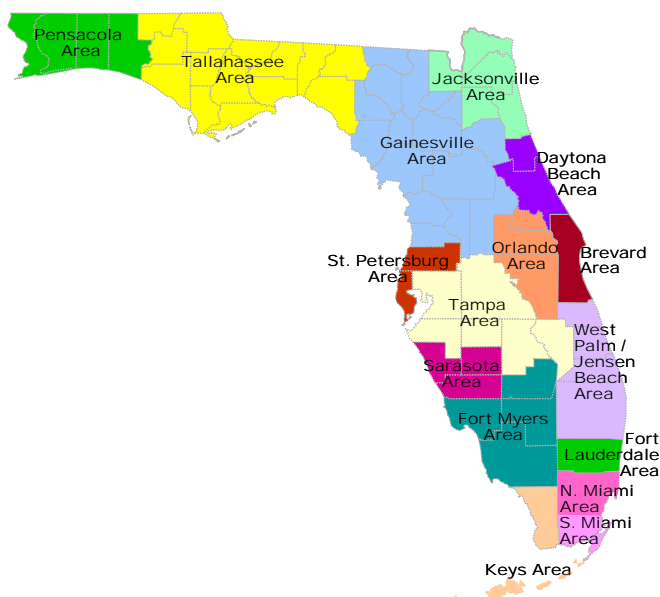
Florida’s Early Steps Program is directed by the federal Individuals with Disabilities Education Act (IDEA). Under Part C of this act, the Program for Infants and Toddlers with Disabilities, the federal government provides grants to assist states in providing early

¹ Other types of early intervention services include family support and training, health services, medical services (for diagnostic/evaluation purposes), nursing services, nutritional services, psychological services, SHINE services (Serving Hearing Impaired Newborns Effectively), and social services.

intervention services.² The program is an entitlement for every eligible child and there are no financial eligibility requirements. All 50 states participate in the federal IDEA Part C program.

The Florida Early Steps Program is administered by Children's Medical Services, Department of Health. The department contracts with hospitals and non-profits in 16 areas across the state to coordinate and deliver services. The department acts as the contract administrator for these local offices and monitors compliance with federal regulations, state policies, and contract requirements, and provides technical assistance and training.

Exhibit 1 Early Steps Is Administered Through 16 Local Areas



Source: Florida Department of Health, Early Steps Program.

As shown in Exhibit 1, the local Early Steps areas range in size from 1 to 16 counties. While some of the local area offices provide direct services such as evaluations and assessments, most subcontract with other providers for services. The local area offices also provide program coordination and administration, service coordination, data and fiscal activities, and training.

Findings

We examined the Early Steps Program's delivery of services, funding, program management, and placement.

Service Delivery

The Early Steps Program faces several challenges in providing services to young children with developmental delays and disabilities. The program served a decreased number of children in Fiscal Year 2004-05 and is serving a smaller percentage of the population less than three years old. Also, due to federal mandates, the program is shifting to providing services in the "natural environment," and because of this change and other issues, some providers are choosing not to participate in the program. These trends may affect the future availability of services throughout the state. In addition, the program is exploring tightening eligibility requirements, which also may affect the availability of services.

Early Steps served a decreased number of children in Fiscal Year 2004-05 and a smaller percentage of the birth to three population

Participation in the Early Steps Program has decreased, as shown in Exhibit 2. The state and federal government use several measures to assess the number of children served by early intervention programs. One federal measure is the number of children with an active case plan on December 1 of each year. In Florida, this number has decreased each year from Fiscal Year 2003-04 to a low of 12,037 on December 1, 2005. For a second measure, the federal program compares this number to its Census data to calculate the percentage of the state's population of children less than three years of age served by the program. This number also fell in Fiscal Years 2003-04 and 2004-05; the figure for Fiscal Year 2005-06 is not yet available. Finally, the program also assesses the number of children enrolled in the program. Enrollees include new referrals, active cases, and cases that were closed during the year. The number of children enrolled in Early Steps increased until Fiscal

² 34 Code of Federal Regulations Part 303.

