

**South Carolina Department of Health and Human Services 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 three 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 – 2019 publications. Readers are encouraged to reference those reports, which are available at: [www.scstatehouse.gov/reports/reports/php](http://www.scstatehouse.gov/reports/reports/php).

## Calendar Year 2020 Efforts and Progress

### Note on Coronavirus Disease 2019 (COVID-19)

The previous IDEA Part C compliance report issued by SCDHHS published in December 2019 allowed for only 10 weeks of progress before SCDHHS began significant retrenchment with respect to discretionary activities to focus on its response to the COVID-19 pandemic. Accordingly, many of the efforts and goals set forth in last year's report have been postponed or otherwise de-prioritized either to accommodate COVID-19 activities or as a consequence of response-related decisions. Specific instances of such decisions are noted throughout the report.

### 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 addressed later in this report, but include integration of provider enrollment and payer policy, coordination of benefits with Medicaid managed care organizations (MCOs), and integration of the BabyNet Reporting & Intervention Data Gathering Electronic System (BRIDGES) case management platform, which was brought to the agency as a result of the lead agency transition, into the state's Medicaid Management Information System (MMIS).

In 2020, SCDHHS moved the IDEA part C program under the Office of Health Programs vertical of the agency to provide common supervision of policy decisions and reassigned responsibility for the case management system to the Replacement MMIS program. Future alignments will focus on parsing operational functions and policy functions to the appropriate units within the agency.

### Referral, Intake, and Assessment

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

- Implemented statewide secure web-based referrals after a soft rollout in 2019. To date, 20,566 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 19 to process the increasing volume of referrals in a timely manner.
- Completed the conversion of all offices from local referral management to centralized referral management.

- Centralized all program intake scheduling.
- Converted paper-based intake to SCDHHS' electronic document management system.

Through these reforms, 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.

#### 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 structured training for staff 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. Following the failure of the BRIDGES payment integration project in July 2019, SCDHHS replaced integration leadership and began project and provider remediation. These efforts are detailed in the 2019 report. Many of the transitional efforts undertaken in 2019 were unwound in 2020 after the claims submission system became operational.

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. SCDHHS has largely ceased additional improvements to the MMIS/BRIDGES integration as a new administrative services organization (ASO) vendor has been procured to replace MMIS provider enrollment and claims adjudication systems and a new case management system has been procured to replace BRIDGES.

#### 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 with the goal of improving results for infants, toddlers and their families. 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 will submit its Phase III, year 2 report in April 2021. The goal of the South

Carolina SSIP is to improve families' ability to help their child develop and learn shortly after entering the IDEA Part C program. The two main strategies to meet this goal are implementing an improved family outcome measurement system and initiating a new family assessment process.

Reimbursement. Along with the coordination of payment systems, SCDHHS seeks to mitigate reimbursement policies that incentivize 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 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 the state to 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 with those providers. SCDHHS is continuing to educate providers on appropriate billing practices and identifying areas where billing practices may lead to amounts that are less than allowed being reimbursed to providers to mitigate the abrasion of the payment system change.

In 2020, SCDHHS observed that some of the practices of pediatric hospice providers were inconsistent with the coordination of benefits requirements in federal regulation and potentially SCDHHS' State Plan and policy. These practices operated the hospice benefit more as palliative care, and not hospice, and SCDHHS is working with the relatively few pediatric hospice providers in the state to address these issues and ensure appropriate access to care and federal compliance. To achieve this, SCDHHS has elected not to use IDEA Part C as a payer source for services for children in Medicaid hospice programs, and instead will have providers seek additional services using the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) authority. Accordingly, any child admitted to a hospice program will still be able to access any medically necessary curative treatment but will not seek those services using the IDEA Part C authority.

### **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 shifted focus in 2019 and 2020 away from information technology development to 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 individualized family service plan. 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 in the fall of 2019. Additional findings were issued in the fall of 2020 with subsequent monitoring to commence in January 2021 focused on correction of noncompliance and resolution of outstanding findings.

#### *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 intended to clarify antiquated coordination of benefits policies and perform random field audits of providers that are not complying with IDEA Part C payer of last resort provisions in 2020. The COVID-19 emergency response delayed field audits, but SCDHHS did begin enforcing many of the automated prepayment review steps, or “edits” in the MMIS.

#### *Expanded Use of Natural Environment Settings for Evaluation and Service*

Support provision of early intervention services in a child’s natural environment is among SCDHHS’ goals in operating the IDEA Part C program. Once the agency believes that system point of entry capacity has reached 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. This has also been delayed due to COVID-19 as many families have preferred the use of telemedicine over in-home or in-clinic care. SCDHHS will provide the public and policymakers periodic updates on this topic over the course of 2021.

### **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 on 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 from program leadership to treat programmatic failure as an unacceptable outcome. As Fiscal Year 2021 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.