

SCDHHS Report on BabyNet Federal Compliance Efforts

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Background

First authorized in 1986 as an amendment to the Education of the Handicapped Act, the current iteration of a federally sponsored early intervention system for children from infancy through their third birthday is authorized by Part C of the Individuals with Disabilities Education Act (IDEA) of 2004 (PL 108-446). The purposes of the IDEA Part C program are the timely and accurate identification and evaluation of children under the age of three with developmental delays, appropriate referrals to service, and ongoing service coordination necessary to aid the child's ongoing social, emotional, and educational development. At the federal level, the IDEA, Part C program is overseen by the Office of Special Education Programs (OSEP) within the United States Department of Education.

Effective July 1, 2017, lead agency responsibilities for the South Carolina system of early intervention known as "BabyNet" transitioned from South Carolina First Steps to School Readiness (SCFSSR) to the South Carolina Department of Health and Human Services (SCDHHS) pursuant to Executive Order 2016-20, issued by Governor Nikki R. Haley on September 14, 2016.

SCDHHS has issued two previous reports on compliance efforts as the IDEA Part C lead agency for South Carolina, and this report serves as an update to the 2017 and 2018 publications. Readers are encouraged to reference those reports, which are available at: www.scstatehouse.gov/reports/reports/php.

Calendar Year 2019 Efforts and Progress

Leadership and Culture

From 2016-2019, South Carolina's IDEA Part C program has operated as a semi-independent program under the SCDHHS umbrella with the program director reporting to the agency head. Compliance efforts have focused largely on integration into the larger SCDHHS and Medicaid enterprise as a part of policy coordination and system of payments requirements detailed in §1440 of the IDEA and further detailed in 42 CFR Part 303, Subpart F. Such efforts are detailed later in this report, but include integration of provider enrollment and payer policy, coordination of benefits with Medicaid Managed Care Organizations (MCOs), integration of the BabyNet Reporting & Intervention Data Gathering Electronic System (BRIDGES) case management platform, which was brought to the agency as a result of lead agency transition, into the state's Medicaid Management Information System (MMIS), and others. Given the level of operational integration that took place in 2019, SCDHHS intends to more closely integrate policy efforts with the larger SCDHHS enterprise and will be restructuring the IDEA Part C policy and program staff into the agency's health programs division in January 2020.

Referral, intake, and assessment

The agency continues to centralize referral intake as noted in prior submissions and has completed the following activities:

- Completed a webform to receive referrals from outside sources in February 2019. Results of privacy and security testing revealed the need for changes, so public release was delayed until June 17, 2019. To date, 10,997 referrals have been processed through the webform.
- Began exclusively processing all referrals for regions subject to centralization and those received by the state office through the webform in September 2019.
- Increased central referral team (CRT) staff from four to 18 to process the increasing volume of referrals in a timely manner.
- Directed referrals for 14 of 17 local offices through the CRT. The remaining three offices – Florence, Anderson, and Greenville – will convert in January and February of 2020.
- Centralized all program intake scheduling with the exception of the three offices noted above.

SCDHHS has cut the time from referral to evaluation to 2 – 3 weeks in most areas of the state and is seeing evaluation turnaround times equal to, or greater than, its Medicaid counterparts.

The agency is still on schedule to implement an electronic document management system, allowing IDEA Part C to engage in paperless storage of records.

System point of entry staffing, education, and performance monitoring

For the first time in over a decade, South Carolina's IDEA Part C program has a federally approved policy and procedure manual that is the basis for statewide intake, scheduling, evaluation and eligibility, and monitoring. SCDHHS has established a formal training process for eligibility and intake workers statewide. This process includes classes on the Battelle Developmental Inventory (BDI), which is the primary screening tool used by IDEA Part C intake staff.

Payment system integration

As noted in SCDHHS' 2018 submission, the agency assumed operational control of the IDEA Part C program's provider billing apparatus but left the process largely unchanged. Throughout State Fiscal Year 2018-19, SCDHHS prepared to transition payment coordination of Medicaid and IDEA Part C payments in the MMIS to meet state and federal system of payments requirements. While there have been bright spots in this effort, in June 2019, when electronic integration of the BRIDGES system with the MMIS was slated to be completed in advance of a July 1, 2019, implementation, the effort failed. There appear to be several root causes of the failure, which include:

- Gaps in programmatic and systems knowledge between the IDEA Part C program and the development team, which resulted in ill-designed detailed business requirements.
- Design concessions to accommodate state-specific IDEA practices that were inconsistent with high-level design standards established early in the project.
- Immature processes for using the relatively new Medicaid Enterprise System (MES) to navigate data between modules and systems.
- A case management software as a service vendor that was unable to transmit data to the MMIS in accordance with SCDHHS specifications.

This resulted in payment abrasion for providers from July through October 2019. To mitigate this, SCDHHS took the following actions:

- Redesigned the payment apparatus to engage a commercial clearinghouse to transmit claims from the BRIDGES system using industry-standard protocols.
- Implemented interim estimated payments based upon service record and payment submissions.
- Delayed mandates for providers to credential with and seek payment for IDEA Part C services through appropriate MCOs.

Efforts are still underway to complete the systems development for the remainder of functions necessary to integrate IDEA Part C and Medicaid payment environments, including:

- Sending claims results information from the MMIS to BRIDGES to close-out payment requests made by providers.

- Automating the requirement that services authorized pursuant to an Individualized Family Service Plan (IFSP) originate from the BRIDGES system to prevent double-billing and ensure compliance with service note entry into the case management system.

In the third quarter of calendar year 2019, SCDHHS implemented claims-based reimbursement for most providers (excluding certain assistive technology, translator, and transportation funding) and blended Medicaid and IDEA Part C funding for children enrolled in MCOs.