Year 2003-04, and then fell in Fiscal Year 2004-05. The Fiscal Year 2005-06 enrollment number is not yet available, as the fiscal year has not ended. The percentage of children enrolled of the total population also fell in Fiscal Year 2004-05. Program managers indicate that the drop in participation in Fiscal Year 2004-05 may be due to hurricanes that made it difficult to identify and serve eligible children. In addition, the client counts may be underreported due to inaccurate and untimely data entry.

To provide context as to how many children may be in need of early intervention services in Florida, we asked the program for prevalence data. There is no current data on the prevalence of delays in Florida's young children; however, a 1991 study by the Center for Prevention and Early Intervention Policy estimated that 6.9% of Florida's population of infants and toddlers had a developmental delay.³ If this rate is unchanged, the program would not appear to be serving all eligible children.

Exhibit 2

Early Steps Participation Shows Recent Decreases

	Fiscal Year			
	2001-02	2002-03	2003-04	2004-05
Total birth to three population	561,839	634,430	644,833	655,203
Number of children with active case plans ¹	14,442	16,894	14,719	12,214
Percentage of population with active case plans	2.57%	2.66%	2.28%	1.86%
Number of children enrolled during fiscal year	36,272	39,333	40,554	38,420
Percentage of children enrolled during fiscal year	6.45%	6.20%	6.29%	5.86%

¹ This row represents the number of children with active case plans on December 1 of each year.

Source: Annual reports conducted by the United States Office of Special Education Programs and Florida Early Steps Program child count reports.

To try to help families participate in the program, both the state and local Early Steps

offices conduct outreach and early identification efforts. Each of the 16 local area offices also employs at least one family resource specialist to coordinate with local organizations and parent groups to ensure information and support are available to families in each local area. The local offices also educate primary referral sources about the federal requirement to make referrals to the program within two working days of identification. In Fiscal Year 2004-05, Early Steps had 38,420 children enrolled; of these, 18,419 were new referrals from hospital neonatal intensive care units, family or self-referral, school districts, physicians, and community providers.

Florida is shifting from clinic-based to "natural environment" services

The Early Steps Program also has been affected by a major change in its service delivery system. The program is shifting from clinic-based services, in which the parents bring children to clinics for services, to providing services in children's "natural environment," which includes home and community settings in which children without disabilities participate. Services may be provided in other settings only when they cannot be satisfactorily provided in a natural environment.⁴ In practice, most natural environment services are provided in children's homes.

The natural environment model has been directed by the federal program since its inception, but Florida did not implement this approach until July 2004. State program managers attribute Florida's delay in adopting the natural environment model to various factors, including its historical reliance on providers that used a clinic-based model and the difficulty of convincing these providers to provide services in natural environments.

The local Early Steps offices are in various stages of implementing the new model, resulting in variations in the program's service delivery system throughout the state. For example, the percentage of services authorized in the natural environment in Fiscal Year 2004-05 ranged from

³ An additional 4.2% were estimated to have conditions, such as low birth weight, that placed them at high risk for later disabilities.

⁴ Evaluations and assessments to determine eligibility can be conducted in centralized settings, such as a clinic.

13% in West Palm Beach to 100% in Gainesville, St. Petersburg, and the Keys. Statewide, the services authorized to be provided in natural environments has increased from 51% in Fiscal Year 2003-04 to 74% in Fiscal Year 2004-05.⁵

Provider participation is declining

The Early Steps Program has been losing providers. The St. Petersburg area, for example, reports that it recently lost its largest provider and that two other major providers are no longer accepting new Early Steps children. These three providers served the majority of the children in this area. Fort Lauderdale reports that only 16% of its providers are willing to participate in the new service model. Providers report that there are several reasons why participation in the Early Steps Program is falling, including financial disincentives, the natural environment mandate, risk-share agreements, and the primary service provider model.

