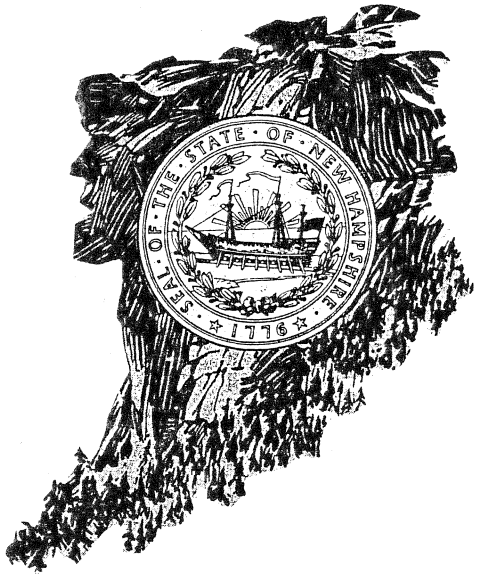
STATE OF NEW HAMPSHIRE
DEVELOPMENTAL SERVICES SYSTEM

PERFORMANCE AUDIT
APRIL 1991

DEPARTMENT OF EDUCATION
Bureau for Special Education Services
Division of Vocational Rehabilitation

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Division of Mental Health and Developmental Services



TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have conducted a performance audit of the developmental services system in the state of New Hampshire in accordance with recommendations made to the Fiscal Committee by the Joint Legislative Performance Audit and Oversight Committee. Our audit was conducted in accordance with generally accepted governmental auditing standards and accordingly included such procedures as we considered necessary in the circumstances. (Except as otherwise noted.)

The primary objective of our audit centered on evaluating the efficiency and effectiveness of New Hampshire's system of services for persons with developmental disabilities in accordance with state policies. The review included services provided to children (aged 3-21) by the NH State Department of Education, through its enforcement of state statutes and the Education for all Handicapped Children Act of 1975 (PL 94-142) entitling all children to a free and appropriate education, and to adults (21 and older) and infants (0-3 years) through the Division of Mental Health and Developmental Services and its network of area agencies.

In January 1991, the state closed its only institution for citizens with developmental disabilities. Therefore, almost all persons with disabilities now live and work in community settings. The closure of Laconia Developmental Services (formerly Laconia State School) and the elimination of institutional life as an option for persons with developmental disabilities is seen by experts in the field of developmental services as an extraordinary accomplishment. New Hampshire is the first state in the nation to eliminate institutional life for its disabled citizens.

Our audit entailed extensive research into the field of developmental disabilities and consultation with professionals working in the field, both inside and outside state government. We mailed 110 surveys to public and private schools asking for information related to special education programs for developmentally disabled children and the nature of their interaction with NH State Department of Education. Additionally, we surveyed all twelve area agencies under contract with the Division of Mental Health and Developmental Services.

It is important to recognize that performance auditing is by its nature a critical process, designed to identify problems or weaknesses in past and existing practices and procedures. We have attempted to note successful or positive practices, procedures and outcomes that we found and for which sufficient documentation was available. However, the emphasis of this report is naturally on those areas where program improvements could be made.

This report results from an evaluation of information obtained from the sources noted above and is intended solely to inform the Legislative Fiscal Committee of our findings and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Fiscal Committee, is a matter of public record.

Office of Legislative Budget Assistant

OFFICE OF LEGISLATIVE BUDGET ASSISTANT

April 1991

STATE OF NEW HAMPSHIRE
DEVELOPMENTAL SERVICES SYSTEM

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Artwork reprinted by permission of the artist, Martha Perske, from Circles of Friends by Robert Perske, Nashville: Abingdon Press.

ABBREVIATIONS

CDS - Community Developmental Services
DHHS - Department of Health and Human Services
DMHDS - Division of Mental Health and Developmental Services
DVR - Division of Vocational Rehabilitation
EI - Early Intervention
ICF/MR - Intermediate Care Facility for Mentally Retarded
IEP - Individualized Education Program
ISP - Individual Service Plan
IWRP - Individualized Written Rehabilitation Program
LDS - Laconia Developmental Services
LEA - Local Education Agencies (school districts)
NHSDE - NH State Department of Education
OEQA - Office of Evaluation and Quality Assurance
SPEDIS - Special Education Information System

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INDEX OF OBSERVATIONS AND RECOMMENDATIONS (Continued)

EXECUTIVE SUMMARY

DEVELOPMENTAL SERVICES SYSTEM

Responsibility for New Hampshire's service system rests with two state departments: the Department of Health and Human Services (DHHS) and the Department of Education (NHSDE). Within DHHS, the Division of Mental Health and Developmental Services (DMHDS) is statutorily required to establish, maintain, implement, and coordinate a comprehensive service delivery system for people with developmental disabilities in accordance with RSA 171-A. The division's Office of Community Development Services (CDS) develops, manages, and monitors community services provided through 12 area agencies. The Division has a comprehensive and well-developed system for monitoring the programmatic and financial activities of area agencies. Area agencies are private, non-profit corporations under contract with the DMHDS.

Role of Area Agencies

Area agencies play a central role in the delivery of developmental services in New Hampshire. During fiscal year 1990, they spent $59.2 million and served 3,218 clients at an average cost of $18,400 per client. An average cost of $18,400 for community-based service is less than the average cost of $18,600 to provide institutional services in 1980.

The average cost of specific services varies widely, from a low of $908 per client for family support respite services to a high of $72,514 per year for clients in need of residential and medical services in an intermediate care facility.

On average, area agencies spent $4.9 million during fiscal year 1990, ranging from a low of $2.8 million in Region I (Northern) to a high of $9.4 million in Region VII (Manchester). They employed 972 full time equivalent employees and contracted with approximately 80 providers of direct services. The state funds about 64 percent of area agency expenditures through annual contracts and the medicaid match. The federal government funds another 28 percent (thru the Medicaid program) with the remainder coming from client fees, donations and miscellaneous income.

New Hampshire has been very successful in accessing Medicaid support for clients in the community. It has the distinction of obtaining the highest Medicaid per capita funding in the nation for community services and serves the highest percentage of recipients under the Medicaid waiver program of any state.

Role of Local School Districts

Federal law requires a free and appropriate public education for educationally handicapped children. Education programs for children with developmental disabilities are special education programs provided by local school districts. The Bureau for Special Education Services sets statewide standards for special education programs, monitors local school district compliance with these standards, and ensures that

special education programs are integrated with general curriculum and instructional programs in accordance with RSA 186-C.

Vocational Rehabilitation

The NHSDE Division of Vocational Rehabilitation provides education, training, and job placement services for handicapped people, including those with developmental disabilities, who have employment potential, as authorized in RSA 200-C.

Closure of LDS

One significant feature distinguishes New Hampshire's developmental service system from the other states. On January 31, 1991, the state closed Laconia Developmental Services (LDS), the only state operated institution for people with developmental disabilities. In closing LDS, New Hampshire became the first state in the nation to eliminate the large institution as an option for people with developmental disabilities. These people now live and work in their communities. Experts regard this as an extraordinary achievement. By virtue of closing LDS, New Hampshire leads other states in community-based developmental services.

The chart on page 11 illustrates the service system existing today.

TYPES OF SERVICES

Services for people with developmental disabilities are furnished by various agencies according to age. Children from birth to age three who are, or are at risk of becoming, developmentally disabled may receive early intervention services through area agencies. Early intervention programs include education, health care, nutritional counseling, medical assessments, and other services.

Area agency family support programs help families with developmentally disabled children of any age. Typical family support services are information and referral, counseling, respite care, parental training, transportation, adaptive supplies, and various other services.

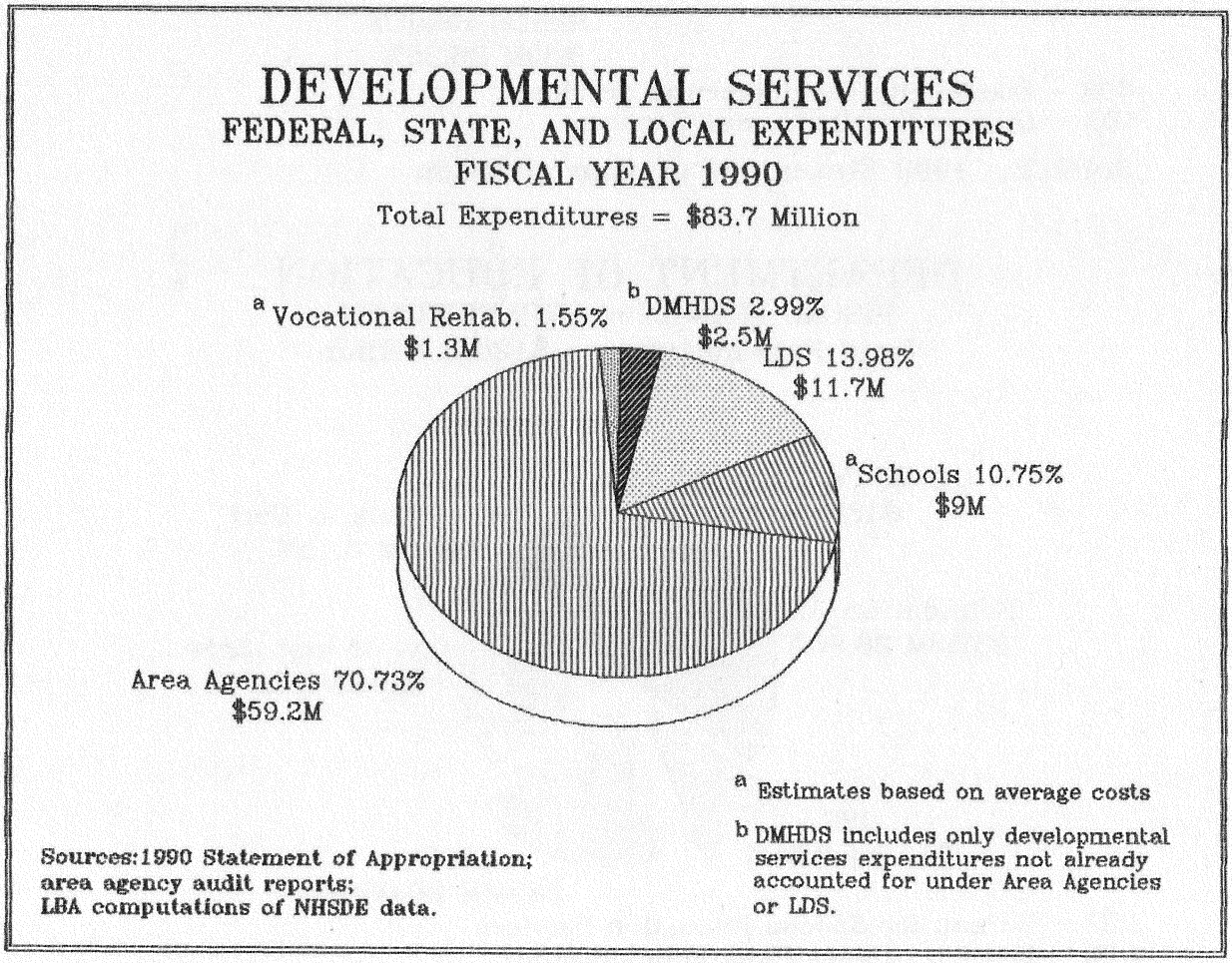
From 3 to 21 years of age, children are eligible for special education and educationally related services. Local school districts furnish these services according to program standards enforced by the NHSDE. Educationally related services include transportation, physical and occupational therapy, speech pathology and audiology, and diagnostic and evaluative medical treatment.

Adults over 21 can qualify for an array of services offered by area agencies, under the jurisdiction of DMHDS. Among these are residential, day, vocational, and case management services. In addition, adults with employment potential may receive rehabilitation training and job placement assistance through the NHSDE Division of Vocational Rehabilitation.

CLIENT BASE AND PROGRAM COSTS

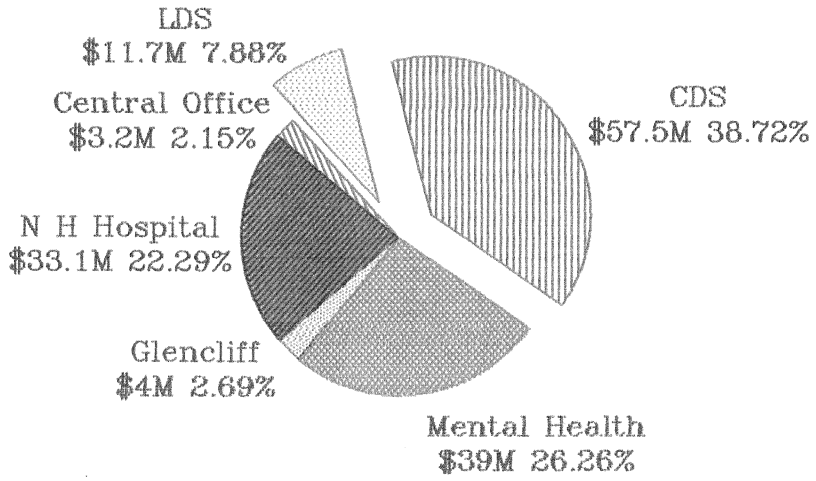
Area agencies served 3,218 clients in fiscal year 1990. Laconia Developmental Services served an average client census of 71 clients during 1990. Special education programs served 1,088 students with developmental disabilities and DVR served 209 adults with developmental disabilities in fiscal year 1990. In total, the system served about 4,500 individuals in 1990. The following graph illustrates the estimated system wide cost of $83.7 million and its component parts.

Expenditures for the DMHDS and NHSDE during fiscal year 1990 are presented on page four, broken down to reflect the relative size of services for individuals with disabilities within each operating unit.



DMHDS

FISCAL YEAR 1990 EXPENDITURES
Total Expenditures = $148.5 Million

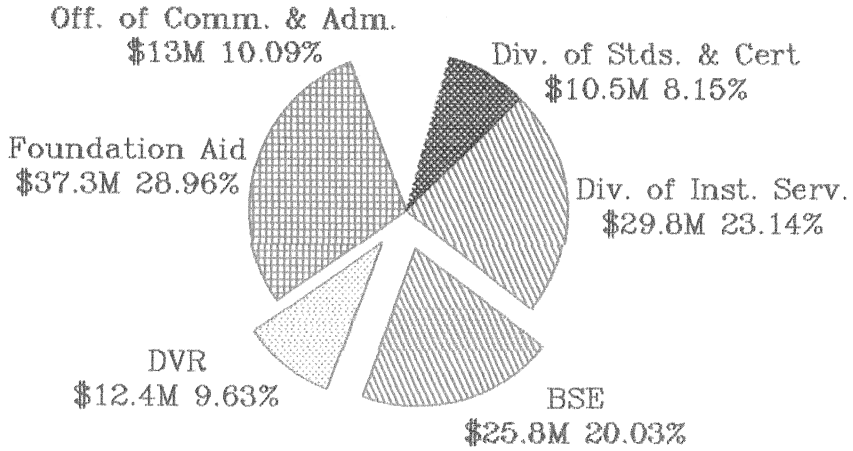


CDS – Community Developmental Services
LDS – Laconia Developmental Services

SOURCE: 1990 Statement of Appropriation

DEPARTMENT OF EDUCATION

FISCAL YEAR 1990 EXPENDITURES
Total Expenditures = $128.8 Million



BSE – Bureau for Special Education Services
DVR – Division of Vocational Rehabilitation

SOURCE: 1990 Statement of Appropriation

EXECUTIVE SUMMARY

SUMMARY OF AUDIT OBSERVATIONS

Our audit observations cannot be condensed into a single summary statement on New Hampshire's system of developmental services. In fact, audit results provide a study in contrasts, as described below:

- NH is the first state to eliminate institutional services for adults, but lags behind many states in placing students with developmental disabilities in the least restrictive classroom environment.

- The two state departments responsible for providing developmental services operate within two entirely separate service systems that change from an entitlement-based system during school aged years to an appropriation-based service system during adult years. This change often necessitates the maintenance of long waiting lists in the adult service system.

- More people than ever remain on waiting lists for essential community-based services in spite of a six-fold increase in financial resources committed to community based services since 1983.

- State spending for the educationally handicapped increased approximately 185% from 1983 to 1990. Yet, the NHSDE has no cost and service level benchmarks, and cannot provide accurate financial data on the cost of providing special education services.

These and other key observations are summarized below under the three major captions of system-wide issues, and issues that pertain specifically to NHSDE and to DMHDS. Page references are made to the detailed discussion in the body of the report.

SYSTEM-WIDE ISSUES

WAITING LISTS

We found that the services provided by both DMHDS and the DVR are not adequate to meet the needs of all individuals eligible for services. As of December 1990, about 800 people were on DMHDS waiting lists for case management, early intervention programs, respite, residential, and adult day programs. The waiting list has grown by 308% since January of 1987. The legislature appropriated $1.5 million in fiscal year 1990 and another $2.0 million in fiscal year 1991 to reduce the waiting list. However, these appropriations have not resulted in reducing the number of people on the waiting list because new people are constantly added to the list. According to our calculations, based on the actual average cost of services provided during fiscal year 1990, the estimated cost to provide all unmet needs as of December 1990 is about $16.9 million. The state's share is approximately 64 percent, or $10.8 million. The clients with urgent unmet needs, coded as "Priority 1", with serious health or life-threatening emergencies, accounts for $2.3 million of the $16.9 million total cost to eliminate the waiting list. (p. 110)

We estimate that 474 persons with developmental disabilities were waiting for vocational rehabilitation services from DVR as of October 1990. The waiting list for vocational rehabilitation services, known as the pre-active caseload, has increased 129% since 1983. (p. 172)

We recommend that both divisions continue to explore areas for further resource efficiencies, both in administrative economies and in developing and identifying more cost effective service models.

PLANNING

Because of the decentralized nature of developmental services, comprehensive and coordinated planning at the state level is crucial for efficient and effective use of resources. We found that NHSDE has not developed a comprehensive plan for special education services as directed in RSA 186-C:4 in 1985. Although NHSDE began to develop a plan, it has never produced a final document. The law requires updates to the plan every two years. (p. 72)

DMHDS has developed long-term comprehensive plans in the past for the services it provides through the area agencies, but the last plan was completed in 1985. This plan is now outdated. DMHDS achieved most of the goals and objectives outlined in its previous plans. DMHDS requires each area agency to complete biennial plans. However, the division has not used the regional plans in a systematic, coordinated manner and has not incorporated them into a statewide planning document. (p. 119)

We recommend that both DMHDS and NHSDE develop comprehensive, long-term planning documents and update them on a regular basis. Each department should coordinate its own plan with the goals and objectives of other agencies involved in developmental services to avoid conflicting or uncoordinated transitions from one service to another.

INTERAGENCY COORDINATION

Because individuals with developmental disabilities may require services and supports throughout their lifetime and because the state provides those services through several different agencies, the need for strong coordination among the state's agencies is instrumental in avoiding excessive bureaucratic complications and ensuring that all available resources-- state, local and federal-- are used as efficiently as possible. We found several areas where coordination among the states's agencies was inadequate to ensure an effective and efficient system of services. These include the following areas that cross state agency boundaries:

- System-wide Coordination of Program Planning and Service Delivery. Planning, forecasting, and sharing of resources between state agencies may be inhibited by the lack of readily available, compatible information concerning the system-wide impact of meeting

the needs of individuals with developmental disabilities as they grow from infancy to adulthood. (p. 181)

- Interagency Agreements. State and federal laws require various levels of cooperative efforts between state agencies that serve people with developmental disabilities. Although NHSDE and DHHS have taken significant action to carry out these requirements, they have not met their full responsibilities. The agencies need to take further steps to effectively coordinate their services. (p. 186)

- Transition from School to Work. The Division of Vocational Rehabilitation should strengthen its procedures for the transition from school to work for high school students with developmental disabilities. Transition services offer great potential to affect successful integration from school to work in adult life. (p. 177)

- Prevention Activities. The nature and extent of prevention activities varies among regions. No state agency has the explicit responsibility to lead developmental disability prevention efforts. Seven of eleven area agencies reported that the level of prevention activity was low in their region. Only one region rated it as high. (p. 39)

Other issues related to coordination of services include catastrophic health care costs discussed on page 194 and medicaid disincentives discussed on pages 195 and 196.

DATA COLLECTION

The importance of collecting accurate and adequate data on services cannot be overstated. Without reliable data, the state does not have a sound basis for planning and budgeting purposes. Without adequate data, management cannot measure its progress or determine whether goals and objectives have been met.

The most significant deficiency we found in the area of data collection was that the Bureau for Special Education Service has not collected accurate and meaningful data on the costs of special education services. These deficiencies occurred in spite of a specific legislative directive to compile financial information and develop cost and service level benchmarks. (p. 74)

The need for a strengthened audit effort of local school districts became apparent as we discovered the questionable accuracy of the financial information reported by local schools. (p. 79)

SPEDIS, a management information system for special education, falls short of providing information vital to effective management of special education services statewide. (p. 76)

Although DMHDS has very detailed information relating to activity within a given year, it does not maintain historical data for purposes of analyzing long-term trends in service levels and program costs. (p. 160)

Additionally, DMHDS has not fully developed outcome measures to evaluate the effectiveness of all services provided by the area agencies. Without such measures, the division cannot adequately measure improvements in services or progress toward achieving goals over time and cannot objectively assess variances in program costs. (p. 159)

The observations discussed above conclude our comments which reflect system-wide concerns. The following observations summarize our findings that relate specifically to NHSDE or DMHDS.

