STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

MANAGEMENT AUDIT

DEPARTMENT OF HUMAN SERVICES' EARLY INTERVENTION PROGRAM

AUGUST 2002

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To the Legislative Audit Commission, the Speaker and Minority Leader of the House of Representatives, the President and Minority Leader of the Senate, the members of the General Assembly, and the Governor:

This is our Management Audit of the Department of Human Services' Early Intervention Program.

The audit was conducted pursuant to Legislative Audit Commission Resolution Number 122, which was adopted on June 26, 2001. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.

WILLIAM G. HOLLAND
Auditor General

Springfield, Illinois
August 2002

REPORT DIGEST

MANAGEMENT AUDIT

DEPARTMENT OF HUMAN SERVICES' EARLY INTERVENTION PROGRAM

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State of Illinois
Office of the Auditor General

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SYNOPSIS

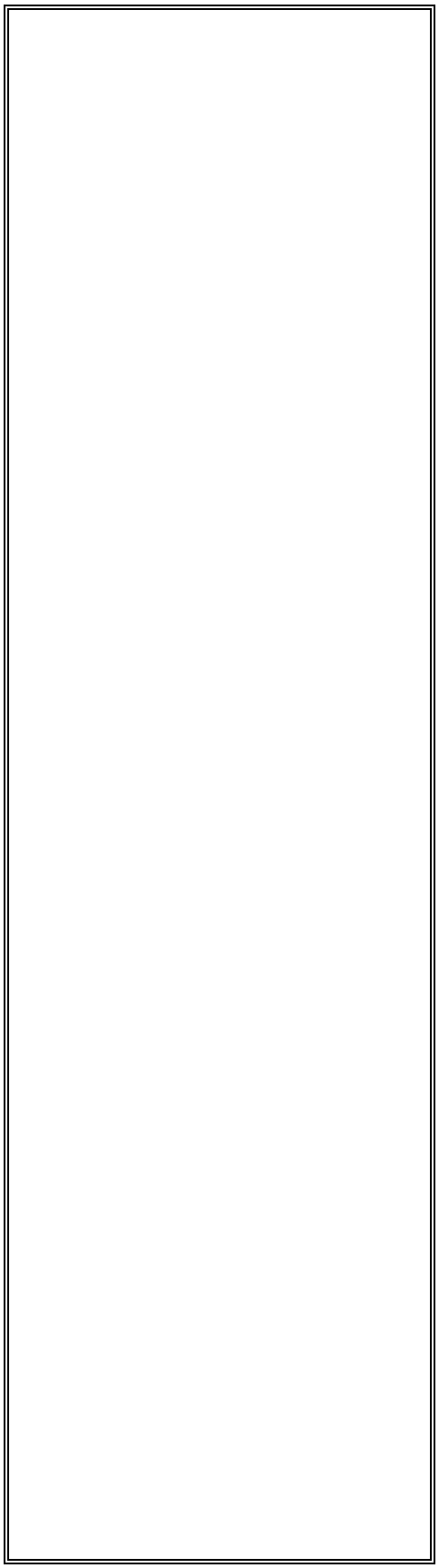
Legislative Audit Commission Resolution Number 122 directed the Auditor General to examine the adequacy of the Early Intervention (EI) Program's management information systems, as well as the Program's monitoring of contractor performance.

Early Intervention Program data is maintained on two computerized management information systems: Cornerstone is a DHS case management system which contains information on EI clients, services authorized, and other case information; and the Central Billing Office (CBO) system contains information on services billed and paid. Additional reports from both the Cornerstone and CBO systems would be beneficial for Program management. We reconciled information from a Cornerstone report and reports from four Child and Family Connections offices (CFCs) and found significant inaccuracies in both reports.

DHS had not established an adequate system to monitor provider performance and received little information on the quality and timeliness of provider services. For example,

- As of December 2001, DHS had not investigated 69 of the 122 (57 percent) phone inquiries parents made to the Central Billing Office from July 2000 to June 2001 involving questions about the accuracy of provider claims paid by the State (such as services billed that were not received by the child).
- In our review of cases from six providers, five of whom had at least one of the above phone inquiries, 309 of the 1,066 (29 percent) services billed lacked documentation in the providers' case file to support the billing.
- As of February 2002, DHS had not followed up on $735,000 in potential duplicate payments identified in a DHS internal audit of the CBO system.

We also identified areas where CFC agencies' use of State funds did not comply with federal and State requirements. At the three CFC agencies where we conducted detailed testing, we found instances where: compensation had not been taxed as wages; required personnel evaluations had not been completed; year-end salary adjustments appeared to be a distribution of excess revenues; current fiscal year funds were used to prepay future fiscal year expenses; and recordkeeping of inventory could be improved.



REPORT CONCLUSIONS

The Early Intervention (EI) Program provides services to children, birth to 36 months of age, who have disabilities due to developmental delay, have an eligible mental or physical condition that typically results in developmental delay, or have been determined to be at risk of a developmental delay. The EI Program is administered by the Department of Human Services (DHS). DHS contracts with various entities to provide most Program components, including case coordination, public awareness, billing, provider credentialing, and training functions. As of March 31, 2002, 10,167 children had Individualized Family Service Plans (IFSPs) authorizing them to receive EI services, such as speech language therapy, developmental therapy, and physical therapy.

In April 2002, the Office of the Auditor General released a follow-up report to the 1993 audit it had conducted of the Early Intervention Program. The follow-up report concluded that while the operation of the Early Intervention Program had improved since our 1993 audit, there remained areas where further improvements were warranted.

This audit report on the Early Intervention Program examines issues specifically identified by Legislative Audit Commission Resolution Number 122. LAC Resolution Number 122 directed the Auditor General to examine the adequacy of the Program's management information systems, as well as the Program's monitoring of contractor performance.

Early Intervention Program data is maintained on two computerized management information systems. Cornerstone is a DHS case management system into which staff from the Child and Family Connections offices (CFCs) enter information on clients, services authorized, and other case processing information. DHS contracts with 25 CFCs throughout the State to provide intake and case coordination services for EI clients. The Early Intervention Program began using the Cornerstone system statewide in October 2000.

The second management information system is operated by the Central Billing Office (CBO). The CBO system contains information on early intervention claims submitted by providers. The EI Bureau also receives monthly managers' reports that are manually prepared by the CFCs that include information on cases where services to children are delayed.

While the Cornerstone system contained a great deal of client and case processing information, few reports were initially generated from the system during Fiscal Year 2001. During Fiscal Year 2002, the EI Bureau began to

identify and develop additional reports and performance measures from Cornerstone that would provide useful information to monitor EI system performance. Similarly, there are additional reports from the CBO system that would be beneficial for Program management.

We reconciled information from a Cornerstone report and the monthly reports from four CFCs and found significant inaccuracies in both reports. For example, the four CFCs reported 119 cases over 45 days without an IFSP on their monthly reports; however, we determined that at least 150 cases should have been included (an underreporting of 21 percent). In Fiscal Year 2002, the EI Bureau relied on the monthly CFC reports to monitor cases where children were delayed in getting needed services.

We also concluded that DHS' monitoring of service providers needed to be strengthened. DHS had not established an adequate system to monitor provider performance and received little information on the quality and timeliness of provider services. Regarding DHS' monitoring of providers, we found:

- DHS was not making effective use of a control established to help insure accurate and valid provider billings. As of December 2001, DHS had not investigated 69 of the 122 (57 percent) phone inquiries parents made to the Central Billing Office from July 2000 to June 2001 involving questions about the accuracy of provider claims paid by the State (such as services billed that were not received by the child). DHS had resolved 41 of the calls, had begun action on 4 of them, transferred 2 to formal complaints, and could not locate the records associated with the remaining 6. DHS reported the Central Billing Office processed 669,660 provider claims in Fiscal Year 2001.

- The importance of DHS following up on phone inquiries regarding the accuracy of provider billings, and strengthening its overall monitoring of providers, is demonstrated by the results of our review of provider files. Five of the six providers we selected for case record review had at least one such billing inquiry from a parent in Fiscal Year 2001.

  - Of the 1,066 services billed to the State that we tested for adequacy of documentation, 309 (29 percent) lacked documentation in the provider's file, such as case notes, to show that services were provided for the dates billed. Two providers accounted for 260 of the 309 cases where there were no case notes or other documentation to support the services that were billed. Another provider was unable to provide us with 11 of the

15 case files we requested. The one provider that did not have a billing inquiry from a parent had the fewest case file exceptions.

- In another 25 percent (269 of 1,066) of the billings reviewed, the documentation in the file either did not contain the duration of the service, or the duration of the service documented was inconsistent with the duration of the service on the billing.

- Three of the associates who provided services in the cases sampled did not have required credentials from the State to provide such services, based on information from DHS and Provider Connections, the DHS contractor responsible for credentialing providers. We have referred the results of our provider testing to DHS for follow-up.

- As of February 2002, neither the EI Bureau nor the CBO had followed up with providers on potential duplicate payments identified in a September 2001 DHS internal audit of the Central Billing Office. Of $112.5 million in paid claims in calendar years 1998 through 2000, the audit identified $735,000 in potential duplicate payments. The audit recommended that DHS follow up on these potential duplicate payments.

We identified other areas where monitoring or controls over providers could be improved. These included: timeliness and adequacy of providers' evaluations and assessments; provider participation in IFSP development meetings; background checks on providers; parent or caretaker sign-off on provider case notes; and routine surveys of parents to obtain information on provider performance.

DHS has conducted annual monitoring visits to the 25 CFCs examining various aspects of CFC performance. These reviews provide DHS with monitoring information on CFC performance. DHS' Office of Contract Administration also conducted fiscal and administrative reviews at 18 of the 25 CFCs from Fiscal Years 1998 through 2001. The Office also conducts desk reviews of grant documents.

We identified areas where CFC agencies' use of State funds did not comply with federal and State requirements. At the three CFC agencies where we conducted detailed testing, we found instances where: compensation had not been taxed as wages; required personnel evaluations had not been completed; year-end salary adjustments appeared to be a distribution of excess revenues; current fiscal year funds were used to prepay future fiscal year expenses; and

recordkeeping of inventory could be improved. DHS should ensure that the above issues are adequately examined in its fiscal/administrative reviews of the CFCs.

INTRODUCTION

Legislative Audit Commission Resolution Number 122 directed the Auditor General to conduct an audit of the EI Program examining the adequacy of its management information systems and contractor monitoring.

The Legislative Audit Commission adopted Resolution Number 122 in June 2001 directing the Auditor General to conduct an audit of the EI Program examining the adequacy of its management information systems and contractor monitoring. In addition, Public Act 92-307, adopted in August 2001, directed the Auditor General to conduct a follow-up audit of the Auditor General's 1993 evaluation of the Early Intervention Program. The follow-up report pursuant to Public Act 92-307 was issued in April 2002. This report examines the areas identified in Legislative Audit Commission Resolution Number 122.

The Early Intervention (EI) Program provides services to children, birth to 36 months of age, who have disabilities due to developmental delay, have a medically diagnosed mental or physical condition that typically results in developmental delay, or have been determined to be at risk of a substantial developmental delay. The EI Program is administered by the Department of Human Services (DHS).

The EI Program has two computerized management information systems: the Cornerstone system contains client case information; and the Central Billing Office system contains information on paid claims.

DHS contracts with various entities to provide most Program components. DHS contracts with 25 Child and Family Connections offices (CFCs) statewide to carry out intake and service coordination responsibilities. DHS has contracted with a vendor to operate the Central Billing Office to process all payments related to the EI Program. (pages 3-11).

MANAGEMENT INFORMATION SYSTEMS

The EI Program has two computerized management information systems: the Cornerstone system contains client case information; and the Central Billing Office system contains information on paid claims. The Program also receives monthly reports from CFC managers that contain information on cases where children are delayed in receiving services.

Cornerstone Case Management System

Cornerstone has been the Early Intervention case management information system since October 2000. The Child and Family Connections offices (CFCs) are responsible for maintaining child specific information and processing authorizations for providers to provide services through the Cornerstone system. CFC staff enters case information into Cornerstone and is responsible for routinely updating it. Cornerstone contains an extensive amount of information pertaining to the child and processing of the case.

In Fiscal Year 2001, DHS received limited management reports from the Cornerstone system. Additional Cornerstone management reports and performance data were needed to assist the EI Bureau in carrying out its monitoring and program management responsibilities.

Digest Exhibit 1
EXAMPLES OF ADDITIONAL ANALYSES PLANNED BY EI BUREAU

OBJECTIVE: Complete evaluation of referral, intake and service patterns to help produce projections and to identify good and bad trends:

- Analyze referral patterns by CFC and by county to identify differences and the possible impact on penetration rates;
- Analyze movement between referral and service (intake) to find geographic differences and possible differences in CFC performance;
- Analyze age at entry and time-in-care data to identify possible problems and help establish better projection models;
- Analyze geographic service patterns to determine if particular CFCs or kinds of CFCs are producing different patterns that deserve attention; and
- Analyze patterns of services authorized and actually used to determine if particular CFCs or kinds of CFCs are producing particular patterns that deserve attention.

Source: EI Bureau Operations Plan.

In late 2001, the Bureau began the development of an Early Intervention Operations Plan. The Plan contained goals, objectives, and action steps covering a wide range of Early Intervention Program areas, including increased use of, and better access to, computerized management information to monitor the components of the EI Program (see Digest Exhibit 1 for an example).

In addition to reports and analyses identified in the Plan, there are others that would provide increased program management information. Some are currently being developed or considered by the EI Bureau:

- Timeliness reports on various aspects of case processing;

- Reports showing children who had an IFSP but who were not yet receiving all of the services authorized and cases where the amount of services approved for clients exceed EI guidelines.

Additional Cornerstone management reports and performance data were needed to assist the EI Bureau in carrying out its monitoring and program management responsibilities.

- A report which shows the reasons for delays (i.e., delays attributable to parents, such as not returning phone calls versus delays attributable to the system, such as high caseloads or untimely evaluations).

- A report on outcome measures. There were no regular management reports from the Cornerstone system that specifically assessed the degree to which infants and toddlers were progressing or developing as a result of the Early Intervention services received.

In early 2002, the EI Bureau began reporting additional performance statistics for CFCs. Some of these statistics include participation rates, average age of the client at the time the initial IFSP is developed, and the number of days from intake to initial IFSP.

In early 2002, the EI Bureau began reporting additional performance statistics for CFCs.

We identified other issues which needed attention relating to the Cornerstone system. These included improving EI Bureau access to the system as well as making system improvements requested by CFCs and providing additional Cornerstone training to CFCs. (pages 16–21)

Central Billing Office System

The Central Billing Office (CBO), operated by the Illinois Primary Health Care Association, began processing payments for EI services on July 1, 1999. The EI Program received several reports from the Central Billing Office on a monthly and annual basis. The reports received from the CBO contain various types of information on the services provided and paid. The reports can be classified into four general categories:

1) **Utilization Reports:** These reports show the number of clients served, the type of services provided, the amount billed and the amount paid, and location where service was provided (e.g., home, residential facility, etc.).

2) **Top Providers:** These reports list the top 50 providers who have submitted the most billings to the CBO in a given month.

3) **Claims Processing Information:** These reports show the timeliness of claims processing, the dollar amount of claims paid each month and the month in which those services were provided, and the amounts billed and paid each month.

4) **Information for Annual Federal Reports:** These reports include information DHS is required annually to file with the federal government.

As with the Cornerstone system, additional reports from the CBO system would assist DHS in its management of the EI Program. In its Operations Plan, the EI Bureau detailed additional reports it would like to obtain from CBO data. For example, the Plan included a report to assess the differences between authorizations and actual billings to determine if there are any regional, seasonal, disability type, service type, Medicaid/fee/insurance status or other patterns.

As with the Cornerstone system, additional reports from the CBO system would assist DHS in its management of the EI Program.

Other reports that may be of value to the EI Bureau in terms of managing the Program and monitoring contractor performance include reports on: performance of the CBO (such as reports on the accuracy of claims processors); provider billings (such as reports that identify unusual provider billing patterns); and EI system performance. System performance reports could identify significant variations among CFCs (such as differences in the average cost per case or utilization rates) which may be due to normal differences in client mixes, or due to system problems, such as lack of a specific type of provider or differences in services provided for similar clients. (pages 22–25)

Monthly Managers' Reports

The monthly managers' reports submitted by the CFCs provide the EI Bureau with a third source of management information. The managers' reports, which are manually prepared by CFC staff, provide information on children for whom an initial IFSP has not been prepared within 45 days. According to EI officials, eventually they would like to phase out the monthly managers' reports and use only the Cornerstone reports.

Accuracy of Management Reports

To test the accuracy of DHS' management reports, we compared the Cornerstone reports with information on the CFC monthly managers' reports. We identified a large discrepancy between the Cornerstone and monthly managers' reports in the number of cases reported as being over 45 days old and without an IFSP. The October 31, 2001 Cornerstone "Initial IFSP Due" report contained 1,556 cases over 45 days without an IFSP; the October 31, 2001 CFC monthly managers' reports contained 891 such cases. To ascertain the reasons for this significant difference we reconciled the cases for four CFCs. The four CFCs reported 119 cases over 45 days on the monthly managers' reports. The Cornerstone "Initial IFSP Due" report showed 290 cases over 45 days for the four CFCs.

We identified a large discrepancy between the Cornerstone and monthly managers' reports in the number of cases reported as being over 45 days old and without an IFSP.

Our reconciliation of the two reports and follow-up with the CFCs identified 31 additional cases that should have been included in the October 31, 2001 monthly managers' reports for the four CFCs. As Digest Exhibit 2 shows, the four CFCs underreported cases an average of 21 percent on their monthly reports.

Digest Exhibit 2
ACCURACY OF MONTHLY MANAGERS' REPORTS
for four CFCs' 10/31/2001 Reports

CFC	Cases Actually Reported On Manager's 10/31/01 Report	Additional Cases Which Should Have Been Reported On Manager's 10/31/01 Report	Total Cases Actually Over 45 Days As Of 10/31/01	Percent Not Reported On Manager's Report
CFC #24	8	2	10	20%
CFC # 1	39	3	42	7%
CFC #7	30	-1*	29	-3%
CFC #12	42	27	69	39%
TOTAL	**119**	**31**	**150**	**21%**

Note: * CFC # 7's monthly manager's report for 10/31/01 did not include 3 cases that should have been included, but did include 4 cases that should not have been included.

Source: OAG reconciliation of October 2001 Cornerstone "Initial IFSP Due" report with October 2001 monthly managers' reports, and follow-up with CFCs.

Our reconciliation also showed that the Cornerstone "Initial IFSP Due" report contained a significant amount of inaccurate data. The October 31, 2001 Cornerstone report showed 290 cases for the four CFCs with initial IFSPs that were overdue. However, based on explanations and documentation provided by the CFCs, only 102 of the cases should have been included in the Cornerstone report.

There were also 52 cases that were included on the monthly managers' reports but that ***did not*** appear on the Cornerstone report. We followed up with the CFCs on these cases and based on screen prints from the Cornerstone system, it appeared that most of these cases should have been included in the Cornerstone report.

We recommended that DHS should ensure that its management information systems provide adequate and accurate information to effectively oversee and manage the EI Program. Such efforts should include further developing management reports from the Cornerstone and CBO systems to provide needed Program management information, reconciling information on

both the Cornerstone and monthly CFC reports to ensure their accuracy, and continuing to improve access to both the Cornerstone and CBO systems. (pages 25–28)

We recommended that DHS should ensure that its management information systems provide adequate and accurate information to effectively oversee and manage the EI Program.

MONITORING OF PROVIDERS

DHS needs to strengthen its monitoring of EI providers. No formal system provides DHS with comprehensive information on either the quality of provider services or how well providers were complying with Program requirements. In addition, DHS had undertaken few site visits to providers to examine case file documentation.

Heat Tickets

There was no formal system established to provide DHS with comprehensive information on either the quality of provider services or the degree to which providers were complying with Program requirements.

DHS was not making effective use of a control established to help insure accurate and valid provider billings. The Central Billing Office (CBO) sends an explanation of benefits to the child's family every month. The explanation of benefits lists the date and duration of the services provided by each provider to the child. If parents have a question about the billing (such as the child did not receive service on the date billed or the service lasted only 30 minutes and not the hour billed), they may call the CBO Call Center which documents the call by creating a "Heat" ticket. If the CBO cannot resolve the question, the Heat ticket is forwarded to DHS for follow-up.

There were 122 Heat tickets dealing with questions concerning provider billings that the CBO sent to DHS for follow-up in Fiscal Year 2001. DHS reported the Central Billing Office processed 669,660 provider claims in Fiscal Year 2001. The 122 Heat tickets pertained to less than three percent of the State's 4,200 EI providers.

