

**STATE OF MAINE
118TH LEGISLATURE
FIRST REGULAR AND FIRST SPECIAL SESSIONS**

**Final Report
of the**

**TASK FORCE TO STUDY THE
COST-EFFECTIVENESS OF THE
CHILD DEVELOPMENT SERVICES SYSTEMS**

February 9, 1998

Staff:
David C. Elliott, Principal Analyst
Phillip D. McCarthy, Legislative Analyst
Office of Policy & Legal Analysis
Rooms 101/107/135, 13 State House Station
Augusta, Maine 04333
(207) 287-1670

MEMBERS:
Sen. Peggy A. Pendleton, Chair
Sen. James D. Libby
Rep. Elizabeth Watson
Rep. Rodney W. McElroy
Barbara Brown
Ellen Courtney
Debra Couture
Luanne Crinion
Angela Faherty
Jaci Holmes
Mary Anne Miosan
Joan Nason
Rachel Olney
Leslie Steltzer

TABLE OF CONTENTS

1. Findings and Recommendations.....	1
2. Appendices.....	4
Appendix A	Public Laws 1997, Chapter 534, section 20
Appendix B	Members of Task Force to Study The Cost-Effectiveness of the Child Development Services System
Appendix C	Minutes from November 21, and December 4, 1997 Task Force Meetings
Appendix D	“The Route to Early Intervention Services through Child Development Services,” Knox County Child Development Services, December, 1997 (Available in printed report only)

TASK FORCE TO STUDY THE COST-EFFECTIVENESS OF THE CHILD DEVELOPMENT SERVICES SYSTEM

Final Report

The Task Force to Study the Cost-effectiveness of the Child Development Services System was created by Public Law 1997, Chapter 534, section 20. The task force was to consist of 16 members, including four legislators, three state department representatives, two contract service providers, two parents of children receiving services through the Child Development Services (CDS) System, one CDS site director, one CDS site board member, one public school special education director, one community health nurse and one member representing the organizational development profession. The member appointed in the last category resigned from the task force before the first meeting because of scheduling conflicts; no replacement was appointed.

The charge to the task force was to:

- A. Study and make recommendations regarding the most efficient and cost-effective manner in which the Child Development Services System could achieve greater administrative efficiency and economy.
- B. Review and make recommendations regarding the cost-effectiveness of hiring professional staff to be employed at the regional child development services sites as compared to contracting for services with nonprofit and for-profit service providers.

The task force was directed to submit its report to the Second Regular Session of the 119th Legislature in January, 1998. A copy of the authorizing legislation, a list of the members, summaries of task force meetings and a chart showing the typical process for provision of early intervention services through CDS are attached as appendices.

The task force was convened on November 21, 1997, to begin its work and also met on December 4 and December 17, 1997, and January 5, 1998. As a result of its deliberations, the task force makes the following findings and recommendations.

1. Recommendation: The Department of Education shall:

- A. Develop and use a common form and methodology for reporting information to be used in determining the cost to regional CDS sites of employing professional therapists as compared to contracting with for-profit or nonprofit agencies to perform the same services. In developing the form and methodology, the

department shall consult with its independent auditor to identify appropriate cost components according to generally accepted accounting principles and federal law.

B. Develop instructions and provide training to regional CDS sites for completing the cost reporting form.

This is a recommendation of a majority of the task force.

2. Recommendation: The Department of Education shall develop and implement a quality assurance initiative for the CDS System. The purpose of the program is to provide a mechanism to:

A. Monitor attainment of federal and state performance goals;

B. Monitor state regulatory compliance;

C. Monitor the quality of services provided to assess the effectiveness of the system in providing early intervention and free appropriate public education services to eligible children and their families;

D. Evaluate the satisfaction of parents; and

E. Calculate the costs and savings of investment in early intervention services as compared to later provision of special education and other therapeutic services through implementation of a longitudinal study that tracks the progress of children who receive early intervention services.

Following establishment of the quality assurance initiative, the CDS System shall report biennially to the Commissioner of Education and the Joint Standing Committee on Education and Cultural Affairs on the effectiveness of the system in providing comprehensive early intervention services for eligible children and their families as determined by established system goals, standards and performance indicators.

This is a unanimous recommendation of the task force.

3. Recommendation: To the maximum extent possible, as part of the screening and evaluation process, regional CDS sites shall make available to parents information on current contract and site employee service providers currently available in the region.

This is a recommendation of a majority of the task force.

4. Finding: In some regions, services provided by public agencies such as regional CDS sites, Head Start agencies, public schools, public health agencies and other state agencies may lack coordination or be underutilized when planning for and providing appropriate services to eligible children and their families. A stronger effort at collaboration among all involved public agencies would result in more efficiency in the provision of services.