According to some providers, the program's reimbursement rates discourage participation because they do not currently reflect the costs of implementing the natural environment model. The reimbursement rates for the program are set at the same level or lower than Medicaid rates. Providers note that due to travel time, the number of children that they can serve is decreased under the new program model because the providers must generally travel to each child's home instead of the child traveling to a clinic where the therapists work. This change in turn reduces the providers' income. While all 16 local offices provide some form of travel reimbursement, they use different practices. For example, one office pays a per-15-minute travel rate of \$3.75, another pays \$10 for 0-18 miles of travel, and a third office reimburses providers at a rate of \$0.29 cents per mile. These reimbursement structures may not cover all travel costs, particularly in rural areas. Also, one local office will compensate travel only for Medicaid providers, while another discontinued paying any travel reimbursement for assessment teams after 2005. The state program has established a

funding methodology work group that is expected to address this issue.

Some providers also are balking at financial requirements established by many local program offices in response to funding deficits or constraints. Seven local Early Steps areas require providers to accept reduced reimbursement rates and risk sharing. For example, in the Tampa area providers must accept a 10% reduced rate to cover program deficits. Two additional offices have procedures that they have used to adjust rates based on the availability of funds and the spending patterns of the service area. Two more local offices indicated that they needed to develop either risk-share or rate adjustment mechanisms to control costs.

Some providers also expressed concern about the program's new service delivery model. Like many other states, Florida is now requiring that a primary provider be designated for each child. Previously, each child would be seen by various therapists/providers. Now, the support team selects one individual to be the primary provider who may be a therapist, but may also be an infant and toddler developmental specialist or early interventionist.⁶ The primary service provider is expected to consult with the other members of the team as to how to reinforce their techniques during his or her routine visits with the child. The primary provider makes the majority of visits to the child, and the other team members come periodically, depending on the child's needs. Some providers expressed concern that the new "primary service provider" model would de-emphasize the role and importance of trained therapists. Also, some providers question the efficacy of the new model over the old model.

Finally, providers have had difficulty receiving program approval from the state office to provide services to clients. Provider enrollment was a function of the local offices until 2004, when it became a centralized function at the state office. Program managers indicate that the state office lacked sufficient technological and personnel resources to enroll providers, resulting in a backlog of 1,045 provider re-enrollments and

⁵ Due to damage from the 2005 hurricanes, data for the Fort Lauderdale Early Steps office is not currently available and not included in this total.

⁶ An infant toddler developmental specialist (ITDS) is a non-licensed provider of early intervention services. The ITDS focuses on ways to promote development and learning and assist the family in understanding the needs of the child.

1,085 new applicants as of September 2005. Also, part of the delay is due to the length of time it takes to receive a Medicaid provider number from the Agency for Health Care Administration. To remedy the backlog, the program has assigned more personnel to this function and prioritized enrollment for new applicants in order to help expand the provider pool. The program projects the backlog will be eliminated in early 2006.

Early Steps is exploring tightening eligibility requirements

Another programmatic change that could affect both children and providers is that the program is exploring changing its eligibility criteria to make them both clearer and more restrictive. The proposed criteria removes the requirement that a child have at least a 25% delay in terms of months of age. Program managers assert that this would increase consistency because the percentage delay is based on chronological age rounded in months, and the rounding creates variability.⁷ In addition, the proposed criteria changes the developmental delay needed to receive services from 1.5 standard deviations on a standardized assessment tool in one or more developmental areas to 2.0 in one area or 1.5 in two or more areas. The program estimates that these proposed changes will reduce the number of eligible children by 7%, but was unable to estimate the savings that could occur from this reduction. The fiscal impact may be limited because the children who will lose their eligibility have fewer delays and are thus likely to be less costly to serve than children who have more severe developmental delays. However, as discussed in the next section on program funding, the program is not currently using all available funding, and this change in eligibility may prove to be unnecessary.