DHS did not follow up on the majority of Heat tickets that dealt with questions concerning potential billing discrepancies sent by the CBO to DHS.

DHS did not follow up on the majority of Heat tickets that dealt with questions concerning potential billing discrepancies sent by the CBO to DHS. We reviewed the 122 Heat tickets from the time period July 2000 through June 2001 and found that DHS had taken no action on 69 of them (57 percent) as of December 2001. Of the remaining 53, 41 had been resolved, some action had been taken on 4 of them, 2 had been transferred to formal complaints, and 6 could not be located.

In addition to the Heat tickets, DHS also received formal complaints directly from parents and CFCs. In calendar year 2001, DHS logged 16 formal complaints, 8 from parents and 8 from CFCs. These complaints

included poor service delivery and provider billing inaccuracies. DHS did follow up on each of the 16 formal complaints. (pages 33-35)

OAG On-Site Reviews of Providers

To ascertain the importance of following up on Heat tickets, we reviewed case files at five providers who had at least one Heat ticket filed against them in Fiscal Year 2001. We also reviewed case files at one provider who had no Heat tickets in Fiscal Year 2001. Our review determined the extent to which providers' records contained documentation to support the services billed.

At five of the six providers, we examined 15 clients' case files and tested a maximum of 15 billings for each case. At the sixth provider, we reviewed only 4 of the 15 case files selected; the provider was unable to provide the remaining 11 cases. We referred the specifics of our interaction with this provider to DHS for follow-up. A team consisting of four staff from the EI Bureau performed an on-site record review of this provider and identified deficiencies in the provider's case files.

In over half of the billings reviewed, the documentation in the case file did not adequately support the billings.

We tested a total of 1,066 billings. In over half of the billings reviewed, the documentation in the case file did not adequately support the billings. As shown in Digest Exhibit 3, we found that 309 (29 percent) of the billings did not have any support in the case files, such as case notes or other documentation, to show that services were provided for the dates billed. Two of the providers accounted for 260 of the 309 cases (84 percent) where there were no case notes or other documentation to support the services that were billed.

In 25 percent (269 of 1,066) of the billings reviewed, although the service was documented in the case file, the documentation either did not contain the duration of the service, which is required by DHS, or the duration of the service documented was inconsistent with the duration of the service on the billing. One provider accounted for 203 of the 269 instances (75 percent) where duration of the service was not recorded or was inconsistent with billing records. Finally, in 54 of the billings reviewed, the case file contained some documentation to support the services billed, but the date of service in the case file documentation was different than the service date in the CBO billing reports. We referred the cases with inadequate documentation to DHS for follow-up.

We referred the cases with inadequate documentation to DHS for follow-up.

Digest Exhibit 3 SUMMARY OF EXCEPTIONS FROM PROVIDER CASE FILE REVIEW 1,066 Billings Tested		
Type of Exception	**# of Exceptions**	**% of Billings Tested**
No case notes to support the billing	309	29 %
Had case notes, but duration of service was missing or inconsistent with billing	269	25 %
Had case notes, but service date on case note differed from service date on billing	54	5 %
Source: OAG from review of provider case files -- 5 providers with Heat tickets and 1 provider without a Heat ticket in FY 2001		

Most of the exceptions in Digest Exhibit 3 were from the case files of the five providers that had Heat tickets filed against them in Fiscal Year 2001. Only five of the exceptions included in Digest Exhibit 3 were from the provider that did not have a Heat ticket in Fiscal Year 2001. (pages 35-36)

Credentialing of Providers

Providers of early intervention services are required to be credentialed with the EI Program. DHS has contracted with Provider Connections to perform the credentialing function. As part of our on-site review of provider case files, we checked to see if the individuals providing the services were credentialed with the State.

Based on information from DHS and Provider Connections, three providers who delivered services in the cases we sampled were not credentialed with the State.

Based on information from DHS and Provider Connections, three providers who delivered services in the cases we sampled were not credentialed with the State. These non-credentialed providers delivered 80 of the 1,066 (8 percent) services we reviewed. The non-credentialed providers worked for credentialed, enrolled providers. While the EI Program allows associates to work for credentialed, enrolled providers, the associates are required to be credentialed.

In August 2001, DHS created a revised billing form that requires the disclosure of the name of the associate who performed the service. The billings for the services provided by the uncredentialed providers in our sample were submitted prior to the creation of this revised form. We recommended that DHS test the billing system controls to ensure that associates who provide services are properly credentialed. (pages 36-37)

DHS Follow-Up on Duplicate Claims

In September 2001, DHS' Office of Internal Audits completed an audit of the Central Billing Office. Of $112.5 million in paid claims in calendar years 1998 through 2000, the audit identified $735,000 in potential duplicate payments to providers. The audit recommended that DHS follow up on these potential duplicate payments.

As of February 2002, neither the EI Bureau nor the CBO had followed up with providers on the potential $735,000 in duplicate payments.

As of February 2002, neither the EI Bureau nor the CBO had followed up with providers on the potential $735,000 in duplicate payments. According to DHS and CBO staff, a letter to the providers requesting information to support the claims had been drafted but not yet sent. (page 37)

Other Management Controls

There are additional controls over providers that could be incorporated into the EI Program. DHS is currently considering several of these:

- Increasing monitoring of the timeliness and adequacy of provider evaluations and assessments;
- Strengthening requirements for evaluator participation in the IFSP development meetings;
- Requiring background checks of service providers;
- Requiring parents or caretakers to sign off on case notes or other documentation to affirm that services were indeed provided; and
- Conducting routine surveys to receive feedback from families who received EI services.

Since the EI Program's success, in terms of child development, rests largely on how effectively providers deliver services, improved monitoring of their performance is critical.

Since the EI Program's success, in terms of child development, rests largely on how effectively providers deliver services, improved monitoring of their performance is critical. The EI Bureau had not established policies or procedures for the monitoring of providers. Such policies and procedures should contain the basic components of the monitoring system, including mechanisms to routinely collect information on provider performance. (pages 37-39)

MONITORING OF CFCs

DHS has established a system to monitor CFC performance, including information obtained and being developed from Cornerstone and CBO reports, monthly managers' reports, and on-site CFC evaluations.

On-Site Programmatic Monitoring of CFCs

DHS conducts an annual on-site evaluation of CFCs.

DHS conducts an annual on-site evaluation of CFCs. The purpose of the annual evaluation is to identify and document strengths and weaknesses of the EI system, as well as to ensure that the system provides quality EI services to all eligible children.

The CFC evaluation reports were inconsistent in length and style. We recommended that DHS improve the consistency of the annual on-site evaluations conducted of the CFCs. We also recommended that the site evaluations should: examine case files to ascertain the accuracy of CFCs reporting of reasons for IFSP delays; test to see whether the CFC is properly reporting all cases over 45 days in its monthly reports to DHS; and verify that the services authorized in Cornerstone are consistent with the IFSP signed by all the parties. (pages 43-44)

Fiscal Monitoring of the CFCs

DHS' Office of Contract Administration has undertaken fiscal/administrative reviews of 18 of the 25 CFCs from Fiscal Year 1998 through Fiscal Year 2001. These reviews have identified some problems in the areas of fiscal operations, fixed assets, cost allocation plans, and personnel. In addition, all the entities receiving grant funds are required to submit grant reports and independent audit reports that are subject to desk review by the Department.

We performed on-site audit procedures at three agencies that had CFC contracts with the Department for Fiscal Year 2001. The operations of these CFCs were largely funded by the State, with monies from the Department constituting 88 to 94 percent of all monies received during Fiscal Year 2001 by each entity. State receipts to each entity during Fiscal Year 2001 ranged from $952,000 to $3.4 million. We found deficiencies in the areas of expenditures, inventory, and payroll/personnel.

Expenditures -- We selected for testing 225 transactions/expenditures by the three CFC agencies totaling $470,979. All three agencies, to varying degrees, had some documentation weaknesses and questionable expenditures. For example:

All three CFC agencies, to varying degrees, had some documentation weaknesses and questionable expenditures.

- **Lack of Documentation for Contractual Rates**: $96,334 in 18 payments made by the three CFC agencies lacked a signed, written agreement to which we could verify the rate charged for services provided by the vendors.

- **Prepaid Expenses**: One CFC agency made three payments for prepaid expenses totaling $42,350 during June 2001 for services to be completed in the next fiscal year. There was no signed contract for services to be performed to support the expenditure. The Grant Funds Recovery Act states that grant funds not expended or legally obligated by the end of the grant period must be returned to the grantor agency (30 ILCS 705/5).

- **Unallowable Costs:** At two CFC agencies we identified 19 charges for expenditures that were unallowable based on Department (89 Ill. Adm. Code 509) and/or federal rules (OMB Circular A-122). These expenditures for non-client meals, tips, gifts, donations and entertainment totaled $4,149.

Inventory -- We found that all three CFC agencies needed to update their equipment inventory to comply with current contract provisions with the Department. Contracts between providers and the Department give the Department the right to require transfer of any equipment purchased in whole with Department funds from the provider to the Department.

We identified areas where the three CFC agencies we visited were not in compliance with DHS requirements in the areas of payroll and personnel administration.

Payroll/Personnel -- We identified areas where the three CFC agencies were not in compliance with DHS requirements in the areas of payroll and personnel administration. Two of the three CFCs had relatively minor areas of non-compliance. At one CFC agency, an annual evaluation was not completed for the Executive Director. At the second CFC agency, the employee handbook did not address requirements for an annual evaluation. Seven of the 15 staff reviewed at this CFC agency did not have a personnel evaluation in their files. CFC agency staff noted that these employees handled few clients or were part-time. At the third CFC agency, we found more significant exceptions in the payroll and personnel area. These included:

- **Personnel Evaluations:** Ten of 15 personnel files (67 percent) tested at the CFC agency were inadequate relative to maintenance of annual personnel evaluations, as required by DHS rules. Some files did not contain evaluations. Also, some evaluations were late or had not been in the employees' personnel files during our first review. Some evaluations for incentive payments were also not included in the personnel files.

- **Board Approval of Policies:** Although the governing Board was aware of a new variable compensation system implemented in July 2000, the Board did not formally approve it until May 2002. DHS rules require that all providers have current bylaws, policies and procedures that should be current and reviewed and approved by the governing body of the provider (89 Ill. Adm. Code 509.80 (a)).

- **Taxation of Employee Compensation:** The CFC agency failed to withhold the required employment taxes for some compensation provided to staff. These payments included approximately $21,000 in additional compensation to staff in December 2000, $3,475 to seven staff in October 2000 as additional payments for services, and $10,000 to the executive director in February 2001 for service to the agency. Officials indicated a weakness in control was the reason for the oversight. Failure to withhold taxes results in potential individual tax liabilities for the affected staff. Agency officials stated, and documents were provided showing, that the organization was addressing the tax liability issue.

- **Justification for Bonuses:** The CFC agency issued $162,000 in bonuses to all employees in June 2001 after making an examination of agency revenue versus expenditures. These bonuses were in addition to other salary increases given in Fiscal Year 2001. Individual bonuses disbursed in June 2001 ranged from $7,000 to $500. DHS rules do not currently address requiring bonus compensation to be tied to performance as opposed to simply a distribution of excess earnings as do federal rules (OMB Circular A-122 Attachment B 7(d)(1)). Effective May 31, 2002, DHS requires providers of services to include in their personnel policies a policy concerning approval of bonuses for staff and administration including the need for Board approval of such personnel transactions (89 Ill. Adm. Code 509.80 (d)(8)). (pages 44-50)

EI CONTRACTS

Legislative Audit Commission Resolution Number 122 inquired as to whether contracts with entities coordinating and providing services contain reporting mechanisms, such as performance measures or deliverables, to allow the Department to monitor and evaluate their performance.

DHS' Fiscal Year 2002 contracts with CFCs set few specific performance standards that the CFCs were required to meet or standards that could be used to assess CFC performance. In Fiscal Year 2003, the Department initiated performance contracting with the CFCs. According to DHS officials, the performance contracting uses various measures to assess CFC performance. CFCs receive funding on a quarterly basis which is adjusted for changes in caseloads. CFCs can also receive incentive payments for exceptional performance, or receive penalties for failure to meet performance floors.

We recommended that DHS should ensure that EI contracts contain performance measures and deliverables to aid in the Department's assessment of the contractors' performance.

The Fiscal Year 2002 contract with the Central Billing Office contained a scope of services section; however, it did not detail specific deliverables or performance standards that the CBO must meet (such as requirements for claims processing times or accuracy of claims processing).

We recommended that DHS should ensure that EI contracts contain performance measures and deliverables to aid in the Department's assessment of the contractors' performance. (pages 41-42, 51-54)

AGENCY RESPONSE

The Department of Human Services agreed with the four recommendations made in the audit report. The Department's written response can be found in Appendix C of the report.

WILLIAM G. HOLLAND
Auditor General

WGH\JS
August 2002

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Chapter One
BACKGROUND

REPORT CONCLUSIONS

The Early Intervention (EI) Program provides services to children, birth to 36 months of age, who have disabilities due to developmental delay, have an eligible mental or physical condition that typically results in developmental delay, or have been determined to be at risk of a developmental delay. The EI Program is administered by the Department of Human Services (DHS). DHS contracts with various entities to provide most Program components, including case coordination, public awareness, billing, provider credentialing, and training functions. As of March 31, 2002, 10,167 children had Individualized Family Service Plans (IFSPs) authorizing them to receive EI services, such as speech language therapy, developmental therapy, and physical therapy.

In April 2002, the Office of the Auditor General released a follow-up report to the 1993 audit it had conducted of the Early Intervention Program. The follow-up report concluded that while the operation of the Early Intervention Program had improved since our 1993 audit, there remained areas where further improvements were warranted.

This audit report on the Early Intervention Program examines issues specifically identified by Legislative Audit Commission Resolution Number 122. LAC Resolution Number 122 directed the Auditor General to examine the adequacy of the Program's management information systems, as well as the Program's monitoring of contractor performance.

Early Intervention Program data is maintained on two computerized management information systems. Cornerstone is a DHS case management system into which staff from the Child and Family Connections offices (CFCs) enter information on clients, services authorized, and other case processing information. DHS contracts with 25 CFCs throughout the State to provide intake and case coordination services for EI clients. The Early Intervention Program began using the Cornerstone system statewide in October 2000.

The second management information system is operated by the Central Billing Office (CBO). The CBO system contains information on early intervention claims submitted by providers. The EI Bureau also receives monthly managers' reports that are manually prepared by CFCs that include information on cases where services to children are delayed.

While the Cornerstone system contained a great deal of client and case processing information, few reports were initially generated from the system during Fiscal Year 2001. During Fiscal Year 2002, the EI Bureau began to identify and develop additional reports and performance measures from Cornerstone that would provide useful information to monitor EI system performance. Similarly, there are additional reports from the CBO system that would be beneficial for Program management.

We reconciled information from a Cornerstone report and the monthly reports from four CFCs and found significant inaccuracies in both reports. For example, the four CFCs reported 119 cases over 45 days without an IFSP on their monthly reports; however, we determined that at least 150 cases should have been included (an underreporting of 21 percent). In Fiscal Year 2002, the EI Bureau relied on the data in the monthly CFC reports to monitor cases where children were delayed in getting needed services.

We also concluded that DHS' monitoring of service providers needed to be strengthened. DHS had not established an adequate system to monitor provider performance and received little information on the quality and timeliness of provider services. Regarding DHS' monitoring of providers, we found:

- DHS was not making effective use of a control established to help insure accurate and valid provider billings. As of December 2001, DHS had not investigated 69 of the 122 (57 percent) phone inquiries parents made to the Central Billing Office from July 2000 to June 2001 involving questions about the accuracy of provider claims paid by the State (such as services billed that were not received by the child). DHS had resolved 41 of the calls, had begun action on 4 of them, transferred 2 to formal complaints, and could not locate the records associated with the remaining 6. DHS reported the Central Billing Office processed 669,660 provider claims in Fiscal Year 2001.

- The importance of DHS following up on phone inquiries regarding the accuracy of provider billings, and strengthening its overall monitoring of providers, is demonstrated by the results of our review of provider files. Five of the six providers we selected for case record review had at least one such billing inquiry from a parent in Fiscal Year 2001.

  - Of the 1,066 services billed to the State that we tested for adequacy of documentation, 309 (29 percent) lacked documentation in the provider's file, such as case notes, to show that services were provided for the dates billed. Two providers accounted for 260 of the 309 cases where there were no case notes or other documentation to support the services that were billed. Another provider was unable to provide us with 11 of the 15 case files we requested. The one provider that did not have a billing inquiry from a parent had the fewest case file exceptions.

  - In another 25 percent (269 of 1,066) of the billings reviewed, the documentation in the file either did not contain the duration of the service, or the duration of the service documented was inconsistent with the duration of the service on the billing.

  - Three of the associates who provided services in the cases sampled did not have required credentials from the State to provide such services, based on information from DHS and Provider Connections, the DHS contractor responsible for credentialing providers. We have referred the results of our provider testing to DHS for follow-up.

- As of February 2002, neither the EI Bureau nor the CBO had followed up with providers on potential duplicate payments identified in a September 2001 DHS internal audit of the Central Billing Office. Of $112.5 million in paid claims in calendar years 1998 through 2000, the audit identified $735,000 in potential duplicate payments. The audit recommended that DHS follow up on these potential duplicate payments.

We identified other areas where monitoring or controls over providers could be improved. These included: timeliness and adequacy of providers' evaluations and assessments; provider participation in IFSP development meetings; background checks on providers; parent or caretaker sign-off on provider case notes; and routine surveys of parents to obtain information on provider performance.

DHS has conducted annual monitoring visits to the 25 CFCs examining various aspects of CFC performance. These reviews provide DHS with monitoring information on CFC performance. DHS' Office of Contract Administration also conducted fiscal and administrative reviews at 18 of the 25 CFCs from Fiscal Years 1998 through 2001. The Office also conducts desk reviews of grant documents.

We identified areas where CFC agencies' use of State funds did not comply with federal and State requirements. At the three CFC agencies where we conducted detailed testing, we found instances where: compensation had not been taxed as wages; required personnel evaluations had not been completed; year-end salary adjustments appeared to be a distribution of excess revenues; current fiscal year funds were used to prepay future fiscal year expenses; and recordkeeping of inventory could be improved. DHS should ensure that the above issues are adequately examined in its fiscal/administrative reviews of the CFCs.

INTRODUCTION

On June 26, 2001, the Legislative Audit Commission (LAC) adopted Resolution Number 122 directing the Office of the Auditor General to conduct a performance audit of the Department of Human Services' Early Intervention Program. LAC Resolution Number 122 directed the Auditor General to determine:

- Whether the Program's management information system provides the information needed to monitor services provided and contractor performance;

- Whether contracts with entities coordinating and providing services contain reporting mechanisms (such as performance measures or deliverables) to allow the Program to monitor and evaluate their performance;

- Whether the Program has established a system to monitor and assess contractor activities, including: CFC referral practices; provider compliance with established billing, service, and supervision requirements; and geographic variances in service utilization, services accessed, and provider billing patterns; and

- Whether the Department has procedures in place to ensure that services provided to clients are consistent with the Individualized Family Service Plan (IFSP).

On August 9, 2001, Public Act 92-307 was signed into law. In addition to making significant changes to the Department's operation of the Early Intervention Program, it also contained a requirement that the Office of the Auditor General conduct a follow-up evaluation of the Early Intervention Program. In 1993, the Office of the Auditor General released an evaluation of the EI Program. The Public Act required the follow-up evaluation be completed by April 30, 2002.

The audit work pursuant to both Legislative Audit Commission Resolution Number 122 and Public Act 92-307 was conducted as one audit. However, two separate reports have been issued. In April 2002, we released the follow-up audit report required by Public Act 92-307. The audit concluded that while improvements in the Early Intervention Program have occurred since 1993, additional improvements are needed in areas such as Child Find and public awareness, availability of providers, the timeliness of services provided to children, service coordinator caseloads, and strategic planning.

This is the second audit report of the Early Intervention Program. This audit addresses the determinations in Legislative Audit Commission Resolution Number 122.

LEGAL REQUIREMENTS

In 1986, Congress passed Public Law 99-457, which provided funds for a system of early intervention for infants and toddlers with disabilities. Early intervention services are designed to:

- Enhance the development of infants and toddlers with disabilities and to minimize their potential for developmental delay;

- Reduce the educational costs to society by minimizing the need for special education and related services after infants and toddlers with disabilities reach school age;

- Minimize the likelihood of institutionalization of individuals with disabilities and maximize the potential for their independent living in society;

- Enhance the capacity of families to meet the special needs of their infants and toddlers with disabilities; and

- Enhance the capacity of state and local agencies and service providers to identify, evaluate, and meet the needs of historically under-represented populations, particularly minority, low-income, inner-city, and rural populations.