DEPARTMENT OF EDUCATION

PLACEMENT ISSUES

According to a recent study, reported in Promises to Keep, NH ranks 35th among the states in its efforts to integrate students with developmental disabilities into the educational mainstream. The total educationally handicapped population increased 31.1 percent from 15,009 students in 1983 to 19,674 students in 1990. The developmentally disabled population, a component of the educationally handicapped population, experienced a reported 28.7 percent decline from 1,525 students in 1983 to 1,088 in 1990. More importantly, we are concerned with the apparent trend of placing more students in self-contained classrooms. Between 1983 and 1990 the number of educationally handicapped students placed in self-contained classrooms increased by 145.3%. During the same period the number of developmentally disabled students in self-contained classrooms increased 96.5 percent. (p. 62)

The foundation aid formula is weighted to give greater assistance to students in more restrictive settings and may provide a disincentive for local schools to place students in the least restrictive environment. (p. 67)

NHSDE has not adequately ensured that educationally handicapped persons between the ages of 18 and 21 years in state prisons and county correctional facilities are receiving a free and appropriate public education. (p. 70)

PLANNING AND MANAGEMENT

NHSDE's role in providing technical assistance to enable local school districts to integrate special education students into regular classrooms has not been adequate. It also has not coordinated and integrated special education services within the Division of Instructional Services as required by RSA 186-C:3(I) and RSA 21-N:6. (p. 81)

NHSDE does not have a Research and Demonstration Unit established within the bureau as required by RSA 186-C:3. The unit is intended to serve as a focal point for the study and dissemination of critical special education issues and problems. (p. 82)

COMPLAINTS AND DUE PROCESS

NHSDE regulations regarding complaints, due process hearings and grievances are unnecessarily

confusing, time-consuming and complex. (p. 83)

PROGRAM APPROVAL AND ENFORCEMENT

NHSDE may not be exercising its general supervisory authority over local school districts in a manner that ensures compliance with special education Standards. We noted several instances where it did not appear that deficiencies in programs were corrected within reasonable periods of time. (p.89)

DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES

RESIDENTIAL SERVICES

Some area agencies have been more successful than others in finding subsidized financing for real estate as an alternative to traditional commercial lending rates. Division staff believe that most real estate purchased within the last two years was financed by local banks at commercial lending rates. (p. 107)

Historically, local and state housing authorities have been resistant to serving individuals that are served by DMHDS. This results in low use of generic housing resources by individuals with developmental disabilities. (p. 108)

CONTRACTS WITH AREA AGENCIES

The division has not taken adequate steps to ensure that the state's security interests in real and personal property purchased by area agencies or their subcontractors with state funds have been perfected, as required by the contract. (p. 140)

FUNDING AND QUALITY ASSURANCE

DMHDS has not linked data from quality assurance site surveys and service outcome measures to the funding process. Such linkage would ensure that the division funds the most cost effective programs. (p. 136)

CLIENT FEES

RSA's 126-A:51 and 171-A are not clear on the division's authority to charge and collect fees for services provided to clients with the ability to pay for services. Although the ability to pay occurs infrequently, confusion exists regarding what recourse is available to the division when a client refuses to pay for services. (p. 137)

CORRECTIVE ACTIONS

Community Developmental Services (CDS) and Evaluation and Quality Assurance (E&QA) appear to be properly exercising their responsibilities for monitoring area agency performance and seeking corrections of identified deficiencies. Both units share responsibility to monitor the performance of area agencies and seek correction of identified weaknesses. However, some deficiencies are not corrected as quickly as possible. The division does not have formal procedures or guidelines for addressing continuing deficiencies with increasingly stronger actions to achieve program corrections. (p. 151)

COMPLAINTS

DMHDS and employees of area agencies are required to report all instances of abuse and neglect to the Division of Elderly and Adult Services (DEAS) in accordance with interagency agreements and RSA 161-F:46.

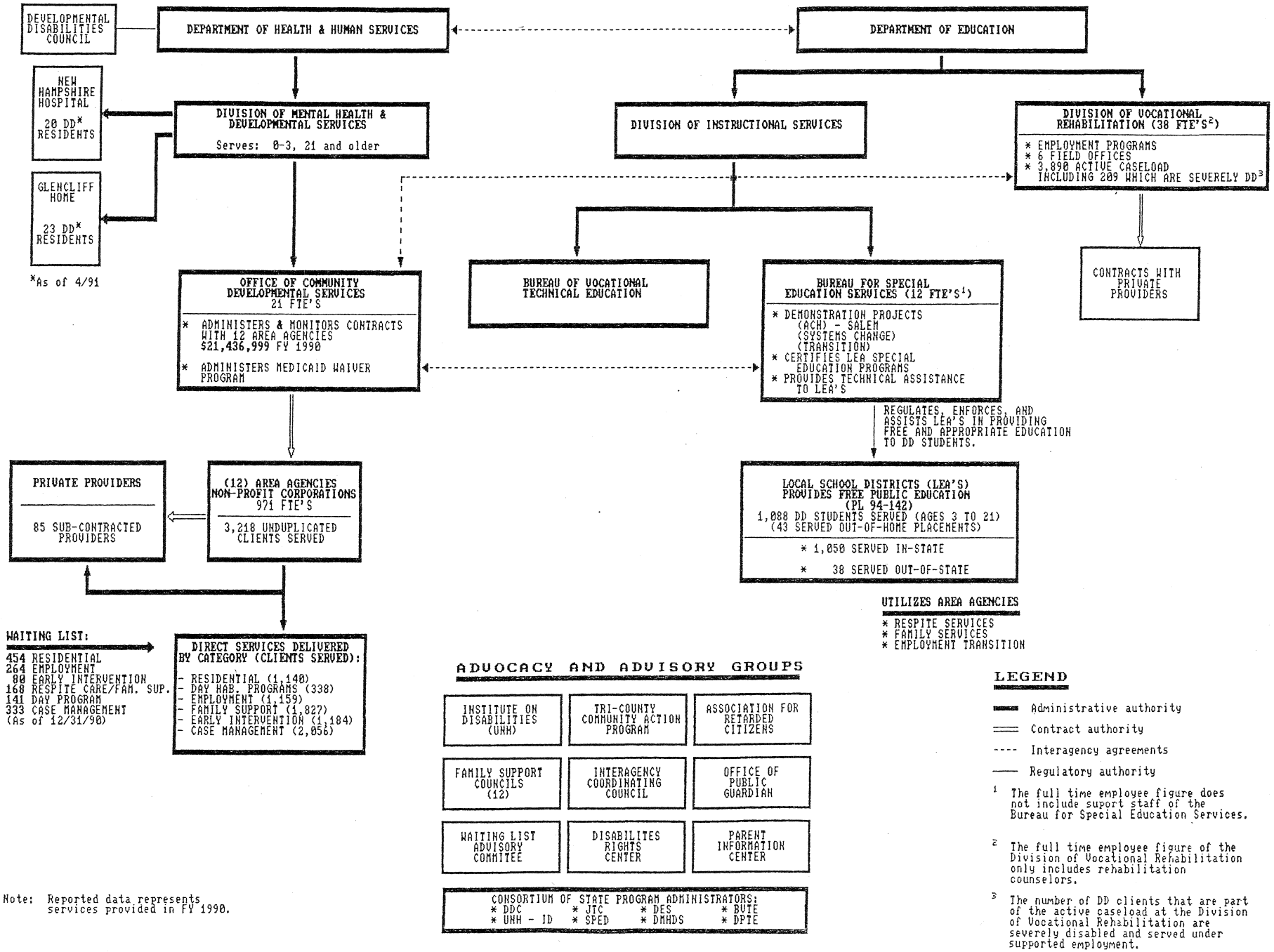
The Division of Elderly and Adult Services (DEAS) is responsible for investigating all allegations of abuse and neglect in the state. DEAS indicated to us that some allegations are not reported to them until a month or more after the alleged event. (p. 165)

Other findings of significance are included in the body of the report. They include comments relating to the redesignation and contracting cycle, internal quality assurance reviews by area agencies, and administrative rules for early intervention.

OTHER ISSUES AND CONCERNS

Other issues are discussed beginning on page 197. They have not been developed into formal observations; however, DMHDS, NHSDE, or the General Court may consider them worthy of further action. They cover statutory, service provision and program management issues such as the adequacy of community-based healthcare, direct versus subcontracted services, and a discussion regarding the most cost effective configuration of area agencies.

STATE OF NEW HAMPSHIRE
DEVELOPMENTAL SERVICES SYSTEM



[1] The full time employee figure does not include suport staff of the Bureau for Special Education Services.

[2] The full time employee figure of the Division of Vocational Rehabilitation only includes rehabilitation counselors.

[3] The number of DD clients that are part of the active caseload at the Division of Vocational Rehabilitation are severely disabled and served under supported employment.

Note: Reported data represents services provided in FY 1990.

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SCOPE AND OBJECTIVES

STATE OF NEW HAMPSHIRE
DEVELOPMENTAL SERVICES SYSTEM

SCOPE AND OBJECTIVES

We performed our audit of New Hampshire's developmental service system in accordance with recommendations made to the Fiscal Committee by the Joint Legislative Performance Audit and Oversight Committee. This report completes our directive to study the results of "deinstitutionalization." A similar report, dated January 1990, entitled *State of New Hampshire, Mental Health Services System*, focused on the depopulation of New Hampshire Hospital and the corresponding growth of community-based services that occurred to facilitate successful transition from institutional models of care to a community-based service system.

This report evaluates the efficiency and effectiveness of New Hampshire's system of services for persons with developmental disabilities within the state's policies of offering such services in the least restrictive environment appropriate for each individual and within each person's own community. Our audit did not evaluate the policies themselves, which are based on certain philosophies of caring for and educating persons with developmental disabilities. Instead, we looked at how services have developed and changed to implement the policies adopted by the legislature, specifically in RSA 171-A, *Services for the Developmentally Disabled*, administered by the Division of Mental Health and Developmental Services (DMHDS), RSA 186-C, *Special Education*, administered by the Department of Education (NHSDE), Bureau of Special Education and RSA 200-C, *Vocational Rehabilitation Programs*, administered by NHSDE, Division of Vocational Rehabilitation.

RSA 171-A provides that every person with developmental disabilities has a right to adequate and humane services, that all placements are to be voluntary, and that placements be in the least restrictive environment that best meets the needs of the individual. Administrative rules further provide that the delivery of state services is to be within the client's own community and be based on principles of "normalization." RSA 186-C:1 declares that it is the "policy of the state that all children in New Hampshire be provided with equal educational opportunities." This statute assigns responsibility to the State Board of Education and the school districts of the state to provide "a free and appropriate public education for all educationally handicapped children." Our audit addressed the following specific objectives:

- Determine the basis for the concept of deinstitutionalization and how it was implemented as policy, both nationally and in New Hampshire.

SCOPE AND OBJECTIVES (Continued)

- Identify key goals and objectives in shifting the treatment for persons with developmental disabilities from long-term, centralized, institutionally-based services to less restrictive, decentralized, community-based services, and determine the extent to which such goals and objectives have been achieved. Determine and compare current and historical trends in the funding, costs, services and client base of Laconia Developmental Services and the area agencies.

- Determine the type and range of developmental services provided through the Department of Health and Human Services and the Department of Education and the extent to which they are:

  - adequate and accessible for persons needing services,

  - effective in providing appropriate placements in the community that maximize the individual's ability to live a fully integrated life based on principles of "normalization",

  - coordinated among different service agencies and providers,

  - controlled to ensure optimum cost efficiency, and

  - in compliance with state laws and regulations.

METHODOLOGY

To develop background information and obtain an understanding of the principles of deinstitutionalization, we reviewed a variety of national and state reports, professional journal articles and research papers published by nationally recognized experts in the field of developmental disabilities. To identify New Hampshire's goals and objectives in implementing those policies, we reviewed various plans and documents from DMHDS. We paid particular attention to the class action lawsuit brought against the state in 1978. Garrity v. Gallen is generally credited with forcing an improvement of services at the state institution and hastening the school's eventual closure in January 1991. We examined the requirements of the final composite order issued by the court in 1981 to ascertain the degree of the state's compliance with the order. The state's response to the order is documented in Alternatives for Approaching Garrity v. Gallen Court Order, Plan C issued in 1981. We also interviewed legislators, staff members of NHSDE and DMHDS, personnel at various area agencies including several executive directors, personnel of local school districts, and members of other developmental service and advocacy groups. Data on Laconia Developmental Services (LDS), area agencies, local school districts,

METHODOLOGY (Continued)

and DMHDS were compiled from program data maintained by the Office of Community Developmental Services, LDS, Division of Vocational Rehabilitation, Bureau for Special Education services, state financial records, and independent financial audit reports of area agencies.

In assessing the adequacy, accessibility, effectiveness, control and coordination of services, as well as in determining the extent to which planned service goals and objectives were met, we reviewed and analyzed a wide variety of departmental reports, files, documents, and information from other states, federal agencies, and private organizations. We held extensive interviews with staff of DMHDS, the Bureau for Special Education Services and Division of Vocational Rehabilitation, LDS, other state agencies, representatives of area agencies and advocacy groups in the state. We used a written survey to obtain information from local school districts and private providers of special education services throughout the state. A second survey was sent to all twelve area agencies to obtain their insight.

Throughout the audit we reviewed applicable state and federal laws, regulations, and policies to determine agency compliance with their requirements. Most of the reported program data and statistics have not been independently verified by us and are the representation of state agency management. Financial information from the state's accounting system and financial information reported in financial statements of area agencies has been independently audited by certified public accountants. Except as noted above, this audit was conducted in accordance with generally accepted governmental auditing standards.

INTRODUCTION AND OVERVIEW

INTRODUCTION AND OVERVIEW

DEFINITIONS OF DEVELOPMENTAL DISABILITIES

Developmental disability is a general term used to refer to a variety of disabling conditions that arise in infancy or childhood that seriously challenge a person's ability to learn, communicate, be physically mobile, and live independently. For purposes of establishing eligibility for the services provided by the Division of Mental Health and Developmental Disabilities (DMHDS) through its area agencies, RSA 171-A defines developmental disability as a disability:

(a) which is attributable to mental retardation, cerebral palsy, epilepsy, autism, or a specific learning disability, or any other condition of an individual found to be closely related to mental retardation as it refers to general intellectual functioning or impairment in adaptive behavior or requires treatment similar to that required for mentally retarded individuals; and

(b) which originates before such individual attains age 22, has continued or can be expected to continue indefinitely, and constitutes a severe handicap to such individual's ability to function normally in society.

The above definition is considered primarily a **categorical** definition because it lists categories of disability, such as mental retardation and cerebral palsy, although it does have a functional component in part (b).

The federal definition of developmental disability is a more **functional** definition, based on functional abilities rather than diagnoses. The federal definition of developmental disability is a severe, chronic disability which is attributable to a mental and/or physical impairment that is present before the person reaches age 22 and is likely to continue indefinitely, and

- results in substantial functional limitations in three or more of the following areas of major life activity:
  - self-direction
  - economic sufficiency
  - capacity for independent living
  - receptive and expressive language
  - self-care
  - mobility
  - learning

- and reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong or extended duration and are individually planned and coordinated.

DEFINITION OF DEVELOPMENTAL DISABILITIES (Continued)

It is not clear whether New Hampshire's definition is more or less limiting than the federal definition in identifying the population eligible for services. A 1987 report by a committee established by the Developmental Disabilities Council could not determine whether the state's adoption of the federal definition would increase or decrease the number of people served in community developmental services.

In response to an LBA survey, 11 of the 12 area agencies rated the current eligibility criteria for clients to receive developmental services as either very clear or fairly clear. The agencies were evenly split over whether the existing criteria are appropriate, too broad, or too limited, with four agencies each marking one of those three responses. (A summary of survey responses is in Appendix B.)

SPECIFIC TYPES OF DEVELOPMENTAL DISABILITIES

Mental retardation is the most common type of developmental disability. Persons with mental retardation mature at a below average rate and generally have IQs of 70 or below, although the relevance of IQ scores alone has come into question.[1] There are four general classifications used to describe the severity of retardation: mild, moderate, severe, and profound. Usually people with mild retardation are not considered developmentally disabled unless they have additional disabling conditions.

Cerebral palsy results from damage to certain areas of the brain and is characterized by difficulties in controlling motor functions. Epilepsy is a disorder of the nervous system that can result in mild to severe episodes of attention loss, sleepiness, convulsions, or unconsciousness. Autism is a relatively rare type of disability characterized by impaired communication, excessive rigidity, and emotional detachment. It is not uncommon for people with developmental disabilities to have more than one of these conditions. For example, individuals with cerebral palsy may also have some level of mental retardation, and epilepsy is not uncommon among those with mental retardation.[2]

PREVALENCE OF DEVELOPMENTAL DISABILITIES

Federal figures show nearly four million people in the United States have a developmental disability.[3] The total percentage of people with developmental disabilities in the general population is estimated to be about 1.5 percent, and about one-third of those (0.5% of the total population) are estimated to be severely disabled. Based on fiscal year 1990 data from DMHDS and the Department of Education, the total number of individuals identified with developmental disabilities in need of services was about 5,000, including those receiving early

intervention, special education, adult, family support, and institutional services, plus those on the waiting list who were not receiving any services. This figure translates to 0.45 percent of New Hampshire's 1990 population. If the state's population of persons with developmental disabilities were close to the national rate of 1.5 percent, then the developmentally disabled population would be approximately 16,600, or 11,600 more than the actual number currently served by the state.

HISTORICAL OVERVIEW

The twentieth century has been a time of many changes in the attitudes of the American people toward citizens with developmental disabilities. As with many other social issues, those attitudinal changes are reflected in the evolution of laws.

The discussion that follows contains not only state laws concerned generally with the care and treatment of people with developmental disabilities and the state institution in Laconia, but state and federal laws dealing more specifically with the education and rehabilitation of people with developmental disabilities. For purposes of this discussion, the twentieth century is divided roughly into three time frames.

ORIGIN OF STATE INSTITUTIONS (1900 - 1950)

State institutions began to be established in the mid-1800s, first in Massachusetts and shortly thereafter in New York. Although they were originally envisioned by their founders as short-term schools for training the "feeble-minded" and returning them to the community, prevailing attitudes quickly changed to a less tolerant point of view. By the early 1900s, the prevailing philosophy was one of needing to protect society from "imbeciles, deviants and defectives." Protective care was thought to be in the best interest of society. State institutions for people with developmental disabilities were established to separate individuals who were "sick" and vulnerable from the rest of society and to place them at its periphery, usually in rural areas far removed from the general population. The primary objective of the institution became custodial in nature since the "feeble-minded" were considered incapable of learning.

The New Hampshire School for Feeble-minded Children opened in 1901. State laws governing the school established the ages and the circumstances under which children could be confined to the state school. Originally only children aged 3 to 21 were committed. Feeble minded women of child bearing age were a continuing source of concern. The standard used for commitment was the "best interest of the community." Commitment required an order of the probate court with the certificate of two physicians.

By 1925, the name of the institution was changed to Laconia State School, indicating a modest shift in attitudes. Further, the "best interests of the inmate" were to be considered, at least theoretically, along with the best interests of the community when deciding upon detention. However, such appearances can be deceiving. The school was not just a school for children anymore. Terminology such as "inmates" and "parole" were used to describe various aspects of institutionalization. When a person was discharged, the school and the New Hampshire Hospital were required to notify the state board of health so that all "epileptics, imbeciles, feeble-minded, idiotic or insane persons discharged ..." could be prevented from obtaining marriage licenses.

ORIGIN OF COMMUNITY SERVICES (1950-1975)

The period between 1950 to 1975 is characterized by concern with the growth of Laconia State School, the creation of community services, the enactment of comprehensive special education laws and more changes in terminology.

In 1953 the physician certificate requirement for commitment was replaced by a mental hygiene clinic referral requirement. This reflected a shift away from the family doctor and local medical establishment to a more detached professional opinion. In 1955 the new term "mentally deficient" replaced the old term "feeble-minded" and "placement" was used instead of "parole" to describe discharge from Laconia State School.

During this period a lot of discussion was given, among other things, to controlling the population of Laconia State School and linking it to available appropriations. In spite of the effort to control the growth of Laconia State School with the establishment of waiting lists for school admissions, the census peaked in 1969 at about 1,200 residents. Nationally, residents of state institutions peaked in 1967 at about 195,000 residents.[4]

State government entered into community services in 1967 with the establishment of the Office of Mental Retardation. In 1969, a "family resources consultant" was established in Chapter Law 470, to assist former school residents in the community as they were discharged in greater numbers during the late 1960s. Also beginning in the 1960s, individuals with developmental disabilities began receiving services in the community through small homes, workshops and schools developed by parent organizations and others.

The first community group homes were established in the early 1970s by the Office of Mental Retardation, and the ICF/MR program was added to federal Medicaid provisions to help improve the quality of state and private institutions by setting federal program standards and by providing federal financial assistance to the states.

Special Education

In 1965, New Hampshire enacted its first comprehensive special education law to provide an education for handicapped children in RSA 186-A. A "handicapped child" was defined as a child between the ages of 5 and 21 in any one of three categories: physically handicapped, intellectually handicapped or emotionally handicapped. The law **allowed** local school districts to provide education for "intellectually retarded" and "emotionally disturbed" handicapped children and required "every physically handicapped child capable of being benefitted by instruction" to attend school (Emphasis Added).

By 1971, the state's special education law was revised to **require** school districts to provide special education programs for all handicapped children, not only physically handicapped children (Emphasis Added). Additional major statutory changes included provision for state financial assistance to local school districts when tuition exceeded the state per pupil average and the requirement to develop an approved plan for special education programs.

CLIENT RIGHTS AND COMMUNITY SUPPORT (1975-PRESENT)

During 1975, federal and state laws were passed that provide the foundation of New Hampshire's system of developmental services as it exists today. A comprehensive service delivery system giving clients the "right" to adequate and humane habilitation and treatment in the least restrictive environment appropriate for the client was established in RSA 171-A. All placements into and out of the service system were made voluntary. The term "mentally deficient" was changed to "developmentally disabled" and was redefined. Provisions were made for each client to have an individual service plan and for clients' rights, a human rights committee, and a review of residents placed at Laconia State School (LSS).

At the same time, the federal government enacted PL 94-142, the Education for All Handicapped Children Act, to ensure that all states and their school districts provided a "free and appropriate public education for all educationally handicapped children 3 years of age or older but less than 21 years of age...who need special education," including educationally related services. The federal law also required that each child receiving special education services have an individualized education program.

In 1981, the state amended its special education law to reflect the federal requirements enacted in PL 94-142. The new state law, RSA 186-C, also provided for state aid in an annual amount of $8.7 million for special education; $1 million annually for catastrophic aid to assist school districts; and, $300,000 annually for special education programs statewide in their scope. Additionally, during the mid-1980s,

vocational rehabilitation laws were enacted essentially reflecting the scope of related federal laws, with the objective of enabling handicapped persons to become gainfully employed.

The movement of clients from the institution to the community, the development of community-based services, and the emphasis on local school districts' responsibilities to educate all children continued throughout the 1980s, receiving added impetus from the decision reached by the federal district court in Garrity v. Gallen. This class action lawsuit brought against the state in 1978 by residents of LSS, brought about the last major push to move individuals with developmental disabilities back to their communities. (See page 23 for further discussion of the lawsuit.)

The court ordered the state to develop community-based services through the network of area agencies authorized by statute in 1979. Area agencies are non-profit, private organizations authorized as regional entry points for state funded services and client placements into the service system. In 1983, the state received federal approval for a waiver of certain ICF/MR requirements, which allowed federal Medicaid funding of clients receiving services in the community, as well as those in institutions. New Hampshire has been very successful in accessing Medicaid to support clients in the community. New Hampshire has the distinction of obtaining the highest per capita funding through the Medicaid waiver program in the country and serves the highest percentage of service recipients under the Medicaid waiver program of any state. More than 800 clients were served in residential settings with waiver dollars in 1991.