States use varying eligibility criteria nationwide. Some states use either a percentage of developmental delay or a standard deviation criterion for eligibility, while other states, like Florida, accept both criteria. In addition, some other states use clinical judgment. Eight states have eligibility criteria similar to the ones Florida

is considering adopting. According to the Federal Resource Center for Special Education, Florida's current eligibility criteria are considered to be broad, as are those of 23 other states.⁸ Fourteen states also have made their eligibility criteria more restrictive in recent years.

Program Funding

Funding for the Early Steps Program has remained relatively stable over time. However, the program has not used all available federal funds or fully explored other funding options such as sliding scale family fees. To target its spending, the Early Steps Program is revising its funding distribution formula.

Early Steps should maximize federal dollars and explore other options to increase resources

The Early Steps Program is funded through a combination of federal grants, general revenue, and tobacco settlement funds. As shown in Exhibit 3, in Fiscal Year 2005-06, over half of the programs appropriations were federal dollars.

Exhibit 3 The Majority of Early Steps Funds Are Federal

Source	Amount
STATE	
General Revenue	\$11,319,052
Tobacco	3,817,556
State Total	\$15,136,608
FEDERAL	
Federal Grants Trust Fund (IDEA Part B and Part C) ¹	\$20,850,933
Welfare Transition Trust Fund ²	3,800,000
Federal Total	\$24,650,933
TOTAL	\$39,787,541

¹ The federal government allocates Part C funds based on Census data of the number of children, birth to age three, in the general population. Part B funds are for client services and general supervision activities.

² The Welfare Transition Trust Fund handles Temporary Assistance to Needy Families (TANF) funds, which are federal funds but the Legislature has discretion in allocating them.

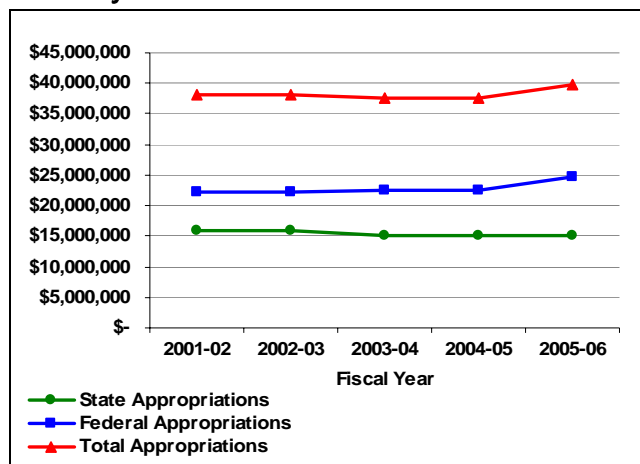
Source: 2005-06 General Appropriations Act.

⁷ For example, children who are closer to reaching their next month are treated differently than children who have just reached that month (6 months, 1 day versus 6 months, 29 days).

⁸ The Federal Resource Center for Special Education is a five-year cooperative agreement that supports a nationwide technical assistance network to respond to the needs of children with disabilities.

The program's appropriation has remained relatively stable over the past five years, as shown in Exhibit 4.

Exhibit 4 Early Steps Appropriations Have Remained Relatively Stable Over the Past Five Years



Source: General Appropriations Acts 2001-2005.

However, as discussed previously, the program's costs to provide services to children are changing due to the switch to providing services in natural environments. As a result, some local program managers report that their contract funding is not sufficient to meet local service needs. For example, the Tampa area experienced a \$205,965 deficit in Fiscal Year 2004-05, while the Orlando area experienced a \$60,000 deficit and both are expecting an even larger deficit in the 2005-06 fiscal year. While other areas in the state did not experience a deficit, some reported that to stay within budget they established lower reimbursement rates. In addition, some 'parent' organizations such as hospitals and non-profits provided fiscal and in-kind support to local area offices.

The program could increase its available resources by maximizing federal funding. For the past two fiscal years, the program's federal grant award has exceeded its spending authority.