The law, which amended the Individuals with Disabilities Education Act (IDEA) (20 USC 1400 *et seq*.) encourages states to develop a statewide, comprehensive, coordinated system of early intervention services.

In response to the federal law, Illinois created the State Interagency Council on Early Intervention. The State's Early Intervention Services System Act (325 ILCS 20/1 *et seq*.), became effective in September 1991. The requirements found in State law are similar to those in federal law.

OVERVIEW OF THE EARLY INTERVENTION PROGRAM

In its 22nd Annual Report to Congress, the U. S. Department of Education's Office of Special Education Programs, which is the federal agency responsible for monitoring states' early intervention programs, noted the importance of timely early intervention services. Development occurs at a more rapid rate during the first three years of life than at any other age. Therefore, the facilitation of early learning and the provision of timely early intervention services to infants and toddlers with disabilities is critical.

The Illinois Department of Human Services (DHS) became the lead agency for the EI Program on January 1, 1998. Before 1998, the Illinois State Board of Education (ISBE) was the lead agency. DHS' Bureau of Early Intervention is located under the DHS Office of Associate Secretary. The Bureau has 11 employees. Most EI activities and functions (such as service coordination, billing, public awareness, provider enrollment, etc.) are contracted.

The EI Program has many different components and processes. Exhibit 1-1 summarizes the various processes involved in the EI Program. Many of these specific components are required by federal and State law. DHS must provide ongoing public awareness and Child Find efforts, which focus upon early identification of eligible children throughout the State. Child Find includes activities to ensure that all infants and toddlers in the State who are eligible for EI services are identified, located, and evaluated. Public awareness activities are intended to disseminate information about the Program to primary referral sources, such as hospitals, physicians, and child care programs.

The 25 Child and Family Connections offices (CFCs) located throughout the State (which serve as regional intake entities) and Local Interagency Councils are required to coordinate public awareness and Child Find activities with DHS. DHS has also entered into an interagency agreement with ISBE regarding public awareness and Child Find responsibilities required by Parts B and C of the federal Individuals with Disabilities Education Act.

Children under 36 months of age are eligible for EI services if they are experiencing:

- Developmental delay (30 percent and above) in at least one of the following areas:
  - cognitive development,
  - physical development, including vision and hearing,
  - speech, language and communication development,
  - social-emotional development, or
  - adaptive self-help skills;

Exhibit 1-1
EARLY INTERVENTION SERVICES PROCESS OVERVIEW
Fiscal Year 2002

Public Awareness and Child Find

DHS, CFCs, and Local Interagency Councils conduct public awareness efforts to educate the public about early intervention services and to identify children eligible for the Program.

Child & Family Connections (CFC) Offices

25 regional offices statewide receive referrals to the Program and explain and coordinate EI services.

Referral and Intake Process

Referrals to the Program can be made by the child's parents, medical providers, social service agencies, or other members of the community. CFC staff enter the child's information into DHS' Cornerstone System and assign a service coordinator.

CFC Service Coordination

Service coordinator notifies and provides the family with Program orientation; informs the child's parents of their rights; arranges for the child to receive an evaluation plan to determine eligibility for the Program; and prepares the case for QE review.

Quality Enhancement (QE) Review

QE team (comprised of a developmental pediatrician, an Illinois Medical Diagnostic Network coordinator, the child's CFC service coordinator, a CFC parent liaison, and two local providers) reviews the evaluation report and service recommendations to ensure service levels are appropriate.

Individualized Family Service Plan (IFSP)

Following QE Review, the service coordinator contacts the family and service providers to schedule the IFSP meeting. The IFSP is developed based on QE recommendations, individual needs of the child, and resources and concerns of the family. Service providers are selected and the service plan is implemented. During the first 6 months of Fiscal Year 2002, an average of 75 days elapsed from the time a case was referred to a CFC and an IFSP was prepared; State and federal law requires IFSPs to be developed within 45 days.

Source: OAG analysis of DHS documents and interviews.

- A medically diagnosed physical or mental condition typically resulting in developmental delay; or

- Other circumstances that put them at risk of substantial developmental delay. This risk must be determined by a qualified multidisciplinary team or meet criteria defined in DHS rule.

Families access the EI Program through the CFC that serves their local area. According to DHS, CFCs have been operational since the fall of 1997. CFCs include county health departments, regional offices of education, hospitals, and not-for-profit community agencies. Exhibit 1-2 shows the CFC regions throughout the State. CFC service coordinators are responsible for coordinating the evaluation/assessment, eligibility determination, and developing, monitoring, and updating the Individualized Family Service Plan (IFSP).

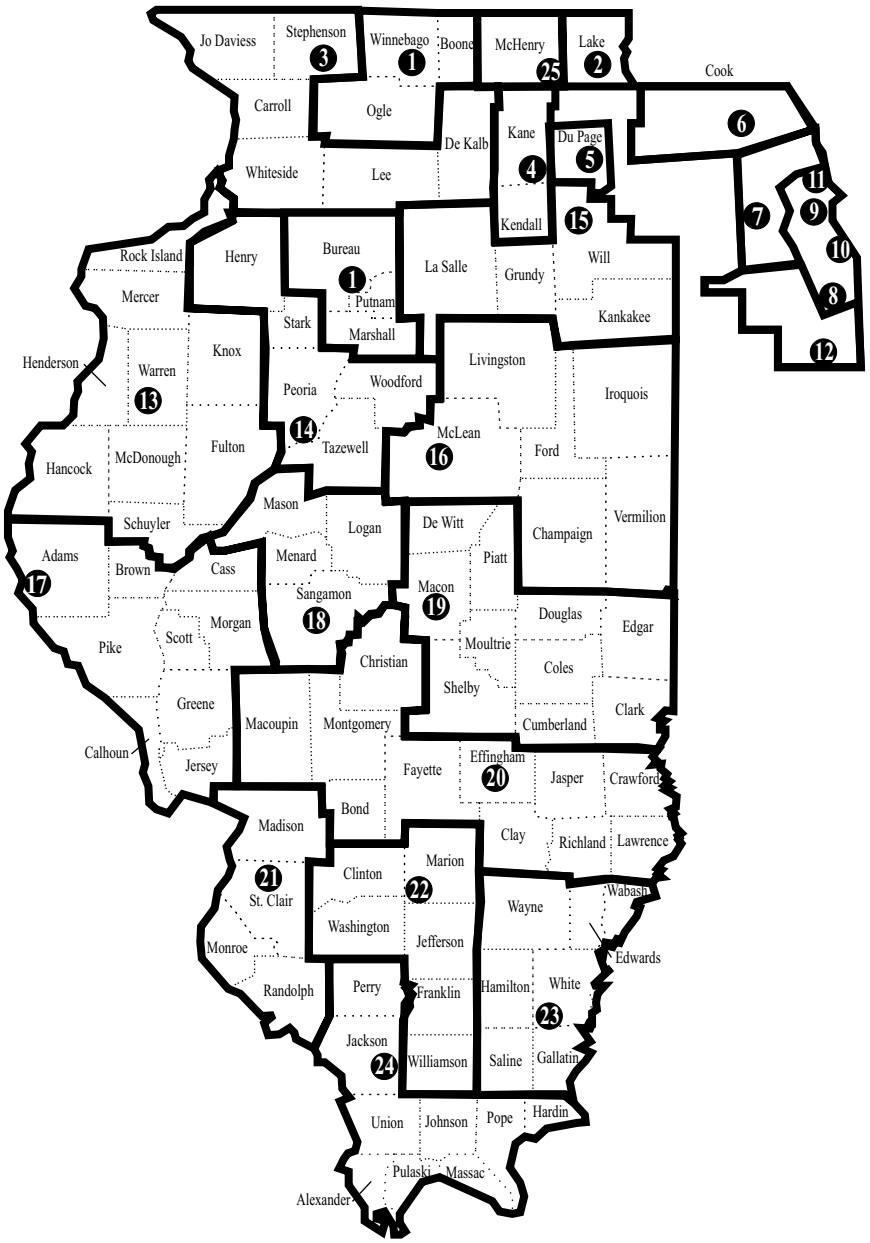
After a child has been referred to a CFC and determined to be eligible through an evaluation, the CFC refers the case to a Quality Enhancement (QE) team. The QE team (comprised of a developmental pediatrician, an Illinois Medical Diagnostic Network coordinator, the child's CFC service coordinator, the CFC parent liaison, and two local providers) reviews the recommended services for the child to ensure appropriate service levels. DHS is implementing a new evaluation/assessment process in Fiscal Year 2003.

The CFC service coordinator facilitates the development of an IFSP for the child. The IFSP must be developed jointly by the family and appropriate qualified personnel. The IFSP must include, among others, the following: services necessary to enhance the development of the child, services necessary to enhance the capacity of the family to meet the developmental needs of the child, a statement of the child's present developmental levels in the five developmental domains, a statement of the family's resources, a statement of the major outcome expected to be achieved, and a statement of the specific EI services necessary to meet the unique needs of the child and family. The initial IFSP is required to be completed within 45 days of referral to the CFC.

The service coordinator arranges for implementation of the IFSP. The parent can choose to accept or decline any or all of the services without jeopardizing other services. Exhibit 1-3 shows the services that are available under the EI program. At least every six months the IFSP is required to be reviewed to determine progress in achieving the outcomes and whether any modification of the outcomes or services is warranted. An annual IFSP review is also required to evaluate and revise the IFSP for the child.

EI services are available through a network of enrolled providers. EI officials reported that, as of January 2002, there were approximately 4,200 providers enrolled in the EI Program. These providers can either be employed by a larger institution, be an independent practitioner, or serve in both capacities. DHS has contracted with Provider Connections (affiliated with Western Illinois University) to credential providers and provide statewide training on early intervention-related topics to CFCs and providers.

Exhibit 1-2
CHILD & FAMILY CONNECTIONS LOCATIONS



CFC Office Locations

1. Rockford - Access Services of Illinois
2. Waukegan - Lake County Health Department
3. Freeport - Regional Office of Education #8
4. Batavia - Kane Kendall Case Coordination Serv.
5. Lombard - PACT, Inc.
6. Des Plaines - Clearbrook
7. Westchester - Suburban Access, Inc.
8. Chicago - Easter Seals Society of Metro Chicago
9. Chicago - Hektoen Institute for Medical Research, Cook County Children's Hospital
10. Chicago - LaRabida Children's Hospital
11. Chicago - Rush-Presbyterian St. Luke's Medical Center - Illinois Masonic Medical Center
12. Homewood - Suburban Access, Inc.
13. Roseville - Education Service Region #26
14. Peoria - Peoria County Board for the Care and Treatment of Persons with a Developmental Disability c/o Allied Agencies
15. Joliet - Easter Seal Rehabilitation Center of Will/Grundy Counties
16. Bloomington - Child Care Resource & Referral Network
17. Quincy - Regional Office of Education #1
18. Springfield - Sangamon County Health Department
19. Decatur - Macon County Community Mental Health Board
20. Effingham - ARC Community Support Systems
21. Swansea - Special Children, Inc.
22. Centralia - Regional Office of Education #13
23. Norris City - Wabash & Ohio Valley Special Education District
24. Carbondale - Archway
25. Crystal Lake - Options & Advocacy for McHenry Co.

Source: OAG analysis of DHS CFC listing.

Claims for reimbursement for EI services provided are processed through the Central Billing Office (CBO). In Fiscal Year 1999, the University of Illinois at Chicago, Division of Specialized Care for Children (DSCC) was under contract to function as the Central Billing Office for the EI Program. In Fiscal Year 2000, the operation of the CBO function was transferred to the Illinois Primary Health Care Association.

Exhibit 1-3
EARLY INTERVENTION SERVICES

1. Assistive Technology Devices and Services
2. Audiology, Aural Rehabilitation and Related Services
3. Developmental Therapy
4. Family Training and Support
5. Health Consultation
6. Medical Services for Diagnostic and Evaluation Purposes
7. Nursing
8. Nutrition
9. Occupational Therapy
10. Physical Therapy
11. Psychological and Other Counseling Services
12. Service Coordination
13. Social Work and Other Counseling Services
14. Speech Language Therapy
15. Transportation
16. Vision Services

Source: DHS Administrative Code.

Once an Individualized Family Service Plan is developed, the service authorizations are entered into DHS' Cornerstone system, which is the case management information system used by the EI Program. The authorization includes the child's name as well as the amount of time for each session. When a provider submits a bill to the CBO for payment, the system matches the information obtained from the authorization to the bill. If the information matches, the payment is placed onto a tape. The Comptroller receives the tape of billings and processes payments.

The Illinois Interagency Council on Early Intervention was established by statute (325 ILCS 20/4) to advise and assist the lead agency (DHS). It is comprised of directors and associate directors of eight State agencies, parents familiar with programs for infants and toddlers, a member of the General Assembly, and a person involved in the preparation of professional personnel to serve infants and toddlers. It is also required to prepare an annual report to the Governor and General Assembly on the status of the Early Intervention Program in Illinois.

Local Interagency Councils on Early Intervention (LICs) have been established across the State to emphasize planning to identify and coordinate all resources and services in their area. A primary responsibility of the 44 LICs is to plan at the local level to identify and coordinate all resources and services within each CFC area. Participants in the LICs include providers, parents, local education agencies, and representatives of State agencies.

EARLY INTERVENTION OPERATING INFORMATION

Our 1993 audit reported that the total number of children served by the State's Early Intervention Program could not be determined because all agencies did not collect the information. The audit reported that three agencies (the Department of Mental Health and Developmental Disabilities, State Board of Education, and the Department of Rehabilitation Services) served a

total of 8,646 infants and toddlers in Fiscal Year 1992, but that the total may be overstated due to duplicate counting of children among the three agencies. DHS reported that for the year ending December 1, 2001, the EI Program served 22,130 children.

Over the past two and one-half years, the number of children with active Individualized Family Service Plans has increased. As shown on Exhibit 1-4, in September 1999, DHS reported there were 7,769 children with active IFSPs. As of March 2002, the number of children with active IFSPs was 10,167.

As Exhibit 1-4 shows, the number of children with active IFSPs has significantly decreased since the spring of 2001. The caseload did show an increase in March 2002. DHS analyzed the decrease in IFSPs and found that the caseload has fallen even though the number of children referred to the Program and the number of children leaving active services have not changed significantly. DHS concluded that fewer children were being found eligible for the Program and noted that this may be due to better training and technical assistance. DHS also stated that fewer families were deciding to enter the Program, because of changes such as the new requirements under Public Act 92-307 for insurance and family fees.

Exhibit 1-4
EI CASELOAD -- ACTIVE IFSPs
September 1999 - March 2002

Month	Children with Active IFSPs
September 1999	7,769
December 1999	8,671
March 2000	9,956
June 2000	11,355
September 2000	11,902
December 2000	11,575
March 2001	11,749
June 2001	11,698
September 2001	10,629
December 2001	9,910
March 2002	10,167

Source: OAG from DHS reports (Central Billing Office data prior to Oct. 2000, Cornerstone data after Oct. 2000).

Exhibit 1-5 contains expenditures of the Early Intervention Program over the past three fiscal years. The largest component of Program expenditures was payments to service providers. Of the Program's $96 million in expenditures in Fiscal Year 2001, $74.8 million went to service providers. In our 1993 audit, we concluded that the State could not identify all expenditures for the Early Intervention Program. Three agencies could identify some EI expenditures (State Board of Education, Department of Mental Health and Developmental Disabilities, and the Department of Rehabilitation Services) which totaled $14.4 million in Fiscal Year 1992.

Exhibit 1-5
EARLY INTERVENTION EXPENDITURES
(in thousands)

	Fiscal Year 1999	Fiscal Year 2000	Fiscal Year 2001
Service Providers	$ 19,349.9	$ 47,395.4	$ 74,761.8
Child and Family Connections (CFCs)	$ 12,500.4	$ 10,183.3	$ 15,488.0
Central Billing Office	$ 850.8	$ 1,512.4	$ 1,500.0
Provider Connections	$ 517.5	$ 690.0	$ 600.0
Personal Services and Related	$ 359.4	$ 1,106.2	$ 1,162.7
Miscellaneous	$ 11,364.4	$ 6,090.5	$ 2,454.9
TOTAL	**$ 44,942.4**	**$ 66,977.8**	**$ 95,967.4**

Source: OAG from DHS EI Bureau.

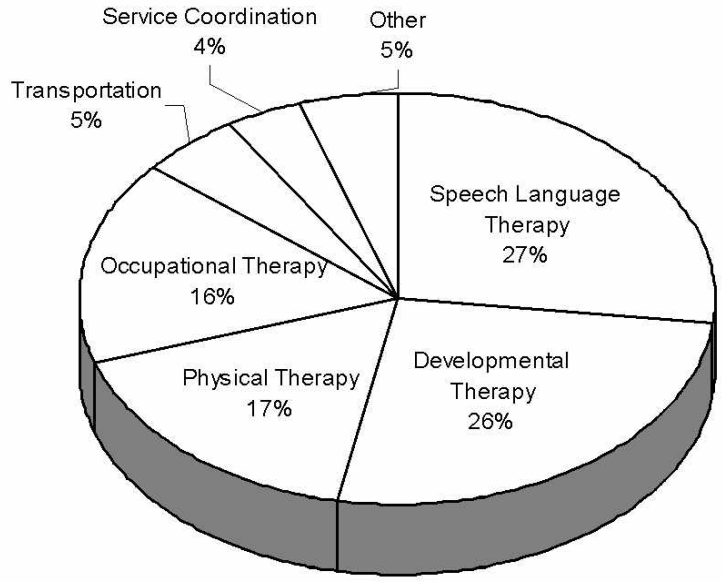
As Exhibit 1-5 shows, payments to service providers increased significantly over the three year period. In December 1998, the EI Program served 4,849 children, as reported by the federal Office of Special Education Programs in its annual report for Congress. By December 2000, the number of children with active IFSPs served through the EI Program had increased to 11,575.

Payments to the 25 Child and Family Connections offices for service coordination and other activities comprised the second largest component of EI spending, $15.5 million in Fiscal Year 2001. The Central Billing Office, operated by the Illinois Primary Health Care Association accounted for $1.5 million of the Fiscal Year 2001 expenditures, while Provider Connections (affiliated with Western Illinois University) received $600,000 to perform provider credentialing and training functions.

Prior to 1998, 72 local provider agencies received grants to provide services to children eligible for early intervention services. In October 1998, however, the method of funding changed to a fee-for-service method, by which any provider credentialed by DHS can provide early intervention services. As of January 2002, DHS reported there were approximately 4,200 providers of early intervention services enrolled in the State.

Four of the 16 early intervention services accounted for the vast majority of services paid through the Central Billing Office. As shown in Exhibit 1-6, 27 percent of all services provided in Fiscal Year 2001 were for speech language therapy. Developmental therapy accounted for 26 percent of all services provided. Physical therapy and occupational therapy accounted for 17 percent and 16 percent of services provided, respectively. Service coordination is another major type of early intervention service; however, most service coordination is provided by the CFCs, which are paid directly by DHS and do not bill through the Central Billing Office.

Exhibit 1-6
FY 01 SERVICES PROVIDED



Source: OAG analysis of CBO Billing Data.

AUDIT SCOPE AND METHODOLOGY

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit objectives for this management audit were those as delineated in Legislative Audit Commission Resolution Number 122. The audit objectives are listed in the Introduction section of Chapter One.

We conducted interviews of Department of Human Services staff, including those from the Bureau of Early Intervention, Office of Community Health and Prevention, Office of Contract Administration, and Office of Internal Audits. We also interviewed the Chair of the Illinois Interagency Early Intervention Council, officials from the U. S. Department of Education's Office of Special Education Programs, the Central Billing Office, and the Early Intervention Clearinghouse.

In November 2001, we sent a survey to the 25 CFCs asking for their input regarding various aspects of the Early Intervention Program. All 25 CFCs responded to our survey. A copy of the survey, as well as a summary of the CFCs' responses, can be found in Appendix B.

We conducted a detailed review of expenditures, inventory, and payroll at three CFC agencies to determine whether funds they received from the Department of Human Services were spent according to applicable State law, regulations, and provisions of contract or grant awards. We also reviewed 15 Individualized Family Service Plans (IFSPs) from four CFCs to determine whether they were consistent with the IFSPs in the Cornerstone system.