Most services for the developmentally disabled have been in a seemingly endless state of flux since the early 1970s. At the heart of these changes has been the transition in the system of services from institutions to communities. Terms like deinstitutionalization, normalization, group home, least restrictive environment, continuum of services, home-like environments, or community-based have characterized the direction of change. Change has been the status quo for the entire career of most workers now in the field.[5]

Professionals now believe that clients should be served in non-restrictive environments, as opposed to the least restrictive, by providing required supports for individuals to live in the community setting of their choice. Quality of life issues are emphasized by focusing on community membership and advocating friendships with non-disabled citizens. The ideas of "normalization" have been replaced by "social role valorization" - or putting individuals with developmental disabilities in valued social roles. This is the era of community membership. Its emphasis is on functional supports to enhance community integration, quality of life, and individualization. DMHDS encourages area agencies to use generic, rather than specialized services for its clients whenever possible to facilitate integration into the community.

HISTORICAL OVERVIEW (Continued)

In 1985, a legislatively established committee with DMHDS staff support envisioned the future "service system" for individuals with developmental disabilities in Planning for Progress. The committee projected that ideally, all services for people with developmental disabilities will come from generic service providers, and that the specialized system of community services could become unnecessary.

LACONIA DEVELOPMENTAL SERVICES: LAWSUIT AND CLOSURE

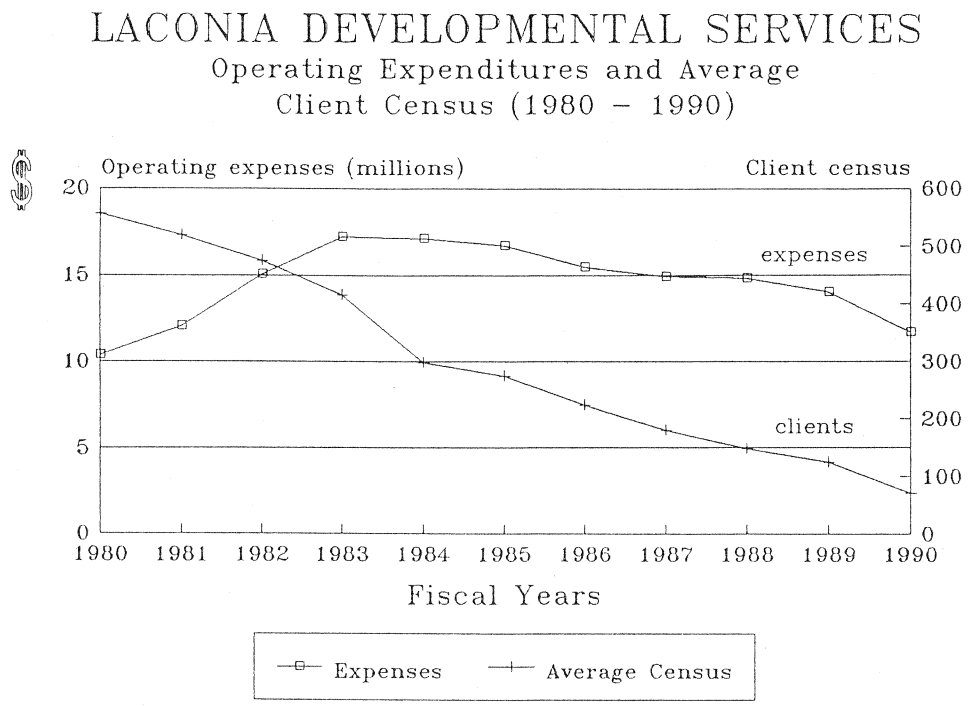
On January 31, 1991, Laconia Developmental Services (previously Laconia State School) closed after 90 years, making New Hampshire the first state in the country to formally eliminate the large, state institution as a treatment option for individuals with developmental disabilities. Although closure may have occurred eventually without it, Garrity v. Gallen is generally credited with forcing an improvement of services in the short term and hastening the institution's ultimate demise in the long term.

The plaintiffs in this class action lawsuit filed in 1978 were residents of Laconia Developmental Services (LDS). During a lengthy procedure in the federal district court for the District of New Hampshire, plaintiffs documented numerous substandard conditions at LDS.

COURT ORDER

On November 16, 1981 the court issued a final composite order requiring certain improvements at the institution. Major provisions of the order included adequate and properly trained staff; individual service plans for clients; adequate education and training services for both children and adults; improvements in food service and feeding programs; expanded medical services, including staff with expertise in certain required medical specialties; a program for the review of medication dispensed, particularly psychotropic drugs; elimination of indiscriminate use of patient restraints and seclusion rooms without justification and documentation; a program for the prompt investigation of reports and allegations of increased staff abuse of residents including accidents and injuries; and adequate support for community placement.

To respond to the court order, the state significantly increased funding for LDS in spite of a declining client census. The graph on the next page illustrates the trends in expenditures and clients served during the past ten years.



Fiscal Years	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Expenses	$10.4	$12.1	$15.1	$17.2	$17.1	$16.7	$15.5	$14.9	$14.8	$14.0	$11.7
Average Census	556	520	475	416	298	274	224	180	148	124	71

Source: Statements of Appropriation and LDS data.

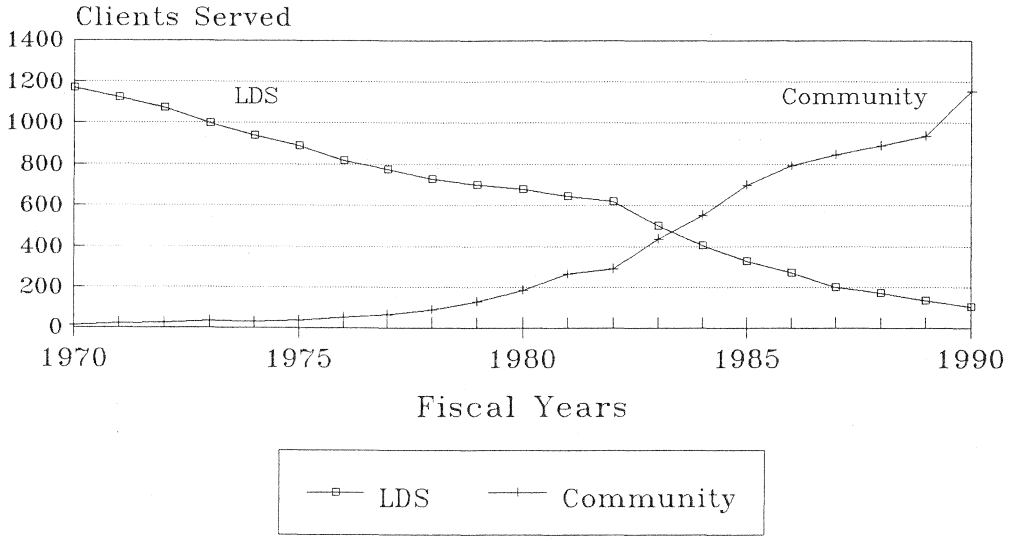
The increases in LDS funding were used to increase staffing levels, develop individual service plans, provide active treatment for all clients, improve the physical facilities at the institution, and take other steps necessary to achieve compliance with the court order.

In 1986, the state asked for release from the court order on the grounds that all stipulations of the order had been met, but the court denied the request. Our review of LDS operations during the summer of 1990, as well as our review of New Hampshire's special education and adult developmental services in the community, showed that all provisions of the court order appear to have been satisfied. Despite the complete closure of LDS, the court order remained in effect as of April 1991, for the class of former residents defined in the lawsuit.

MOVEMENT TO THE COMMUNITY

Although the Division of Mental Health and Developmental Services (DMHDS) never officially prohibited admissions to LDS, it adopted admission criteria that made new admissions extremely difficult. From July 1979, after the lawsuit had been filed, through June 1987, admissions and readmissions totaled only 13. Discharges during the same eight years totaled 408. There were no admissions to LDS from fiscal year 1988 until its closure in January 1991. As the client census at LDS declined, the number of clients being served in community residential programs (through the area agencies after about 1982) grew steadily, as the graph below shows.

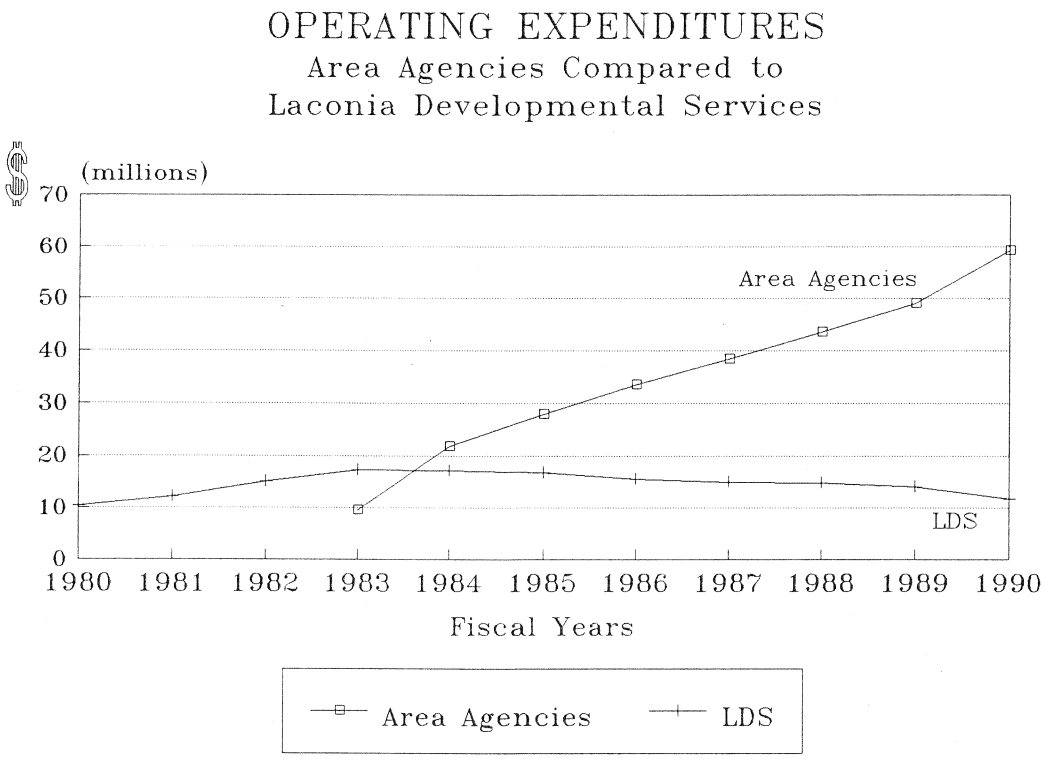
Comparison of Total Clients Served in LDS and Community Residential Services 1970 - 1990



Source: DMHDS and LBA computations on LDS data.

Improving services at LDS during and after the lawsuit increased the institution's total operating costs in spite of a declining client census. Both the improved services and significant fixed costs resulted in large increases in the average annual cost per client. In fiscal year 1980, the average annual cost to serve one client was $18,600, based on average yearly client census data. The average cost per LDS client more than doubled by 1983, and by fiscal year 1990 had reached $165,000. In contrast, community services provided through the area agencies cost an average of about $18,400 per client in fiscal year 1990. (Because data on the number of unduplicated clients served

by area agencies is not available for other years, average cost per client in the community cannot be computed for previous years.) The graph below shows the shift in expenditures from LDS to area agencies during the past ten years.



Operating Expenditures (in millions)
Fiscal Year

Fiscal Years	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Area Agencies	—	—	—	$ 9.6	$21.8	$27.9	$33.6	$38.5	$43.5	$49.0	$59.2
LDS	$10.4	$12.1	$15.1	$17.2	$17.1	$16.7	$15.5	$14.9	$14.8	$14.0	$11.7

Note: Not all area agencies were established until fiscal year 1983.

Sources: Area agency financial audit reports, statements of functional expenses with adjustments to include depreciation and exclude capital costs; Statements of Appropriation; Detail of Unrestricted Revenue.

Comparative state data from a 1990 report, The State of the States in Developmental Disabilities, show that in fiscal year 1988, when the average client census at Laconia was 148, New Hampshire had the second highest institutional cost per client in the country. The same report also shows that New Hampshire had the second fastest rate of decline in the number of institutionalized clients for the period 1984 to 1988. In addition, while many other states simply transferred their developmentally disabled populations from state-run institutions to private and county nursing homes, New Hampshire avoided this scenario. Fiscal year 1988 data in the State of the States report show that New Hampshire ranked the third lowest of all states in the number of individuals with mental retardation living in nursing homes, both in actual figures and when adjusted for state population size. A recent screening of all nursing home residents, conducted by the Department of Health and Human Service in April 1990, identified fewer than ten individuals with developmental disabilities who could benefit from developmental services.

Although the total number of clients served at LDS had been declining each year since about 1970, the rate of decline increased significantly after the 1981 court order. Between 1970 and 1980, the total number of residents served decreased 42 percent. During the following ten years, clients served declined another 85 percent. Since 1980, DMHDS has had placement policies and procedures in effect to prevent "dumping" LDS clients into the community before adequate services were available. Although revised numerous times, the placement policies have included placement planning by teams that included not only staff, but also clients and their families, guardians, and representatives whenever possible, and a trial placement period to help clients make the transition from the institution to the community.

A November 1990 LBA survey asked for area agencies' opinions on the community placement process for LDS residents during fiscal years 1989 and 1990, when about 100 residents were placed in the community. Seven of the twelve area agencies rated the planning of LDS client placements "very effective" during the past two years; the other five agencies rated it "moderately effective."

The majority of agencies rated their working relationship with LDS as "very good," and reported that DMHDS and LDS staff had been helpful in placing clients from the institution in their regions. Most of the agencies rated their control over placements to their regions as either adequate or more than adequate, and 9 of the 11 agencies responding reported that they were "very prepared" to appropriately serve LDS clients that had transferred to their regions.

Eight of eleven agencies reported that the closure of LDS will have a significant positive impact on their region's abilities to adequately serve individuals with developmental disabilities. The other three expected the LDS closure would have little impact, either positive or negative, on their region's abilities to serve clients.

LACONIA DEVELOPMENTAL SERVICES: LAWSUIT AND CLOSURE (Continued)

THE FUTURE OF LACONIA DEVELOPMENTAL SERVICES FACILITIES

Despite the closure of LDS as an institution for individuals with developmental disabilities, a state-operated group home for five clients remains in operation on the institution grounds. Also remaining in operation on the grounds are several state and private agencies that have used LDS facilities in the past.

The Governor's Campus Planning Committee, begun in September 1989, was commissioned to study alternative uses of the LDS property, as the institution's population continued to decline. In its final report in February 1990, the committee outlined the potential public and private uses of the property and relevant statutory provisions, including RSA 216-H:3 which reserves 200 acres and 3,500 feet of Lake Winnisquam shoreline for a state park in the event that the land becomes available.

Subsequent to completion of field work in April 1991, Chapter 351 (NH Laws 1991) granted the New Hampshire Department of Corrections the authority to expend approximately $2M to renovate Laconia developmental services buildings for use as a drug and alcohol treatment center and boot camp for approximately 300 minimum and medium security prison inmates and to renovate a facility for use by men and women as a halfway house effective as of July 1, 1991.

OVERVIEW OF CURRENT SERVICE SYSTEM

New Hampshire's system of services for people with developmental disabilities comprises two state departments: the Department of Education (NHSDE) and the Department of Health and Human Services (DHHS). Within each department, multiple divisions are involved in the provision of developmental services. The most prominent of these are the Bureau for Special Education Services (the bureau) and the Division of Vocational Rehabilitation (DVR) within NHSDE, and the Division of Mental Health and Developmental Services (DMHDS) within DHHS.

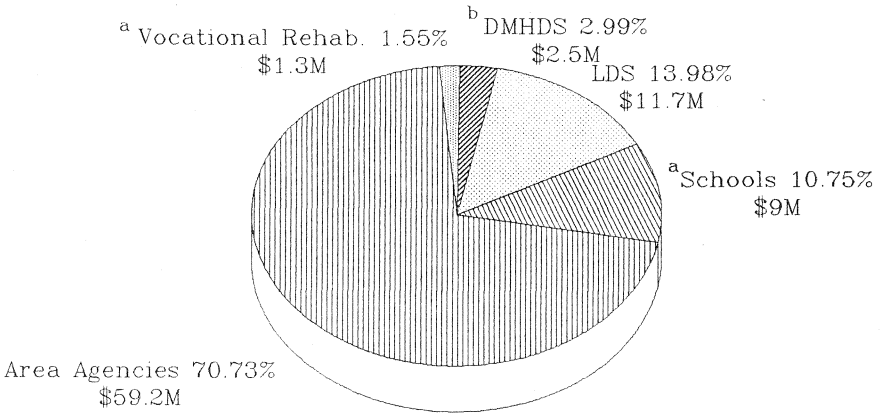
A variety of non-state organizations provide direct developmental services including local education agencies (school districts) and private, non-profit service providers designated as area agencies by DMHDS, as well as any providers those agencies subcontract with. Other private organizations provide supporting functions and serve as advocates for clients within the system. The flowchart on page eleven summarizes the major state and private organizations that contribute to the developmental services system in New Hampshire.

OVERVIEW OF CURRENT SERVICE SYSTEM (Continued)

The graph below shows the breakdown of the total estimated cost of delivering developmental services in New Hampshire in fiscal year 1990. Area agencies, under the authority of DMHDS, had the largest share of expenditures at 71 percent. Total school district expenditures for educating students with developmental disabilities are estimates based on schools' 1990 average costs per educationally handicapped student. Estimates of vocational rehabilitation service expenditures are also based on average client costs multiplied by the number of clients with developmental disabilities who were rehabilitated. Three percent of the expenditures were related to the administration and support costs for developmental services for the central office of the Division of Mental Health and Developmental Services.

DEVELOPMENTAL SERVICES
FEDERAL, STATE, AND LOCAL EXPENDITURES
FISCAL YEAR 1990

Total Expenditures = $83.7 Million



Sources:1990 Statement of Appropriation;
area agency audit reports;
LBA computations of NHSDE data.

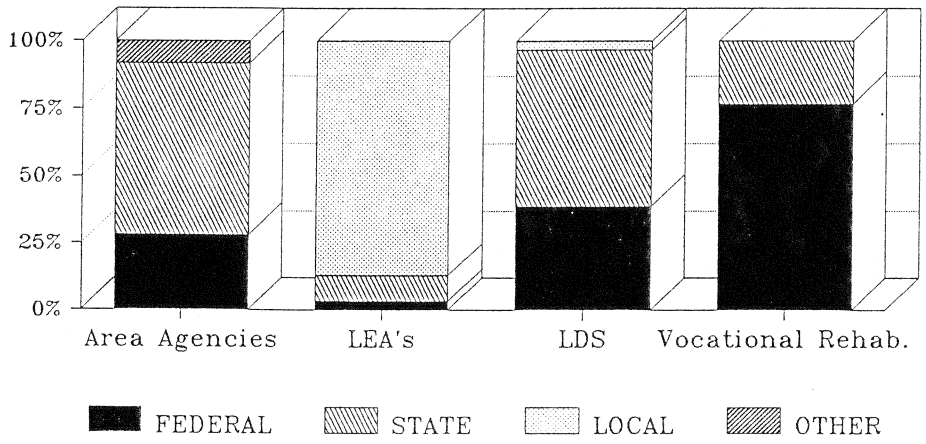
[a] Estimates based on average costs

[b] DMHDS includes only developmental services expenditures not already accounted for under Area Agencies or LDS.

OVERVIEW OF CURRENT SERVICE SYSTEM (Continued)

Services are funded through combinations of federal, state, and local resources, which vary considerably among the different service providers, as shown in the graph below.

DEVELOPMENTAL SERVICES
SOURCE OF FUNDS
FISCAL YEAR 1990



SOURCES: 1990 Statement of Appropriation; area agency audit reports; MS-25 data.

RESPONSIBILITIES AND ORGANIZATION OF KEY STATE AGENCIES

Department of Health and Human Services

The Division of Mental Health and Developmental Services is one of the largest divisions within the Department of Health and Human Services. State statutes assign the division responsibility to operate a comprehensive service delivery system for persons with mental illness (RSA 135-C) and for persons with developmental disabilities (RSA 171-A). As stated in administrative rule He-M 102, the purpose of the division is to manage the service delivery systems by directing all available and appropriate resources toward the prevention and treatment of mental disabilities [both mental illness and developmental disabilities] and toward restoring mentally disabled people to as productive, personally rewarding and independent a life in their communities as possible.

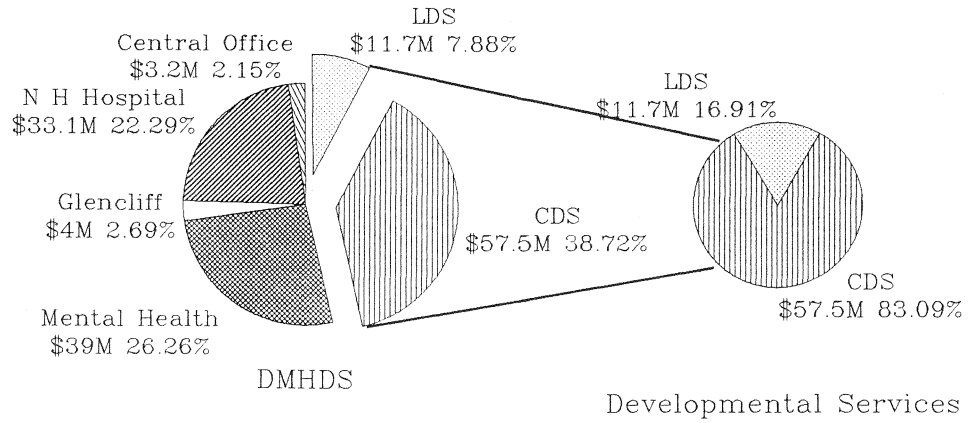
RSA 171-A gives DMHDS responsibility to establish, maintain, implement, and coordinate a comprehensive service delivery system for people with developmental disabilities. The division has organized service provision by designating 12 private, non-profit organizations across the state as area agencies and providing funds for their operation.

OVERVIEW OF CURRENT SERVICE SYSTEM (Continued)

The division is composed of a director, deputy director, medical director and five offices. The offices of Administration and Support, Evaluation and Quality Assurance, and Client and Legal Services conduct supporting activities for both the mental health and developmental service systems. The Office of Community Developmental Services is responsible for developing, managing, and monitoring developmental services in the community through the area agencies. The Office of Community Mental Health Services has the same responsibilities for mental health services provided through community mental health centers. In addition, the division administers the institutions of New Hampshire Hospital, Glencliff Home for the Elderly, Philbrook Center, and Laconia Developmental Services until January 1991, when it was officially closed.

The graph below shows the division's total operating expenditures in fiscal year 1990. Of $148.5 million spent by DMHDS, $69 million, or 47 percent, was for developmental services; two percent was spent on central office services including administration and support, quality assurance, and client and legal services; the remainder went to mental health services. Of the total developmental services expenditures, 83 percent was spent on services in the community and the other 17 percent covered services at Laconia Developmental Services.