- In Fiscal Year 2004-05, the program was eligible to receive \$23,462,326 in federal IDEA Part B and C funds, but had only \$18,758,761 in spending authority, a difference of \$4.7 million. In January 2005, the program requested and received a budget

amendment to increase its spending authority by \$4,041,111, which was \$660,000 below the \$4.7 million available. In addition, the program was also unable to expend the full amount of its increased spending authority because it had not requested the budget amendment until January 2005 and the program did not receive approval until April 2005. Although over \$2 million rolled forward, the program has not yet requested spending authority to expend these funds in Fiscal Year 2005-06.

- In Fiscal Year 2005-06, the program sought \$18,758,761 and received \$20,850,933 in spending authority. The program made a conservative request because the federal grant is not finalized until October of each year, and the program did not want to overestimate its needs. When the federal grant was finalized, the program was eligible to receive \$23,506,557 in federal funds. Therefore, the program will need to seek another budget amendment for \$2.7 million to expend the full federal grant award. The program plans to request a budget amendment in January 2006.
- In its Fiscal Year 2006-07 Legislative Budget Request, the program requested spending authority of \$22,087,867 for federal grants. Based on historical grant amounts, this request should be a more accurate estimate of federal grant awards. However, the program needs to determine the total amount of unexpended dollars, from 1993 to the present, to determine how much spending authority to request to fully access unspent federal funds.

The program also should explore options used by other states to maximize funding without increasing general revenue appropriations. For example, some other states require insurers to cover Part C services for eligible children.⁹ Virginia began by requiring that the state employees' health insurance plan cover early intervention services for Part C eligible children, and later expanded the requirement to other private insurers. States with insurance mandates may have higher utilization of private insurance

⁹ States with insurance mandates include Connecticut, Indiana, Massachusetts, New York, and Virginia.

to pay for early intervention services than other states, which could help shift the cost of services from Part C funds.

Many states require families to contribute to the cost of program services through private insurance, monthly premiums, and/or co-payments for services. While Florida utilizes families' private insurance or Medicaid to pay for program services, it does not require families to pay additional premiums or co-payments.¹⁰

In 1997 the Florida Early Steps Program explored instituting a sliding scale family fee that ranged from \$0-\$30 per month. However, program managers decided not to pursue such fees because the program uses federal Part B funds for direct services, and the federal government mandates that these services be provided for free. To implement a family fee system these funds would have to be disbursed differently, such as through local grants. However, the cost of collecting family fees could exceed the revenue that these fees would generate. The program has not, however, fully analyzed such fees and should do so.

In addition, other states rely more heavily on other funding sources. For example, New York uses its Part C federal grant award for program administration only and pays for services through private insurance, Medicaid, and county and state tax dollars.

Early Steps is revising its formula for distributing funds across the state

The program is working to revise the formula used to allocate funding among the 16 local Early Steps offices. Some managers of the local programs assert that the current funding formula is inequitable, resulting in some offices receiving more or less funds than needed. According to the program's analysis, the current fiscal year funding methodology allows a variance of \$1,950 per child (\$843 to \$2,793) when the Keys area is included and \$492 (\$843 to \$1,335) per child variance when the Keys area is not included. State program managers reported that the current formula was adopted in Fiscal Year 2004-05 to support the minimum adequate

infrastructure required for program compliance. The formula uses several factors, including number of enrolled children, percentage of children on Medicaid, price level index, and number of square miles in each area. State managers told us that this formula is more equitable than ones used in previous years, but that the formula's complexity has led to confusion among administrators in the local area offices.

The program formed a funding methodology work group to revise the formula to be both more equitable and easier to understand. The work group examined factors used in the current formula as well as other factors such as the geographic size of service areas, which currently vary from a single county (Brevard) to 16 counties (served by the Gainesville office). In January 2006, the workgroup made several recommendations to the program, including basing the funding methodology on an equitable per child allocation and modifying the geographic boundaries of local areas.