We sampled cases from six providers to test the adequacy of their records. For each case, we sampled services for which the provider billed the Central Billing Office during Fiscal Year 2001. We then reviewed the case files at the providers to determine whether the case files contained documentation to support the billings. We also verified that the person providing the service was a credentialed Early Intervention provider.

Five of the six providers provided the case files we requested. The sixth provider canceled two site visits we had scheduled. When we conducted our site visit, the provider had only 4 of the 15 case files we had selected for review. We reviewed these four files. The provider stated that the other files must be in storage. Prior to the site visit, the provider had stated that all case files dating back to 1998 would be available for our inspection. We referred this matter to the Secretary of the Department of Human Services for follow-up to determine whether adequate documentation existed to demonstrate that payments to this provider were appropriately made and services were provided.

We reviewed the federal and State legal requirements that pertain to the Early Intervention Program, as well as the management controls established over the Program. Results of these reviews are contained in the audit report. We also reviewed monitoring reviews done of Illinois'

Early Intervention Program conducted by the U. S. Department of Education's Office of Special Education Programs (OSEP), as well as the Continuous Improvement Monitoring Process conducted in conjunction with OSEP, and OSEP's review of Illinois' Part C Application.

We reviewed the adequacy of the Program's management information system by determining whether it provided information that was needed to manage and monitor the Program. In addition, we reviewed prior DHS internal audits of the Cornerstone and Central Billing Office systems and placed reliance on those audits. We conducted an application review of the Cornerstone system testing its control objectives. Immaterial findings from the application review were shared with the Department. Finally, for four CFCs we reconciled case information contained in the CFC's monthly manager's report with case information reported on a Cornerstone report to assess the accuracy of both reports.

We reviewed the contracts established by the Program with service providers, CFCs, the Central Billing Office, Early Intervention Clearinghouse, and Regional Office of Education #20 to ascertain whether they contained provisions that allowed DHS to monitor the contractors' performance. The time period covered by the audit was Fiscal Year 2001; however, Fiscal Year 2002 data is presented in certain instances to provide more current information.

REPORT ORGANIZATION

The remainder the this report is organized into the following chapters:

- **Chapter Two** examines the Program's management information systems; and
- **Chapter Three** reviews the Program's monitoring of contractors.

Chapter Two

MANAGEMENT INFORMATION SYSTEMS

CHAPTER CONCLUSIONS

Early Intervention Program data is maintained on two computerized management information systems. Cornerstone is a Department of Human Services (DHS) case management system into which the Child and Family Connections offices (CFCs) enter information on clients, services authorized, and other case processing information. The Early Intervention Program began using the Cornerstone system statewide in October 2000. The second management information system is operated by the Central Billing Office (CBO). The CBO system contains information on early intervention claims submitted by providers. The EI Bureau also receives monthly managers' reports that are manually prepared by CFCs, which include information on cases where services to children are delayed.

While the Cornerstone system contained a great deal of client and case processing information, few reports were initially generated from the system during Fiscal Year 2001. In Fiscal Year 2002, the EI Bureau began to identify and develop additional reports and performance measures from Cornerstone that would provide useful information to monitor EI system performance. Reports on referral and intake patterns, geographic service patterns, and other types of analysis looking at differences among CFCs would provide useful oversight information to DHS. Similarly, there are additional reports from the CBO system that would be beneficial.

CFCs, which enter case information into Cornerstone and use information from Cornerstone to manage cases, also noted that improvements to Cornerstone were desirable. The CFCs identified the need for customized reports for local CFC use and features that could be added to the system. Also, some of the CFCs noted they would benefit from additional Cornerstone training.

We reconciled information from a Cornerstone report and the monthly managers' reports for four CFCs and found significant inaccuracies in both reports. For example, on their monthly managers' reports, the four CFCs reported 119 cases over 45 days without an IFSP; however, we found that at least 150 cases should have been included (an underreporting of 21 percent). In Fiscal Year 2002, the EI Bureau relied on the data in the monthly managers' reports to monitor cases where children were delayed in getting needed services.

An internal audit conducted by DHS of the CBO system in 2001 identified $735,000 in potentially duplicate payments out of $112.5 million in paid claims in calendar years 1998 through 2000. The audit noted that edits were added to the system that now automatically reject claims meeting duplicate checking criteria.

The EI Bureau has had limited access to both the Cornerstone and CBO systems. While access improved in Fiscal Year 2002, additional improvements are warranted.

BACKGROUND

Legislative Audit Commission Resolution Number 122 asked whether the Early Intervention Program's management information system provides the information needed to monitor services provided and contractor performance. The Program has two computerized management information systems: the Cornerstone system contains client case information; and the Central Billing Office system contains information on paid claims. The Program also receives monthly reports from CFC managers that contain operating statistics.

CORNERSTONE SYSTEM

Cornerstone is a statewide data management information system that was implemented to help integrate community maternal and child health services provided to Illinois residents. The Cornerstone system is used by more than 300 separate community health service locations, including the 25 Early Intervention CFCs. Early Intervention is but one of several programs which the Cornerstone system supports. Other programs supported by Cornerstone include the Special Supplemental Nutrition Programs for Women, Infants and Children (WIC); Title V maternal and child health programs, such as Family Case Management, Healthy Families Illinois, and Healthy Start; childhood immunizations; and breast and cervical cancer screenings. DHS contracts with the Illinois Primary Health Care Association (IPHCA) to assist in the operational management of the Cornerstone system.

Cornerstone has been the Early Intervention case management information system since October 2000. The CFCs are responsible for maintaining child specific information and processing authorizations for providers to provide services through the Cornerstone system. CFC staff enters case information into Cornerstone and is responsible for routinely updating it. Some of the information entered into Cornerstone comes from portions of the Individualized Family Service Plan (IFSP).

Cornerstone contains an extensive amount of information pertaining to the child and processing of the case, such as: demographic information about the child; the type, method, duration and location of services to be provided; names of the service providers; and the present level of the child's development (including the child's percentage of delay and/or age equivalency in months). There are portions of the IFSP that are not included in Cornerstone, such as: information on family considerations; outcomes that the family would like to see as a result of the EI services; the transition planning worksheet; and IFSP meeting participant and contributor lists. Cornerstone also contains various types of case management information, such as referral evaluation, eligibility determination, and IFSP preparation dates, service coordination dates, insurance data, and Medicaid eligibility.

On a daily basis, the information entered by the CFCs into Cornerstone is transmitted to the DHS central office. The Central Billing Office has access to certain portions of the Cornerstone system needed to establish authorizations and process claims. The EI providers submit billings directly to the CBO where the billings are entered into the CBO system and matched to the authorizations.

CORNERSTONE MANAGEMENT REPORTS

The EI Bureau received few management reports from the Cornerstone system during Fiscal Year 2001. The EI Bureau added a staff position in Fiscal Year 2002 to develop improved management reports and performance measures from both the Cornerstone and the CBO information systems.

As shown in Exhibit 2-1, DHS received five regular monitoring reports from the Cornerstone system as of January 2002. The reports provided limited program information:

- The **Pending Authorizations Report** listed assistive technology authorizations that have not yet been approved.

- The **Initial IFSP Due Report** showed cases where the IFSP has not been prepared within 45 days of intake. As discussed below, we identified significant problems with the accuracy of information in this report. EI staff subsequently stated it is not currently being used.

- The **Summary of Authorized Services Report** summarized the amount of each type of service that has been approved each month, but the column for reporting the dollar value of the service types is blank (except for assistive technology). According to EI staff, they are working with Cornerstone staff on this issue.

- The **Summary of Eligibility Determinations During Month Report** listed the number of children found eligible each month.

- The **Monthly Program Enrollment Report** provided monthly caseload information by CFC and on a statewide basis (such as number of children referred to the Program, number of children with IFSPs, and number of children with Medicaid, insurance, and or family fees).

Additional Cornerstone Management Reports

Additional Cornerstone management reports and performance data are needed to assist the EI Bureau in carrying out its monitoring and program management responsibilities. In DHS' first quarterly report required by Public Act 92-307, submitted to the General Assembly on September 21, 2001, the DHS Secretary noted the need to "Continue to implement program management

Exhibit 2-1
MONITORING REPORTS UTILIZED BY DHS
As of January 2002

CORNERSTONE REPORTS		
REPORT	**INFORMATION PROVIDED**	**FREQUENCY**
HSPR 1066 Pending Authorizations	The report shows assistive technology authorizations that have not yet moved to approved status.	Monthly
HSPR 1067 Initial IFSP Due	The report shows the children whose initial IFSP dates have not been entered into Cornerstone within 45 days of the intake begin date.	Monthly
HSPR 1068 Summary of Authorized Services	The report shows authorizations and number of minutes authorized during the month for each type of EI service, method and location.	Monthly
HSPR 1069 Summary of Eligibility Determinations During Month	The report shows the number of children with evaluation dates during the month, split by eligibility status category.	Monthly
HSPR 1072 Monthly Program Enrollment	The report shows information about caseload changes during the month, by CFC and statewide.	Monthly
CENTRAL BILLING OFFICE REPORTS		
REPORT	**INFORMATION PROVIDED**	**FREQUENCY**
MGR90A Utilization by Place and Type of Service by CFC	For each CFC, the report details the services delivered, the number of clients served, the amounts billed and paid for services by place.	Monthly
MGR90B Utilization by Service by CFC	For each CFC, the report details the number of clients served, the number of occurrences, and the amounts billed and paid by service.	Monthly
MGR90C Utilization by Service (Statewide)	The report provides the statewide totals of clients served, the number of occurrences, the amount billed, and the amount paid by service.	Monthly
MGR90D Utilization by Place and Type of Service (Statewide)	The report provides the statewide totals of services delivered, number of clients served, the amounts billed and paid for services by place.	Monthly
YPR02B Top Fifty Provider Summary	This report provides a summary of the top fifty payees during a month sorted in descending order by amount paid.	Monthly
YPR02A Top Fifty Billers with Contact Information	This report provides a summary of the top fifty payees, in descending order, during a month, with contact information	Monthly
MGR 11 Lag Matrix	The matrix shows the total dollar amount of paid claims. It reflects the month the claim was incurred vs. the month the claim was paid.	Monthly
MPR01 Processed Claims Cycle Time	The report provides the number of non-pended* and total claims processed within time frames of weeks.	Monthly
MPR05 Claims Paid Analysis	The report provides the amount of claims billed, approved, and paid. It includes denied claims, cutbacks, and amounts paid by others.	Monthly
MPR22 Service Analysis	The report provides the statewide billed and paid amounts for each of the sixteen EI services.	Monthly
MGR94A Children Receiving (IFSP) Services	The report provides the number of children (split by age) receiving EI services by race.	Annually
MGR94B Place of Service by Age	The report provides the number of children (split by age) receiving IFSP services in each early intervention service setting.	Annually
MGR94C Place of Service by Race	The report provides the number of children (split by race) receiving IFSP services in each early intervention service setting.	Annually
MGR94D Children Exiting Programs	The report provides the number of children exiting the program and reasons for exiting the program by race.	Annually
MGR94E Service Type	The report provides the number of children (split by race) receiving each type of IFSP service during a twelve month period.	Annually
MGR94F Provider Specialty	The report provides the number of each provider type serving children with IFSPs during a twelve month period.	Annually

*Pended is defined as "in process" and may be held in this status for 30 days for missing information and 90 days for receipt of explanation of benefits from insurance carrier.
Source: OAG analysis of DHS report listings and interviews.

reports. More information is needed to understand, monitor and correct components of the system." Examples of information identified in the quarterly report that needed to be collected and analyzed included intake patterns by county and referral patterns by CFCs. A new report prepared by the EI Bureau shows caseload data for each CFC service coordinator (such as number of cases in intake for more than 45 days, number of cases closed before receiving services, etc.) to provide additional monitoring information on the performance of service coordinators.

Exhibit 2-2
EXAMPLES OF ADDITIONAL ANALYSES PLANNED BY EI BUREAU

OBJECTIVE: Complete evaluation of referral, intake and service patterns to help produce projections and to identify good and bad trends:

- Analyze referral patterns by CFC and by county to identify differences and the possible impact on penetration rates;
- Analyze movement between referral and service (intake) to find geographic differences and possible differences in CFC performance;
- Analyze age at entry and time-in-care data to identify possible problems and help establish better projection models;
- Analyze geographic service patterns to determine if particular CFCs or kinds of CFCs are producing different patterns that deserve attention; and
- Analyze patterns of services authorized and actually used to determine if particular CFCs or kinds of CFCs are producing particular patterns that deserve attention.

OBJECTIVE: Complete an evaluation of why families leave the program, both before services start and after they start, to identify unfavorable patterns that should be addressed:

- Analyze the reasons families leave from active IFSPs, down to the CFC level, to see if there are any unfavorable patterns; and
- Analyze the reasons cases are closed prior to opening an IFSP, down to the CFC level, to determine if there are any unfavorable patterns that should be addressed.

Source: EI Bureau Operations Plan.

In the fall of 2001, the EI Bureau began a concerted effort to use the Cornerstone system to develop more management information to assess the performance of the EI system. In late 2001, the Bureau began the development of an Early Intervention Operations Plan. The Plan contained goals, objectives, and action steps covering a wide range of Early Intervention Program areas. Several of the goals and objectives dealt with increased use of, and better access to, computerized management information to monitor the components of the EI Program. Some of the objectives relating to the types of management reports the Bureau is planning and developing are highlighted in Exhibit 2-2.

CFC Performance

The Cornerstone system contains information that is useful in assessing the performance of the CFCs. The Bureau's Operations Plan calls for the development of a CFC database of Cornerstone data for analysis of trends and as a tool for evaluation and monitoring of CFCs.

In addition to reports and analyses identified in the Plan, there are others that would provide the Bureau with increased management information on the efficiency and effectiveness of the CFCs. Some of these are currently being developed or considered by the EI Bureau:

- Timeliness reports, such as how quickly CFCs are entering case information into Cornerstone; the elapsed time between the date a case is referred to the CFC to when the first contact is made with the client; delays in locating providers to provide services called for in the IFSP; and delays attributable to Quality Enhancement reviews;

- Reports on children that have an IFSP but who were not yet receiving all of the services authorized;

- A report which shows cases where the amount of services approved for clients exceed EI guidelines;

- A report on the average age of the child at the time the IFSP is prepared and the percentage of children under age 1; and

- A report which shows the reasons for delays (i.e., delays attributable to parents, such as not returning phone calls versus delays attributable to the system, such as high caseloads or untimely evaluations).

In early 2002, the EI Bureau began reporting additional performance statistics for CFCs. Some of these statistics include participation rates, average age of the client at the time the initial IFSP is developed, and the average number of days from intake to initial IFSP.

Outcome Measure Information

As shown in Exhibit 2-1, there were no regular management reports from the Cornerstone system that specifically assessed the degree to which infants and toddlers were progressing or developing as a result of the Early Intervention services received. Section 3 of the IFSP contains a section that documents the desired outcomes for each child. Strategies and services to achieve the outcomes are to be detailed. Also, progress toward achieving those outcomes is to be documented. However, that portion of the IFSP is currently not entered into the Cornerstone system. Therefore, computerized management reports cannot be produced to monitor progress toward achieving these outcomes.

EI staff noted that the Cornerstone system will support some effectiveness measures. These include 1) children who age out of the system (i.e., turn three) and no longer require special education services; and 2) children who are found to be no longer in need of early intervention services during their annual IFSP review. If the children no longer need early intervention services, then it may be an indication that the Program had the intended effect.

EI staff noted that outcome measures for a program like this are difficult to quantify. For example, the outcome goals and objectives may not be consistently written by the IFSP team. Some measures would depend upon the accuracy of the disability data in the system (both whether the level of disability is accurate and whether the data is routinely updated). Also, children may not be in the Program for a long period of time, which limits the Program's opportunity to bring about change. According to DHS, children are in the Program for an average of 302 days.

EI Bureau Access to Cornerstone

The EI staff has limited access to Cornerstone information. Prior to Fiscal Year 2002, EI staff had to request DHS' MIS staff to run Cornerstone reports. In November 2001, the EI staff began receiving monthly downloads of Cornerstone data from which they could run their own reports. However, the EI Bureau does not have direct access to the Cornerstone system (i.e., they cannot run "real-time" reports).

An EI official noted that the Cornerstone system is a local system (i.e., information is entered and edited at the CFC level). The information is then downloaded and stored centrally at DHS' MIS division. The EI official stated that none of the other DHS divisions administering programs contained on Cornerstone have direct access to the Cornerstone system and that EI is the only division at DHS that receives monthly downloads.

A goal established by the EI Bureau's Operations Plan is to maximize the efficiency and effectiveness of the Cornerstone and CBO databases and EI Bureau's ability to respond to inquiries and produce reports. One objective in the Plan is to gain useable access to Cornerstone data for every day use by EI staff. The EI Bureau's Operations Plan calls for arrangements to be made to allow all EI staff to have access to weekly EI client data pulls.

CFC Use of Cornerstone

CFCs noted that improvements to Cornerstone were desirable. CFCs enter case information into Cornerstone and use the information from Cornerstone to manage and monitor their cases. In the survey sent to CFCs, we asked whether there were changes or improvements to DHS' Cornerstone system that would be of benefit to their operations. Twenty-two of the 25 CFCs responded with suggestions for improvements. In their responses:

- Eight CFCs recommended adding features to improve the system, including adding the Quality Enhancement presentation form, allowing more space for comments, and adding insurance and fee issues as reasons why families are closing the case;

- Five CFCs noted the need for customized or better reports for local CFC use; and

- Four CFCs identified changes that would make the system more efficient, such as merging the SV02 and CM04 screens, and linking case notes with the service activity screen to eliminate duplication.

In addition, when asked in what areas CFC staff would benefit from training, 6 CFCs responded that additional training on Cornerstone is needed. DHS officials noted that a users group has been established to address training needs.

CENTRAL BILLING OFFICE SYSTEM

The Central Billing Office (CBO), operated by the Illinois Primary Health Care Association (IPHCA), began processing payments for EI services on July 1, 1999. Prior to that date, the University of Illinois at Chicago, Division of Specialized Care for Children (DSCC) served as the CBO.

The CBO is required to maintain a billing system that can process at least 700,000 claims annually for services that have been authorized by the EI Program through the Cornerstone system. The CBO obtains case information and service authorizations from an interface with the Cornerstone system. Providers send their claims to the CBO. Claims without errors are entered into the CBO Claims Management System. Approved claims are sent to the Comptroller's Office for payment.

CBO Management Reports

As shown in Exhibit 2-1, the EI Program received several reports from the Central Billing Office on a monthly and annual basis. The reports received from the CBO contain various types of information on the services provided and services paid. The reports can be classified into four general categories:

1) **Utilization Reports:** These reports show the number of clients served, the type of services provided, the amount billed and the amount paid, and location where service was provided (e.g., home, residential facility, etc.).

2) **Top Providers:** These reports list the top 50 providers who have submitted the most billings to the CBO in a given month.

3) **Claims Processing Information:** These reports show the timeliness of claims processing, the dollar amount of claims paid each month and the month in which those services were provided, and the amounts billed and paid each month.

4) **Information for Annual Federal Reports:** These reports include information DHS is required annually to file with the federal government.

Similar to the Cornerstone system, the Bureau did not have the capability to run its own reports or analyses of data on the CBO system. Rather, the Bureau requested reports from the CBO. The Bureau is working on obtaining improved access to CBO data, such as obtaining weekly downloads of data with which it can run its own reports. The Bureau is also exploring ways to merge the Cornerstone and CBO data within the EI Bureau to allow for improved report production and an enhanced ability to timely respond to inquiries.

Additional CBO Management Reports

As with the Cornerstone system, the EI Bureau has identified that additional CBO reports would be beneficial to manage and oversee contractors, providers, and general program operations. In its Operations Plan, the Bureau detailed the following reports it would like to obtain from CBO data:

- Reports to assess the differences between authorizations and actual billings to determine if there are any regional, seasonal, disability type, service type, Medicaid/fee/insurance status or other patterns; and

- Reports to assess the differences between authorizations and actual billings to determine if authorizations can be used to assist in making caseload and spending projections.

In addition to the reports identified by the Bureau in its Operations Plan, there are other types of reports that may be of value to the EI Bureau in terms of managing the Program and monitoring contractor performance. These reports fall into three general categories: reports on the performance of the CBO; reports on provider billings; and reports on system performance.

Regarding the performance of the CBO, the Bureau received reports detailing how current the CBO was in processing claims and an analysis of claims paid. Additional reports on CBO performance may be warranted, including reports that detail exceptions to claims processing or check the accuracy of claims processors.