DMHDS
FISCAL YEAR 1990 EXPENDITURES
Total Expenditures = $148.5 Million



CDS - Community Devlopmental Services
LDS - Laconia Developmental Services

SOURCE: 1990 Statement of Appropriation

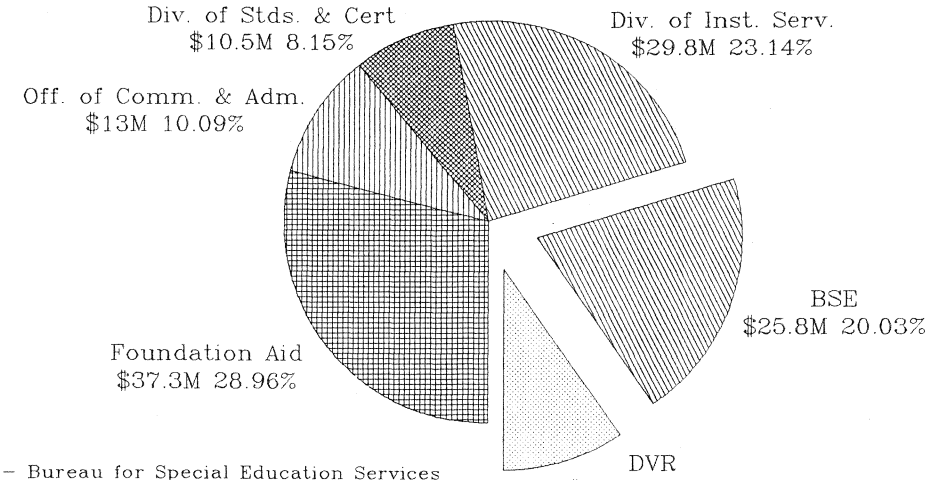
The division's Office of Community Developmental Services had 21 full-time equivalent staff in fiscal year 1990, who conducted the primary program development, technical assistance, contracting, and monitoring activities related to the area agencies. Additional division staff provide support functions. The 12 area agencies reported a total of 971 full-time equivalent staff within their own offices for fiscal year 1990. Not all area agencies had data available on the number of staff in their subcontractors' programs; however, the six agencies that did report data indicated a total of 1,074 full-time equivalent staff among their subcontractors. Full-time equivalent staff at Laconia Developmental Services was 253 at the beginning of fiscal year 1990, but they have been discharged or transferred to other positions in the division since LDS closed.

Through the area agencies, the division provided services to 3,218 clients in the community during fiscal year 1990. Staff estimate another 150 to 200 families may have been served statewide through the family support councils attached to the area agencies. The average client census at Laconia Developmental Services was 71 during 1990.

New Hampshire State Department of Education

Administrative rule He-M 503 specifies that educational services to developmentally impaired children ages 3 to 21 will be provided in accordance with New Hampshire Department of Education (NHSDE) Standards for the Education of Handicapped Students. NHSDE is comprised of the following units: Office of the Commissioner, Office of Administration, Division of Instructional Services, Division of Standards and Certification and the Division of Vocational Rehabilitation. Two divisions of the NHSDE are connected with the delivery of services for persons with developmental disabilities. The graph on the following page presents expenditures of NHSDE during fiscal year 1990.

DEPARTMENT OF EDUCATION
FISCAL YEAR 1990 EXPENDITURES
Total Expenditures = $128.8 Million



BSE – Bureau for Special Education Services
DVR – Division of Vocational Rehabilitation

Source: 1990 Statement of Appropriation

The Bureau for Special Education Services is a unit of Division of Instructional Services and is responsible for approving special education programs in local school districts; regulating, enforcing, and assisting schools in providing a free and appropriate education; as well as implementing demonstration projects for special education programs for all handicapped children, including those with developmental disabilities. All placements of children aged 3 to 21 into the developmental services system are to follow NHSDE procedures with the exception of those children requiring services not deemed to be educationally related. Non-educationally related services for children may be applied for through DMHDS procedures. This age-based division of responsibility for placement into the service system was established by the federal District Court order in the Garrity v. Gallen suit, which directed the state to revise its placement procedures for individuals with developmental disabilities to insure that the NHSDE was the "one centralized agency responsible for the placement of individuals aged 3 to 21." Funding for the education of developmentally disabled students, a component of the educationally

handicapped population, comes from the federal and state governments, three percent and ten percent, respectively, for fiscal year 1990. The balance is funded by the local school districts as illustrated in the graph on page 30.

The Division of Vocational Rehabilitation (DVR) works with New Hampshire residents with disabilities who are eligible for services and have employment potential. Vocational rehabilitation programs are administered through six field offices and various employment programs. Several DVR field offices also have cooperative agreements with area agencies to provide services to eligible persons. Vocational rehabilitation can be initiated at any age, although local school districts must provide a free and appropriate education up to age 21. DVR has two programs offered in conjunction with local school districts, designed for students aged 14 to 21 with developmental disabilities, to assist with the transition from school to work.

RIGHTS TO SERVICES

RSA 186-C requires local school districts to provide any child determined to be educationally handicapped a free and appropriate public education. Special education services to children aged 3 to 21 are the only services in the state's developmental service system to which individuals have a guaranteed right or "entitlement."

Although RSA 171-A:13 states, "Every developmentally disabled client has a **right** to adequate and humane habilitation and treatment including such psychological, medical, vocational, social, educational or rehabilitative services as his [or her] condition requires to bring about an improvement in condition within the limits of modern knowledge," court decisions have not interpreted this provision as an entitlement to services (emphasis added). In 1989, the New Hampshire Supreme Court held, in Petition of Brenda Strandel 132 NH 110 (1989), that the state law conferring a right for eligible clients to receive services did not obligate DMHDS to provide immediate and unlimited services beyond the amount of funds appropriated to the division by the legislature. The court also held that when insufficient funds are available to serve all eligible clients, the creation by DMHDS of a priority-ranked waiting list system was valid. (Waiting lists are discussed beginning on page 110.) Thus, eligible clients only have a right to services from DMHDS to the extent those services are funded by the legislature.

Individuals have no rights to services from the Division of Vocational Rehabilitation. Federal law (Title I, Rehabilitation Act of 1973) and federal rules (34 CFR § 361.1) state that DVR has the responsibility to serve those who have a disability which constitutes an impediment to employment and can reasonably benefit from services.

TYPES OF SERVICES

Services provided to individuals with developmental disabilities can be traced chronologically based on the ages of individuals receiving services. Children from birth to age three can receive early intervention services from the area agencies, under the authority of DMHDS. Children who are not determined to have developmental disabilities, but who may be at risk of developmental delay also qualify for these services. Family support services, also available from area agencies, are provided to families whose children (of any age) have developmental disabilities or are at risk of developmental delay.

Special education and educationally related services are provided to children aged 3 to 21 determined to be educationally handicapped. Local schools are responsible for providing these services either directly or through another provider, in compliance with NHDSE Standards. Educationally related services may include transportation, physical and occupational therapy, speech pathology and audiology, diagnostic and evaluative medical services, and others.

Adults with developmental disabilities, aged 21 or older, can receive a variety of habilitation, treatment, and training services through area agency case management, residential, and day programs. Area agency services must meet standards set by DMHDS. Both the Division of Vocational Rehabilitation and area agencies provide vocational services for adults with developmental disabilities. While area agencies serve only those with developmental disabilities, DVR has the responsibility to serve all handicapped adults who can benefit from rehabilitative vocational services. Individuals who qualify can receive services from both area agencies and DVR. All these services are discussed in detail throughout the remainder of this report.

CLIENTS RECEIVING SERVICES

Clients Served by Area Agencies

An LBA survey of the 12 area agencies requested certain client profile data on all clients served by the agencies during fiscal year 1990. Based on the data provided by the majority of the agencies, the average client served in the community is male, between ages 21 and 35, and has a primary disability of mental retardation. Computations based on agency data show that 56 percent of clients served in 1990 were male and 44 percent were female. Of clients for whom age data was available, 59 percent were adults age 21 or older, and 13 percent were over age 50. Clients under age 21 comprised 41 percent of the total, with just over half of them falling into the aged 3 to 20 group. While local schools generally provide the primary special education services

for this age group, area agencies may serve their families through respite care and/or other family support services or in other cases, through case management services. (A summary of all agency survey responses is in Appendix B.)

Using the five categorical definitions of developmental disability in RSA 171-A, we compiled available agency data on the primary disability of those clients served in fiscal year 1990. The results based on seven area agency responses are shown below:

71.8%	mental retardation	1.5%	epilepsy
6.3%	cerebral palsy	0.9%	specific learning disorder
1.9%	autism	17.6%	other

At least 28 percent of those in the "other" category are children considered "at risk" of developmental delay who are receiving early intervention services.

Of clients who received residential services in the community in fiscal year 1990, slightly more than one-third of them had been receiving residential services for at least six years and another 48 percent had received services from two to five years, based on data from seven area agencies. As a comparison, almost half the clients at Laconia Developmental Services as of June 1990, had been receiving residential services there for more than 30 years. Of those clients who were receiving adult day services, 31 percent had been served from six to ten years, and another seven percent had received services for more than ten years.

Clients Served by Local Schools

Information from SPEDIS, the computerized special education information system, for fiscal year 1990 indicates that 1,088 students (5.53%) out of a total educationally handicapped student population of 19,669, had developmental disabilities. SPEDIS contains information on 11 educational handicaps, none of which is defined specifically as a developmental disability. For purposes of this report, children with developmental disabilities are defined as those children who are either mentally retarded or multihandicapped with a secondary handicap of mental retardation. The number of educationally handicapped students served in fiscal year 1990 is shown below by the types of handicaps tracked by SPEDIS:

OVERVIEW OF CURRENT SERVICE SYSTEM (Continued)

PRIMARY EDUCATIONAL HANDICAPS	NUMBER	PERCENT OF STUDENTS
Specific learning disability	11,067	(56.27%)
Speech-language	4,200	(21.35%)
Emotional handicap	1,916	(9.74%)
Mental retardation	1,017	(5.17%)
Other health related	483	(2.46%)
Multihandicap	354	(1.80%)
Orthopedically impaired	218	(1.11%)
Hard of hearing	185	(.94%)
Visual handicap	134	(.68%)
Deaf	87	(.44%)
Deaf-blind	8	(.04%)
TOTAL	19,669	

Of all children aged 3 to 21 with educational handicaps, 13,465 (68.46%) are male and 6,204 (31.54%) are female. Of those with developmental disabilities, 591 (54.3%) are male and 497 (45.7%) are female.

In 1983, of the total 15,009 educationally handicapped children, 206 (1.37%) were placed in out-of-state day program and residential facilities. Of that number 38 (18.45%) were developmentally disabled. In 1990, 336 (1.71%) out of 19,674 educationally handicapped children were in out of state placements. Of that number 38 (11.31%) were developmentally disabled.

DEVELOPMENTAL SERVICES FOR INFANTS AND TODDLERS
(0 - 3 YEARS)

DEVELOPMENTAL SERVICES FOR INFANTS AND TODDLERS (0 - 3 YEARS)

PREVENTION

DMHDS administrative rule, He-M 102, states that "The purpose of the division shall be to manage the service delivery system by directing all available and appropriate resources toward the **prevention** and treatment of mental disabilities and toward restoring mentally disabled people to as productive, personally rewarding and independent a life in their communities as possible" (emphasis added). Additional responsibilities are assigned to the Division of Public Health, DHHS, to promote the health of women in their child-bearing years. RSA 132:1 states that the Department of Health and Human Services, Division of Public Health Services, "**may** provide instruction, advice and such services as the director may deem necessary for crippled children, for children suffering from crippling conditions, and to protect and promote the physical health of women in their child-bearing years and their infants and children" (emphasis added).

The Division of Public Health Services is the state agency most responsible for public education and prevention of developmental disabilities. Two bureaus within this division operating most of the programs that address developmental disabilities prevention are the Bureau of Special Medical Services and the Bureau of Maternal and Child Health. The Bureau of Special Medical Service programs include genetic services and newborn screening, while the Bureau of Maternal and Child Health offers immunization, family planning and maternal health, lead screening and child passenger safety programs. Division of Public Health Services also administers the Women, Infants, and Children (WIC) nutrition program.

Many developmental disabilities are not currently preventable, but for those that are, every effort must be made to make the best health care strategies available and accessible. The most common causes of developmental disabilities can be grouped as follows: genetic problems, pregnancy difficulties, birth difficulties, or problems with the environment after birth. The causes may also be placed into medical groupings of infection, injury, metabolism, and brain disease. The Division of Public Health Services estimates that in New Hampshire 1,700 children are born each year to mothers who abuse alcohol or drugs.[6]

Other agencies involved in prevention of these causes include the Office of Alcohol and Drug Abuse Prevention, the Developmental Disabilities Council, and the early intervention programs offered by area agencies. These agencies should continue their efforts to identify, prevent or minimize the incidence of developmental disabilities and strengthen programs for educating the public. The Division of Public Health Services and DMHDS are exploring the possibility of obtaining federal grants for prevention programs from

the Centers for Disease Control. Past DMHDS standards for early intervention programs required area agencies to furnish prevention information to the community in coordination with other state and local organizations. Now that Early Intervention administrative rules have expired, it is uncertain if DMHDS will continue this requirement.

Private, non-profit advocacy groups also conduct prevention information activities. The United Way is a national organization that provides programs such as health care for families in crisis and support for children at risk. The March of Dimes is another nationwide organization that offers support and education for the prevention of birth defects. The Association for Retarded Citizens (ARC) of the United States is a large national volunteer organization devoted to improving the welfare of those with mental retardation. The Dartmouth-Hitchcock Medical Center provides programs such as: neonatology, child developmental disability, and medical genetics. Local hospitals also provide substance abuse services and community health education.

OBSERVATION 1: PREVENTION ACTIVITIES - LEAD RESPONSIBILITY

The nature and extent of prevention activities varies from region to region. No state agency has the explicit primary responsibility to coordinate developmental prevention efforts. Primary providers may include hospitals, community health organizations, area agencies, family planning agencies, or individual physicians. Seven of the eleven area agencies that responded to our survey rated the level of prevention activity as low. Three rated it as moderate and one rated activity in its region as high.

RECOMMENDATION:

Because of the large number of local, state, private, and public agencies involved in prevention activities, there is a strong possibility that scarce resources may not be used as efficiently as possible. Therefore, the Department of Health and Human Services should ask the legislature to assign one state agency the lead responsibility for coordinating state-level developmental disabilities prevention activities. While prevention activities should remain a multi-agency responsibility, assigning lead responsibility for activities such as coordination, technical assistance, and maintaining a central database on prevention activities would help to raise the level of awareness and attention given to prevention activities. It would also help to ensure that other state and local organizations use their resources more efficiently and effectively.

PREVENTION (Continued)

RECOMMENDATION (Continued):

Some estimate that as many as 50 percent of cases of developmental disabilities could be prevented. Because of the high cost of providing services for individuals with developmental disabilities and the cost to society in reduced productivity of its citizens, the legislature and state agencies should continue to assess the funding priority given to prevention activities.

AUDITEE RESPONSE: (DMHDS)

DMHDS staff have recently collaborated with staff from the Division of Public Health Services and the State ARC in an effort to develop a joint grant proposal to the Center for Disease Control which, in April 1991, will be issuing a request for proposals specific to the area of prevention of developmental disabilities. DMHDS staff initiated contact with the CDC Project Officer in Atlanta and have already held several meetings with the DPH and ARC staff to organize our efforts in this area. The CDC grant will focus on setting up a State Office of Disability Prevention and will be comprehensive in nature and will also include several other state and private non-profit agencies working with DPHS in an advisory capacity.

EARLY INTERVENTION

EARLY INTERVENTION SERVICES - DEFINITION

Early intervention services (EI) are family oriented programs which offer support to parents and their children from birth to three years of age who are developmentally disabled or are at risk of becoming developmentally disabled. These programs support and promote a child/family partnership and encourage the integration of the child with other non-handicapped children. EI also seeks to strengthen the family's ability to cope effectively with the stress inherent in caring for a disabled child.

Early intervention services are defined in DMHDS administrative rules (He-M 510, expired July 24, 1990) and include a wide range of services: developmental/educational, health, psychosocial, nutritional, and medical assessments. According to the standards, "the parents are taught to become the principal implementors responsible for the child's program to the extent to which parents are willing and available to serve as principal implementors."

EARLY INTERVENTION (Continued)

ELIGIBILITY

A child from birth to three years of age who is developmentally impaired or delayed or at risk of being developmentally impaired or delayed is eligible for early intervention services. Below are the four categories of risk:

(a) Established Risk - children who demonstrate irregular development related to diagnosed medical disorders.

(b) Biological Risk - children who have histories of prenatal, perinatal, neonatal, and early developmental events suggestive of biological insult(s) to the developing central nervous system.

(c) Environmental Risk - children who are at risk for delayed development because of limiting early environmental experiences.

(d) Miscellaneous Risk - children who, for unknown reasons, already exhibit mild to moderate delays in development.[7]

PROVISION OF SERVICES

New Hampshire has provided early intervention services to infants and toddlers and their families for more than ten years. The goal of early intervention is prevention and early correction of developmental delays. Currently, a broad state mandate exists to serve eligible children and their families as funding will permit.

The twelve area agencies provide directly, or through contract, a total of fourteen regional early intervention programs that operate in a variety of settings. According to DMHDS, there was a 11% increase in children served from 1989 to 1990. This is illustrated below:

	1989	1990
# of clients served	1,067	1,184
estimated population of children < 3 yrs.[1]	50,400	51,609
% of total served by E.I. programs	2.12%	2.29%
average cost per client	$1,702	$1,794

Source: [1] Office of State Planning

The State of the States in Developmental Disabilities reported, as of fiscal year 1988, the national average for early intervention services per client to be $1,925 based on the 38 states that reported expenditure and client figures. New Hampshire reported a cost of $1,774 per client served in 1988.[8]

EARLY INTERVENTION (Continued)

REFERRAL AND ENTRY

Entry into an early intervention program starts with a referral which can be made by a parent or guardian, physician, day care provider, hospital, or clinic. Following referral, a case manager is chosen with the approval of the family. Early intervention programs have separate case managers from the area agencies due to the special nature of infant and toddler services. The EI case manager and the family are responsible for accessing, coordinating, and monitoring the delivery of early intervention services.

With parental consent, a multi-disciplinary team conducts an eligibility evaluation and assessment. With the early intervention team of family members and other individuals important to the family, early intervention program staff, and service providers, the multi-disciplinary team identifies child and family strengths and the services needed. An Individual Service Plan (ISP) is required per administrative rule He-M 510, which expired July 24, 1990. Proposed new early intervention rules expand the focus from the child to the family, and refer to an Individual Family Service Plan (IFSP), now used by a majority of the early intervention programs. The written plan identifies strengths and weaknesses of the family unit and is monitored in semi-annual team meetings or more often if requested by the parent.

TRANSITION TO SCHOOLS

Early intervention programs refer infants and toddlers to their local school when there is reasonable evidence of the existence of a potential educational handicap. Referrals occur at least six months prior to the child's third birthday or within three months of receiving EI services if the child is in the "established risk" category (He-M 510).

Our survey of public and private special education program directors revealed that the Department of Education's Bureau of Special Education provided little technical assistance to infant and toddler programs. The most frequent response to the statement "the bureau provides adequate technical assistance for special education programs regarding infants and toddlers" was either "no comment" or "mildly disagree." (See Appendix A for the results of the survey and also the section on the Bureau for Special Education Services at page 53.)

Not every child who is at risk and eligible for EI services will qualify as an educationally handicapped student. The Department of Education estimates that approximately 70% of those children receiving early intervention services will require special education services.

The early intervention ISP/IFSP is used by the school to develop the child's first individualized education program (IEP). Cooperation and planning between early intervention programs, the schools, and family

members is essential to insure that the child and family will experience a smooth transition into special education and establish a positive relationship with the public school system. The special education system does not employ case managers so the parent of the child acts as both advocate and case manager.

EVALUATION OF EARLY INTERVENTION PROGRAMS

The DMHDS Office of Evaluation and Quality Assurance (OEQA) evaluates area agencies programs financed by state funds. In fiscal year 1990, early intervention received 95% of its funding from the state. The most recent evaluation of an early intervention program occurred in September of 1989. Evaluations ceased when the administrative rules neared expiration on July 24, 1990. The division proposed new administrative rules on October 5, 1990 but withdrew them in January of 1991. The OEQA has started to rewrite its key EI program evaluation factors, based on the proposed administrative rules. The OEQA plans to resume evaluation in June, with or without new administrative rules. (Refer to observation on page 45.)

PART H, PL 99-457, INFANT AND TODDLER PROGRAM

Recognizing the value of early intervention for children, the federal government enacted PL 99-457 in 1986. Part H of the act is a discretionary formula grant program that mandates services for children from birth to three and requires the state to change the service delivery system. Part H provides a five year phase-in period for states to plan, develop and implement a statewide comprehensive coordinated system of EI services.

In 1988, as a requirement of Part H, a state Interagency Coordinating Council (ICC) was established with members appointed by the governor. The Department of Education was chosen to be responsible for planning and administering the program. The State will complete its third year of this planning grant on September 30, 1991. On March 15, 1991 the governor approved the ICC recommendation to participate in the fourth year.

The state has the freedom under the law to define developmental delay for eligibility. The ICC, has made its recommendations on eligibility to the governor and the policy went out for public comment (for 60 days) on March 20, 1991. The eligibility definition, if no changes are made during the public comment period, has been narrowed so that those within the environmental risk category are not eligible. This definition will be part of the year four application.

The federal funding is not guaranteed to continue after the five-year planning process. The suggested amount is only about 25 percent of what it now costs NH to provide early intervention services and can only be used to augment already existing programs. Total functional expenses for 1989 and 1990 for early intervention programs were

$1,815,863 and $2,124,352 respectively. The lead agency staff estimate year four Part H funding will be $388,800 and will be used to enhance the current system of direct services. In year five (October 1992-September 1993), New Hampshire must make EI services available to all eligible children and their families, and define all services to be provided. The Department of Education estimates fifth year Part H funding to be $588,000.

OBSERVATION 2: EARLY INTERVENTION - EXPIRED RULES SUSPEND QUALITY ASSURANCE REVIEWS

The DMHDS' quality assurance office has not evaluated early intervention programs since September 1989. Applicable administrative rules expired in July 1990. New rules, proposed in October 1990, were withdrawn in January 1991 pending revisions and early intervention programs continue to operate without rules and quality assurance reviews.

RECOMMENDATION:

DMHDS should make every effort to complete the rule-making process for early intervention while, in the interim, extending the quality assurance mechanism so that the programs can continue to be evaluated. The OEQA is presently revising the key evaluation factors in anticipation of the new administrative rules and should then resume evaluation.