This is a finding of a majority of the task force.

5. Finding: Excessively high case manager workloads may be a problem in some regions. However, due to the varying conditions and needs faced by the regional sites, this is an issue that can best be addressed by local action. Regional site boards should monitor the situation in their regions and take whatever steps are available to address any workload problems that arise.

This is a finding of a majority of the task force.

G:\OPLAGEA\GEASTUD\CDS\DCEDRFT4.DOC

APPENDIX A

Public Laws 1997, Chapter 534, section 20

Sec. 20. Task Force to Study the Cost-effectiveness of the Child Development Services System.

1. Establishment and duties. The Task Force to Study the Cost-effectiveness of the Child Development Services System, referred to in this section as the "task force," is established. The task force has the following duties.

A. The task force shall study and make recommendations regarding the most efficient and cost-effective manner in which the Child Development Services System could achieve greater administrative efficiency and economy.

B. The task force shall review and make recommendations regarding the cost-effectiveness of hiring professional staff to be employed at the regional child development services sites as compared to contracting for services with nonprofit and for-profit service providers.

2. Membership. The task force consists of 16 members appointed as follows:

A. Four Legislators, 2 of whom must be members of the Senate and 2 of whom must be members of the House of Representatives, appointed jointly by the President of the Senate and the Speaker of the House;

B. The Commissioner of Education, or a designee;

C. The Commissioner of Human Services, or a designee;

D. The Commissioner of Mental Health, Mental Retardation and Substance Abuse Services, or a designee;

E. Two members representing nonprofit and for-profit service providers, one of whom must be a clinical professional and one of whom must be a developmental therapist, appointed jointly by the President of the Senate and the Speaker of the House;

F. Two members representing parents whose children receive services through the system, appointed jointly by the President of the Senate and the Speaker of the House;

G. One member representing Child Development Services System site directors, designated by the Child Development Services System site directors;

H. One member representing Child Development Services System site board members, designated by the Child Development Services System site board members;

I. One member representing public school special education directors, designated by the Maine Association of Directors of Services for Children with Exceptionalities;

J. One member representing community health nurses with experience in providing community health services to children with developmental needs, designated by the Maine State Nurses Association; and

K. One member representing the organizational development profession, appointed jointly by the President of the Senate and the Speaker of the House.

All appointments must be made no later than 15 days following the effective date of this Act. The appointing authorities shall notify the Executive Director of the Legislative Council upon making their appointments. When the appointment of all members is complete, the Chair of the Legislative Council shall call and convene the first meeting of the task force no later than September 15, 1997. The task force shall select a chair from among its legislative members.

3. Staff assistance. The task force may request staffing and clerical assistance from the Legislative Council.

4. Reimbursement. The task force members who are Legislators are entitled to receive the legislative per diem, as defined in the Maine Revised Statutes, Title 3, section 2, and reimbursement for travel and other necessary expenses for each day's attendance at meetings of the task force. The Executive Director of the Legislative Council shall administer the task force's budget.

5. Report. The task force shall submit its report with any accompanying legislation to the Second Regular Session of the 118th Legislature by January 1, 1998.

6. Meetings. The task force may meet up to 3 times.

APPENDIX B

Members of Task Force to Study The Cost-Effectiveness of the Child Development Services System

**TASK FORCE TO STUDY THE COST-EFFECTIVENESS OF THE
CHILD DEVELOPMENT SERVICE SYSTEM**

Chapter 534, P. L. 1997

Members:

Senator Peggy Pendleton
110 Holmes Road
Scarborough, Maine 04074
Tel: 883-5414

Senate Member

Senator James Libby
RFD #3 Box 497
Gorham, Maine 04038
Tel: 929-4294

Senate Member

Representative Rodney McElroy
P.O. Box 494
Unity, Maine 04988
Tel: 948-5225

House Member

Representative Elizabeth Watson
406 Maine Avenue
Farmingdale, Maine 04334
Tel: 621-2871

House Member

Ms. Barbara Brown
RFD #1, Box 6605
Vassalboro, Maine 04989
Tel: 872-8782

Representing Service Providers/Clinical
Professional

Blaine Hartford (~~WITHDREW~~)
7 Patricia Lane
Cape Elizabeth, Maine 04107
Tel: 799-0473

Representing Organizational Development
Profession

Karen Doughty
8 Wood Rock Road
Scarborough, Maine 04074
Tel:

Representing Parents Receiving Services

Leslie Steltzer
79 Manning Mills Road
Hampden, Maine 04444
Tel: 862-2560

Representing Parents Receiving Services

Ms. Mary Anne Miosan
15 McKenny Drive
New Gloucester, Maine 04260
Tel: 753-6583

Representing Service Providers/
Development Therapist

Ellen Courtney
CDS, Knox County
111 Tilson Avenue
Rockland, Maine 04841
Tel: 594-5933