Program Management

The program's ability to oversee local program services has been hindered by data system and quality assurance problems that it is working to address. The program also needs to revise its contracts to ensure that local area offices provide appropriate oversight of their providers.

Early Steps Program should address data system limitations

The Early Steps Program maintains a web-based data system to track client information, but its ability to use this system to oversee local program offices is hindered by missing and inaccurate data. The program contracts with the University of Florida to administer this system, which the local Early Steps offices use to record information on client demographics, evaluations, and services, as well as fiscal and provider information. The state office uses this data to monitor compliance with federal reporting requirements, contractual and fiscal obligations, and program outcomes.

However, local offices have not entered data in a timely and accurate manner. The program reported that in Fiscal Year 2003-04, 20% of the

¹⁰ In Fiscal Year 2004-05, approximately 49% of Early Steps clients were Medicaid eligible.

data was not entered in a timely manner and 32% was not accurate. One important required data field that specifies children's functional status was missing for 97% of the children enrolled, which prevented the state program from determining the percentage of children whose functioning improved after receiving services.

To address these issues, the state office hired a data manager to work with the University of Florida and modified its contract with the university to specify data collection and reporting expectations. In addition, the state office convened a data user's workgroup which meets regularly to discuss and recommend changes to the data system. The program also should provide technical assistance on data issues to local offices through its quality assurance review process.

The program is taking steps to strengthen oversight of local offices

The program has taken steps to improve its oversight of the 16 local area offices by increasing the frequency of its quality assurance reviews. The central office conducts these reviews to ensure that the service system meets the needs of clients as well as state and federal requirements. Previously, quality assurance reviews of each local office were conducted only once every three years, which limited the state program's ability to identify trends and systemic issues. In November 2004, the program revised the quality assurance system to review each local office every year.

However, the state program office needs to take additional steps to ensure that the local offices adequately monitor their service providers. The contracts with the 16 local areas require them to use only providers approved and enrolled by the state program, but these contracts do not specify how the local areas are to monitor the activities of these providers. Currently, the local areas use varying monitoring methods. For example, one office provides oversight by observing therapy sessions and conducting a chart review using a form developed for this purpose. In contrast, another office uses a satisfaction survey to determine if there are problems with providers.

Program Placement

The Department of Health is an appropriate placement for the Early Steps Program. While the program could be moved to another agency, such a transfer would not provide clear benefits.

The Department of Education initially was responsible for Florida's early intervention services and administered a five-year federal planning grant. However, in 1992, when the planning grant ended, the Department of Education decided not to implement the program. The program was transferred subsequently to the Department of Health, which began receiving federal funds and providing services to clients in 1993. The program is administered by the department's Children's Medical Services, which serves a similar population of children with special health needs.

There are other possible placements for Florida's early intervention program. While most states house similar programs in a department of health or another social service agency, 13 states place early intervention programs in the Department of Education.

Moving Early Steps to the Department of Education would consolidate operations for Parts B and C of the federal IDEA program in one state agency. Part C federal grants fund services to children from birth to age three and Part B funds services to those age three and older, through local school districts. In theory, putting administration of both B and C in one agency could lead to smoother transitions from the Early Steps Program to the local school system at age 3. However, since the Early Steps Program is based in natural environments, a transition would still be required to school districts. Further, the mission of the Department of Education does not include providing therapeutic services to infants.

A second option would be to place Early Steps in the Agency for Persons with Disabilities, which serves clients with developmental disabilities from age three onward. However, stakeholders expressed concern that placement in this agency could carry a stigma that could lead to parents' unwillingness to participate in the program,

since many of the children in the program are developmentally delayed but not disabled.

Since the program is still working to implement the natural environment model, additional changes due to an interagency transfer would be difficult to integrate at this time. There is no clear advantage to transferring the program out of the Department of Health.

Recommendations —————

We recommend that the Early Steps Program take the steps below to improve operations.