AUDITEE RESPONSE: (DMHDS)

The federal government has developed new guidelines for early intervention programs under federal law 99-457. These guidelines are controversial and much study has been conducted by the Governor's Interagency Committee as to whether New Hampshire should participate in 99-457 as this law would dictate a complete entitlement program for children from 0-3 years. It was decided that the rules being considered would be inappropriate and that further and more appropriate vision of early intervention needed to be considered and developed. However, the lack of rules will not prohibit the review of all early intervention programs within 1991 and Quality Assurance has plans to conduct such reviews.

FAMILY SUPPORT SERVICES

The following section describes the mission and services of family support services. These services strive to help families and their members with disabilities through an array of care options that promote family stability, cohesion and resourcefulness.

Family support programs have emerged in many states in the last few years, although some family support services have been in place longer. Because of the relative newness of services, states have little precedent and few formalized standards of quality for family support. In New Hampshire, administrative rules governing family support activities have yet to be adopted.

The absence of specific program standards or rules, however, has not prevented the development of broader statements of purpose and principle for family support. Within the field of family support, the following service principles are generally proposed: services must be individualized, diverse, family-focused, community-integrated, coordinated among other related and generic services and, ultimately, respectful of families' capacities and values.

ORGANIZATION & LEGISLATION

The Division of Mental Health and Developmental Services requires area agencies to provide family support services. The division also provides the funds and in-kind services to the twelve Regional Family Support Councils, created expressly for family support purposes.

Family Support Councils advise their respective area agencies and monitor the services provided. This "network" of support involves many other state agencies, organizations and providers assisting disabled persons.

In New Hampshire, the concept of a family support network arose from the recommendations of the legislative Task Force on Family Support and, following its 1989 report, was established in 1989 NH Laws, Chapter 255 (RSA 126-G). The legislature appropriated $500,000 for each of the proceeding two fiscal years to the division for family support councils and coordinators, discussed below.

The division allocates family support funds to the regions according to population size and the family support councils in each region administer the funds. The legislature sought to ensure that most funds are spent directly on families by limiting paid staff.

Pursuant to RSA 126-G, the division solicited recommendations for prospective Regional Family Support Council members from area agencies, (and some other non-profit organizations) and approved 120 people for terms of unspecified length. The sole criterion for membership, according to the statute, is that members have a family member with

a developmental disability. Division memoranda, however, also encouraged area agencies to select members from a range of ages, localities and disabilities.

Council size varies from the minimum of five to the maximum of fifteen members, set forth in informal division guidelines. The Family Support Council for Region VII sought a waiver to allow more than fifteen members and currently has seventeen active members. Councils determine the family support needs and goals in their respective region and the way it administers the services.

Many councils have become very active in reviewing the requests of families seeking assistance. Others have turned over most of that responsibility to the Family Support Coordinator, a position also created under RSA 126-G.

FAMILY SUPPORT COORDINATORS

Although the councils prepare the plans and help determine the manner of service, Family Support Coordinators, established under RSA 126-G, are the persons most responsible for acting on behalf of the families. There is at least one coordinator in each region; in some regions there is more than one person sharing the coordinating role. In most regions, the "coordinator" is a full-time employee who coordinates assistance to families and the involvement of various state and local agencies, schools and providers.

Regional Family Support Coordinators receive salaries, benefits and training from the area agency, although the councils have a notable degree of authority in hiring, supervising and evaluating the coordinators. One exception, is Region XI whose family support and respite care are provided through a subcontracted provider.

According to division staff, one goal of family support management is to attain a balance between professional autonomy for the coordinator(s) and council, while fostering collaboration with the area agency. Collaboration among councils and area agencies appears to increase the responsiveness and timeliness of support. Although not required by law or policy, some regions have made use of written agreements between the council and the area agency outlining their respective duties.

THE DIVISION

The division created the position of Division Family Support Coordinator to act as liaison among regional councils and coordinators, other state agencies and the division. The division coordinator also helps families whose needs cannot be met legitimately by regional councils.

FAMILY SUPPORT SERVICES (Continued)

The division director of family support oversees and coordinates the operation of family support networks in all regions. One means of coordination for the family support director are quarterly meetings of the State Advisory Committee on Family Support, comprised of council members and other interested parties, appointed by the division. The meetings address issues affecting regional family support activities from a statewide perspective and afford a setting for sharing information helpful to all councils.

FAMILY SUPPORT PLANS

Family support plans, established in 1989 NH Laws, Chapter 255, are another means by which the division and regional councils coordinate family support goals and activities. Submitted each year by the regional councils, the plans are joint agreements between area agencies and councils, outlining in general terms, the regions' plans for allocating funds and providing services.

Family support plans are submitted by the councils for review by the division. According to division staff responsible for family support, the plans are meant to be flexible, adaptable documents guiding the financial and program decisions of the council throughout the fiscal year. Area agencies and councils are encouraged to let the plans evolve throughout the year in response to changing circumstances.

SERVICES

Prior to an established family support network, area agencies provided some family support services. However, the core of family support services, with the exception of respite care which predates family support as a program, grew to its present status only after family support legislation became law and funds were provided.

The core of family support services are information and referral, respite care, family counseling, parent training, adaptive supplies and home modifications. These services comprise most of the aid provided through family support programs, with respite care and information and referral leading the list of requests.

Other services include in-home training in self-care, child care, behavior modification, leisure and other non-respite relief, linking parents in similar situations, accessing Medicaid and community services, some attendant care and crisis intervention and transportation. Aid available through family support is virtually unlimited and may include financial aid for medical and dental care, sibling respite, clothing and health care coverage for limited periods.

FAMILY SUPPORT SERVICES (Continued)

Respite care is short-term and family-directed and may be received in or out of the home. The aim of respite care is to lessen the stress on families caring for a disabled member by relieving primary care-givers of their responsibility for short periods. Each region's respite care service, whether provided directly by the area agencies or contracted, the division funds with families sharing in the financial cost of care on a sliding scale fee basis.

Area agencies or contracted respite agencies cover about one half to three quarters of the expense for most requesting families. The costs of other family support services are also shared by families, if possible. Respite care services are the most requested family support service, after information and referral, and the most expensive family support service.

According to a 1990 report by the Developmental Disabilities Council, the statewide monthly average of respite care is 20 hours per family, with 60 percent going to families with children and 40 percent going to families with adults. The report also indicates that in fiscal year 1990, the average monthly cost of respite care per family is $68.00.

Without formal standards, and with significant regional discretion, the division has done limited monitoring. Although formal quality assurance evaluations have yet to be fully implemented, the regional councils submit quarterly reports to the division detailing the number of family support requests received, the kinds of services provided, and their costs.

FUNDING AND COSTS

Family support is funded almost entirely by state funds. In fiscal year 1990, the division funded 94 percent of program expenditures. Client fees, federal funding and other revenues funded the remaining 6 percent of family support services. Total division expenditures on family support services have increased 74 percent since fiscal year 1989, from $1,123,869 to $1,951,930 in fiscal year 1991. A family support allocation, per RSA 126-G, detailed in the table on the following page, is administered by the Family Support Councils and is included as part of the division's funding for family services.

FAMILY SUPPORT SERVICES (Continued)

FAMILY SUPPORT COUNCILS
REGIONAL FAMILY SUPPORT ALLOCATION - FY 1990

REGION	PROJECTED POPULATION	% OF TOTAL POPULATION	FAMILIES SERVED	ALLOCATION	% OF ALLOCATION
I	57,505	5.01%	101	$ 25,061	5.01%
II	41,599	3.63%	191	$ 18,129	3.63%
III	72,981	6.36%	329	$ 31,806	6.36%
IV	122,613	10.69%	109	$ 53,436	10.69%
V	94,519	8.24%	50	$ 41,192	8.24%
VI	171,735	14.97%	181	$ 74,844	14.97%
VII	169,444	14.77%	400	$ 73,845	14.77%
VIII	136,768	11.92%	77	$ 59,605	11.92%
IX	101,860	8.88%	108	$ 44,392	8.88%
X	109,173	9.52%	437	$ 47,579	9.52%
XI	34,408	3.00%	104	$ 14,995	3.00%
XII	34,683	3.01%	145	$ 15,116	3.01%
	1,147,288	100.00%	2,232*	$ 500,000	100.00%

* duplicated count

Data concerning the cost for specific services and the cost to serve individuals are sparse and, for some regions, unreported in fiscal year 1989. Division family support information about unduplicated requests shows that during fiscal year 1990, a total of 937 families were served by Family Support Councils while area agencies report serving about 1,827 families overall.

ELIGIBILITY

The origins of family support are in the field of developmental disabilities. However, in many states, including New Hampshire, the services have come to serve people with other related disabilities. While area agencies work under the definition of developmental disability in RSA 171-A, Regional Family Support Councils in concert with the State Family Support Advisory Committee have been trying to develop different eligibility criteria.

Many regions have excluded no families requesting information and referral but have limited who receives the more costly support, especially direct financial aid. At this time, debate among regional family support staff and councils and the division is ongoing over eligibility criteria for families to receive referral and information, short-term support and/or intervention and more expensive services. It is important to note that the regions already serve non-developmentally disabled persons whose conditions create similar service needs.

FAMILY SUPPORT SERVICES (Continued)

Due to extended debate concerning eligibility, family support services have operated without administrative rules since July 1, 1989. RSA 126-G:5 requires the division director to adopt rules under RSA 541-A relative to requirements for eligibility. RSA 126-G became effective on July 1, 1989. The division had already begun work on rules as early as June 16, 1989, when it convened an ad hoc committee on family support.

RELATED EFFORTS

Support for families with disabled members also comes from sources outside the established family support network. These programs and agencies provide comparable services to disabled clients and their families, although, in most cases, narrower eligibility criteria apply. The division has re-applied for a 1988 federal grant to develop respite care options for families with members with disabilities. The Division of Public Health Services has also applied for a federal family support grant to ensure families receive the information and community resources needed to care for their disabled children.

The Parent Information Center (PIC), part of the New Hampshire Coalition for Handicapped Citizens, Inc., provides support and training to parents of children with disabilities. Additionally, the Institute on Disability trains parents to assume a greater role in advocating and providing for disabled family members, through the Family Leadership Series.

Karen Nichols and son Kelley Jon

Dear Family Support Council,

As the parent of a special needs child, I have been faced with many of the same joys and frustrations as most parents face. There have been disappointments, however, the rewards of parenting have been enhanced. From the time of his birth, I was aware that my son would have certain limitations, but through the support of numerous professionals I tried not to limit him in his personal growth.

Kelley Jon is now a junior at Kennett High School. His specific handicap is Downs Syndrome but this has not prevented him from actively participating in a gratifying high school career--academically and socially. Among his activities:

Manager of Kennett High School Football team (3 years)
Member Junior High School Track team (3 years)
Member High School Drama Club
After school weight-lifting
Tamworth Boy Scouts
Rites of Spring; New England Patriots waterboy (3 years)
Participant New Hampshire Special Olympics (8 years)

Furthermore, Kelley Jon has successfully worked at McDonald's Restaurant in North Conway for three summers. As well as a full educational program at Kennett, he is currently working one day a week at Pizza Hut.

Although he has begun a successful school/work transition program, his educational team, Kelley Jon, and I have been aware that the next step in addressing his needs to grow as an individual would be to focus on residential independent living skills. Handicapped students have a difficult time generalizing information from one environment to another. Life skills education in an actual independent living setting is much more valid than a school bound program...it would be comparable to a college experience as prerequisite to a career commitment. An opportunity for such a placement presented itself at the beginning of the year. Since January 6, Kelley Jon has lived at 62 Pleasant Street in Conway; the residence manager provides him with a living skills program that compliments his school program.

Unfortunately, funding to accomplish this program is unavailable in its entirety until Kelley Jon graduates in June, 1990.

Because of organizations such as Family Support, my son has received some of the financial assistance that is necessary for him to achieve his goal of independent living. Furthermore, he is recognized as a productive and contributing member of his community.

Sincerely,
Karen Nichols

6/29/90

DEVELOPMENTAL SERVICES FOR CHILDREN
(3 – 21 YEARS)

DEVELOPMENTAL SERVICES FOR CHILDREN (3 - 21 YEARS)

OVERVIEW OF SPECIAL EDUCATION SERVICES

Elementary and secondary education programs for children with developmental disabilities are special education programs. The responsibility for special education in New Hampshire is shared among federal, state, and local governments.

The federal government under the Education for All Handicapped Children Act (20 USC §§ 1400 et seq., also known as PL 94-142) has set certain minimum standards for the education of all handicapped children. PL 94-142 is essentially a federal-state funding program. In order to receive federal funds, a state must meet or exceed federal standards. The State of New Hampshire accepts federal funds for special education; therefore, it has the primary responsibility, through the Department of Education, for setting statewide standards for special education programs which at a minimum meet the federal standards. Local school districts (also known as Local Education Agencies or LEAs) have the responsibility to implement and finance special education programs pursuant to the standards set by federal and state governments.

RSA 186-C and the New Hampshire Standards for the Education of Handicapped Students (the Standards), administrative rules adopted pursuant to the state statute, implement the federal statute. The law requires LEAs give educationally handicapped children a free and appropriate public education. A free and appropriate public education must be part of a state approved program of special education and include educationally related services as well as instruction. A free and appropriate public education begins with the writing of an individualized education program by a special education evaluation and placement team.

STANDARDS FOR EDUCATIONALLY HANDICAPPED

The Standards define an educationally handicapped child as anyone 3 years of age or older but less than 21 years of age who has been identified and evaluated by a local school district evaluation team and determined to be mentally retarded, hearing impaired, speech or language impaired or both, visually impaired, seriously emotionally disturbed, orthopedically impaired, otherwise severely health impaired, deaf-blind, multi-handicapped, or as having specific learning disabilities and who, because of such impairment, needs special education and educationally related services.

Developmental disability is not defined as one of the educationally handicapping conditions. A child with a developmental disability must be determined to have at least one of the impairments listed above before qualifying for a free and appropriate public education under the special education statutes.

OVERVIEW OF SPECIAL EDUCATION SERVICES (Continued)

After a child has been determined educationally handicapped, a free and appropriate public education must be provided. A free and appropriate public education includes special education and related services, which are provided at public expense under public supervision without charge to the parent; meet Department of Education Standards; include pre-school, elementary, and secondary school education; and conform with a written individualized education program.

An individualized education program (IEP) is the key to a free and appropriate public education. It is written by a local school district special education evaluation and placement team. This team, at a minimum, consists of a representative of the local school district; at least one teacher certified in the area of each suspected disability; vocational education professionals, where appropriate; one or both of the student's parents or a guardian or surrogate parent as the case may be; the student, if of the age of majority or otherwise appropriate; and, one qualified, professional examiner for each area of suspected disability.

According to the RSA 186-C:7 and the Standards the IEP must contain, among other things, the following components:

- A statement of the student's present level of educational performance;
- A statement of the annual goals, including short-term instructional objectives;
- The extent to which the student will participate in a regular class or program;
- The expectations for the student when participating in a regular class or program;
- A statement of the educationally related services to be provided;
- Appropriate objective criteria and evaluation procedures and schedules for determining, at least on an annual basis, whether short-term objectives are being achieved.

An IEP is updated at least annually and must be in effect by the beginning of each school year in order for placement of the student to occur. Placement of the student is based on the unique educational needs of the student as specified in the IEP and must be in the least restrictive environment appropriate to those needs.

At any point in the educational decision-making processes of identification, evaluation and placement procedural safeguards including complaints and impartial due process hearings, mediation, and appeals procedures are available to either the student or the local school district. Additionally, the department is actively involved in monitoring the development and operation of local school district special education programs and services, and has the ability to enforce sanctions for regulatory violations or misconduct.

FINANCIAL AND PROGRAM INFORMATION

To achieve this report's objectives of evaluating the efficiency and effectiveness of New Hampshire's system of services for children with developmental disabilities, we relied extensively on computer-processed data contained in the department's special education information system (SPEDIS) and data from Department of Revenue Administration's Form MS-25 supplied by the state's 169 local school districts. We did not independently verify the reliability of the data and we have reason to question the accuracy of data especially as it relates to the MS-25 (for more information on the MS-25 refer to our observation on page 76). As a result, we are unable to provide conclusions or recommendations based on the data, although we have used it for purposes of analysis because it is the only source of local school district financial information compiled by the department.

We gathered enrollment data for state fiscal years 1983 through and including fiscal year 1990. As shown in the first table on the next page, over the past eight years the educationally handicapped population has grown at a rate about four times faster than the public school enrollment. Between 1983 and 1990 according to data from SPEDIS, the educationally handicapped population grew from 15,009 to 19,674 (31.1%). For the same period the public school enrollment as reported by the department increased from 160,199 to 171,696 (7.2%).

The exact number of children with developmental disabilities in the educationally handicapped population is difficult to determine because of a lack of precise definition (Refer to our discussion on page 181). For purposes of this report and at the suggestion of the Department of Education, we define children with developmental disabilities as the sum of those children identified by SPEDIS as mentally retarded and multihandicapped with a secondary diagnosis of mental retardation. As shown in the second table on the next page, for the eight years under study the population of children with developmental disabilities declined from 1,525 to 1,088 (-28.7%), and has declined from 10.2% of the educationally handicapped population to 5.5%.

Although many observations refer to the educationally handicapped generally, we have assumed that, as children with developmental disabilities are part of that group, observations apply to them as well.

Comparison of Educationally Handicapped
and Non-Educationally Handicapped
As a Percentage of School Enrollment
(1983 & 1990)

	1990	%	1983	%	% Change 1983-1990
Educationally Handicapped	19,674	11.5	15,009	9.4	31.1
Non-Educationally Handicapped	152,022	88.5	145,190	90.6	4.7
Total School Enrollment	171,696	100.0	160,199	100.0	7.2

Source: New Hampshire Department of Education
SPEDIS and enrollment data

Comparison of Children With Developmental Disabilities
and Other Educational Impairments
As a Percent of All Educationally Handicapped
(1983 & 1990)

	1990	%	1983	%	% Change 1983-1990
Children With Developmental Disabilities	1,088	5.5	1,525	10.2	-28.7
Other Educational Impairments	18,586	94.5	13,484	89.8	37.8
Total Educationally Handicapped	19,674	100.0	15,009	100.0	31.1

Source: New Hampshire Department of Education
SPEDIS

SPECIAL EDUCATION EXPENDITURES (1983 - 1990)

According to the MS-25, between 1983 and 1990 local school districts spent over $5.5 billion on elementary and secondary education. Of that amount over $800 million (15%) was spent on special education. There is strong support for special education programs. Our survey indicated that 100% of those who responded agreed with our statement that local school districts "strongly support the state's policy requiring the provision of a free and appropriate public education." However, 60 out of 70 respondents (86%) also agreed that citizen-taxpayers in their school districts were very concerned about the cost of special education.

A comparison of expenditures in the table below shows that between 1983 and 1990 total expenditures for local education, as reported by local school districts, increased from $452,032,070 to $1,035,473,903 (129%).

Comparison of Special Education,
Regular Education, and
Total Local Education Expenditures
(1983 & 1990)

(Millions of Dollars)

	1990	%	1983	%	% Change 1983-1990
Special Education	$ 163.0	15.7	$ 57.1	12.6	185%
Regular Education	872.5	84.3	394.9	87.4	121%
Total Expenditures	$1,035.5	100.0	$452.0	100.0	129%

Source: LBA Computation from MS-25

Before we could look beyond total educational expenditures to compare expenditures between educationally handicapped and non-educationally handicapped children, we made certain computations using data from the MS-25. We could have used readily available aggregate special education expenditure data reported on the Supplemental Expenditure Schedule. But we chose to ignore those numbers because we could not identify and substantiate their component parts.

Instead we separated special and regular education instruction expenditures on the MS-25 from all other expenditures and calculated per pupil instructional expenditures for each of the two groups. We then calculated per pupil costs for all other expenditures and added those figures to both per pupil special education instruction and per pupil regular education instruction expenditures to arrive at per pupil

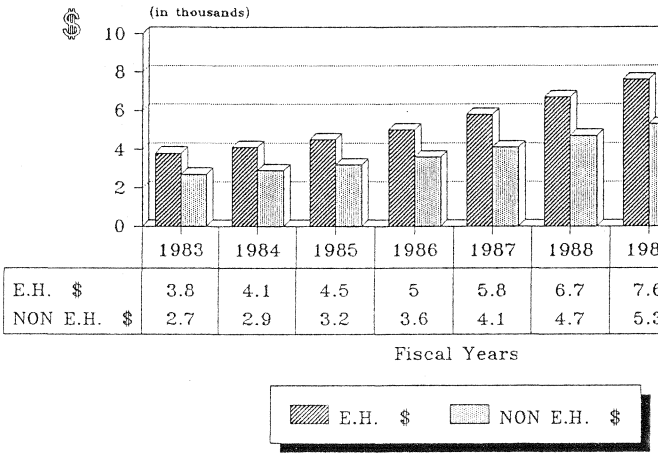
expenditures for special education (educationally handicapped) and regular education (non-educationally handicapped). Finally, we multiplied the per pupil expenditures for each group by its appropriate enrollment to determine total expenditures for each of the two groups.

Based on those computations (shown on the above table), between 1983 and 1990 spending for the special education (educationally handicapped) increased from $57,135,150 to $163,014,380 (185%). Spending for regular education (non-educationally handicapped) students, increased during that same time from $394,897,220 to $872,459,523 (121%).

PER CAPITA SPENDING COMPARISONS

A comparison of special education and regular education expenditures per pupil is shown in the table below. Spending for special education on a per student basis in 1983 was $3,807 compared to $2,720 spent for each regular education student. In 1990 the figures were $8,286 for special education and $5,739 for regular education.

PER CAPITA SPENDING COMPARISONS
Special Education and
Regular Education



	1983	1984	1985	1986	1987	1988	1989	1990
E.H. $	3.8	4.1	4.5	5	5.8	6.7	7.6	8.3
NON E.H. $	2.7	2.9	3.2	3.6	4.1	4.7	5.3	5.7

Source: LBA Computations from NHSDE
MS-25, SPEDIS and enrollments

A local school district is responsible for the cost of educating a child regardless of an educational handicap. Therefore, the incremental cost (the difference between the cost of educating a child with an educational handicap and educating a non-educationally handicapped child) is the true cost, or premium, of special education. That incremental cost (shown in the table below) in 1983 was $1,087 per pupil and totaled $16,314,783 (3.6% of total school district expenditures). In 1990 it was $2,547 per pupil and totaled $50,109,678 (4.8% of total school district expenditures).

Comparison of Special Education
Incremental Costs
(1983 - 1990)

	1990	1983	% Change 1983 - 1990
Special Ed./Regular Ed. Cost Difference	$ 2,547	$ 1,087	134%
Educationally Handicapped Population	19,674	15,009	31%
Incremental Cost of Special Ed. (millions)	$ 50.1	$ 16.3	207%
Incremental Cost as % of Total Ed. Dollars	4.8%	3.6%	

Source: LBA computation from NHSDE MS-25, SPEDIS and enrollments.