Representing Child Development Services
System Site Directors

Angela Faherty
Portland Public School Dept.
331 Verander Street
Portland, Maine 04103
Tel: 874-8100

Representing Child Development Services
Board Members

Joan Nason
Freeport School Department
17 West Street
Freeport, Maine 01032
Tel: 865-0928

Representing Maine Association of
Directors of Services for Children with
Exceptionalities

Luanne Crinion
200 Main Street
Lewiston, Maine 04240
Tel: 795-4450

Representing Community Health
Nurses

Jaci Holmes, Director
Child Development Services
146 State House Station
Augusta, Maine 04333
Tel: 287-3272

Commissioner's Designee
Department of Education

Debra Couture
Financial Analyst
Bureau of Medical Services
11 State House Station
Augusta, ME 04333
Tel: 287-1973

Commissioner's Designee
Department of Human Services

Rachel Olney
Dept. of MHMR & SAS
Region 1, Lancaster Road
Portland, Maine 04101
Tel: 822-0126

Commissioner's Designee
Department of Mental Health, Mental
Retardation & Substance Abuse Services

Staff:

David Elliott and Phillip McCarthy
Office of Policy and Legal Analysis
13 State House Station
Augusta, ME 04333-0013
Tel: 287-1670

APPENDIX C

Minutes from November 21, and December 4, 1997 Task Force Meetings

TASK FORCE TO STUDY THE COST-EFFECTIVENESS OF THE CHILD DEVELOPMENT SERVICES SYSTEM

Minutes from November 21, 1997 meeting

Members present: Barbara Brown (clinical professional/service provider); Ellen Courtney (CDS site director); Luanne Crinion (Maine State Nurses Association); Angela Faherty (CDS board member); Jaci Holmes (Commissioner of Education's designee), Sen. James Libby, Rep. Rodney McElroy; Mary Anne Miosan (development therapist/service provider); Joan Nason (Maine Association of Directors of Services for Children with Exceptionalities); Rachel Olney (Commissioner of Mental Health; Mental Retardation & Substance Abuse Services' designee); Sen. Peggy Pendleton; Leslie Steltzer (parent receiving services); and Rep. Elizabeth Watson

Others present: David Elliott (Office of Policy & Legal Analysis); Rep. Richard Farnsworth; Jeffrey Hubert (Macdonald Page); Dawna Lopatosky (Bureau of the Budget); Joseph Mayo (Clerk of the House); Phillip McCarthy (Office of Policy and Legal Analysis); Greg Scott, (Dept. of Education); and David Stockford (Dept. of Education)

Convening of the Task Force

- ◆ Joseph Mayo, Clerk of the House, presided over the convening of the task force on behalf of Rep. Elizabeth Mitchell, Chair of the Legislative Council. Having ascertained that a quorum was present, Mr. Mayo asked task force members to introduce themselves before he presided over the election of the Chairperson for the task force.
- ◆ Rep. Watson nominated Sen. Pendleton to serve as task force chair; the nomination was seconded by Ms. Olney, and the task force members unanimously approved the motion to elect Senator Pendleton as chairperson (13-0).

Overview of legislative history of CDS

- ◆ David Elliott reviewed the legislative history related to the governance of the CDS System; and Phil McCarthy reviewed the authorizing legislation that established the task force and the duties charged to the task force.

Briefing / discussion of financial aspects of CDS

- ◆ Jeffrey Hubert, CPA at Macdonald Page, presented an overview of the financial structure of the CDS System (copies of overheads are enclosed). The presentation included a financial profile of revenues and expenditures based on 1996 audited

financial data for the State CDS Office (or Intermediate Educational Unit, IEU), and 5 CDS regional sites.

◆ Discussion centered on the following issues:

⇒ The various sources of revenues that flow through the CDS State IEU and the regional CDS Sites. In the regional CDS site example, 49% of resources are Medicaid funds paid directly to contracted service providers, (and are outside of the CDS fiscal records), while 51% of the funds represent State General Funds, Federal Part H (birth through 2 years old), Federal Section 619 (three through five years old), Medicaid, and Other sources of revenues;

⇒ The impact of using Medicaid funds as program income (e.g., would increasing the level of Medicaid funds -- as reimbursement for the provision of direct services -- result in a decrease in other State or Federal resources?); and

⇒ The impact of managed care on the level of Medicaid funding available for CDS?

Discussion of cost effectiveness of contracting for services versus hiring professional staff

- ◆ Jaci Holmes presented data from a 1996 Cost Review Study based on the cost methodologies established (examples of how cost components were determined are enclosed); and
- ◆ Phil McCarthy presented a brief summary of effectiveness and cost-effectiveness research related to early intervention programs.