Additional reports could be obtained which provide management with more information on provider billings. The Bureau received a report that identifies the top 50 providers who receive the most payments. Other reports could be generated which identify:

- unusual provider billing patterns or trends;

- the percentage of total hours billed that each enrolled provider receives for each type of service (may indicate problems with the referral process); and

- the clients for whom the most services were billed (may identify cases where providers are submitting excessive or other questionable billings).

Finally, additional reports could be obtained which are useful for monitoring EI system performance issues. Such reports could include reports that would show significant variations among CFCs, such as differences in the average cost per case among the CFCs or instances where utilization rates vary significantly. Such differences could be the result of normal differences in client mixes or geographic make-up, or they could be an indication of system problems, such as lack of a specific type of provider or differences in services provided for similar clients.

While the CBO supplies the EI Bureau several different types of utilization reports, there is no report that provides a cumulative summary of ranges in utilization rates among the CFCs. We

requested Fiscal Year 2001 utilization data from the CBO and calculated the low and high range of utilization rates for the six most commonly billed services. Exhibit 2-3 summarizes the results of our analysis.

As shown in Exhibit 2-3, significant differences exist in utilization rates among CFCs. For example, 19 percent of all services billed in CFC #19 were for speech language therapy, whereas 38 percent of the services billed in CFC #25 were for speech language therapy. Ten percent of all services billed in CFC #25 were for developmental therapy whereas over 51 percent of all services billed in CFC #23 were for developmental therapy.

Exhibit 2-3
RANGES IN SERVICE UTILIZATION RATES
BY CFC
Fiscal Year 2001

Type of Service	CFC with Lowest Utilization Rate		CFC with Highest Utilization Rate		Statewide Average
	Rate	CFC #	Rate	CFC #	
Speech Language Therapy	19.1%	19	37.9%	25	26.6%
Developmental Therapy	10.1%	25	51.4%	23	26.2%
Physical Therapy	10.2%	19	22.2%	25	16.9%
Occupational Therapy	4.7%	14	21.6%	9	16.3%
Transportation	.0%	23	12.6%	12	4.7%
Service Coordination	.1%	24	7.4%	2	4.1%

Note: The CFC utilization rates were calculated by dividing the number of times a particular service was billed by the total number of times all services were billed.
Source: OAG from CBO billing data.

We found similar differences in the percent of children in a CFC that received a particular type of service. For example, in CFC #23, 90 percent of the children received developmental therapy services, whereas in CFC #25, only 46 percent of the children served received such services. Seventy-eight percent of children in CFC #6 received speech language therapy services whereas only 48 percent in CFC #23 received such services.

While there may be valid reasons why there is such a wide range in the utilization rates among the CFCs, there may also be other reasons that require further examination by DHS (such as shortage of service providers, problematic referral practices, etc.). EI officials stated that staff are looking at ways to make the CBO utilization reports more meaningful.

DHS has also been limited to some degree in its ability to report a current amount of provider expenditures. Providers can submit bills to the CBO for payment up to nine months after services were provided, which limits the Program's ability to get current expenditure information, according to EI staff. We found that the majority of the bills for services provided in March 2001 were submitted within two months after the services were provided. As shown in Exhibit 2-4, 91 percent of the providers' bills for services provided in the month of March 2001 were submitted and paid by the end of May 2001. By July 2001, 96 percent of the bills were paid. EI officials noted that provider billing lag times may have increased since providers are now required to bill insurance companies first before they can bill the CBO for payment.

The most recent provider agreements allow providers to submit to the CBO charges for services "no later than nine months following the service delivery date." EI staff stated that they are looking into shortening the period in which bills can be submitted. They are also looking at ways to project expenditure levels.

Exhibit 2-4
BILLING LAG TIMES
Services Provided in March 2001

Month That March Services Were Paid	$ Amount of March Bills Paid	Cumulative % of March Bills Paid
April 2001	$2,020,589	34 %
May 2001	$3,382,507	91 %
June 2001	$ 214,087	94 %
July 2001	$ 109,980	96 %
August 2001	$ 72,726	97 %
September 2001	$ 91,143	99 %
Oct. - Dec. 2001	$ 73,433	100 %

Source: OAG from CBO 12/31/01 Lag Matrix Report.

MONTHLY MANAGERS' REPORTS

The monthly managers' reports submitted by the CFCs provide the EI Bureau with a third source of management information. The managers' reports, which are manually prepared by CFC staff, track those children who are not receiving services, for reasons such as an initial IFSP has not been prepared within 45 days.

The monthly managers' reports contain basic case information that a comprehensive computerized case management system should include. Completion of the reports also results in additional time demands on CFC staff. According to EI officials, eventually they would like to phase out the monthly managers' reports and use only the Cornerstone reports. However, monthly managers' reports are still needed because the Cornerstone system does not capture some of the elements DHS receives in the monthly managers' reports. EI officials also noted that although the data provided by Cornerstone is becoming more reliable, there are areas where data reliability needs to be improved.

ACCURACY OF MANAGEMENT REPORTS

To test the accuracy of the reports generated from the Cornerstone system, we compared the Cornerstone reports with information on the CFC monthly managers' reports. We found differences between the numbers contained on both reports. For example, the number of cases referred to CFCs in January 2001 totaled 1,587 on the monthly managers' reports, but totaled 1,351 from Cornerstone reports -- a 236 case difference. In March 2001, referrals totaled 1,837 on the managers' reports and 1,642 on Cornerstone reports -- a 195 case difference. In June 2001, referrals totaled 1,480 on the managers' reports and 1,439 on Cornerstone reports -- a 41 case difference. EI officials stated that this difference may have been caused by referrals which were opened and closed within the same month being reported on the monthly managers' reports but not captured on the Cornerstone reports.

In another comparison, we identified a large discrepancy between the Cornerstone and monthly managers' reports in the number of cases reported as being over 45 days old and without

an IFSP. The October 31, 2001 Cornerstone "Initial IFSP Due" report contained 1,556 cases over 45 days without an IFSP; the October 31, 2001 CFC monthly managers' reports contained 891 such cases.

To ascertain the reasons for the significant difference in the number of cases reported between the two reports, we attempted to reconcile the cases in the two reports for four CFCs. The four CFCs reported 119 cases over 45 days on the monthly managers' reports. The Cornerstone "Initial IFSP Due" report showed 290 cases over 45 days for the four CFCs. We then followed up with the four CFCs to try to ascertain the reasons for the differences.

Exhibit 2-5
ACCURACY OF MONTHLY MANAGERS' REPORTS
for four CFCs' 10/31/2001 Reports

CFC	Cases Actually Reported on Manager's 10/31/01 Report	Additional Cases Which Should Have Been Reported On Manager's 10/31/01 Report	Total Cases Actually Over 45 Days As Of 10/31/01	Percent Not Re-ported On Manager's Report
CFC #24	8	2	10	20%
CFC # 1	39	3	42	7%
CFC #7	30	-1*	29	-3%
CFC #12	42	27	69	39%
TOTAL	**119**	**31**	**150**	**21%**

Note: * CFC # 7's monthly manager's report for 10/31/01 did not include 3 cases that should have been included, but did include 4 cases that should not have been included.

Source: OAG reconciliation of October 2001 Cornerstone "Initial IFSP Due" report with October 2001 Monthly Managers' reports, and follow-up with CFCs.

Our reconciliation of the two reports and follow up with the CFCs identified 31 additional cases that should have been included in the October 31, 2001 monthly managers' reports for the four CFCs. As Exhibit 2-5 shows, the four CFCs underreported cases an average of 21 percent on their monthly reports. The largest number of unreported cases occurred at CFC #12 – 27 cases, or 39 percent of all of its cases over 45 days old without an IFSP. A CFC #12 official stated that they were unsure as to why these cases were excluded from the monthly manager's report, but that their caseload was heavy at that time. Staff from the other CFCs stated that the cases should have been included in their monthly reports.

Our reconciliation also showed that the Cornerstone "Initial IFSP Due" report contained a significant amount of inaccurate data. As shown in Exhibit 2-6, the October 31, 2001 Cornerstone report showed 290 cases with initial IFSPs that were overdue. However, based on explanations and documentation provided by the CFCs, only 102 of the cases should have been included in the Cornerstone report. The remaining 188 cases should not have been included. Reasons why included:

- **The 45 day period had not yet expired:** This occurred in 83 of the cases. For example, a case may have been initially referred to the CFC in June 2001, but then was closed by the CFC due to an inability to contact the parent. However, the case was subsequently re-opened; consequently, a new 45 day time period would begin. It appeared that in this instance, the Cornerstone report was incorrectly calculating the 45 day period from the initial referral date, rather than from the re-referral date.

Exhibit 2-6
ACCURACY OF CORNERSTONE REPORT
Cases Over 45 Days Old Without An Initial IFSP
October 31, 2001

CFC	Case Correctly Included In Cornerstone Report	According to CFC, Case Should Not Have Been Included In Cornerstone Report Because:			Total Reported On C'stone
		45 Day Period Had Not Yet Expired	Case Had Been Transferred To Another CFC	Case Was Closed, IFSP Was In Place, Or Case Not Yet Opened	
CFC #24	4	5	4	1	14
CFC #1	31	13	1	9	54
CFC #7	15	0	11	14	40
CFC #12	52	65	3	62	182
TOTAL	**102**	**83**	**19**	**86**	**290**

Source: OAG reconciliation of October 2001 Cornerstone "Initial IFSP Due" report with October 2001 monthly managers' reports, and follow-up with CFCs.

- **The case had been transferred to another CFC:** In 19 of the cases, the CFC reported that the cases appearing on its Cornerstone report had been previously transferred to another CFC, and consequently, should not have appeared on its report.

- **The case was closed, not opened, or an IFSP was already in place:** In 86 of the cases, the CFCs reported that the case listed on the Cornerstone report fell into one of these three categories. Many of these cases had an earlier referral or intake date, similar to the grouping of cases in the first bullet above.

There were also a total of 52 cases that were included on the monthly managers' reports but that ***did not*** appear on the Cornerstone report. We followed up with the CFCs on these cases and based on screen prints from the Cornerstone system, it appeared that most of these cases should have been included in the Cornerstone report.

EI staff stated that they knew there were problems with the Cornerstone "Initial IFSP Due" report and were not using it. EI staff also said that they were aware that cases, which had been transferred to another CFC, continued to show up on some of the reports for the old CFC. They stated that the Cornerstone report may not be properly filtering out some old information. We provided EI staff with copies of our documentation for their use in correcting the Cornerstone reports.

A DHS internal audit identified a similar problem in its audit of the Central Billing Office in 2001. DHS conducted a comparison between the monthly managers' reports and a CBO report that reported on IFSPs not entered into the system within 45 days of referral date. The internal auditors found significant discrepancies between manual information reported by the CFCs and information reported in the CBO report. For one CFC, the manager's report showed 90 children without an IFSP within 45 days, and the CBO report showed there were 257 children meeting this criteria. The auditors noted that the Bureau of Early Intervention did not use the CBO report to monitor waiting lists or reconcile the CBO report to manual information reported from the CFCs. The auditors recommended that the Bureau reconcile the computerized report with the manual

CFC reports, as it would allow staff to determine if the computerized report is accurate, and at the same time, to verify the accuracy and reliability of information reported from the CFCs.

Given the significant discrepancies we identified between the Cornerstone and monthly managers' reports, the Bureau needs to reconcile these reports. The reconciliation would accomplish two purposes. First, it would help ensure that the CFCs' monthly managers' reports are accurate. The Bureau extensively uses the information in the monthly managers' reports to monitor cases where a child is delayed for services. Consequently, the reports need to be accurate. Second, the reconciliation would help identify why the Cornerstone report is inaccurate (such as whether it is simply that the report is pulling data from the wrong fields, or whether there are more serious data integrity problems in the system).

These reporting problems highlight the need to further develop and refine the Cornerstone system and its reports. Such a case management system should be able to provide DHS with reliable, accurate reports. This would not only help avoid errors and oversights in the CFCs' reporting of cases, but it would also eliminate the need for the CFC managers to take the time to prepare and submit the monthly managers' reports.

DHS Internal Audit of Central Billing Office System

In September 2001, DHS' Office of Internal Audits completed an audit of the Early Intervention Central Billing Office (CBO). The scope of the audit was to review CBO policies and procedures as well as the related oversight responsibilities of the Department's Early Intervention Program. DHS tested to see if controls were in place to promote efficient and effective operations.

Although the audit found internal controls overall to be adequate, it identified edits in the CBO claims management system that needed to be strengthened to minimize duplicate payments and improve claims processing efficiency. The system did not automatically reject claims meeting duplicate checking criteria; rather, a manual process was required of claim processors to reject the claims. Of the $112,495,221 in paid claims for calendar years 1998 through 2000, the internal audit identified approximately $735,000 (0.6%) in potentially duplicate payments. In March 2001, edits were included in the system to automatically reject claims meeting duplicate checking criteria. The audit also noted that a management report had been developed to identify other potentially duplicate payments.

A second finding was that the CBO claims management system needed to be strengthened to ensure services were not paid without authorizations, authorization limits could not be exceeded, and services cannot be paid against closed authorizations. The audit determined that the system did not automatically reject claims that did not have authorizations, allowed service authorization limits to be exceeded, and allowed payments to be made against closed authorizations. The audit concluded that the system weaknesses resulted in an immaterial amount of payments being made, and that the system's edits needed to be strengthened. The DHS Office of Internal Audits followed up on its findings and in January 2002 reported that all material recommendations in its audit had been implemented.

MANAGEMENT REPORTS	
RECOMMENDATION NUMBER **1**	***The Department of Human Services should ensure that its management information systems provide adequate and accurate information to effectively oversee and manage the Early Intervention Program. Such efforts should include:*** • ***Further developing management reports from the Cornerstone and Central Billing Office systems to provide needed program management information;*** • ***Reconciling information on monthly managers' reports with Cornerstone reports to check the accuracy of such reports and taking the steps necessary to ensure that information is consistently presented in both reports;*** • ***Continuing to obtain improved access to both the Cornerstone and CBO systems; and*** • ***Making the necessary enhancements to the Cornerstone system, and implementing controls to ensure the information in Cornerstone is accurate, so that the manual monthly reports from CFCs are no longer needed.***
DEPARTMENT OF HUMAN SERVICES RESPONSE	The Department agrees. Many of the suggested improvements were in process and have been made since the audit field work. We will continue to improve our use of the data system by reassessing the 21 management reports currently used and continue to plan for additional reports as recommended.

Chapter Three

MONITORING OF CONTRACTORS

CHAPTER CONCLUSIONS

Legislative Audit Commission Resolution Number 122 asked whether contracts with Child and Family Connections offices (CFCs) and providers contain reporting mechanisms (such as performance measures or deliverables) to allow the Program to monitor and evaluate their performance. The CFCs are responsible for coordinating services, and service providers (such as developmental or occupational therapists) are responsible for providing services. The Fiscal Year 2002 contracts and agreements with the CFCs and providers detailed the contractors' responsibilities, but contained few requirements for performance measures or deliverables.

The Early Intervention Program's monitoring of service providers needs to be strengthened. DHS has not established an adequate system to monitor provider performance and received little information on the quality and timeliness of provider services. For example, DHS did not receive regular reports that showed timeliness of provider evaluations and assessments, adequacy of provider assessments, or whether providers regularly participated in Individualized Family Service Plan (IFSP) development meetings.

Regarding DHS' monitoring of providers, we found:

- DHS was not making effective use of a control established to help insure accurate and valid provider billings. As of December 2001, DHS had not investigated 69 of the 122 (57 percent) phone inquiries parents made to the Central Billing Office (CBO) from July 2000 to June 2001 involving questions about the accuracy of provider claims paid by the State (such as services billed that were not received by the child). DHS had resolved 41 of the calls, had begun action on 4 of them, transferred 2 to formal complaints, and could not locate the records associated with the remaining 6. DHS reported the Central Billing Office processed 669,660 provider claims in Fiscal Year 2001.

- The importance of DHS following up on phone inquiries regarding the accuracy of provider billings, and strengthening its overall monitoring of providers, is demonstrated by the results of our review of provider files. Five of the six providers we selected for case record review had at least one such billing inquiry from a parent in Fiscal Year 2001.

  - Of the 1,066 services billed to the State that we tested for adequacy of documentation, 309 (29 percent) lacked documentation in the provider's file, such as case notes, to show that services were provided for the dates billed. Two providers accounted for 260 of the 309 cases where there were no case notes or other documentation to support the services that were billed. Another provider was

unable to provide us with 11 of the 15 case files we requested. The one provider that did not have a billing inquiry from a parent had the fewest case file exceptions.

- In another 25 percent (269 of 1,066) of the billings reviewed, the documentation in the file either did not contain the duration of the service, or the duration of the service documented was inconsistent with the duration of the service on the billing.

- Three of the associates who provided services in the cases sampled did not have required credentials from the State to provide such services, based on information from DHS and Provider Connections, the DHS contractor responsible for credentialing providers. We have referred the results of our provider testing to DHS for follow-up.

- As of February 2002, neither the EI Bureau nor the CBO had followed up with providers on potential duplicate payments identified in a September 2001 DHS internal audit of the Central Billing Office. Of $112.5 million in paid claims in calendar years 1998 through 2000, the audit identified $735,000 in potential duplicate payments. The audit recommended that DHS follow up on these potential duplicate payments.

We identified other areas where monitoring or controls over providers could be improved. These included: timeliness and adequacy of providers' evaluations and assessments; provider participation in IFSP development meetings; background checks on providers; parent or caretaker sign-off on provider case notes; and routine surveys of parents to obtain information on provider performance.

DHS has conducted annual monitoring visits to the 25 CFCs examining various aspects of CFC performance. These reviews provide DHS with monitoring information on CFC performance. DHS' Office of Contract Administration also conducted fiscal and administrative reviews at 18 of the 25 CFCs from Fiscal Years 1998 through 2001. The Office also conducts desk reviews of grant documents.

We identified areas where CFC agencies' use of State funds did not comply with federal and State requirements. At the three CFC agencies where we conducted detailed testing, we found instances where: compensation had not been taxed as wages; required personnel evaluations had not been completed; year-end salary adjustments appeared to be a distribution of excess revenues; current fiscal year funds were used to prepay future fiscal year expenses; and recordkeeping of inventory could be improved. DHS should ensure that the above issues are adequately examined in its fiscal/administrative reviews of the CFCs.

INTRODUCTION

LAC Resolution Number 122 asked whether the Early Intervention Program has established a system to monitor contractors, including whether contracts with providers and CFCs contain reporting mechanisms (such as performance measures or deliverables) to allow the Program to monitor and evaluate their performance. The Resolution also asked whether an

adequate monitoring system of contractors has been established, including provider compliance with billing and service requirements.

While some contracts contained limited reporting mechanisms, additional ones were warranted to provide DHS with information needed to monitor contractor performance. In addition, the Department's overall monitoring of contractors, most notably providers, needed to be strengthened. In this Chapter, we will review DHS' monitoring of providers, CFCs, the Central Billing Office, Regional Office of Education #20, and the EI Clearinghouse.

MONITORING OF PROVIDERS

DHS has developed an agreement with providers who want to provide early intervention services. Providers may be individual providers and/or be employed by a provider agency. The purpose of the Agreement is to establish the duties, expectations, and relationship between DHS and the provider. The Agreement details various requirements for the provider, including:

- Provide only those services for which the provider has a written authorization;
- Participate in IFSP development meetings;
- Submit written evaluation/assessment reports within four business days;
- Bill private insurance before submitting claims to the CBO for payment;
- Notify the child's service coordinator of any recommended changes in the delivery of services; and
- Not terminate services for an eligible child without reasonable prior written notice.

Providers interact with the CFC service coordinator and also submit billings to the CBO for payment. Consequently, any routine monitoring of the providers by the EI Program is based on information received from the CFCs or CBO billing data. Parents may also provide feedback on provider performance, such as by calling the CBO, CFC, or DHS directly about a billing discrepancy, quality of service issue, or some other provider issue.

DHS needs to strengthen its monitoring of EI providers. There was no formal system established to provide DHS with comprehensive information on either the quality of provider services or the degree to which providers were complying with Program requirements. In addition, DHS had undertaken few site visits to providers to examine case file documentation.

Heat Tickets

DHS was not making effective use of a control established to help insure accurate and valid provider billings. The Central Billing Office (CBO) sends an explanation of benefits to the child's family every month. The explanation of benefits lists the date and duration of the services provided by each provider to the child. If parents have a question about the billing (such as the child did not receive service on the date billed or the service lasted only 30 minutes and not the hour billed), they may call the CBO Call Center which documents the call by creating a "Heat" ticket. The CBO reviews the provider's original bill. If the CBO cannot resolve the question, the

Heat ticket is forwarded to DHS for follow-up. There were 122 Heat tickets dealing with questions concerning provider billings that the CBO sent to DHS for follow-up in Fiscal Year 2001. DHS reported the Central Billing Office processed 669,660 provider claims in Fiscal Year 2001. The 122 Heat tickets pertained to less than three percent of the State's 4,200 EI providers.