No data were readily available for us to show comparisons of expenditures for children with developmental disabilities with either other educationally handicapped, non-educationally handicapped, or total student expenditures. This is because local school districts are not required to report special education data by individual impairment except for the limited purpose of obtaining catastrophic aid reimbursement.

LIMITED COMPARISON WITH OTHER NEW ENGLAND STATES

Data was available in the 1990 edition of State of the States in Developmental Disabilities for us to provide a very limited comparison of states using 1987-88 information reported by the Department of Education on estimated federal, state and local school district expenditures for students with mental retardation. The table on the following page shows a comparison of the six New England states.

New England States
Comparison of Educational Expenditures
For Students With Mental Retardation
(1987-1988)

	Special Education Population	Students w/ Mental Retardation	% MR	Est $/ MR Student	Est $ For MR (Millions)
Connecticut	64,758	4,833	7.5	12,282	59.4
Maine	26,841	3,917	14.6	8,552	33.5
Massachusetts	143,636	30,644	21.3	10,792	330.7
New Hampshire	16,323	1,047	6.4	7,980	8.4
Rhode Island	19,527	1,272	6.5	10,912	13.9
Vermont	11,405	2,034	17.8	9,898	20.1

Source: State of the States in Developmental Disabilities, 1990

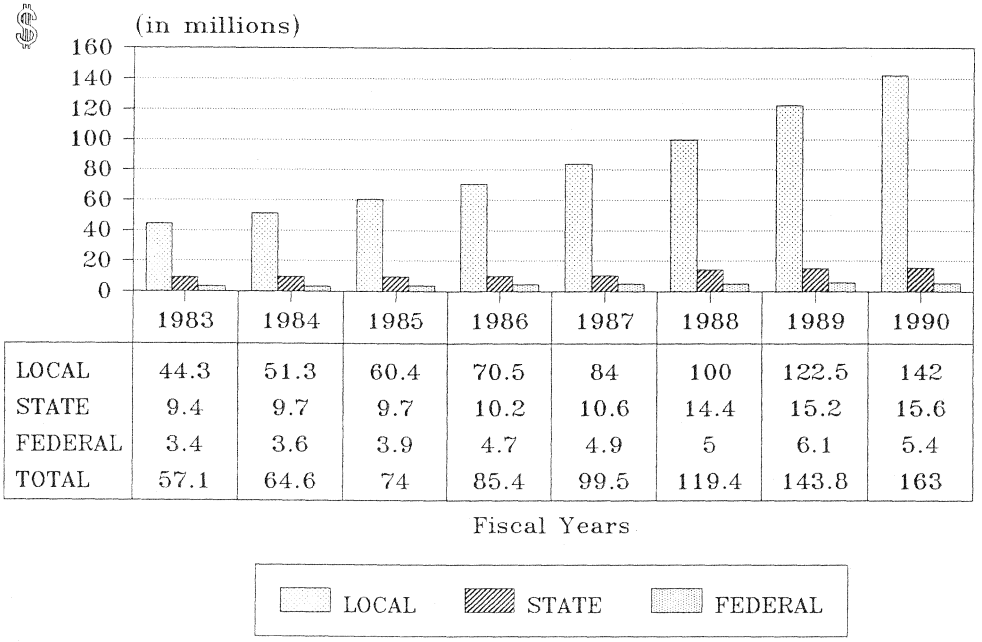
SPECIAL EDUCATION REVENUE (1983 - 1990)

An analysis of funding sources for special education (see table below) shows that from 1983 to 1990 local school districts have borne an increasingly larger share of the financial burden for special education. Local revenue for special education (defined here as total local school district special education expenditures minus state and federal grants-in-aid) increased from $44,337,220 to $141,998,661 (220%) between 1983 to 1990.

State funding for special education comes from two primary sources. The first is special education basic aid which is apportioned among school districts based upon the "Augenblick Formula" (refer to our observation on page 68). Special education basic aid has remained at $8,118,312 since FY 1984. The second source of state funding to local school districts for special education is catastrophic aid. Catastrophic aid is a reimbursement to local school districts for 80% of per pupil special education costs when those costs exceed 3 1/2 times the statewide average cost per elementary pupil. Catastrophic aid, if it is not fully funded by the legislature, is prorated to local school districts. In FY 1990 catastrophic aid reimbursement was fully funded and amounted to $7,472,905.

Between 1983 and 1990 funds raised locally for special education services increased 3.32 and 3.80 times faster than state and federal revenues respectively. From 1983 to 1990 special education basic aid and catastrophic aid increased from $9,365,312 to $15,591,217 (66%) and federal funding (consisting of PL 94-142 and PL 89-313 grants) from $3,432,618 to $5,424,502 (58%). In 1983 state and federal funding combined accounted for 22.4% of all funding for special education, while in 1990 state and federal funding accounted for only 12.9%.

COMPARISON OF SPECIAL EDUCATION REVENUE
FEDERAL, STATE AND LOCAL



	1983	1984	1985	1986	1987	1988	1989	1990
LOCAL	44.3	51.3	60.4	70.5	84	100	122.5	142
STATE	9.4	9.7	9.7	10.2	10.6	14.4	15.2	15.6
FEDERAL	3.4	3.6	3.9	4.7	4.9	5	6.1	5.4
TOTAL	57.1	64.6	74	85.4	99.5	119.4	143.8	163

Source: LBA Computation from NHSDE
MS-25 and EHA-B Reports

The discussion that follows, through page 93, presents our formal observations and recommendations related to special education services. Our comments address placement issues, planning and management, and approval, monitoring, and enforcement of special education programs provided by local school districts.

PLACEMENT

LEAST RESTRICTIVE ENVIRONMENT

The New Hampshire Developmental Disabilities Council in its December 1989 report Promises to Keep found, "Despite a national trend in recent years towards regular classroom placement for children with disabilities, the percentage of students assigned to self-contained classes in New Hampshire has remained the same over the past several years." According to the report, which cited U.S. Office of Special Education and Rehabilitative Services information, New Hampshire has ranked as low as 35th among states in its efforts to integrate students with disabilities into the educational mainstream.

The Statewide Systems Change project, a collaborative project between the department and the UNH Institute on Disability, in a recent study listed five reasons why integration of students with severe disabilities in the public schools is in the best interest of society and the students:

- Integration is a civil right.
- Integration may be more cost effective.
- The disabled learn better in integrated environments.
- Integration promotes the development of accepting attitudes in the community.
- Integration promotes friendships between the disabled and non-disabled.

The project study found, "While there are instances of integrated opportunities in New Hampshire programs, there is no consistency across the state regarding curriculum for students with severe disabilities, either at the elementary or the secondary level. Curriculum is typically non-functional; related service objectives are not embedded into regular instruction goals."

According to department Standards each local school district is to insure, to the maximum extent appropriate, educationally handicapped students are educated with students who are not handicapped and that special classes, separate schooling, or other removal of educationally handicapped students occurs only when the nature of the severity of the handicap is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily.

The Standards provide for a continuum of alternative environments. Local school districts are required to give evidence that such a continuum either is available or would be made available as placements for educationally handicapped. Each school district is required to make the placement decision for each child at least annually based on his or her individualized education program. Placement must be as

PLACEMENT (Continued)

close as possible to the student's home. Unless the individual's plan requires otherwise, the student must be educated in the school he or she would have attended if not handicapped.

The placement decision is concerned not only with a classroom environment but also with non-academic activities such as meals, recess, athletics, transportation, clubs and other extracurricular events. In providing those services school districts are bound to insure every educationally handicapped student participates with non-handicapped students to the maximum extent appropriate to the needs of the student.

Department Standards describe a continuum of nine (9) alternative education environments. From least to most restrictive they are as follows:

- Regular Classroom - a regular class with a modified curriculum for the educationally handicapped student;

- Regular Classroom with Consultative Assistance - an educationally handicapped student attends regular class with consultative assistance being provided to the classroom teacher;

- Regular Classroom with Assistance by Itinerant Specialists - an educationally handicapped student attends regular class with direct services provided by itinerant specialists;

- Regular Classroom Plus Resource Room Help - an educationally handicapped student attends regular class and receives assistance at or through the resources room program;

- Regular Classroom Plus Part-Time Special Class - an educationally handicapped student attends the regular class and the self-contained special education classroom;

- Full-Time Special Class - an educationally handicapped student attends a self-contained special education class full-time;

- Full-Time/Part-Time Special Day School - an educationally handicapped student attends a publicly or privately operated special day program full-time/part-time;

- Full-Time Residential Placement - an educationally handicapped student attends a publicly or privately operated residential program full-time;

- Home-Based Programming - an educationally handicapped student receives a special education program at home.

PLACEMENT (Continued)

Because SPEDIS data only identifies certain of the above environments, after consultation with staff at UNH Institute on Disability, we constructed a modified continuum designed for ease of use of SPEDIS data. Our modified continuum essentially recognized three placement environments (modified regular program, resource room and self-contained classroom) in each of three placement locations (local school districts, including SAU programs; non-local day programs; and non-local residential programs).

OBSERVATION 3: PLACEMENT IN LEAST RESTRICTIVE ENVIRONMENT

The placement of educationally handicapped children into the least restrictive environment of regular classrooms in neighborhood schools has not kept pace with the growth of the educationally handicapped population during the period 1983 to 1990 (shown in the first table below). The educationally handicapped population increased by 4,665 students during the period and most of that growth (4,462 or 95.7%) took place in local programs. Most of the growth in local program placements occurred in resource room programs (48.6%) and self-contained classroom programs (42.2%) and not in the least restrictive environment of modified regular classroom programs (4.9%).

Additionally, as shown in the second table, placement of individuals with developmental disabilities in the more restrictive self-contained classroom environment in local programs has increased substantially from 315 in 1983 to 619 in 1990. That amounts to an increase of 96.5%. During that same period the total number of children with developmental disabilities declined from 1,525 to 1,088 (-28.7%).

RECOMMENDATION:

The NHSDE should take immediate steps to insure that, to the maximum extent possible, educationally handicapped students, including those with developmental disabilities, in both local school district programs and private facilities, are educated with students who are not handicapped and that special classes, separate schooling, or other removal of educationally handicapped children and children with developmental disabilities from the regular environment occurs only when the nature or severity of the handicap is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily as required by department Standards.

PLACEMENT (Continued)

PLACEMENTS - EDUCATIONALLY HANDICAPPED

(From least to most restrictive)	Educationally Handicapped 1983	Educationally Handicapped 1990	1983 - 1990 INC. (DEC.)	1983 - 1990 % Change
LOCAL PROGRAMS				
MOD. REGULAR PROGRAM	5,905	6,135	230	3.9
RESOURCE ROOM	5,994	8,259	2,265	37.8
SELF-CONTAINED PROGRAM	1,354	3,321	1,967	145.3
	13,253	17,715	4,462	33.7
NON-LOCAL DAY PROGRAMS				
MOD. REGULAR PROGRAM	93	319	226	243.0
RESOURCE ROOM	68	167	99	145.6
SELF-CONTAINED PROGRAM	1,014	959	(55)	- 5.4
	1,175	1,445	270	23.0
NON-LOCAL RES. PROGRAMS				
MOD. REGULAR PROGRAM	191	43	(148)	- 77.5
RESOURCE ROOM	14	0	(14)	-100.0
SELF-CONTAINED PROGRAM	267	363	96	36.0
	472	406	(66)	- 14.0
OTHER				
HOME-BASED/IND. NON-SCHOOL	109	108	1	- 0.9
TOTAL	15,009	19,674	4,665	31.1

PLACEMENTS - DEVELOPMENTALLY DISABLED

(From least to most restrictive)	Number Develop-mentally Disabled 1983	Number Develop-mentally Disabled 1990	1983 - 1990 INC. (DEC.)	1983 - 1990 % Change
LOCAL PROGRAMS				
MOD. REGULAR PROGRAM	152	92	(60)	- 39.5
RESOURCE ROOM	605	116	(489)	- 80.8
SELF-CONTAINED PROGRAM	315	619	304	96.5
	1,072	827	(245)	- 22.9
NON-LOCAL DAY PROGRAMS				
MOD. REGULAR PROGRAM	8	8	0	-0-
RESOURCE ROOM	24	25	1	4.2
SELF-CONTAINED PROGRAM	354	181	(173)	- 48.9
	386	214	(172)	- 44.6
NON-LOCAL RES. PROGRAMS				
MOD. REGULAR PROGRAM	13	2	(11)	- 84.6
RESOURCE ROOM	2	0	(2)	-100.0
SELF-CONTAINED PROGRAM	46	41	(5)	- 10.9
	61	43	(18)	- 29.5
OTHER				
HOME-BASED/IND. NON-SCHOOL	6	4	(2)	- 33.3
TOTAL	1,525	1,088	(437)	- 28.7

Source: NHSDE SPEDIS

PLACEMENT (Continued)

AUDITEE RESPONSE: (NHSDE - Bureau of Special Education Services)

Aside from state demonstration sites designed to serve the more severely disabled students, the Department of Education, Bureau for Special Education Services, in collaboration with the Institute on Disability at the University of New Hampshire and the federally supported Statewide Systems Change grant, has taken on an aggressive role regarding inclusive education practices. The Bureau has committed one-third of a professional position to provide direct technical assistance to local education agencies regarding the integration of students with severe disabilities in regular education classes. The following School Administrative Units have been or are being provided at their request one to two years of training and technical assistance:

Winnisquam	*SAU 59*
Lebanon	*SAU 32*
Pelham	*SAU 28*
Woodsville	*SAU 23*
Moultonboro	*SAU 45*
Pembroke	*SAU 53*
Nashua	*SAU 42*
Newport	*SAU 43*

The goals of this project are to:

A. *Increase numbers of students with severe disabilities in regular education classes;*

B. *Bring back students from out-of-district, self-contained programs to in-district regular education classes;*

C. *Improve quality and trans-disciplinary nature of related services (occupational therapy, physical therapy, communication);*

D. *Increase opportunities for students with disabilities to have meaningful interactions with students who are not disabled; and*

E. *Improve the quality of curriculum offered to students with disabilities.*

To further demonstrate its commitment to least restrictive environment for students with developmental disabilities, the Department has used federal funds to fund the NH Special Education Statewide In-service Training Program for the purpose of passing on to local education agencies state-of-the-art inclusionary education practices. This will be accomplished by:

1. *Establishing a statewide network of experts and resources;*

2. *Providing regionally based in-service training plans; and*

PLACEMENT (Continued)

AUDITEE RESPONSE (Continued): (NHSDE - Bureau of Special Education Services)

3. Providing on-site follow-up technical assistance, if required.

Parental acceptance of an IEP/placement decision is essential to the team process. Federal regulations supported by state interpretations in New Hampshire Standards for the Education of Handicapped Students acknowledge this.

It is the responsibility of the local education agency and the Department to work with parents, to advise, educate, and counsel them. The local team must assist the parent/guardian by working with them toward the best possible decision regarding an appropriate education program for their child.

FOUNDATION AID FORMULA

The state foundation aid formula (RSA 198:27), commonly known as the "Augenblick Formula," was enacted in 1985. The formula was designed to provide a way for sharing the costs of public elementary and secondary education so that the more needy school districts could be assisted in providing an adequate education program and education throughout New Hampshire might be improved.

The foundation aid program provides for annual distribution of state special education basic aid funds of $8,118,312 to local school districts through the concept of "weighted pupils." This weighting concept accounts for the costs of educating pupils based on the type of special educational program in which they are enrolled. The weighting system used in the foundation aid formula is based on state average expenditures per pupil for each of eight educational programs, including five special education programs, and is set out in the statute as follows:

TYPE OF PROGRAM	WEIGHT ASSIGNED TO EACH PUPIL
REGULAR EDUCATION PROGRAMS:	
• regular elementary	1.00
• regular high school	1.21
• high school vocational education	2.01

PLACEMENT (Continued)

TYPE OF PROGRAM	WEIGHT ASSIGNED TO EACH PUPIL
SPECIAL EDUCATION PROGRAMS:	
• mainstreamed	2.12
• self-contained classroom	2.57
• pre-school day placement	3.37
• out-of-district day placement	7.08
• residential placement	8.72

Comparison of the weights assigned to programs and their degree of restrictiveness shows that higher weights correspond to more restrictive placement environments. Thus, the weighting creates a partial disincentive to place children in less restrictive environments, since the local school district could potentially receive less state aid to educate those children. An educationally handicapped student placed in self-contained classroom is weighted at 2.57. If that same student were mainstreamed in the less restrictive environment of the regular classroom, the weight assigned would be 2.12. The law provides a potential disincentive to a local school district for integrating an educationally handicapped student into the mainstream. That disincentive is 17.5% less per child in proportional special education basic aid (the difference between 2.57 and 2.12).

While we found no evidence that this disincentive was a factor in placement decisions, there are few controls to ensure that it does not become a factor.

OBSERVATION 4: POTENTIAL FOUNDATION AID FORMULA DISINCENTIVE

The foundation aid formula by virtue of its weighting system provides a potential disincentive for local school districts to place educationally handicapped students in a less restrictive environment because the formula assigns the highest factor of 8.72 to a residential placement and a lower factor of 2.12 to a mainstreamed student. (See discussion above.) Further, we note that the weights assigned to the various educational programs, including the five special education programs, have not been revised since the law was enacted in 1985.

PLACEMENT (Continued)

RECOMMENDATION:

The Department of Education should request the legislature change the definition of "weighted pupil" as it pertains to educationally handicapped students in order to provide more incentive for local school districts to place those students in less restrictive environments. Additionally, the department should review the weights set in the 1985 law to determine whether or not those weights are still valid approximations of the additional costs associated with educating educationally handicapped students.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

Foundation Aid is distributed through the provisions of RSA 198:27-33. In the Statement of Policy (RSA 198:27) the legislature declared, "the policy of the state of New Hampshire to share in the costs of public elementary and high school education of the local school districts of the state to the end that: (1) the more needy school districts may be assisted in providing an adequate education program; and (2) education throughout New Hampshire may be improved. Clearly this legislation seeks to provide funding to school districts based on their ability to pay for the educational costs of their students. The cost of special education services was considered when this legislation was revised in 1985, and clearly there is no argument that the cost of special education exceeds the cost of regular education. As stated in RSA 186-C:18, State Aid, II. "The state shall distribute the funds known as special education basic aid funds as directed by the formula established in RSA 198:29." Furthermore, the special education component in Foundation Aid was established at and remains $8,118,312. Obviously the inclusion of an identified component of Foundation Aid-Special Education Basic Aid (see Operating Budget) is meant to reflect a school district's special education costs, and the method chosen to reflect those costs is a classification of pupils based on their weighted value - an elementary pupil, not educationally handicapped is weighted at 1.0 while an educationally disabled child in a residential placement is weighted at 8.72. It is true that the weights assigned to the various educational programs, including the five special education programs, have not been revised since 1985. However, pursuant to directions from then Vice-Chairman of the House Education Committee, the department did conduct a survey by sampling school districts - the same school districts used to establish the weights - to provide the committee with data to be used in consideration of a possible revision to the weighted values assigned to pupils. A bill was introduced and voted inexpedient to legislate by House Education Committee. Their report indicated that the sample was inadequate. The issue has not been addressed since that time. The Committee's report was confirmed by the House vote.

PLACEMENT (Continued)

AUDITEE RESPONSE (Continued): (NHSDE - Bureau for Special Education Services)

The Department did ask both the House Education Committee and Senate Education Committee to specifically consider changing the definition of "weighted pupil" to reflect the findings in this Report in testimony during the 1991 legislative session on HB 341 and SB 212. HB 341, enacted into law as Chapter 350, Laws of 1991 establishes a committee to study the Augenblick Formula. Although the legislation does not specifically mention changing the definition of "weighted pupil," we will bring this issue to the committee's attention for their consideration.

PROGRAMS IN CORRECTIONAL FACILITIES

State law (RSA 186-C:19-a) requires local school districts to assume a portion of the financial liability for educationally handicapped individuals in state institutions including the state's prisons. For an educationally handicapped person in the state's prisons, the local school district in which that person most recently resided (other than the state prison) is responsible for the development of an individualized education plan.

Local school district liability for educational expenses for an educationally handicapped person between the ages of 18 and 21 in the state's prisons can not exceed the state average elementary cost per pupil, as determined by the state board of education for the preceding year. That limit of liability for 1990 was $3,898.

Currently there are 74 individuals within the men's prison who are eligible for participation in educational programs. Of that number 38 are active in educational programs. Prison officials estimate the number of educationally handicapped at 19 with six of those in active programs (the remaining 13 have chosen not to be involved in educational programs). According to prison officials local school districts have not been asked and have not assumed financial responsibility for any of the six individuals.

Officials at the women's prison indicated that at this time there are no educationally handicapped persons in their programs.

Additionally, we note two concerns. First, neither the men's nor women's prisons have approved special education programs in place. Second, state law makes no mention of educationally handicapped persons in county correctional facilities. It is unclear if this oversight relieves local school districts of all responsibility for inmates in these facilities who are educationally handicapped or simply does not confer the limits of liability on school districts that they have regarding educationally handicapped in state prisons.

PLACEMENT (Continued)

OBSERVATION 5: LACK OF PROCEDURES TO INSURE PROGRAMS IN PRISONS

The Department of Education does not appear to have procedures in place that insure, to the maximum extent possible, educationally handicapped persons between the ages of 18 and 21 years, including individuals with developmental disabilities, in state prisons and other correctional facilities, are receiving a free and appropriate public education according to the requirements of federal and state laws and regulations.

RECOMMENDATION:

The Department of Education should develop with corrections officials a process to monitor all correctional facilities in the state to ensure, where appropriate, that the state and local school districts fulfill their respective responsibilities to educationally handicapped individuals in those facilities.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

The Department of Education assigned one curriculum supervisor to monitor the state prison population through contact with the state prison director of education. Procedures are in place that enable the Department of Education professional to receive information requests from the state prison director of education regarding specific prison residents. SPEDIS is accessed to determine if individuals have previously been identified as educationally handicapped and, if so, in which district. Requests for information are processed promptly, and local education agencies are notified when a prison resident is determined eligible for special education or special education and educationally related services for which the local education agency is responsible.

PLANNING AND MANAGEMENT

Planning and management functions for special education on the state level are provided by the Department of Education. State executive departments organized or reorganized after 1983 must comply with the Executive Branch Organization Act (RSA 21-G) and with enabling legislation enacted specifically for each department. The legislature reorganized the Department of Education in 1986 (RSA 21-N).

The organization of state government should assure efficient, effective and responsive administration of the policies established by the legislature. It is the goal of reorganization to improve the coordination and management of state services by establishing clear lines of authority, responsibility and accountability for program implementation within the executive branch.

PLANNING AND MANAGEMENT (Continued)

The Department of Education has the dual role of providing regulatory direction and instructional assistance to public elementary and secondary schools. To assist the department and the commissioner in fulfilling those roles, the legislature established the Division of Instructional Services within the department. The division is responsible for administering the provisions of RSA 186-C relative to special education.