Recap discussion, identify issues for discussion at next meeting

- ◆ David Elliott reviewed the substantive issues discussed and task force members identified the following issues as those which should be addressed at the next task force meeting:

⇒ Further review of the components included in the two cost methodologies that were established to determine the annual cost to a CDS regional site to employ a professional therapist as compared to contracting with a service provider;

⇒ An examination of the policies and regulations related to Medicaid program income and direct service reimbursement; and

⇒ A presentation of the mission and scope of CDS regional site operations (Ellen

Courtney will present some materials).

Adjournment and meeting schedule

- ◆ The task force members agreed to the following schedule for the next two meetings:

Thursday, December 4, 9:30 am - 3:00 pm in the State Office Building, Rm. 113

Wednesday, December 17, 9:30 am - 3:00 pm in the State House, Rm. 334

- ◆ The meeting adjourned at 3:00 p.m.

Respectfully submitted,

Phillip D. McCarthy, Ed.D.

**TASK FORCE TO STUDY THE COST-EFFECTIVENESS OF
THE CHILD DEVELOPMENT SERVICES SYSTEM
Minutes from December 4, 1997 meeting**

Members present: Barbara Brown (clinical professional/service provider); Ellen Courtney (CDS site director); Debra Couture (Commissioner of Human Services' designee); Luanne Crinion (Maine State Nurses Association); Jaci Holmes (Commissioner of Education's designee), Sen. James Libby, Rep. Rodney McElroy; Mary Anne Miosan (development therapist/service provider); Joan Nason (Maine Association of Directors of Services for Children with Exceptionalities); Rachel Olney (Commissioner of Mental Health; Mental Retardation & Substance Abuse Services' designee); Sen. Peggy Pendleton; Leslie Steltzer (parent receiving services); and Rep. Elizabeth Watson

Others present: David Elliott (Office of Policy and Legal Analysis); Rep. Richard Farnsworth; Dawna Lopatosky (Bureau of the Budget); Phillip McCarthy (Office of Policy and Legal Analysis); Dan Shagoury (Moose Ridge Associates); and Helen Zidowecki (Office of Rural Health)

Review of the minutes from 11/21 Task Force meeting and preview of the agenda and expectations for this meeting

- ◆ Minutes were accepted as presented; Staff previewed the agenda.

Mission and scope of the CDS regional site operation (Ellen Courtney)

- ◆ Ellen Courtney, Director of the CDS Site in Knox County, presented an overview of the mission and scope of responsibilities of the CDS Regional Sites System (see "The Route to Early Intervention Services through Child Development Services [CDS]"). The presentation included a step-by-step review of how children are referred to the CDS System through screening, evaluation, and the role of the Early Childhood Team (ECT) in developing and reviewing an Individualized Family Service Plan (IFSP).
- ◆ Discussion centered on the following issues:
 - ⇒ Transportation arrangements;
 - ⇒ Case management caseloads and co-case management alternatives;
 - ⇒ The selection of therapy providers and "least restrictive environment" provisions;
 - ⇒ Targeted case management caseloads and the impact on quality of service; and
 - ⇒ The transition from CDS services to kindergarten.

Discussion of cost effectiveness of contracting for services versus hiring professional staff

- ◆ Commission members reviewed and discussed sample worksheet data based on the cost methodologies established by the 1996 Cost Review Study; and
- ◆ Discussion centered on the following issues and task force members began to consider elements of possible recommendations related to the following issues:
 - ⇒ The trade-offs between cost containment strategies and cost-effectiveness with respect to the availability of professional therapists and the provision of services to children;
 - ⇒ The provision of an appropriate level of early intervention services as compared to an optimal level of therapeutic services;
 - ⇒ The need for flexible regulations and policies that can allow maximum efficiency and effectiveness for all concerned parties in the diverse regions of the state;
 - ⇒ The need for consistent guidelines that will be utilized by regional CDS Sites in calculating unit costs; and
 - ⇒ The need to consider parental choice and flexibility in determining the appropriate therapy providers, while maintaining “least restrictive environment” and other statutory and regulatory requirements; and
 - ⇒ The usefulness of adopting a “quality assurance” model that focuses the CDS System on achieving continuous quality improvement at each regional site while engaging parents in evaluating the effectiveness of services provided.

Recap discussion, identify issues for discussion at next meeting

- ◆ David Elliott reviewed the substantive issues discussed and indicated that staff will draft proposed recommendations for consideration by the task force at the next meeting.

Adjournment

- ◆ The task force meeting adjourned at 3:05 pm.

Respectfully submitted,

Phillip D. McCarthy, Ed.D.

APPENDIX D

**The Route to Early Intervention Services through Child Development Services
Knox County Child Development Services, December, 1997 (Available in printed report c**