- Using the Early Steps funding methodology work group analysis, revise the provider reimbursement rate structure to ensure that it adequately reflects costs associated with the natural environment model.
- Request budget authority in a timely manner to draw down all available federal grant funds and develop a strategy to fully expend these funds during the fiscal year. This could reduce the need to make eligibility criteria more stringent.

- Determine the feasibility of implementing a family cost share system through a sliding scale family fee or an annual fee structure and present the results of this analysis to the Legislature for consideration.
- Amend its contracts with local Early Steps offices to establish penalties, such as withholding of contract dollars, for late or incomplete data entry.
- Contractually establish minimum quality assurance requirements for local area offices to use in monitoring their providers.

Agency Response —————

In accordance with the provisions of s. 11.51(6), *Florida Statutes*, a draft of our report was submitted to the Secretary of the Department of Health for his review and response.

The Secretary's written response is reproduced in its entirety in Appendix A.



Jeb Bush
Governor

M. Rony François, M.D., M.S.P.H., Ph.D.
Secretary

February 8, 2006

Mr. Gary R. VanLandingham
Director
Office of Program Policy Analysis
and Government Accountability
Room 312, Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1475

Dear Mr. VanLandingham:

This letter is in response to your January 4 correspondence regarding the preliminary and tentative findings of your report entitled, "Early Steps Faces Challenges: Has Not Used All Available Federal Funds."

The Department of Health acknowledges the recommendations and has developed plans to improve the program. We would like to clarify that the Early Steps Program has received all available federal funds. Further, the program has been serving increasing numbers of children with the exception of fiscal year 2004-2005. Last, we are committed to make timely requests for budget authority in the future.

The agency's response and corrective action plans to your findings and recommendations may be found in the enclosed document.

We appreciate the work of your staff, and we will diligently pursue appropriate resolution to the findings. If I may be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "R. François M.D., Ph.D.".

M. Rony François, M.D., M.S.P.H., Ph.D.
Secretary, Department of Health

MRF/jcr
Enclosure

Early Steps Faces Challenges: Has Not Used All Available Federal Funds

<i>Finding</i>	<i>Recommendation</i>	<i>Management's Response</i>	<i>Corrective Action Plan</i>
1 Early Steps served a decreased number of children in Fiscal Year 2004-05 and a smaller percentage of the population less than three years old. Florida is shifting from a clinic-based to "natural environment" services.	Using the Early Steps funding methodology work group analysis, revise the provider reimbursement rate structure to ensure that it adequately reflects costs associated with the natural environment model.	The Early Steps State Office has served an increased number of children each year with the exception of FY 2004/2005 which may have been negatively impacted by the four hurricanes during the year. Further, the dollars available per child has steadily decreased based on the increased enrollment. The natural environment initiative has been required by our federal regulations and Florida is making progress in our system toward meeting the requirement. We concur with the recommendation.	<p>On January 11, 2006, the Funding Methodology workgroup began working on an analysis of the Early Steps Service Taxonomy to determine the adequacy of the service codes for billing services in natural environments. They intend to have a proposed new taxonomy by the end of March 2006. The work group will also develop examples of billing services in natural environments as the work group believes that part of the difficulty with the taxonomy is some of the Local Early Steps programs do not understand what can be billed. The cost of services will not be analyzed as Early Steps service rates must be equal to Medicaid rates for Medicaid billable services. An Early Steps service provider will be consulted regarding the proposed billing examples to get feedback on the adequacy of the anticipated revenues generated from the proposed billing examples.</p> <p>Once the taxonomy is finalized, the Early Steps Data Center staff will update the billing codes in the system for implementation on July 1, 2006.</p> <p>Once the taxonomy is finalized, the Early Steps Data Center staff will update the billing codes in the system for implementation on July 1, 2006.</p>