RSA 186-C is a comprehensive statute governing special education programs and activities in New Hampshire. RSA 186-C established the Bureau for Special Education Services and placed it in the division. The statute envisioned the duties of the special education bureau would be fully coordinated and integrated with the department's general curriculum and instruction activities. Further, the law contemplated a comprehensive approach to special education planning and management.

COMPREHENSIVE SIX YEAR SPECIAL EDUCATION PLAN

RSA 186-C:4 requires the department to publish a comprehensive six year plan for special education. The comprehensive plan is to include a statistical analysis of statewide needs and trends for the education of disabled students; long-term goals and short-term objectives for special education in New Hampshire and a projection of how department programs and operations were expected to effect those goals and objectives; a statement of quantifiable performance measures for special education programs; a statement of department informational needs and the degree to which current data bases and information systems met those needs; and an action plan summarizing the programs, strategies, and methods which the department planned to use in achieving its goals and objectives.

Planning can be an effective management tool. A comprehensive six year special education plan along with periodic revisions would provide significant information needed by the department and local school districts. Effective special education planning and management on the state level can greatly facilitate planning and management on the local level.

We asked local special education administrators several questions related to informational needs required to be addressed in the comprehensive plan. We reasoned that those critical planning and informational needs might have been met informally in spite of the lack of a formal, comprehensive planning mandate. In our survey, 42 out of 70 special education administrators (60%) indicated that the department had not done enough to provide adequate information to them about state-wide, regional and national special education issues and trends. Sixty-eight out of 74 (92%) thought the department should provide more of this information. The following summarizes special education administrators' reactions to other statements regarding planning and information needs assessment:

PLANNING AND MANAGEMENT (Continued)

- 84% thought the department needed to do more in assessing the needs of school districts for assistance in carrying out their special education responsibilities;

- 82% said the department needed to do more to identify cost effective alternative special education programs for local school districts;

- 83% indicated the department needed to focus more resources on special education students requiring extensive services.

OBSERVATION 6: LACK OF COMPREHENSIVE PLAN FOR SPECIAL EDUCATION

The Department of Education has not published a written comprehensive six year plan for the education of handicapped students. RSA 186-C:4 required the department to publish such a plan by October 1, 1987. The department is also required to revise the plan every two years.

RECOMMENDATION:

The department should develop and implement a written comprehensive six year plan for the education of handicapped students in New Hampshire as required by law. This plan should be revised every two years. In developing and revising the plan the department should consult with local school district special education administrators and teachers, related state agencies including the Department of Health and Human Services, and other members of the state's educational community including the UNH Institute on Disability. Such consultation should be to the extent deemed advisable by the department.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

The provisions of this section have not been met. The effort was started. The Bureau for Special Education Services completed a draft of a six-year plan taking into consideration the development of a database and regional special education service centers. This report was presented in its draft form to the superintendents of schools, who indicated that they were not comfortable with the accuracy of the detail as retrieved from the MS-25. The Commissioner of Education requested that the superintendents establish a working committee of superintendents to correct any data problems reported on the MS-25. During the review process, the draft report was put on "hold" pending further efforts to identify specific changes required in reporting information from local school districts as required by the plan. Thus, while initial steps were taken to comply the department has been negligent in fulfilling the intent of the legislation. We have reactivated this draft report and will proceed to its final development and implementation.

MANAGEMENT INFORMATION SYSTEM

Our review of the department's special education management information system focused primarily on two distinct systems. One was the Annual Financial Report (Form MS-25) maintained by the Bureau of Data Processing and Statistical Services in the Office of the Deputy Commissioner. The other was the department's computerized special education information system (SPEDIS) maintained by the Bureau for Special Education Services in the Division of Instructional Services.

The legislature has stated that it "recognizes the importance of uniform, timely, and accurate information for future policy and decision making about special education in New Hampshire" (NH Laws 1985, Chapter 269:7 (I)). Furthermore, the Special Education Management Information Task Force in 1986 found, "There is a need for additional information to determine the relative costs of special education services. Cost data is essential to local planning and budgeting, to resource allocation at the state level and to setting policy on special education services."

ANNUAL FINANCIAL REPORTS (FORM MS-25)

The most readily available financial information on local school district special education services in New Hampshire is found in the Annual Financial Report (MS-25). Every local school district is required to report on the MS-25 by September 1 of each year detailed financial information on assets and liabilities, revenues, and expenditures for each fund maintained by the district. After all school districts have reported, the Bureau of Data Processing and Statistical Services manually calculates and reports total expenditures on a state-wide basis.

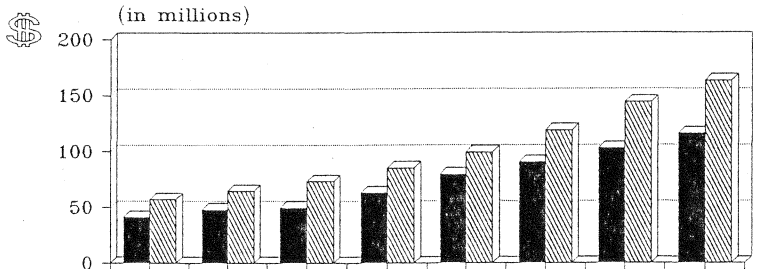
Financial information regarding special education expenditures reported to the Department of Education by local school districts on the MS-25 is described by department personnel as being of questionable accuracy. The department has also indicated to us that school superintendents are not comfortable with the accuracy of special education financial information obtained from the MS-25.

Special education financial information on the MS-25 is found in two places. First, the report contains Statements of Expenditures with data on instructional costs for special education programs for elementary schools, middle/junior high schools, and high schools. Second, it contains a Supplementary Expenditure Information schedule upon which aggregate, lump-sum expenditures for unspecified special education services are given for elementary schools, middle/junior high schools, and high schools. The problem with the MS-25 is that those special education expenditures on the Supplementary Expenditure Information schedule can not be completely reconciled with special education expenditures on the Statements of Expenditures.

PLANNING AND MANAGEMENT (Continued)

The magnitude of the problem with data reported by local school districts on the MS-25 is shown in the table below. We compared special education financial information reported in aggregate from the MS-25 Supplementary Expenditure Information schedule with financial information we calculated for the FINANCIAL AND PROGRAM INFORMATION section of this report (refer to page 55). Our comparison indicates a substantial difference between total special education expenditures reported by local school districts on the Supplementary Expenditure Information schedule and our calculations of total special education expenditures computed by using a combination of student enrollment data and data from other schedules in the MS-25. By using the Supplemental Expenditure Information schedule, the department and local school districts are inadvertently understating total special education expenditures by as much as 32% annually.

TOTAL SPECIAL EDUCATION EXPENDITURES
COMPARISON OF LBA AND DOE TOTALS



	1983	1984	1985	1986	1987	1988	1989	1990
E.H. $ (DOE)	41.2	47.9	49.8	63.1	79.8	90.9	103	116
E.H. $ (LBA)	57.1	64.6	73.4	85.4	99.5	119	144	163

E.H. = Educationally Handicapped
Source: LBA calculation based on NHSDE MS-25

According to the Department of Education, information from the MS-25 is used by the department and the Department of Revenue Administration in reports to the State Board of Education, the New Hampshire Legislature, and the United States Department of Education.

Effective management of government programs and activities presupposes access to and control of relevant and reliable financial information. Reliable financial and program information is essential to state and local planning, management and budgeting, including the development of cost benchmarks against which to compare program results. Development of such cost benchmarks from reliable financial information is a necessity if the goal of adequately measuring the efficiency and effectiveness of special education services is to be achieved.

This need for the financial information necessary to develop cost benchmarks was borne out in our survey. Forty-three out of 57 respondents (75%) thought the department had not adequately developed special education cost benchmarks for use by school districts in measuring the efficiency and effectiveness of their own programs. Conversely, 52 out of 66 (79%) thought the department should do more in this regard.

OBSERVATION 7: INACCURACY OF SPECIAL EDUCATION INFORMATION REPORTED ON FORM MS-25

The Department of Education can not assure the accuracy of special education financial information reported by local school districts on the MS-25 and as a result reports, based on this information and going to other governmental agencies, may be substantially underestimating special education expenditures.

RECOMMENDATION:

The department should establish procedures to provide for the collection and maintenance of relevant, reliable and adequate financial information on local school district special education services. The department may also wish to consider whether or not such financial information could effectively and efficiently be maintained as a part of an improved SPEDIS or other computerized departmental management information system.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

The MS-25, together with instructions for completion, was designed to comply with a federal mandate to report expenditures by states in a "comparable and timely manner." Special Education costs in this context may be compiled by using certain options of proration. RSA 186-C:3-a(11)(d) does require ***subject to available funding*** *developing cost and service level benchmarks in special education. The department does not have the financial resources in terms of additional staff to support these objectives. Any need initiative to acquire the necessary information would put an additional burden on school district staff. Proposals have been discussed with superintendents.*

SPEDIS

SPEDIS was designed to provide data processing capability for meeting the administrative reporting requirements of PL 94-142; generating child counts; distributing federal funds; and, monitoring the evaluation, classification, and placement of educationally handicapped students in accordance with the requirements of PL 94-142 and RSA

186-C. It is described by the department as a tool designed to assist state and local school district personnel monitor compliance, locate programs locally and state-wide which meet students' special needs, plan for future programs, and predict costs.

The SPEDIS data base is located at and maintained by the UNH Research Computing Center. The annual cost to the department for maintaining SPEDIS is approximately $39,000. Local school districts can access the system directly via telephone line to input data on individual special education students and receive a variety of reports and information on special education students and programs.

SPEDIS was not designed for and does not contain a number of important management information data bases. For example, it does not contain comprehensive financial information on local special education programs nor does it contain information regarding certification of special education personnel. Additionally, SPEDIS is not capable of tracking information on either complaints or impartial due process hearings; nor can it provide information regarding the status of corrective actions required by the department for its approved district and non-district special education programs. All of the above information, which we consider vital for effective special education planning and management, is either not readily available to the department or is maintained in numerous, less efficient manual filing systems.

An effective management information system must allow program managers the ability to compile, coordinate, process and analyze a wide variety of program and client service data as efficiently and effectively as possible.

OBSERVATION 8: SPEDIS CONSTRAINTS (Management Information System)

While it is widely recognized that SPEDIS provides the Department of Education and local school districts with important program information on a regular basis for federal compliance reporting purposes, the report generating capability of SPEDIS is very inflexible and it is incapable of providing financial, personnel, complaints and due process, program approval, monitoring and corrective actions, or other important management information in a timely, reliable, comprehensive and cost-effective manner.

RECOMMENDATION:

The department should give serious consideration to whether or not SPEDIS should be redesigned, upgraded or merged with other department data systems to provide needed financial, personnel, complaints and due process, program approval, monitoring and corrective actions, and other important management information in a timely, reliable, comprehensive and cost-effective manner.

PLANNING AND MANAGEMENT (Continued)

RECOMMENDATION (Continued):

Any consideration of the redesign or upgrading of SPEDIS should take into account computer hardware and software advances made in the 15 years since SPEDIS first came on-line in New Hampshire. Efforts in this area should also examine system security, user needs, data reliability and data audit issues, cross-training of personnel and integration with other department information systems as well as other issues raised by the legislature and its 1986 Task Force discussed above.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

SPEDIS was created to be the core component for monitoring the implementation of Public Law 94-142 within the state of New Hampshire. It was designed to be in compliance with federal regulations and is federally funded. Therefore, it has as its priority to generate federally required reports and data. The key word in this statement appears to be the work "needed". SPEDIS does what it was intended to do, and it does it very well and in a cost-effective manner. The Department has never inferred that SPEDIS is all things to all people. Additional resources for data management have been requested from the Legislature, but, to date, no state funds have been appropriated for special education data needs. The SPEDIS system does have the capability of responding to unique needs that exceed basic requirements. The time involved in generating the reports requested by the auditor required a total of 40 hours of computer time, in addition to the time spent by the programmer. The Bureau asked the auditor if his data reports could be run at night and on weekends on a schedule that would not disrupt the Bureau's routine work. The auditor agreed to the Bureau's request, the result being the reports were run and delivered within the agreed time frame.

It is certainly true that any system that has been in place for 15 years could be redesigned and upgraded, given available resources. In reference to the 1986 report, SPEDIS is currently funded totally with limited federal dollars. To accomplish what is recommended the system would have to be redesigned. The department would welcome an allocation of state funds for that purpose.

PLANNING AND MANAGEMENT (Continued)

DEPARTMENT OF EDUCATION AUDITING PROGRAM

Department of Education Standards require the Office of Business Management to perform financial audits of all state and federal funds allocated by it to any local school district or other public or private agency. The Standards provide that such audits are to be performed within available resources.

Further, state law (RSA 21-N:4) requires the Audit and Monitoring Unit in the Commissioner's Office to supply reports containing analysis, appraisals, comments, and recommendations relating to the accuracy and competence of accounting, financial, and management procedures in use. The internal auditor in the Office of the Commissioner reviews audits required by the federal Single Audit Act of 1984 as performed by independent public accounting firms for local school districts; but these limited reviews are the extent of auditing performed by the department.

Auditing is an integral element of governmental accountability. Department management has the responsibility to create an environment within which the controls necessary to ensure accountability exist. This management control requires an effective program for auditing state and federal funds allocated to any public and private agency (approximately $21 million annually) regardless of the manner in which available resources need to be reallocated within the department and regardless of the amount and source of funds allocated.

OBSERVATION 9: INSUFFICIENT AUDIT EFFORTS OF LOCAL SCHOOL DISTRICTS

The Department of Education has not adequately fulfilled its responsibilities, under either its own Standards or state statute, to perform audits of federal and state special education funds allocated to local school districts.

RECOMMENDATION:

The department should develop cost-effective auditing programs as envisioned by its own Standards and state statute. These programs should allow the department to carry out its responsibilities to audit all state and federal special education funds and programs in accordance with generally accepted governmental auditing standards.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

The Audit and Monitoring Section does not and has not done performance audits. Audits are technical accounting inspections (TAI) which are financial reviews. When performing a TAI, the internal auditor randomly selects from federally funded projects. This is based on

AUDITEE RESPONSE (Continued): (NHSDE - Bureau for Special Education Services)

department past practice. If time permits and requested by the commissioner, the internal auditor could select sample districts and do a TAI limited to special education projects. It must be noted, however, that the internal auditor is funded by various federal accounts and special education is limited to less than 18%.

In the past two bienniums the Department has asked for a state funded auditor. These requests did not make it through the administrative budget process. We will make this request again in the next biennial budget process.

COORDINATION AND INTEGRATION BY DIVISION OF INSTRUCTIONAL SERVICES

The Division of Instructional Services is made up of the following bureaus and offices: Instructional Services for Elementary/Secondary Education, Vocational Technical Education Services, Compensatory Education, Services for the Gifted and Talented, Alcohol and Drug Education Services, Adult Basic Education Services, and Special Education Services. As the division's organizational structure suggests, it is organized to provide technical assistance to local school districts on elementary and secondary curriculum matters and is also responsible for administering the special education law.

The division's organization offers certain structural advantages and opportunities to integrate more fully technical assistance for special education curriculum development and vocational education into general curriculum and instruction activities. However, discussions with department officials indicate that much remains to be done to take full advantage of those opportunities. All too often in the past special education operated without full cooperation, coordination and leadership from other activities in the division.

This idea was reflected in part in our special education survey. Forty-three respondents out of 68 (63%) told us that overall, the department does not do a good job providing leadership to local school districts in special education. Our survey also contained several related statements on the subject of the department's special education technical assistance programs. Forty respondents out of 74 (54%) thought the department did not provide adequate overall technical assistance to school districts to enable them to meet their special education responsibilities under state and federal laws.

PLANNING AND MANAGEMENT (Continued)

The following is a summary of other similar statements on specific areas in which the department offers special education technical assistance and curriculum guidance:

TYPE OF TECHNICAL ASSISTANCE PROVIDED	% AGREEING THAT ASSISTANCE WAS ADEQUATE
Severely/profoundly handicapped	41%
P.L. 142 and SPEDIS	50%
Program approval and monitoring	47%
Early childhood education	54%
Complaint Investigation	50%
Catastrophic aid	38%
Infants and toddlers	35%

Strong leadership from department and division management in integrating special education technical assistance services and activities into the mainstream with other technical assistance services and activities within the division could make it easier to cause the same type of integration of those activities in local school districts with the result that more students with developmental disabilities would be placed in the least restrictive environment (refer to our observation on page 64).

OBSERVATION 10: LACK OF COORDINATION IN INSTRUCTIONAL SERVICES

The Department of Education has not assured that special education services are fully coordinated and integrated with general curriculum and instruction within the Division of Instructional Services as required by RSA 21-N:6 (II) and RSA 186-C:3 (I).

RECOMMENDATION:

The department should provide the necessary leadership to assure that special education programs and technical assistance services are fully coordinated and integrated within the general curriculum and instruction activities of the Division of Instructional Services.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

We agree that every attempt should be made to build cooperative relationships between special education programs and regular education. The department, however, has a dual responsibility to regulate as well as provide technical assistance.

RESEARCH AND DEMONSTRATION UNIT

RSA 186-C:3 (II) requires the Department of Education to have a Research and Demonstration Unit within the Bureau for Special Education Services. While the law allows the Research and Demonstration Unit to study critical issues and problems and develop and propose solutions to the problems "subject to available funding," the law does not allow the department to choose not to include a Research and Demonstration Unit within the Bureau for Special Education Services.

The legislature directed the Special Education Bureau to include a research and demonstration unit. The unit was to serve as a focal point for the study of critical special education issues and problems.

Currently, the bureau is involved with several outside consultants and organizations in the study of various issues critical to special education. These include the AGH, Inc. demonstration projects for the severely/profoundly developmentally disabled in Salem and Wolfeboro and the Statewide Systems Change Project at the UNH Institute on Disability. However, we find no mechanism within the bureau, such as a research and demonstration unit, to coordinate, publish, disseminate and apply, on a statewide basis, information obtained from those and other successful studies and activities to local school districts in a manner envisioned by the legislature.

Our survey contained two statements related to the subject of research and demonstration. Thirty-one out of 59 respondents (53%) did not think the department had developed, implemented and evaluated adequate state-wide special education demonstration programs, while 52 out of 69 (75%) thought the department should do more with regard to demonstration programs.

OBSERVATION 11: LACK OF RESEARCH AND DEMONSTRATION UNIT

The Department of Education does not have a Research and Demonstration Unit within the Bureau for Special Education Services as required by RSA 186-C:3(II).

PLANNING AND MANAGEMENT (Continued)

RECOMMENDATION:

The department should either set up a research and demonstration unit within the Bureau for Special Education Services as directed by the legislature or seek repeal of the law requiring such a unit.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

The Bureau for Special Education Services has requested personnel and financial resources to establish a Research and Demonstration Unit during previous biennial budget requests. These requests did not make it through the administrative budget process. In recent years the Commissioner's office has not approved the Bureau's request for funding this item due to its cost and previous rejections in the budget process. The department will include this request in all future budget recommendations.

COMPLAINTS, DUE PROCESS HEARINGS AND GRIEVANCE PROCEDURES

The Department of Education has three separate procedures in place for parties aggrieved by actions taken regarding special education services. The three procedures involve the filing of a complaint when violations of regulations in the delivery of services are alleged; the request for an impartial due process hearing when disagreements regarding evaluations, determinations of educationally handicapping conditions, programming and placement are at issue; and the procedure for filing a grievance when a party to a dispute wishes to involve the State Board of Education. The complaint process is handled directly by the Bureau for Special Education Services. The impartial due process hearing and grievance procedures are handled by the Office of the Commissioner.

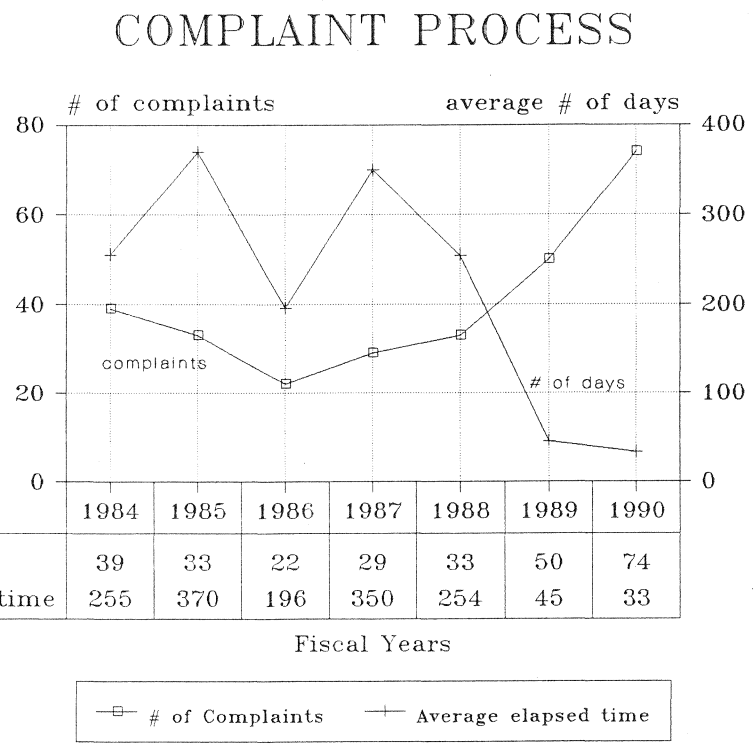
Regulatory dispute resolution mechanisms should be reasonably easy to access, simple to understand, clear in explaining any applicable sanctions, and provide all parties involved speedy and appropriate due process at the lowest possible administrative level avoiding, wherever possible, the filing of lengthy, costly, and unnecessary lawsuits. With the department's three separate procedures as outlined in the Standards, it is not always clear what procedure to apply in any given situation, what individual or office should handle the issues involved, or whether or not any one procedure provides a remedy exclusive of the other two.

COMPLAINT PROCEDURES

Under the department's Standards, special education complaints are to be resolved within 60 days (90 days under limited circumstances). Any party to a dispute may file a complaint, although usually only parents use the complaint process. Complaints are filed with the Bureau for Special Education Services. The bureau can investigate and, if it finds that the complaint has merit, it can issue orders of compliance. These orders can be backed up by any one of several enforcement actions. The party subject to the orders can appeal, pursuant to the state's administrative procedures act (RSA 541-A), to state Supreme Court. Because the complaints process is authorized and required under the federal Education Department General Administrative Regulations (EDGAR), a party can also appeal to the U.S. Secretary of Education.

We reviewed all department special education complaint files between 1984 and 1990. During that time the average time for complaint resolution was 181 days. As shown in the table below, the year with the longest average time for complaint resolution was 1985 at 370 days, while the shortest average time was 33 days in 1990.

In at least 14 cases during the seven year period parties used the complaint procedure to its conclusion only to be told that they would have to start over and use the impartial due process hearing procedure in order to have the dispute effectively resolved.