We found that DHS did not follow up on the majority of Heat tickets that dealt with questions concerning provider billings and potential billing discrepancies sent by the CBO to DHS. We reviewed the 122 Heat tickets from the time period July 2000 through June 2001 and found that DHS had taken no action on 69 of them (57 percent) as of December 2001. Of the remaining 53, 41 had been resolved, some action had been taken on 4 of them, 2 had been transferred to formal complaints, and 6 could not be located.

Exhibit 3-1 contains some examples of the Heat tickets we reviewed that had not been followed up by DHS as of December 2001. EI Bureau officials noted that given other Program responsibilities, they had been unable to follow up on the Heat tickets.

Exhibit 3-1
EXAMPLES OF HEAT TICKET COMPLAINTS
With no DHS Follow-up as of December 2001

Description of Complaint
November 20, 2000: Mother called to dispute provider billings in September 2000. "Provider told parent she had a flat tire. [Mother] said this is the second time Provider has done this, cancel and bill for services."
February 23, 2001: Mother called to question whether the provider saw her child in October and November 2000. Mother said "she has had the CFC call this provider on other occasions and the CFC told the provider that she needs to leave documentation or sign some kind of form when she goes to see the child at the day care so that the parent knows that she was actually there . . . . The provider may have been there but she really thinks that for the dates of service billed in Oct. and Nov. she does not really think that she saw her child."
April 23, 2001: Mother called to dispute provider billings. Mother said after January, "no one did speech services with her child. She indicated she called the CFC and told them that she no longer wants that service because the providers were not showing up for appts."
Source: OAG review of Heat tickets.

EI staff noted that many of the calls about billing discrepancies were due to confusion over how the provider bills for the service. Sometimes services were provided by a provider's associate (with whom the parent is familiar), but the billing is submitted under the supervising provider's name (with whom the parent may not have had any contact).

In addition to the Heat tickets, DHS also received formal complaints directly from parents and CFCs. In calendar year 2001, DHS logged 16 formal complaints, 8 from parents and 8 from CFCs. Six complaints dealt with poor service delivery, five dealt with provider billing inaccuracies, four dealt with a request for reimbursement of services (such as services not paid for by the EI program), and others pertained to miscellaneous issues, such as breach of confidentiality, fees, and lack of available services. Some formal complaints contained more than one of the above issues.

DHS followed up on each of the 16 formal complaints it received in 2001. In the five cases where the complaint focused on provider billing issues, four cases were substantiated. One provider was dis-enrolled from the Program; in two cases, the providers were asked to repay the Program for unsupported billings. DHS indicated that corrective action was taken in the remaining cases.

OAG On-Site Reviews of Providers

To ascertain the importance of following up on Heat tickets, we reviewed case files at five providers who had at least one Heat ticket filed against them in Fiscal Year 2001. We also reviewed case files at a provider who had no Heat tickets in Fiscal Year 2001. Our review determined the extent to which providers' records contained documentation to support the services billed. We randomly selected 15 cases from each of the providers and obtained the detailed billing records from the Central Billing Office for these cases.

At five of the six providers, we examined the 15 clients' case files and tested a maximum of 15 billings for each case. At the sixth provider, we reviewed only 4 of the 15 case files selected; the provider was unable to provide the remaining 11 cases. We referred the specifics of our interaction with this provider to DHS for follow-up. A team consisting of four staff from the EI Bureau performed an on-site record review of this provider and identified deficiencies in the provider's case files.

A total of 1,066 billings were tested. In over half of the billings reviewed, the documentation in the case file did not adequately support the billings. We found that 309 (29 percent) of the billings did not have any support in the case files, such as case notes or other documentation, to show that services were provided for the dates billed. Two of the providers accounted for 260 of the 309 cases (84 percent) where there were no case notes or other documentation to support the services that were billed. Exhibit 3-2 summarizes the results of our review of provider records.

Most of the exceptions in Exhibit 3-2 were from the case files of the five providers that had Heat tickets filed against them in Fiscal Year 2001. Only five of the exceptions included in Exhibit 3-2 were from the provider that did not have a Heat ticket filed against it in Fiscal Year 2001.

Exhibit 3-2
SUMMARY OF EXCEPTIONS FROM PROVIDER CASE FILE REVIEW
1,066 Billings Tested

Type of Exception	# of Exceptions	% of Billings Tested
No case notes to support the billing	309	29 %
Had case notes, but duration of service was missing or inconsistent with billing	269	25 %
Had case notes, but service date on case note differed from service date on billing	54	5 %

Source: OAG from review of provider case files -- 5 providers with Heat tickets and 1 provider without a Heat ticket in FY 2001.

In 25 percent (269 of 1,066) of the billings reviewed, although the service was documented in the case file, the documentation either did not contain the duration of the service, which is required by DHS, or the duration of the service documented was inconsistent with the duration of

the service on the billing. One provider accounted for 203 of the 269 instances (75 percent) where duration of the service was not recorded or was inconsistent with billing records. Finally, in 54 of the billings reviewed, the case file contained some documentation, such as case notes, to support the services billed, but the date of service in the case file documentation was different than the service date in the CBO billing reports.

Providers cited several reasons why documentation to support services billed was missing. Two cited a lack of guidance from DHS as to what type of documentation they were required to keep. According to EI staff, however, providers have been required to maintain documentation to support the services billed since DHS took the Program over in 1998. Two providers stated that they had several associates working for them and they most likely failed to turn in case notes. Several providers stated that they realized they needed to maintain better documentation. We have referred these cases with inadequate documentation to DHS for follow-up.

The Agreement that providers sign with DHS does not explicitly detail the documentation providers are required to maintain to support their billings to DHS. However, DHS administrative rules require that "Each service provider is required to keep documentation adequately supporting early intervention services provided" (89 Ill. Adm. Code 500.110 (h)). The EI Program's "Early Intervention Service Descriptions, Billing Codes and Rates" manual further defines documentation as a "chronological written account kept by the provider of all dates of services provided to, or on behalf of, a child and family. This includes IFSP Development time and the results of all diagnostic tests and procedures administered to a child . . . . Documentation must include: Daily documentation of the services provided, including time in and time out or time used in minutes for IFSP development . . . ."

Credentialing of Providers

Providers of early intervention services are required to be credentialed with the EI Program. DHS has contracted with Provider Connections, which is affiliated with Western Illinois University, to perform the credentialing function. As part of our on-site review of provider case files, we checked to see if the individuals providing the services were credentialed with the State.

Based on information from DHS and Provider Connections, three providers who delivered services in the cases we sampled were not credentialed with the State. These non-credentialed providers delivered 80 of the 1,066 (8 percent) services we reviewed. The non-credentialed providers worked for credentialed, enrolled providers. While the EI Program allows associates to work for credentialed, enrolled providers, the associates are required to be credentialed through Provider Connections. We have referred these cases to DHS for follow-up.

The CBO system does not allow associates to bill directly for payment; rather, the supervisor bills the CBO for work done by associates. Prior to the fall of 2001, the associate's name was not required to be listed on the billing form. Consequently, the CBO was unable to determine whether an associate provided the services, and if so, whether the associate was credentialed. In August 2001, DHS created a revised billing form that requires the disclosure of the name of the associate who performed the service. The CBO claims processor is required to

then manually check a Provider Connections listing of associates to see if the associate is credentialed. The checking of whether the supervisor is credentialed is a semi-automated process.

The billings submitted for the services provided by the uncredentialed providers in our sample were submitted prior to the creation of this revised form. On billings submitted to the CBO we reviewed, the names of the associates did not appear on the billing forms.

DHS Follow-Up on Duplicate Claims

In September 2001, DHS' Office of Internal Audits completed an audit of the Central Billing Office. Of $112.5 million in paid claims in calendar years 1998 through 2000, the audit identified $735,000 in potential duplicate payments to providers. The audit recommended that DHS follow up on these potential duplicate payments.

As of February 2002, neither the EI Bureau nor the CBO had followed up with providers on the potential $735,000 in duplicate payments. According to DHS and CBO staff, a letter to the providers requesting information to support the claims had been drafted but not yet sent. The CBO stated that they needed additional staff to work on the follow-up.

The internal audit also recommended that a management report be prepared which identifies potential duplicate payments. According to the Central Billing Office, the recommended duplicate payment report is prepared and followed up on a weekly basis.

Other Management Controls

In addition to strengthening the controls that currently exist, such as more fully utilizing its management information systems and routinely following up on questions concerning the appropriateness of provider billings, there are additional controls over providers that could be incorporated into the EI Program. DHS is currently considering several of these:

- **Timeliness of Evaluations and Assessments:** EI policy and the provider agreements require providers to complete their evaluations or assessments of children within four business days. DHS does not receive a management report that shows the extent to which providers are complying with this timeliness requirement. The monthly manager's report contains a category of "Late Report" which identifies cases for which late reports from providers are the primary reason for the case being delayed. However, the manager's report does not provide details as to individual providers, nor does it report on time taken by all providers. Several CFCs noted problems with untimely provider assessments and evaluations in their survey responses.

- **Adequacy of Assessments:** DHS does not receive routine management information on the adequacy of provider evaluations and assessments. Several CFCs noted problems with provider evaluations and assessments, including providers not using assessment forms properly and differences in the quality of assessment reports.

- **Evaluator Participation in the IFSP Development Meeting:** In our review of Individualized Family Service Plans (IFSPs), we found that providers involved in the assessment of, or providing services to, the child often did not attend IFSP meetings. In 20 of the 42 IFSPs reviewed which contained a listing of IFSP meeting participants, at least one provider was listed as participating in the IFSP development meeting. In the remaining 22 IFSPs reviewed, there was not a provider listed as attending the IFSP development meeting. In 12 of the 22 cases, there was a provider listed as contributing to the meeting (such as by submitting a written assessment report); in the remaining 10 cases, the IFSP contained no indication that a provider participated in or contributed to the IFSP meeting. Presently DHS' rules do not require the provider to attend the IFSP meeting. Rather, the rules state that if the evaluator or assessor cannot attend the meeting, they need to make their records, including reports and recommendations, available at the IFSP meeting (89 Ill. Adm. Code 500.80 d).

  DHS has recognized the lack of provider attendance at IFSP meetings as a problem. The Continuous Improvement Plan stated that "Current monitoring procedures indicate that evaluators do not routinely actively participate in IFSP development meetings." The Plan calls for filing revisions to the administrative code that will strengthen requirements regarding the participation of providers at the IFSP meetings.

- **Background Checks:** The "Education, Training and Credentialing Work Group" established by the Illinois Interagency Council on Early Intervention recommended in November 2001 that criminal background checks be done for EI providers. EI officials stated that the law would need to be changed to require EI providers to have a criminal background check. Until legislation can be enacted, DHS plans to revise its provider agreements to require providers to affirm that they have not been convicted of a felony or child abuse offense.

- **Parent/Caretaker Sign-off on Provider Services:** The EI Program does not require the child's parent or caregiver to sign off on case notes or other documentation to affirm that services were indeed provided. Of the six providers that we visited, three generally had the parent or caretaker sign a form; the remaining three did not. In our 1999 audit of *Medicaid Home Health Care and Regulation of Home Health Agencies* we noted that one of the controls DHS had established over the Home Services Program was that the clients were responsible for signing off that care billed was provided. DHS officials noted that the Home Services Program does not provide the client with an explanation of benefits statement, whereas Early Intervention families receive such a statement, which is another type of billing control.

- **Surveys:** A mechanism to provide routine feedback from the families who received services from the EI system would give DHS additional management information regarding the performance of the various components of the EI system, including providers. Such a survey could help identify areas where system processes or procedures could be improved, or where concerns exist regarding the performance of individual providers or CFCs. In addition, DHS should consider instituting some form of regular feedback from CFCs that would identify providers with whom the CFCs have concerns regarding the quality or timeliness of their services.

Conclusion

The Department needs to strengthen its monitoring of EI providers. Given that the success of the Program, in terms of child development, rests largely on how effectively providers deliver services, more effective monitoring of their performance is critical.

A similar conclusion was reached by the federal Department of Education's Office of Special Education Programs (OSEP) in its 1999 monitoring report of the EI program. The 1999 report concluded that "DHS does not have a process to monitor all entities and individuals providing early intervention services consistent with the requirements of Part C." OSEP found that DHS did not have a mechanism in place to monitor the performance of service providers. In the Continuous Improvement Plan submitted to OSEP in January 2002, DHS noted that it has not yet established a system of monitoring providers. The Plan calls for the implementation of a statewide mechanism to monitor providers to identify deficiencies by July 2002.

The Bureau has not established policies or procedures pertaining to the monitoring of providers. Such policies and procedures should contain the basic components of the monitoring system, including mechanisms to routinely collect information on provider performance (such as Heat tickets, formal complaints, CFC and parent input, performance measures from management information systems, etc.) and the subsequent use of such information to focus and target the Department's provider monitoring efforts.

DHS officials noted the draft proposal it submitted to OSEP to address federal concerns with the Quality Enhancement process contained components that would strengthen its monitoring and oversight of providers. Included in the draft proposal was a new provider credentialing rule, which was filed February 6, 2002. The proposal would also require providers to attend basic training and development of a monitoring plan.

MONITORING OF PROVIDERS	
RECOMMENDATION NUMBER **2**	***The Department of Human Services should establish a comprehensive system to monitor provider performance. In establishing the monitoring system, the Department should:*** • ***follow up in a timely fashion on questions concerning the quality of provider services and billing practices (such as Heat tickets);*** • ***follow up in a timely fashion on the duplicate claims identified in the internal audit of the CBO;*** • ***follow up on instances identified in our review of provider records where services were billed without required supporting documentation or services were provided where it appears the provider was not credentialed;*** • ***test the billing system controls to ensure that associates who provide services are credentialed through Provider Connections;*** • ***develop a process to identify providers for whom on-site visits need to be conducted to review case records;*** • ***obtain additional performance information about providers, such as timeliness and adequacy of evaluations and assessments performed;*** • ***consider routinely surveying EI parents and CFCs to obtain their input into the performance of providers;*** • ***consider requiring parents or caregivers to sign off on case notes or other documentation to show that services were provided;*** • ***continue to pursue efforts to perform background checks of service providers; and*** • ***develop and implement policies and procedures governing the monitoring of providers.***
DEPARTMENT OF HUMAN SERVICES RESPONSE	The Department agrees. A provider workgroup has been formed to work through the Department's monitoring proposal that organizes and enhances many of the functions currently in place. In March 2002, we implemented a process to follow-up on the potential duplicate claims.

MONITORING OF CFCs

DHS has established a system to monitor CFC performance. Such monitoring includes information obtained and being developed from Cornerstone and CBO reports, monthly managers' reports, and on-site CFC evaluations.

CFC Contracts

The Fiscal Year 2002 contracts DHS had with the 25 CFCs included an extensive listing of the activities the CFCs were responsible for providing. Such activities included:

- Participate in Child Find and public awareness activities by disseminating information on referrals to the primary referrals sources and working with the Local Interagency Council to identify and coordinate Child Find activities;

- Ensure that evaluations/assessments for eligibility determination are completed;

- Develop the initial IFSP with the family, within 45 days, according to the statewide IFSP process and federal regulations;

- Maintain child specific information and process provider authorization requests through the Cornerstone system for eligible services as written in the IFSP; and

- Support/facilitate activities of Local Interagency Councils (LICs) within the CFC boundaries.

While the contracts contain specific requirements for CFCs to accomplish, the contracts set few specific performance standards that the CFCs must meet or standards which can be used to assess CFC performance. As discussed in Chapter Two, the EI Bureau is working on improving the management information reports so that they will provide more useful management information about CFC performance. Related to this, the Bureau is developing measures with which to better assess how well the CFCs are performing. A workgroup of the Illinois Interagency Council on Early Intervention and CFCs will be working with the Department to establish criteria to measure CFC performance. Performance measures being considered include:

- Average caseloads,
- Percentage of cases in intake older than 45 days,
- Percentage of initial IFSPs completed within 45 days,
- Terminations from intake for family reasons,
- System related reasons for overdue intake cases,
- Participation rates, and
- Average age at initial IFSP.

In Fiscal Year 2003, the Department initiated performance contracting with the CFCs. According to DHS officials, the performance contracting uses various measures to assess CFC performance. CFCs receive funding on a quarterly basis which is adjusted for changes in caseloads. CFCs can also receive incentive payments for exceptional performance, or receive penalties for failure to meet performance floors.

Also as discussed in Chapter Two, the Bureau receives monthly reports from the CFCs that contain information useful for monitoring their performance. These managers' reports identify specific cases where children are delayed for services, as well as the reason for the delay. EI staff follow up on cases for which an IFSP has not been developed or has been otherwise delayed for an extended period of time.

CFC Compliance with QE Team Recommendations

With the implementation of the Quality Enhancement (QE) process in 2001, the CFC evaluations should incorporate review procedures to assess whether QE team recommendations were being followed in the development of the IFSPs. We compared the QE team recommendations with the services contained in the adopted IFSP for 15 cases at one of the CFCs where we conducted detailed testing. In 6 of the 15 cases reviewed, there were differences in either the type or duration between the services recommended by the QE team and the services included in the IFSP:

- In two of the cases, speech therapy was recommended by the QE team, but the IFSP authorized developmental therapy. According to the CFC, this was done because the services were not available, and developmental therapy was substituted because developmental therapy also enhances speech/language;

- In two of the cases, the duration of the service in the IFSP was longer than recommended by the QE team (e.g., QE team recommended 45 minutes per service and the IFSP authorized 60 minutes). CFC staff stated that the duration differed because the provider selected offered services for different duration periods than recommended by the QE team;

- In one case, the QE team recommended vision services and developmental therapy, but the IFSP had two authorizations for developmental therapy. CFC staff stated that one of the developmental therapy authorizations was actually for the vision services; and

- In one case, a service for which the child had previously been authorized was included on the IFSP but was inadvertently left off the QE team's recommendation, according to CFC staff.

IFSP Review

We selected 60 cases at the CFCs we visited and compared the most recent case file copy of the IFSP with the IFSP information in the Cornerstone system. In 27 percent of the cases (16 of

60), the IFSP on Cornerstone contained more direct services (such as physical therapy, developmental therapy, etc.) than did the hard copy IFSP. In our follow-up with CFCs, CFC staff stated that the services were approved and a new authorization off of Cornerstone had been printed, but an updated IFSP had not been prepared. CFC staff stated that they are now printing out new IFSPs when services are added or changed. DHS' site evaluations of CFCs should ensure that services provided to children through the authorizations contained in Cornerstone are consistent with the services documented in the IFSP.

CFC Referral Practices

Legislative Audit Commission Resolution Number 122 asked whether the EI Program has established a system to monitor and assess CFC referral practices. While both Cornerstone and the CBO management information systems collected information that identified the service provider(s) in each case, there were no reports prepared that analyzed the specific referral patterns within each CFC.

In Fiscal Year 2001, there were eight CFCs that were affiliated with entities that provided services to children. Given that CFCs are responsible for coordinating services and assisting the family in finding service providers, instances where a CFC is affiliated with an organization that also provides services creates the possibility for conflict.

EI staff stated that as of January 2002 they had not yet run any management reports that specifically looked at the referral patterns of the eight CFCs. Staff noted that it may be difficult to interpret the results of such reports. For example, if a related provider receives 30 percent of a CFC's referrals, other factors would likely need to be considered (such as how many other providers of the same type of service are available in that geographic area) in the determination of whether the referral rate is acceptable.

On-Site Programmatic Monitoring of CFCs

DHS conducts an annual on-site evaluation of CFCs. The purpose of the annual evaluation is to identify and document strengths and weaknesses of the EI system, as well as to ensure that the system provides quality EI services to all eligible children. The evaluation looks at CFC: processes and procedures, administration, service coordination, parent liaison, local interagency council, family satisfaction, and records. The EI Bureau provided 24 of 25 evaluations conducted in 2001. While a cover letter written to CFC #24 by a DHS regional representative was provided, the evaluation results were not provided. Exhibit 3-3 provides some examples of findings from the site evaluations of the CFCs conducted by DHS in 2001.

DHS uses the Early Intervention System Evaluation Manual as a tool to evaluate the CFCs. The Manual has a list of questions for each component. The Bureau of Early Intervention recommends that the evaluation team use the Manual but it is not a requirement. Because using the Manual is not a requirement, the evaluations were inconsistent in length and style.