<i>Finding</i>	<i>Recommendation</i>	<i>Management's Response</i>	<i>Corrective Action Plan</i>
2 Early Steps should maximize federal dollars and explore other options to increase resources.	Request budget authority in a timely manner to draw down all available federal grant funds and develop a strategy to fully expend these funds during the fiscal year. This could reduce the need to make eligibility criteria more stringent.	The Early Steps State Office receives informal notification of federal grant awards for the period beginning July 1 beginning in late April through May. As soon as the signed budget appropriation act is received the Early Steps State Office begins working with the CMS Network Administration budget staff on identifying the differences between fiscal year anticipated cash and budget authority. Final determination of cash for the fiscal year is made after close of accounts on December 31 when the roll forward for IDEA Part C is determined. Florida DOE informs DOH of the available roll forward for the IDEA Part B grants in March. There is sufficient budget authority to support the current award each year. However, one time non-recurring budget authority is needed to maximize federal funding rollforward. Grant reporting to granting agencies is done on a first in – first out basis. With the generous time allowed for obligating grant funds by roll forward to subsequent years, Early Steps has never reverted any federal funding. The uncertainty of the scheduling of the Legislative Budget Commission contributes to the difficulty in our ability to prepare a request for budget authority that is able to be reviewed and acted upon in a timely manner.	CMS will work closely with the DOH Budget Office to facilitate submission of LBC requests for increased budget authority at the earliest possible date. It should be noted that the OPPAGA report acknowledges that for the upcoming 06-07 FY the issue of budget authority has been substantially addressed in the DOH / LBR request.

	<i>Finding</i>	<i>Recommendation</i>	<i>Management's Response</i>	<i>Corrective Action Plan</i>
3	In 1997 the Florida Early Steps Program explored instituting a sliding scale family fee, but program managers decided not to pursue such fees because the program uses federal Part B funds for direct services, and the federal government mandates that the services be provided for free. Such fees could be disbursed differently, such as through local grants. The program has not, however, fully analyzed such fees and should do so.	Determine the feasibility of implementing a family cost share system through a sliding scale family fee or annual fee structure and present the results of this analysis to the Legislature for its consideration.	The Early Steps State Office concurs with the Finding and Recommendation	The Early Steps State Office (ESSO) will determine the feasibility of implementing a family cost share system. If family cost sharing is found to be appropriate, the ESSO will draft policies and procedures related to implementing a sliding fee scale. Federal statutes and regulations governing Early Steps require that draft policies, before being implemented, undergo an extensive process of public review, including public hearings, state and federal approval. Because of this extensive process, a reasonable implementation date for any new policy drafted by June 2006 would be July 1, 2007.
4	Early Steps should address data system limitations. Its ability to use the web-based data system to oversee local program offices is hindered by missing and inaccurate data. Local offices have not entered data in a timely and accurate manner.	Amend its contracts with local Early Steps offices to establish penalties, such as withholding of contract dollars, for late or incomplete data entry.	The Early Steps State Office has established monthly data users meetings to improve understanding of and secure consistent reporting in data in our system. We also have a monthly meeting with the data contractor to discuss issues, needs and updates regarding reporting.	A review of the Early Steps data fields will be made to determine those critical for state and federal reporting and program management. Local Early Steps programs will be held accountable for timely data entry of the critical fields. Contract amendments will be executed to include appropriate accountability language.

<i>Finding</i>	<i>Recommendation</i>	<i>Management's Response</i>	<i>Corrective Action Plan</i>
5 In November 2004, the program revised the quality assurance system to review each local office every year. However, the state program office needs to take additional steps to ensure that the local offices adequately monitor their service providers.	Contractually establish minimum quality assurance requirements for local area offices to use in monitoring their providers.	The Early Steps State Office concurs with the Finding and Recommendation	A work group consisting of Early Steps State Office staff and representatives from Local Early Steps providers will be convened to draft specific procedures for the monitoring of service providers by the local offices in the Early Steps system. Contract amendments will be executed to include appropriate accountability language.

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



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