Despite the challenges of the initial payment integration effort, now that the managed care and fee-for-service systems are operational, South Carolina is the first state in the nation to successfully integrate IDEA Part C and Medicaid into a single payment platform.

Other Compliance Efforts

Family Outcomes. In April 2018, SCDHHS selected gathering and analysis of self-reported family outcomes data as the scope of the State's Systemic Improvement Plan (SSIP) – a federally required performance improvement plan targeted at a single indicator. The SSIP follows several federally defined phases from planning through analysis to performance improvement. A revised Phase I SSIP was approved for use by OSEP on Aug. 20, 2018. SCDHHS submitted Phase II of the SSIP on April 1, 2019, and, in accordance with the approved plan, will implement successive family outcomes measurement systems on July 1, 2020, and June 30, 2021.

Reimbursement. Along with the coordination of payment systems, SCDHHS is seeking to mitigate reimbursement policies that might incentivize individual service providers or groups of service providers to prefer participation in either Medicaid or IDEA Part C as opposed to equal incentive to participate in both in a coordinated manner. In July of 2019, SCDHHS began alignment of IDEA and Medicaid payment policies, to include reimbursement rate and third-party liability rules.

During this effort, SCDHHS substantiated the existence of the disallowed practice of balance-billing, whereby some providers were offsetting lower commercial insurance or Medicaid reimbursement with IDEA Part C funds. This balance-billing runs contrary to 42 CFR §447.15 and South Carolina's Medicaid state plan, which requires that the state limit provider participation to those willing to accept amounts paid or otherwise allowed by the agency as payment in full. SCDHHS has taken steps to end this disallowed practice prospectively, but such steps have the net effect of reimbursing some providers less than they would have received under the previously fractured system, resulting in some abrasion for those providers. SCDHHS is continuing to educate providers on appropriate billing practices and identify areas where billing practices may lead to amounts that are less than allowed being reimbursed to providers in order to mitigate the abrasion of payment system change.

Intermediate or Contingent Performance Improvements (FY 2019 - 2021)

With substantial progress made in 2018 with respect to program leadership, staff morale and training, and systems development necessary to fully implement payment coordination in 2019, IDEA Part C program staff are shifting focus in 2019 and 2020 away from information technology development to five initiatives designed to improve personnel processes and service quality.

General supervision

Prior to 2019, South Carolina's IDEA Part C program had not implemented a system of general supervision of the provider network or the performance of individual providers. Further, the BRIDGES case management system allows some providers to self-report reasons for delays in treatment or non-compliance with provisions of a family's IFSP. These self-reported reasons are left largely unexamined and unchallenged, with no formal issuance of findings related to inappropriate outcomes or root cause analysis of the episodic or systemic issues that lead to poor outcomes. As part of the corrective action plan negotiated with OSEP in 2018, SCDHHS has implemented a system of general supervision, and issued its first findings and corrective action throughout summer 2019.

Auditing coordination of benefits

Sampled reviews of payment requests indicate that a substantial portion of claims rejected by private insurance, Medicaid MCOs, or Medicaid fee-for-service that are ultimately paid with IDEA Part C funds were disallowed for administrative, and not clinical reasons. Accordingly, SCDHHS intends in 2020 to clarify antiquated coordination of benefits policies and perform random field audits of providers that are not complying with IDEA Part C payor of last resort provisions.

Further, SCDHHS has performed reviews of MCOs' patterns in the approval and payment of children's therapy services and has identified variability in this behavior among the plans. SCDHHS is currently reviewing the clinical guidelines and practices of the plans to ensure that they are clinically appropriate and consistent with the objectives and standards of the Medicaid program. The resulting expected realignment of clinical practices is expected to improve benefits coordination with the IDEA Part C program.

Expanded use of natural environment settings for evaluation and service

It is among SCDHHS' goals to support provision of early intervention services in a child's natural environment. Once the agency believes that System Point of Entry capacity is at a sustainable and compliant level, it intends to expand the use of in-home and natural environment

eligibility determinations and will, in conjunction with Medicaid health programs, issue common policies that incentivize early intervention services provided in a child's natural environment.

Combined eligibility and case management

Several members of the provider community have expressed interest in piloting a model where ongoing service coordination begins at referral, and not in the middle of the 45-day eligibility process as it is today. This model is in practice in other states and could be a successful way to hold providers accountable for timely and accurate eligibility determinations, IFSP development, and ongoing service coordination. An analysis of the barriers to such a pilot in 2018 uncovered a barrier in the combined billing processes for IDEA Part C and Medicaid. SCDHHS' Early Intervention (EI) manual only contemplates a single billing code for service coordinators inclusive of special education, family training, case management, and IFSP development. SCDHHS has revised this practice, and in 2019 split EI billing into three codes – one for assessment, one for service coordination only, and one for family training. Once providers have become accustomed to the new billing platform and practices, SCDHHS would enter such a pilot with interested providers in 2020.

Conclusion

South Carolina's implementation of the IDEA Part C system has historically been fragmented, resourced asymmetrically, and poorly managed. As a result, it has had a poor reputation nationally and among the referring provider community. Historically, performance improvement efforts have been focused at minor, low-return, or already reasonably well-functioning components of the system instead of the foundational infrastructure the program needs to succeed. SCDHHS has taken aggressive steps to reverse this trend related to personnel assignment, staff development, financial and systems process improvement, contracts with partner agencies, and an unwavering commitment to treat programmatic failure as an unacceptable outcome among program leadership. As Fiscal Year 2020 sees streamlining in operational efforts, general supervision, and payment processes, SCDHHS anticipates sustaining these efforts and shifting to family- and child-centered program improvement. SCDHHS remains committed to sustained incremental improvement over the next two fiscal years, with specific targets designed to improve both overall performance and specific compliance ratings.