The inconsistency made it difficult to make comparisons between the 24 evaluations. For example, some of the evaluations only discussed what components were not met, which made it difficult to determine whether all areas within a certain component were evaluated without support or documentation. The evaluations were also inconsistent in sample sizes used to evaluate the family satisfaction and the record review components. The Manual does not require or recommend a number to be sampled for either component. As a result, for the family satisfaction component, some of the evaluation teams used a sample size of 2 to 3 families, while other teams used a sample size of 7 to 8 families; for the record review component, the evaluation teams used sample sizes between 12 and 50 cases.

Exhibit 3-3
EXAMPLES OF RESULTS FROM DHS SITE EVALUATIONS OF CFCs
2001 Reviews

- **Family Satisfaction:** Nine site visits concluded that the CFC met the needs of the family. Families from eleven CFCs noted they were not made aware of the role of the Local Interagency Council, and families from three CFCs were not clear on the role of the Parent Liaison.
- **6 Month and Annual Reviews :** Six site visits noted that CFCs did not have all the 6 month and annual reviews in client files.
- **Transition:** Five site evaluations noted that transition information was either documented untimely or was not evident.
- **Service Coordination:** Eighteen CFCs were noted as having good service coordination. Four CFCs had no formal written linkage agreements with other community service providers to ensure families have access to other services.

Source: OAG review of DHS Site Evaluations.

As discussed in our April 2002 Follow-up Report on the Early Intervention Program, in their monthly reports to DHS, CFCs provided reasons for why IFSPs have not been completed within the required 45 days. Such reasons include parent delays (such as the parent not providing requested information) and system delays (such as providers not submitting required reports or CFC service coordinator delays). The CFC site evaluations do not examine case files to ascertain the accuracy of CFCs reporting for reasons for IFSP delays. Because DHS uses the reasons for services being delayed as reported by CFCs for monitoring CFC performance, DHS' on-site monitoring evaluations should examine a sample of cases to ascertain the accuracy of the CFCs self-reporting of reasons for delayed services.

Also, as discussed in Chapter Two, we identified instances where not all cases over 45 days without an IFSP were being included in the CFC monthly managers' reports. The site evaluations do not test to see whether the CFC is properly reporting all cases over 45 days in its monthly reports to DHS.

Fiscal Monitoring of the CFCs

DHS' Office of Contract Administration has undertaken fiscal/administrative reviews of 18 of the 25 CFCs from Fiscal Year 1998 through Fiscal Year 2001. These reviews have identified some problems in the areas of fiscal operations, fixed assets, cost allocation plans, and personnel. In addition, all the entities receiving grant funds are required to submit grant reports and independent audit reports that are subject to desk review by the Department. While these

documents provide information on categorical types of expenditures made by a provider, they do not contain the detail behind the expenditures that can show whether an expense paid with State funds was allowable.

Generally, the scope of the fiscal/administrative review is to examine policies, procedures and records to determine with reasonable assurance that the provider maintains a proper accounting system and follows good bookkeeping practices; has adequate fiscal internal controls; properly utilizes grant funds and other funds received from the Department; and substantially complies with the terms of the contracts it has with the Department and other Department fiscal requirements.

In May 2002, the Department notified service providers that there would be changes to the specific financial reporting requirements the providers submit starting with the Fiscal Year 2002 end of year reports. Providers that submit both audited financial statements and grant reports must have the independent certified public accountant issue either an "In Relation To" opinion or a "Report on Agreed-Upon Procedures", whichever is applicable, relative to the grant report.

We performed on-site audit procedures at three agencies that had CFC contracts with the Department for Fiscal Year 2001. One agency operated two CFCs (#7 and #12), while the other two operated one each (CFC #1 and #24). The operations of these CFCs were largely funded by the State, with monies from the Department constituting 88 to 94 percent of all monies received during Fiscal Year 2001 by each entity. State receipts to each entity during Fiscal Year 2001 ranged from $952,000 to $3.4 million. We found deficiencies in the areas of expenditures, inventory, and payroll/personnel.

Expenditures

We selected for testing 225 transactions/expenditures by the three CFC agencies totaling $470,979. All three agencies, to varying degrees, had some documentation weaknesses and questionable expenditures.

- **Lack of Documentation for Contractual Rates**: $96,334 in 18 payments made by the three CFC agencies lacked a signed, written agreement to which we could verify the rate charged for services provided by the vendors.

- **Prepaid Expenses:** One CFC agency made three payments for prepaid expenses totaling $42,350 during June 2001 for services to be completed in the next fiscal year. There was no signed contract for services to be performed to support the expenditure. The Grant Funds Recovery Act states that grant funds not expended or legally obligated by the end of the grant period must be returned to the grantor agency (30 ILCS 705/5).

- **Unallowable Costs:** At two CFC agencies we identified 19 charges for expenditures that are unallowable based on Department (89 Ill. Adm. Code 509) and/or federal rules (OMB Circular A-122). These expenditures for non-client meals, tips, gifts, donations and entertainment totaled $4,149.

- **Sales Tax:** Two of the CFC agencies failed to always take advantage of their status as organizations classified as 501(c)(3) and paid sales tax on items normally exempt based on their status as a not-for-profit.

- **Incorrect Deposit of Employee Reimbursements:** One CFC agency processed reimbursements for employees for personal telephone charges and copies into its local income fund instead of the State-funded program to which the original transaction was expensed.

Inventory

We found that all three CFC agencies need to update their equipment inventory to comply with current contract provisions with the Department. Contracts between providers and the Department give the Department the right to require transfer of any equipment purchased in whole with Department funds from the provider to the Department. Equipment is defined as any product used in the administration and/or operation of the program having a useful life of two or more years and an acquisition cost of at least $500.

We selected 90 total equipment items to test at the three organizations. While we were able to locate inventory/equipment items selected, the equipment listings did not indicate the source of funds used to purchase the equipment and the listings lacked complete documentation on the cost/value of the equipment. Fifty-three percent (48 of 90) of the sampled items did not contain information on the cost of the item.

Failure to maintain this information could result in equipment purchased with State taxpayer funds not being recovered by the Department if it was to discontinue funding to the provider.

The Department, in the most recent fiscal and administrative reviews, did not cite any of the three CFCs for not maintaining complete asset records. The Department changed rules relative to this issue that became effective May 31, 2002. The revised rules require providers of services to maintain a property control inventory that includes a description of each item; identifying number of the item; date the item was purchased; the cost of the item; location of the items; and the source of funds used to purchase the item (if available) (89 Ill. Adm. Code 509.80 (e)).

Payroll/Personnel

We identified areas where the three CFC agencies we visited were not in compliance with DHS requirements in the areas of payroll and personnel administration. Two of the three CFCs had relatively minor areas of non-compliance. At one of the two CFC agencies, an annual evaluation was not completed for the Executive Director. At the second CFC agency, the employee handbook did not address requirements for an annual evaluation. Seven of the 15 staff reviewed at this CFC agency did not have a personnel evaluation in their files. CFC agency staff noted that these employees handled few clients or were part-time.

At the third CFC agency, we found more significant exceptions in the payroll and personnel area. The following sections summarize our payroll/personnel findings at the third CFC agency.

Annual Performance Evaluations

Ten of 15 personnel files (67 percent) tested at the CFC agency were inadequate relative to maintenance of annual personnel evaluations. Department rules (89 Ill. Adm. Code 509.80 (d)(5)) require that all providers of services have a comprehensive set of personnel policies that at a minimum address, among others, requirements for an annual evaluation.

- Three annual evaluations were late (8-12 months past the anniversary date of the employee);
- Three personnel files did not contain information that a documented annual evaluation was performed during Fiscal Year 2001; and
- Four personnel files did not contain documented evidence of the employees' annual evaluation during our first review but were present during a second review. Officials stated these evaluations were found in a file in the office of an employee that had left the organization.

Timely evaluations provide essential feedback to employees as well as providing a documented basis for salary adjustments, promotion, demotion, or layoff.

Other Evaluations

The CFC agency did not maintain some evaluations to support incentive payments to staff. The CFC agency's policy requires that documented evaluations must accompany each incentive payment made to the employee. While many evaluations were present in the files, we found instances during our review of the personnel files where:

- Five personnel files did not contain information that a documented incentive pay evaluation was performed. Incentive pay for these five instances totaled $3,600.

- Five personnel files were missing some of the employees' incentive pay evaluations during our first review - but were present during a second review. Officials stated these annual evaluations were in a file found in an administrative assistant's office. Two of these incentive evaluations had payable amounts different from the amounts actually paid to the staff. Evaluations were missing from the employees' personnel files in some instances for a period of approximately 13 months (based on the time of our first review).

Board Approval of Personnel Policies

Department rules (89 Ill. Adm. Code 509.80 (d)(5)) require all providers to have a comprehensive set of personnel policies, as well as written policies and procedures regarding payroll activities (89 Ill. Adm. Code 509.30 (a)). Further, rules require that all providers have current bylaws, policies and procedures that should be current and reviewed and approved by the governing body of the provider (89 Ill. Adm. Code 509.80 (a)).

The CFC agency implemented a variable compensation system in July 2000. This system was designed to motivate and encourage employees to provide the highest quality of services and to positively impact the fiscal health of the agency. While documentation shows the governing Board was aware of the new compensation system, no formal approval was voted upon at Board proceedings until May 2002, 22 months after it was implemented. Additionally, as of April 2, 2002, CFC agency officials indicated that they had not sought to develop a codified set of policies and procedures for the variable compensation system, it being their belief that there is merit in exploration and creative problem solving. Variable compensation payments to staff for Fiscal Year 2001 totaled over $93,000. As shown on Exhibit 3-4, the average variable compensation paid to administrative/executive staff, in our sample, at the CFC agency was $5,333 during Fiscal Year 2001. Program staff in our sample received, on average, $1,583 in variable compensation payments during Fiscal Year 2001.

Exhibit 3-4
COMPENSATION SUMMARY AT ONE CFC AGENCY
Fiscal Year 2001

Position Classification (salary range-6/30/00)	Average FY01 Base Salary Adjustments	Average FY01 Variable Compensation	Average FY01 Bonus Compensation	Average FY01 Total Dollar Increase	Average FY01 Total Percent Increase
Administrative / Executive ($27,165-$73,733)	$3,166.38	$5,333.33	$8,601.67	$17,101.38	37%
Program ($25,000-$27,318)	$256.37	$1,583.34	$3,017.50	$4,857.20	19%

Note: Computations for employees with organization for all of FY01 (from sample that was six administrative staff and six program staff).

Source: OAG calculations from CFC agency data.

Additional Employee Compensation Issues

At the CFC agency we found that some employee compensation was not being taxed as wages. Additionally, we found that some compensation paid in June 2001 appeared to be a distribution of excess revenues.

- **Failure to Tax Employee Compensation:** The CFC agency provided additional compensation checks to staff in December 2000 of approximately $21,000. Additionally, seven staff received payments totaling $3,475 in October 2000 as

additional payments for services. Finally, additional compensation of $10,000 was paid in February 2001 to the executive director for service to the agency. All these payments were issued on organization checks (and not processed through the organization's payroll service) and the provider failed to withhold the required employment taxes for these payments. Officials indicated a weakness in control was the reason for the oversight. Failure to withhold taxes results in potential individual tax liabilities for the affected staff. Agency officials stated, and documents were provided showing, that the organization was addressing the tax liability issue.

- **Justification for Bonuses:** The CFC agency issued $162,000 in bonuses to all employees in June 2001 after making an examination of agency revenue versus expenditures. These bonuses were in addition to other salary increases (base adjustments and incentive compensation) given in Fiscal Year 2001, which averaged 13 percent for our sample (ranging from 29 percent to 5 percent), provided under the Variable Compensation System. Funding from the Department (which includes federal funding) is used to pay salaries at the CFC agency. OMB Circular A-122 dictates that compensation to members of non-profit organizations should be reasonable for the actual services rendered rather than a distribution of revenues in excess of costs. Documentation shows that the bonus amounts were based on length of service with the organization rather than being provided based on performance. Our review of employee personnel files did not identify any instances of performance evaluations for the amounts paid. Individual bonuses disbursed in June 2001 ranged from $7,000 to $500.

  Department rules do not currently address requiring bonus compensation to be tied to performance as opposed to simply a distribution of excess earnings as do federal rules (OMB Circular A-122 Attachment B 7(d)(1)). A Department official stated that when conducting fiscal and administrative reviews they review any personnel policy along with the rationale for the bonuses. The official added that they count on the CFC agency's Board to oversee the bonus issue. When the Department last reviewed this CFC agency in April 2001, they did not examine the granting of bonuses even though the agency had reported to the Department that there were no formal written policies requiring Board approval for merit increases or bonuses. Effective May 31, 2002, the Department now requires providers of services to include in their personnel policies a policy concerning approval of bonuses for staff and administration including the need for Board approval of such personnel transactions (89 Ill. Adm. Code 509.80 (d)(8)).

  While CFC agency officials stated the current operating practice is to allow the executive director to award additional compensation to individuals for an amount up to 10 percent of their base salary, and for the entire class of employees for an amount up to 5 percent, these percentages are not formally documented in CFC agency policy. The average increase in bonus compensation for our sample, as a percentage of their base salary, was 12 percent in Fiscal Year 2001. The individual percentages ranged from 25 percent to 2 percent. As shown on Exhibit 3-4, the <u>average</u> bonus compensation paid to administrative/executive staff, in our sample, during Fiscal Year 2001 was $8,602. Program staff in our sample received, on average, $3,018 in bonus pay during Fiscal Year 2001.

The average overall percentage increase in compensation (base increases + incentive increases + bonus increases) for staff in our sample for Fiscal Year 2001 was 24 percent. The overall compensation increases ranged from 45 percent to 2 percent. Exhibit 3-4 illustrates the average compensation paid to CFC agency staff during Fiscal Year 2001 for the 12 employees in our sample that worked the entire fiscal year.

Our review of the work papers from the Department's April 2001 fiscal review of the CFC agency noted that no audit comments were developed for the payroll area. A Department official stated that the Department performed a review of the variable compensation system subsequent to the April 2001 report. The same official was unaware of any bonus payments at the agency even though a large dollar bonus check was available (in the population listing) for expenditure testing by the Department but was not selected. Department staff responsible for conducting on-site fiscal reviews of CFCs should also ensure that personnel files contain evidence that providers are complying with Department rule 509.

MONITORING OF CFCs	
RECOMMENDATION NUMBER **3**	***The Department of Human Services should further enhance the monitoring system established over CFCs. Such additional monitoring should include:*** • ***improving the consistency of the annual site evaluations conducted of the CFCs;*** • ***verifying, as part of its on-site evaluations, that: 1) the services authorized in Cornerstone are consistent with the IFSP signed by all the parties; 2) the monthly managers' reports contain all cases which are older than 45 days which do not have an IFSP; and 3) the reasons given by CFCs for cases older than 45 days without an IFSP are accurate;*** • ***assessing CFC performance against established performance measures;*** • ***examining the referral patterns of all CFCs;*** • ***adding agreed upon procedures to audits of providers that will test to determine whether grant funds paid by the Department were expended or legally obligated in accordance with the Grant Funds Recovery Act; and*** • ***revising testing procedures during fiscal and administrative reviews to: review all forms of compensation to ensure that governing boards approve these compensation systems; ensure that personnel files contain evidence that agencies comply with Department rule 509; and ensure that equipment is properly accounted for so that State interests are protected should the transfer of the property become necessary.***
DEPARTMENT OF HUMAN SERVICES RESPONSE	The Department agrees and will continue to improve monitoring of CFCs, including modifying close out activities under the Grant Funds Recovery Act to include agreed upon procedures to test for timely expenditure or legal obligation of funds. Fiscal and administrative review testing procedures will also be revised relative to issues of staff compensation, personnel files and inventory controls.

CENTRAL BILLING OFFICE

The Central Billing Office (CBO), operated by the Illinois Primary Health Care Association, is primarily responsible for processing claims submitted by EI service providers. The contract for the Central Billing Office was bid in 2000. The initial contract period was July 1, 2000 through June 30, 2001, with an option for four additional one-year renewals.

The Fiscal Year 2002 contract with the CBO contains a scope of services section; however, it does not detail specific deliverable or performance standards that the CBO must meet. The contract requires the CBO to:

- generate vouchers and payment tapes that can be processed through the Department's Consolidated Accounting Reporting System and State Comptroller on a weekly basis;
- support a billing interface with the Illinois Department of Public Aid for federal matching funds;
- maintain the provider enrollment function where applications of providers credentialed to deliver EI services shall be entered and edited for use in Cornerstone; and
- maintain an accounts receivable function to collect and track fees for services from families.

The contract does not detail any performance standards or requirements for claims processing times or accuracy of claims processing. With the exception of reports related to the accounts receivable function, the contract did not specify the management reports that the CBO is required to file with DHS regarding either its claim processing activities or on claims processed.

Exhibit 3-5
ANALYSIS OF PAID CLAIMS
June 2001

Claims Received	$7,947,730
– Ineligible (No current IFSP)	- 34,059
– Duplicates	- 166,018
– Not Covered (No Authorization)	- 388,478
Claims Accepted	$ 7,359,175
– Cutback (Difference between the amount billed and the EI reimbursement rate)	- 1,634,341
– Other adjustments	+ 682
Claims Approved for Payment	$ 5,725,516

Source: OAG from June 2001 CBO Claims Paid Analysis Report.

Although not delineated in the contract, DHS received management reports from the CBO, as discussed in Chapter Two. The Processed Claims Report showed the time elapsed between receipt of the claim at the CBO and the actual data entry of the claim. For the month of June 2001, 81 percent of the claims were processed within 1 week of receipt, and 99 percent within 2 weeks.

DHS also received the Claims Paid Analysis Report that analyzed the bills received. Exhibit 3-5 summarizes the information contained in the June 2001 Paid Claims Analysis Report. In June 2001, the CBO received $7.9 million in claims and approved $5.7 million for payment.

REGIONAL OFFICE OF EDUCATION #20

DHS contracts with Regional Office of Education #20 to conduct various public awareness activities, including the distribution of early intervention brochures, booklets, developmental charts, magnets, pens, and pencils. The contract requires monthly reports to DHS with information on public awareness material distributed and the remaining materials available for distribution.

The ROE submits a report to DHS that satisfies the requirements of the contract. Additional information, however, would help DHS assess the impact of its public awareness efforts. The report shows the amount of items on hand at the beginning of the reporting period (such as 233,770 pencils), the amount shipped (184,773 pencils), and the amount remaining on-hand (48,997 pencils).

While these reports tell DHS what materials are being sent, they do not identify where or to whom the materials are going. Such information is important to ensure that public awareness materials are being distributed to all areas of the State and especially to areas where participation in the Early Intervention Program is low. EI officials stated that records where materials are shipped are maintained at the ROE. However, EI staff have not conducted a site visit to the ROE in the past two years.

In addition, four of the seven expenditure reports submitted by the ROE to DHS, totaling $214,111, did not contain a list of items purchased. Exhibit 3-6 provides details on the seven expenditures. DHS staff stated that the ROE is not required to submit a detailed listing of the items purchased. However, without these details, it is difficult to ascertain exactly what was purchased by the ROE, and thus, what expenditures are being reimbursed.

Exhibit 3-6
ROE # 20 EXPENDITURE REPORTS

Date	Fiscal Year	$ Amount	Did Expenditure Reports List Items Purchased?
Nov. 15, 1999	2000	$16,899	Yes
March 1, 2000	2000	$64,111	No -- just "E.I. Public Awareness Materials"
May 16, 2000	2000	$68,042	Yes
July 26, 2000	2000	$50,948	Yes
Nov. 15, 2000	2001	$49,476	No -- just "E.I. Public Awareness Materials"
May 17, 2001	2001	$40,574	No -- just "E.I. Public Awareness Materials"
August 1, 2001	2001	$59,950	No -- just "E.I. Public Awareness Materials"
TOTAL		**$350,000**	

Source: OAG review of expenditure records at DHS' Office of Community Health and Prevention.

The contract also requires that the ROE be responsible for the timely response and distribution of requested Public Awareness materials. The reports submitted by the ROE do not provide information on the timeliness of the ROE's fulfillment of requests.

DHS issued a Request for Proposal for the public awareness contract in February 2002, with a new contract to be effective July 1, 2002.

EARLY INTERVENTION CLEARINGHOUSE

DHS has a contract with the Illinois Public Health Association to operate the Early Intervention Clearinghouse. The mission of the Clearinghouse is to make available a library and information resources related to early childhood intervention. Other requirements are that it participate in the Rolling Prairie Library system, establish and publicize a toll-free number, prepare a quarterly report which summarizes the specific segments of the public being served, publish a quarterly newsletter, develop an operational plan, and publish an annual report summarizing its activities.

The deliverables required by the contract provide DHS with information to monitor Clearinghouse activities. We reviewed the materials submitted by the Clearinghouse to DHS and concluded that they were submitting the deliverables to DHS. DHS issued a Request for Proposal for the Clearinghouse contract in February 2002, with a new contract effective July 1, 2002.

EI CONTRACTS	
RECOMMENDATION NUMBER **4**	***The Department of Human Services should ensure that EI contracts contain performance measures and deliverables to aid in the Department's assessment of the contractors' performance.***
DEPARTMENT OF HUMAN SERVICES RESPONSE	The Department agrees. FY'03 CFC contracts have performance measures. The Department will strengthen required deliverables and performance measures in other contracts for FY'04.

APPENDICES

APPENDIX A

LEGISLATIVE AUDIT COMMISSION RESOLUTION NUMBER 122

RESOLUTION NO. 122
Presented by Representative Winkel

WHEREAS, the Early Intervention Program was created to enhance the development of children from birth to three years old in the State of Illinois in order to minimize developmental delay and maximize individual potential for adult independence;

WHEREAS, on January 1, 1998, the Department of Human Services became the lead agency for the Early Intervention program;

WHEREAS, as of January 1, 2000, approximately 10,000 children ages 0 to 3 and their families were served by the Early Intervention program;

WHEREAS, concerns have been raised about the increasing costs of the Early Intervention program in recent years;

WHEREAS, the Department contracts with local Child and Family Connection (CFC) offices to provide service coordination and assist with eligibility determination, and with local providers to provide services to eligible infants and toddlers, and

WHEREAS, given that many Early Intervention functions are performed by contractors, strong administrative and management controls are needed to ensure that services are being properly provided and the clients; needs are being met; therefore

BE IT RESOLVED, by the Legislative Audit Commission that the Auditor General be directed to conduct a performance audit of the Illinois Department of Human Services' management and administration of the Early Intervention Program; and be it further

RESOLVED, that the audit include but need not be limited to the following determinations:

- Whether the Program's management information system provides the information needed to monitor services provided and contractor performance;

- Whether contracts with entities coordinating and providing services contain reporting mechanisms (such as performance measures or deliverables) to allow the Program to monitor and evaluate their performances;

- Whether the Program has established a system to monitor and assess contractor activities, including: CFC referral practices; provider compliance with established billing, service, and supervision requirements; and geographic variances in service utilization, services accessed, and provider billing patterns; and

- Whether the Department has procedures in place to ensure that services provided to clients are consistent with the Individual Family Services Plans (ISFPs).

RESOLVED, that the Department, its contractors and any other entity that may have relevant information pertaining to this audit cooperate fully and promptly with the Auditor General's Office in the conduct of this audit; and be it further

RESOLVED that the Auditor General commence this audit and report his findings and recommendations upon completion to the Legislative Audit Commission, the Governor and members of the General Assembly.

Adopted this 26th day of June, 2001.

Senator Thomas J. Walsh
Co-chair

Representative Julie A. Curry
Co-chair

APPENDIX B

CHILD AND FAMILY CONNECTIONS (CFC) SURVEY RESPONSES AND SURVEY QUESTIONNAIRE

Appendix B
SUMMARY OF RESPONSES TO CFC SURVEY

This Appendix summarizes the responses received to the survey we mailed to CFCs in November 2001. All 25 CFCs responded to the survey. A copy of the survey sent to the CFCs is found immediately after this summary of CFC responses. Many CFCs provided more than one comment to the questions.

Question: Are there areas where improvements could be made in the outreach activities of the EI program (such as the Child Find System and public awareness programs)?
YES: 21 NO: 4

Comments:	**# of CFCs**
– Improve connections with physicians and nurses	4
– Language issues: More outreach in Hispanic areas, in areas where English is second language, more materials in native languages	4
– More funding: for promotional ads, more outreach activities	4
– LIC time and funding constraints	3
– State develop materials and strategies that could be adapted for local use, state driven child find activities	2
– Lack of providers to volunteer to do screenings	2
– Conduct screenings at local Public Aid and WIC offices, local school districts, DCFS offices	2
– Referral network needs to be re-informed and strengthened	1
– Statistics from Schools to see what children screenings are missing	1
– Better coordination/reporting of screenings between Head Start and LICs	1
– Statewide toll free # to connect to individual CFCs	1
– Reach out to statewide associations	1
– Assistance in finding providers in rural areas	1
– Change LIC to marketing employee of the CFC	1
– System put in place to conduct screening on a regular basis	1
– No minimum requirements for LICs re: child find activities	1

Question: For those IFSPs that are not completed within the 45 days time frame, please describe the primary reasons for delays:

Comments:	**# of CFCs**
– Parent/Family delays (schedules, no shows, no response, making decisions)	23
– Providers (mainly late provider reports)	10
– High caseloads	7
– QE	4
– Insurance	2

Question: For each of the following services, please indicate whether or not there is an adequate number of providers in your CFC area. Adequacy is defined as a sufficient number of providers in CFC area so client services are not delayed.			
Type of Service Provided	**Adequate**	**Slight Shortage**	**Severe Shortage**
Family Training	21	4	0
Social Work Services, including Counseling and Home Visits	10	10	5
Special Instruction	18	4	0
Speech, Language Pathology	9	8	9
Audiology	15	7	3
Occupational Therapy	15	8	2
Physical Therapy	15	8	2
Psychological Services	9	12	4
Service Coordination Services	19	5	1
Medical Services for Diagnostic or Evaluation Purposes	12	7	6
Early Identification, Screening, And Assessment Services	14	11	0
Vision Services	6	8	10
Nursing	17	7	1
Nutrition	16	9	0
Transportation	6	7	12
Assistive Technology Devices And Services	19	4	2

Question: If you noted any services for which an adequate number of providers was not available, please list the reasons.	
Comments:	**# of CFCs**
– Lack of providers	18
– Provider unwilling due to pay reasons (slowness of pay, low pay)	10
– Insurance (e.g., too expensive, billing)	3
– Instability of system	2
– No statewide monitoring of providers	1
– Questionable quality of providers	1
– QE process	1
– Too many hoops to jump through	1
– Providers unwilling due to constant changes	1

Question: On average, how many complaints, if any, does your CFC receive monthly regarding providers billing for services not provided?	
Comments:	**# of CFCs**
– 0 complaints	2
– 0 - 1 complaints	9
– 2-5 complaints	8
– response not quantified	6

Question: On average, how many complaints, if any, does your CFC receive monthly regarding providers providing poor quality services?	
Comments:	**# of CFCs**
– 0 complaints	1
– 0 - 1 complaints	4
– 1 - 5 complaints	8
– 6 - 10 complaints	2
– 11 - 20 complaints	3
– response not quantified	7

Question: What have been the positive effects, if any, of the QE process?	
Comments:	**# of CFCs**
– Service Coordinator training, education, and understanding	16
– Better teaming/ team approach	7
– Ensures appropriate level of services for the child	7
– More accountability for providers	3
– Medical expertise available for consultation	3
– Better provider reports	2
– Looks at whole child, multidisciplinary approach	1
– Helps providers understand their role	1
– Identifies training needs	1
– Caseloads have decreased	1
– Outcomes more appropriate	1

Question: What have been the negative effects, if any, of the QE process?	
Comments:	**# of CFCs**
– Staff time, workload, and travel costs	10
– Service Coordinator placed in position of "go between"	9
– Inadequate SC/provider training on QE from DHS or IMDN	4
– Parents feel left out of process/ parents not involved	3
– Time delays (linking to services)	3
– Parents/providers feel services are being inappropriately cut back	3
– Lack of administrative and technical support to CFCs for QE	2
– Providers feel professional judgment is not respected, not willing to work with team	2
– Inconsistencies between QE teams	2
– Not addressing children being over-served	1
– Providers fight change	1
– Increase in mediation/hearings	1
– Guidelines do not reflect current treatment beliefs	1
– Delays in medical exams	1
– Service coordinators quitting	1
– People making decisions about children they haven't met	1
– Conflicts of interest	1
– Loss of services	1

Question: What improvements, if any, could be made to the QE process?	
Comments:	**# of CFCs**
– Train, educate QE participants	8
– Include only children above review parameters or those medically complex cases	6
– Allow IFSP team members to participate	6
– Review only a sample of cases	3
– Allow more time for review	2
– Hold providers accountable for inadequate evaluations	2
– Make decisions advisory only	2
– Services are decided by professionals who never see children	1
– Should have 3 provider disciplines at each meeting	1
– Therapist should not review own charts	1
– Use projector to save paper	1
– Should have authority to recommend all 16 services	1
– Enhanced consistency	1
– Guidelines for CFCs regarding poor provider reports and QE forms	1
– Further parent/provider education	1
– Reduce travel	1

Question: Are there areas where improvements could be made in the eligibility determination aspects of the EI Program (such as the screening and assessment of infants and toddlers)? ***YES: 21 NO: 4***	
Comments:	**# of CFCs**
– Clarification, training to providers about tools, including their usage and limitations	4
– Establishing evaluation teams funded by DHS	4
– Providers do not always use assessment tools appropriately, differences in quality of reports	3
– Provider assessments are delayed	2
– Children should be screened by their school districts	2
– A review of screening process is needed (# of screenings has decreased)	1
– An interdisciplinary team approach needs to be used	1
– Increase funding for screenings	1
– Revise definition of "at risk"	1
– Create assessments at the CFCs independent of direct service provision	1
– Screen every child yearly	1
– Difficulty in finding providers to do screenings	1

Question: Are there changes or improvements to DHS' Cornerstone MIS that would be of benefit to your CFC operation? ***YES: 22 NO: 3***	
Comments:	**# of CFCs**
– Customized/better reports for local use	5
– Expand managers' ability to resolve issues locally	4
– Outdated technology/ antiquated/DOS system	4
– Merge SV02 and CM04	3
– Resolve "Heat" tickets more quickly	3
– Training on Cornerstone/Foxfire	2
– Allow more space for comments	2
– Include QE presentation forms on Cornerstone	2
– Often not functioning	1
– Does not allow for good data collection	1
– Bureau staff need access to system	1
– Streamline entry of multiple authorizations	1
– Link case notes with service activity screen to eliminate duplication	1
– Add spell check function	1
– Change payee or provider on the SV07 screen w/o new authorization	1
– Ability to upload/download to a secure site	1
– Offer Foxfire to everyone	1
– Have the EI number on each screen	1
– Faster method to print off authorizations for providers	1
– Foxfire difficult to work with	1
– Expand reasons for why families are closing the case to include insurance and fee issues	1
– Easier to read authorizations	1
– Address labels do not print out correctly	1
– Add joint screening tool as a screen	1
– More management tools	1

Question*: *Are there any areas where your CFC staff would benefit from additional training? ***YES: 25 NO: 0***	
Comments:	**# of CFCs**
– Insurance requirements	20
– Outcome writing/IFSP	9
– Cornerstone	6
– SC training	3
– Other	7

Question: Please define the role of the Local Interagency Council (LIC) in your area.	
Comments:	**# of CFCs**
– Public awareness and community involvement	17
– Child Find	13
– Provider recruitment	8
– Transition	7
– Screenings	6
– Training	6
– Resource directories	5
– Forum for coordination	4
– Liaison between CFC and school district	3
– Advises CFC	3
– Liaison between CFC and providers	2
– Organizes monthly meetings	1
– Find gaps in service	1
– Insufficient help in provider recruitment	1

Question: Are there specific areas where your Local Interagency Council could be more active? ***YES: 22 NO: 3***	
Comments:	**# of CFCs**
– Provider recruitment	14
– LIC is not effective, volunteers	7
– Child find and public awareness	6
– Better direction, training, policies and procedures from DHS	4
– Child find screenings	2
– Increased parent participation	1
– Evaluation of the needs of the CFC	1

Question: Does your CFC provide direct services to children/families? ***YES: 11 NO: 14***	
Comments:	**# of CFCs**
– Service Coordination	11
– Early identification and screening	3
– Family training	1
– Family support	1

Question: Do any CFC employees provide direct services to children outside of CFC working hours?
YES: 4 NO: 20 DON'T KNOW: 1

Question: Does your CFC have Internet access on-site?
YES: 24 NO: 1

Question*: *Are there aspects of the EI Program upon which DHS could improve?	
YES: 23 NO: 2	
Comments:	**# of CFCs**
– Improved communication: • Inform CFCs on the status of changes • Consistent instruction regarding CFC processes and service coordination • Present changes to a focus group of parents, providers, CFCs • Notify CFC managers before changes are made • Consistent answers to questions • Unclear communication of new procedures • Late development of new procedures	15
– Additional training	6
– Tighten credentialing process and other provider issues	4
– Better way of implementing changes in the system	3
– Increased # of DHS staff to provide support	1
– Written documentation of procedural changes	1
– Reevaluate the caseloads of service coordinators	1
– Clearer guidelines for transferring cases between CFCs	1
– TAM staff completing site visits are unfamiliar with EI, no follow-up	1

Question: In what ways could the EI program be more efficient or effective?	
Comments:	**# of CFCs**
– Improve communications	7
– Reduce SC caseloads	5
– Sufficiently fund CFCs	5
– More training for CFCs/ providers	5
– Program needs a clear vision and a plan to achieve it	3
– Reduce paperwork	2
– DHS funding for evaluation teams for greater uniformity in standards	1
– Hold providers accountable for submitting inadequate evaluations	1
– Improved "Heat" ticket process	1
– Regular provider monitoring and auditing	1
– More frequent, sensitive QE meetings	1
– Treat all EI providers equally	1
– Enhance serving of at risk families	1
– Criminal background checks on providers	1
– Involve parents in QE process	1
– Better documentation of policy changes	1
– Pay provider bills only when there is clear evidence services have been provided	1
– Reexamine how $ is distributed to LICs with dense populations	1
– Improve effectiveness in working with insurance companies	1
– Reduce CFC workload	1
– Appreciate CFC work	1
– Answer questions consistently	1
– Stop changes	1

Source: OAG summary of CFC responses to November 2001 survey.

CHILD AND FAMILY CONNECTIONS OFFICES
SURVEY QUESTIONNAIRE

INSTRUCTIONS: The purpose of this survey is to gain a better understanding of the services Child and Family Connections Offices provide for the Early Intervention Program, as well as to identify ways the Program could be improved. Enclosed is a self addressed stamped envelope. Please contact Jim Dahlquist at 217/524-8748 or OAG27@mail.state.il.us, if you have any questions.

Please return the completed survey by November 26, 2001 to:
Jim Dahlquist, Audit Supervisor
Illinois Office of the Auditor General
740 East Ash Street
Springfield, IL 62703-3154

1. Person completing this survey:

   Name: _____ Title: _____

   Agency: _____ Phone: _____

   E-Mail Address: _____ Fax: _____

2. Are there areas where improvements could be made in the outreach activities of the Early Intervention Program (such as the Child Find System and public awareness programs)?

   Yes_____ No_____

   If yes, please describe what changes or improvements would be desirable:

   _____

   _____

   _____

   _____

3. Are there areas where improvements could be made in the eligibility determination aspects of the Early Intervention Program (such as the screening and assessment of infants and toddlers)?

   Yes_____ No_____

   If yes, please describe what changes or improvements would be desirable:

   _____

   _____

   _____

   _____

4. For those IFSPs that are not completed within the required 45 day timeframe, please describe the primary reasons for the delays:

_____

_____

_____

5. A. For each of the following services, please indicate using an "x" whether or not there is an adequate number of providers in your CFC area. Adequacy is defined as a sufficient number of providers in CFC area so client services are not delayed.

Type of Service Provided	Adequate	Slight Shortage	Severe Shortage
Family Training			
Social Work Services, including Counseling, and Home Visits			
Special Instruction			
Speech, Language Pathology			
Audiology			
Occupational Therapy			
Physical Therapy			
Psychological Services			
Service Coordination Services			
Medical Services for Diagnostic or Evaluation Purposes			
Early Identification, Screening, and Assessment Services			
Vision Services			
Nursing			
Nutrition			
Transportation			
Assistive Technology Devices and Services			

B. If you noted any services for which an adequate number of providers was not available, please list the reasons why (for example, no providers available in CFC area, lack of providers willing to participate in program, etc.).

_____

_____

_____

6. On average, how many complaints, if any, does your CFC receive monthly regarding providers:

A. Billing for services not provided? _____

B. Providing poor quality of services? _____

C. Other? _____ Please explain. _____

_____

_____

7. A. Does your CFC provide direct services (such as those listed in Question 5) to children/families? Yes _____ No _____

If yes, please identify the services provided. _____

_____

_____

B. Do any CFC employees provide direct services (such as those listed in Question 5) to children outside of CFC working hours?

Yes _____ No _____ Don't know _____

If yes, please identify the services provided. _____

_____

_____

8. Regarding the Quality Enhancement (QE) process :

A. What have been the positive effects, if any, of the QE process?

_____

_____

B. What have been the negative effects, if any, of the QE process?

_____

_____

C. What improvements, if any, could be made to the QE process?

_____

_____

9. Are there any areas where your CFC staff would benefit from additional training (such as use of the Cornerstone system; insurance requirements; client referral process; IFSP requirements; other)?

Yes _____ No _____

If yes, please explain.

_____

_____

_____

_____

10. Are there changes or improvements to DHS' Cornerstone Management Information System that would be of benefit to your CFC operations?

    Yes _____ No _____

    If yes, please explain.

    _____

    _____

    _____

    _____

    _____

11. Does your CFC have Internet access on-site? Yes _____ No _____

12. Please define the role of the Local Interagency Council (LIC) in your area.

    _____

    _____

    _____

    _____

    _____

13. Are there specific areas where your Local Interagency Council (LIC) could be more active (for example: planning and evaluation, provider recruitment, report development)?

    Yes _____ No _____

    If yes, please explain.

    _____

    _____

    _____

    _____

    _____

14. Are there aspects of the Early Intervention Program upon which DHS could improve (such as improved communication, technical support, etc.)

Yes _____ No _____

If yes, please explain.

_____

_____

_____

_____

15. In what ways, if any, could the Early Intervention Program be more efficient or effective?

_____

_____

_____

_____

16. If you like to receive a copy of the final report, please check this box. ☐

THANK YOU FOR YOUR TIME AND ASSISTANCE WITH THIS SURVEY.

PLEASE FEEL FREE TO INCLUDE ANY ADDITIONAL DOCUMENTS, COMMENTS, OR SUGGESTIONS.

_____

_____

_____

_____

_____

_____

_____

_____

_____

APPENDIX C

AGENCY RESPONSES

George H. Ryan, *Governor*

Illinois Department of Human Services

Linda Reneé Baker, *Secretary*

509 West Capitol • Springfield, Illinois 62704

August 15, 2002

Mr. Jim Schlouch
Performance Audit Director
State of Illinois
Office of the Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mr. Schlouch:

Thank you for the opportunity to respond to the Management Audit of DHS' Early Intervention Program.

As you know, we have been working to improve the Early Intervention Program since it was transferred to DHS in 1998. Secretary Baker asked my Office to do an audit of various aspects of the Program in January 2001.

Since then, Program staff have been working on our suggested areas for improvement and this audit provides them additional ideas for improvement. At the same time, Program staff were also working to implement the significant changes to the Program as required by Public Act 92-307.

Attached are responses to the specific recommendations in your report.

If you have any questions, please contact me.

Sincerely,

James R. Donkin, CIA
Chief Internal Auditor

JRD:lb
Attachment

EARLY INTERVENTION PROGRAM
MANAGEMENT AUDIT
RESOLUTION NUMBER 122

Recommendation 1

Response:
The Department agrees. Many of the suggested improvements were in process and have been made since the audit field work. We will continue to improve our use of the data system by reassessing the 21 management reports currently used and continue to plan for additional reports as recommended.

Recommendation 2

Response:
The Department agrees. A provider workgroup has been formed to work through the Department's monitoring proposal that organizes and enhances many of the functions currently in place. In March 2002, we implemented a process to follow-up on the potential duplicate claims.

Recommendation 3

Response:
The Department agrees and will continue to improve monitoring of CFCs, including modifying close out activities under the Grant Funds Recovery Act to include agreed upon procedures to test for timely expenditure or legal obligation of funds. Fiscal and administrative review testing procedures will also be revised relative to issues of staff compensation, personnel files and inventory controls.

Recommendation 4

Response:
The Department agrees. FY'03 CFC contracts have performance measures. The Department will strengthen required deliverables and performance measurers in other contracts for FY'04.