	1984	1985	1986	1987	1988	1989	1990
# of Complaints	39	33	22	29	33	50	74
Average elapsed time	255	370	196	350	254	45	33

Source: NHSDE Files

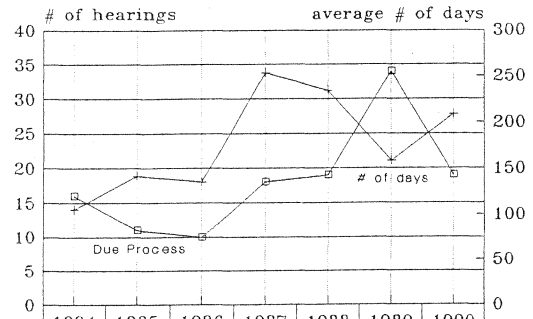
PLANNING AND MANAGEMENT (Continued)

IMPARTIAL DUE PROCESS HEARINGS PROCEDURES

According to the Standards, impartial due process hearing requests are to be resolved within 45 days. However, the period can be, and most often is, extended by mutual consent of the parties. Either party to the dispute can use the impartial due process hearing procedures. A formal hearing is held where evidence is presented and testimony taken. The written decision of the hearing officer is binding upon the parties; however, it can be appealed either to the state Superior Court or to federal court. The impartial due process hearing procedure is authorized by both New Hampshire law (RSA 21-N, RSA 541-A) and federal law (20 USC § 1415).

As shown in the table below between 1984 and 1990 the average time for resolution of impartial due process hearing requests, counting from initiation to decision, was 161 days. During the period 23 of the 190 disputes (12%) culminating in a decision were identified as ones involving a child with a developmental disability. In those 23 cases, parents prevailed 11 times, the school district 11 times and one was a split decision. Also of interest is the fact that parents won 10 of the 19 hearings they initiated (53%), while school districts won 3 out of the 4 they initiated (75%).

DUE PROCESS HEARINGS



	1984	1985	1986	1987	1988	1989	1990
DUE PROCESS	16	11	10	18	19	34	19
AVERAGE ELAPSED TIME	105	142	135	253	234	158	208

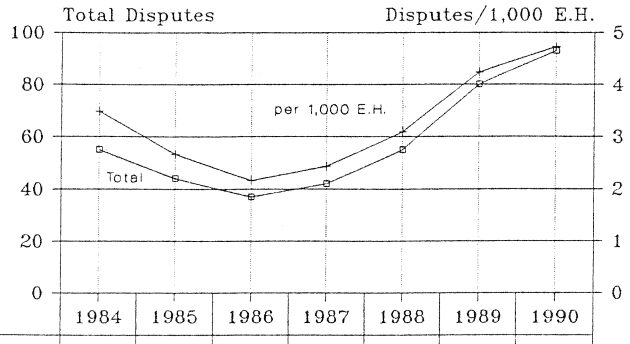
Fiscal Years

DUE PROCESS — AVERAGE ELAPSED TIME

Source: NHDSE Files

We also looked at the combined total of complaints and impartial due process hearings for the seven year period 1984 to 1990. As shown in the table on the following page, the combined total number of disputes grew from 55 in 1984 to 93 in 1990, an increase of 69%. Controlling for the population growth, the increase went from 3.49 disputes per 1000 to 4.73 disputes per 1000 educationally handicapped children, an increase of 36%.

TOTAL OF COMPLAINTS & DUE PROCESS
EDUCATIONALLY HANDICAPPED INCREASE PER
1,000 EDUCATIONALLY HANDICAPPED STUDENTS



	1984	1985	1986	1987	1988	1989	1990
TOTAL DISPUTES	55	44	37	42	55	80	93
DISPUTES/1,000 E.H.	3.49	2.67	2.16	2.44	3.09	4.23	4.73

Fiscal Years

TOTAL DISPUTES — DISPUTES/1,000 E.H.

Source: NHSDE Files

Our survey contained several statements regarding complaints and due process hearings. The following summarizes how special education administrators responded:

- 56% agreed the department handles special education complaints promptly, 20% disagreed and 24% had no opinion;
- 56% agreed the department handles special education complaints in a fair and evenly balance manner, 17% disagreed and 27% had no opinion;
- 23% agreed the impartial due process hearing procedure resolves appropriate disputes within a reasonable time, 53% disagreed and 24% had no opinion);
- 25% agreed impartial due process hearings officers generally carry out their duties in a fair and balanced manner, 46% disagreed and 29% had no opinion.

GRIEVANCE PROCEDURE

The department's grievance procedure outlined in the Standards has been rarely used to resolve special education disputes. In fact in our review and in discussions with department staff, we found nothing to indicate it had ever been used. However, the grievance procedure is another possible avenue for the resolution of special education disputes.

It appears that any party to a dispute may use the grievance procedure. The Commissioner of Education handles the grievance at the first level. A party unhappy with the commissioner's decision can appeal to the State Board of Education. The board makes the final administrative decision which can be appealed to state Supreme Court.

THE CASE OF TIMOTHY W.

The case of Timothy W. v. Rochester School District illustrates the problems and frustrations that can result from attempts to use the department's dispute resolution mechanisms (use of this case is for discussion purposes only and should not be interpreted to suggest that we agree or disagree with its result). The case took nine years to resolve and involved Department of Education officials and procedures on at least three separate occasions.

Timothy was (and is) a developmentally disabled person who is multiply handicapped and profoundly mentally retarded. When he became of school age the school district decided after much, and sometimes conflicting, testimony that Timothy was not educationally handicapped because his handicap was so severe he was not "capable of benefitting" from an education. According to the school district, he was not entitled to a free and appropriate public education.

Timothy's case began in 1980 when the school district found the four year old was not entitled to an education. The case wound along the following lengthy and at times somewhat tortured procedural path:

- 1982 - the department, acting on a complaint, disallowed the school district's "capable of benefitting" test;

- 1984 - eight year old Timothy filed a request for placement with the department and the department issued orders of compliance directing the school district to place Timothy, **within five days,** in an educational program (Emphasis Added); the school district appealed the department's order and again ruled Timothy not eligible for special education; Timothy filed a lawsuit in federal court;

- 1985 - court ruled nine year old Timothy had not exhausted his administrative remedies;

- 1986 - ten year old Timothy again requested a school district special education program and again the school district refused;

- 1987 - court again found that Timothy, now eleven years old, had still not exhausted his state administrative remedies; the department ruled that child's capacity to benefit not a permissible standard for determining eligibility and that school district must provide an education to Timothy; the school district appealed the department's ruling;

- 1988 - the school district and twelve year old Timothy both asked the court to rule in their favor; the court ruled for school district by finding child's ability to benefit can be the standard applied in order for a handicapped child to qualify for education;

In 1989 a federal appellate court reversed the lower court's ruling and remanded the case for implementation of a suitable individualized education plan and determination of damages. The school district appealed to the United States Supreme Court which recently refused to hear the case, thereby letting stand the appellate court's decision.

It is ironic and worth noting that the Department of Education in May 1982 and again in September 1987 came to the same conclusion that the federal appellate court eventually did years later -- a child with developmental disabilities is handicapped within the meaning of both the federal and state laws (Education for All Handicapped Children Act, 20 USC §§ 1400 et seq. as amended and RSA 186-C) and is eligible without further recourse to receive a free appropriate education.

A most unfortunate consequence in Timothy's case was that it took nine years to decide. The very issue that started out as a complaint filed with the department found its way back to the department five years later in an impartial due process hearing. In the meantime both the child and the school district spent large sums of money and time on an issue that should have been resolved at the department level.

OBSERVATION 12: COMPLEXITY OF DISPUTE RESOLUTION MECHANISMS

Department of Education regulations regarding complaints, impartial due process hearing procedures and grievances are unnecessarily confusing, time-consuming and complex.

RECOMMENDATION:

The department should revise its Standards to provide for a special education administrative dispute resolution mechanism that is concise in language, impartial in application, and affords timely due process to all parties involved. The revision, while recognizing federal regulatory concerns, should be consistent with the intent of state laws regarding administrative procedures and executive reorganization.

If deemed appropriate by the department any new special education complaint and due process procedures should be administratively attached to the Office of the Commissioner and the data generated through use of the procedures should be part of the department's management information system (refer to our observation on page 77).

PLANNING AND MANAGEMENT (Continued)

AUDITEE RESPONSE: (NHSDE)

While the several functions might be assigned to a single compliance office, the development of a single mechanism would be highly impractical, if not impossible. Each is a distinct dispute resolution procedure; two are required by different federal regulations.

Complaints address failure of a school district to follow regulated procedures and apply to a variety of federally supported programs. The majority, if not all, complaints filed address problems encountered in special education, and for this reason, management of complaints has been placed in the Bureau for Special Education Services. Complaints involve Department of Education staff investigation, and orders may be issued administratively to bring a district into compliance. Appeals of complaint findings may be addressed through the administrative grievance procedure.

Due process hearings are formal procedures and involve disagreements between parents and a school district regarding the identification, evaluation, classification, or programming of a student. Due process appeals cannot be managed as routine administrative complaints. In fact, due process must be an independent function, and the Department is prohibited from any intervention. If there is disagreement with the outcome of a due process hearing, the aggrieved party must initiate a court appeal if a reversal is sought. Additionally, while a due process hearing officer may consider complaints of procedural violations, it would be excessively costly and an inappropriate form to use solely for that purpose. Appeals of hearing officers findings may be appealed to the appropriate court.

PROGRAM APPROVAL, MONITORING AND ENFORCEMENT

The Department of Education has the dual responsibilities of providing regulatory direction and instructional assistance to local school districts and is required to balance those dual roles so that they are given equal consideration. The department is further required to establish credible processes for measuring, rating, monitoring and approving special education programs pursuant to its Standards.

Two of the ways the department has chosen to provide regulatory direction in special education is through the program approval and monitoring processes provided for in the Standards. Those processes are backed up by the department's ability to enforce its Standards by requiring corrective action plans or applying available sanctions.

PROGRAM APPROVAL

The program approval process begins when a local school district submits a written special education plan to the department. The purpose of a local school district's special education plan is to

detail how the district intends to comply with federal and state special education program requirements. School districts not having an approved plan are not eligible for state or federal special education funds. A special education plan must include at least 11 written policies and procedures as defined in the Standards. Several of the more important plan elements are as follows:

- child find policies and procedures insuring handicapped children in the district are located and served as appropriate;
- a detailed description of special education facilities, personnel and services;
- policies and procedures insuring procedural safeguards are in place;
- pupil evaluation and placement policies and procedures;
- policies and procedures on evaluating the school district's program.

We randomly selected files from ten school administrative units (SAUs) and reviewed their special education plans. SAUs submitted those plans to the department during the period 1980 to 1990. The Standards require local school districts, not SAUs, to submit a special education plan, however, according to department personnel SAUs submitted only plans that had been previously approved by their constituent local school districts. A total of 25 files were reviewed. Of those 25, we identified 11 (44%) which had special education plans clearly containing all elements required by the Standards. In the other 14 files (56%), 4 (16%) contained no plan, 5 (20%) an incomplete plan, or in 5 files (20%) it was unclear as to whether or not all required components were present.

In our survey, 58 out of 70 respondents (83%) thought the department should develop a model local special education plan format for use by local school districts (in a related matter, 56 out of 71 (79%) thought the department should develop a model IEP format).

PROGRAM MONITORING

In addition to initially approving a school district's special education plan, department Standards require periodic, on-site, visits to the districts to monitor implementation of the plan and compliance with the Standards and federal regulations (no attempt is made in on-site monitoring visits to measure special education program outcomes). Committees made up of special education teachers and administrators conduct on-site monitoring visits typically lasting two to three days. A private, non-profit company under contract to the department

coordinates the on-site monitoring visits, provides some training to committee members, schedules the visits, manages the flow of paper work and prepares a draft report of the visit including any findings.

After the on-site visit, the draft report, complete with commendations, findings and corrective action plan is forwarded to the SAU for its comments. After reviewing the draft report along with the SAU comments, if any, the department, through the commissioner, notifies the SAU superintendent of its decision. The department may either grant unconditional approval of the local school district special education plan for a full three year period, may give conditional approval under certain circumstances or for a shorter term, or may deny plan approval.

In our review of the 25 monitoring visits to the ten SAUs, we noted a total of 597 findings assessed against the school districts. Of those findings, 462 (77%) dealt directly with the issue of a free and appropriate public education in such areas as evaluation and determination (32%), IEP (31%) and placement (15%). The range of findings per visit was four to 45. The average was 25 findings per visit.

In an effort to determine if, as many suggested, "things are a lot better than they used to be," we subdivided the period 1980 to 1990 into three parts, an early part (1980 to 1983), a middle (1984 to 1987) and a late part (1988 to 1990). Our conclusion (summarized in the table below) is that there has been no appreciable change over time in the number of findings related to compliance with provisions of a free and appropriate education.

Comparison of Major Findings
Per Special Education
On-Site Monitoring Visit
(1980 - 1990)

NUMBER OF FINDINGS	1980-1983	1984-1987	1988-1990
AVERAGE	23	31	23
MEDIAN	26	37	18
RANGE	4-39	9-43	5-45

We also checked each of the 25 files for compliance with findings from the previous on-site. We found that SAUs in five files (20%) had completed corrective actions from the previous on-site visit and in 15 files (60%) had not completed corrective actions. In four files (16%) the status of corrective actions could not be determined. While in one file no corrective actions had been required.

In all 25 cases reviewed we noted letters of unconditional approval from the Commissioner of Education to SAU school superintendents. However, in six letters the period of approval was for less than the full three years (four were for two years, two for one year). It is unclear from reading the files and the letters of approval whether or not these shorter approval periods have any meaning other than less time between on-site visits.

ENFORCEMENT

Department of Education Standards provide for the application of enforcement procedures subsequent to decisions resulting from on-site monitoring, complaints, and impartial hearings processes. The department's regulations outline a procedure whereby, after "orders of compliance" have been ignored, one or more of the following enforcement actions may be taken:

- withhold payment of state or federal funds;
- require repayment of any misspent or misapplied state or federal funds;
- issue public sanctions;
- refer the case to the attorney general for further action;
- in the case of a private facility, order all local school districts to withdraw their students.

Throughout our review of special education files relating to complaints, impartial due process hearings, special education plan approval and on-site monitoring, we found no evidence that the department has applied any of the five specific enforcement procedures outlined in the Standards. Indeed, our review of files and interviews with department personnel and others indicates that the department has no objective criteria for when any of the enforcement sanctions will be used or the order in which they might be applied to any given situation.

OBSERVATION 13: PROGRAM APPROVAL, MONITORING & ENFORCEMENT OF SPECIAL EDUCATION PROGRAMS

The Department of Education may not be exercising its general supervisory authority over local school districts in a manner that ensures compliance with special education Standards. While performing our review of files of special education complaints, impartial due process hearings, local school district special education plans and plan approvals and on-site monitoring visits, we observed that the department does not have established policies and procedures to ensure that deficiencies noted within a local school district special education program are corrected.

PROGRAM APPROVAL, MONITORING AND ENFORCEMENT (Continued)

RECOMMENDATION:

The department should review its special education Standards regarding special education plan approval, on-site monitoring and enforcement processes. The review should give strong consideration to a more credible implementation of procedures for approving and monitoring special education programs and of enforcement measures to be taken when local school districts fail to adhere to the Standards. The review should balance local control with the state's need to apply professionally recognized and legally enforceable standards that appropriately and adequately measure both program compliance and program outcomes.

We further recommend that when the department undertakes the necessary review, the Commissioner consider whether or not it is appropriate for the Bureau for Special Education Services to have the dual responsibilities for regulatory enforcement and technical assistance for special education programs.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

The Department of Education has been monitoring special education programs at the local school district level since 1975. Throughout this period, the school districts have made significant progress in meeting the needs of handicapped children.

The department has worked cooperatively with school districts to assist them in meeting their obligations as specified in RSA 186-C and New Hampshire Standards for the Education of Handicapped Students. If the department is to increase its enforcement capacity and begin to withhold funds, force repayment of funds, create public sanctions against school districts, refer education issues to the Office of the Attorney General for prosecution, and cause the removal of children from local school district control, it will be necessary to provide additional resources to enable these expanded responsibilities to be executed. In this context, the department will review the bureau's organizational format to determine whether the dual functions of enforcement and technical assistance are compatible.

BEVERLY

Beverly celebrated her 60th birthday this year. She has had a life of turmoil and a life of pain but now seems to be on the road to better things. Beverly spent more than 40 years of her life at Laconia State School. She was sent there by her family as a young girl because she was a "behavior problem." When she went to the state school she learned, as many do, to survive by crawling inside of herself with her anger. Above all things she was a survivor, a fighter. A combination of foul language and a loud voice protected her over the years; they helped her to survive. Seven years ago, Beverly left Laconia State School and moved into the community. She continued to use her voice and her language as a way to convey the anger and betrayal she felt inside. Often they built to a fever pitch. She became involved with several doctors over the years -- all kinds of doctors from psychiatrists to neurologists to neuro-psychiatrists -- trying to find a way to calm her down and make her comply with the society she faced everyday. Medications were tried and, on top of them, more medications and more medications until in the summer of 1990, Beverly was reduced to a shell of a woman, so toxic with medications that no one knew who she was or where she was, including herself.

After a short stay at the state hospital, Beverly returned to the community. But this time there was a new "program" awaiting her. People who had been Beverly's friends over the years, people who were very devoted to her, came forward and said ENOUGH. Under the auspices of the area agency these friends helped Beverly reclaim her life. She began to hire and fire her own staff, had complete control of what she wanted to do when she wanted to do it, purchased a vehicle, and found a new apartment to move into. At this time Beverly and her friends are forming a "circle of support." They together will help manage the supports that Beverly wants and needs and will help her reach the goals that until now, 60 years after her birth, have been unattainable to her, because the power had been in the hands of others. The power is now with Beverly; she is medication free; she has friends.

DEVELOPMENTAL SERVICES FOR ADULTS
(21 AND OVER)

DEVELOPMENTAL SERVICES FOR ADULTS (21 AND OVER)

AREA AGENCY SERVICES

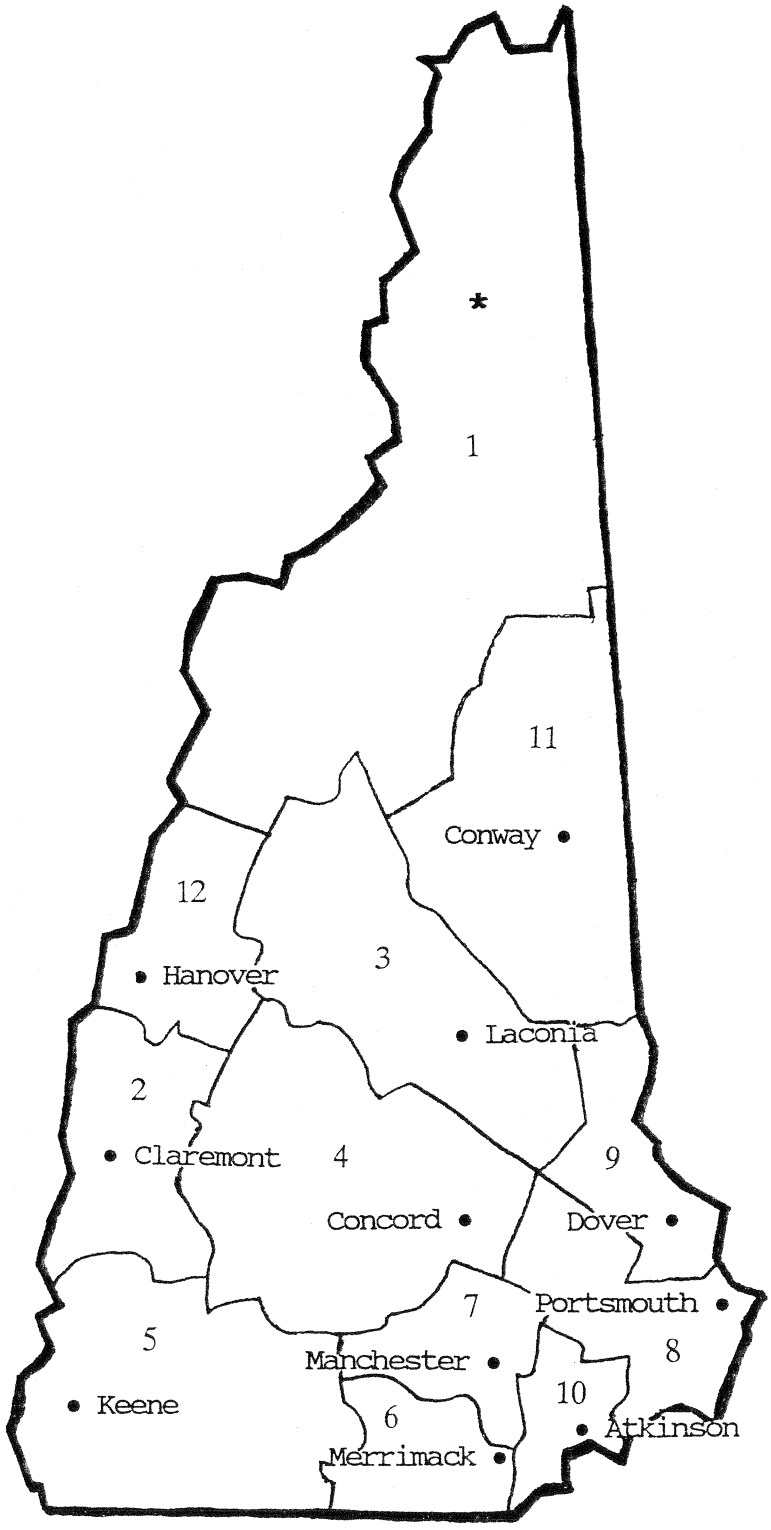
Area agencies were first authorized as the "entry point" for community-based developmental services by 1979 NH Laws, Chapter 322, but the Division of Mental Health and Developmental Services (DMHDS) did not designate any area agencies until 1981. The court order handed down in the Garrity v. Gallen suit required the division to establish area agencies as authorized in law. By the end of 1982, the division had designated area agencies for all 12 regions, and by 1983, all the agencies were operational. A map showing the regional area served by each agency is on the following page. Basic data on each region are presented on page 97.

RESPONSIBILITIES AND ORGANIZATION

Area agencies are nonprofit corporations designated by the division director to provide services for individuals with developmental disabilities. One area agency is designated for each of the 12 regions established by administrative rule He-M 505. Each area agency is to be governed by a board of directors composed of from 9 to 23 members, of whom one-third must be developmental service consumers. Consumer members may include individuals with developmental disabilities or family members or guardians of such individuals. Rules require that all board members must be approved by the director of DMHDS. RSA 171-A provides that each area agency is to be the primary recipient of funds dispensed by the division for programs and services and that agencies may subcontract with other entities to provide those services. (For further discussion of services provided directly by area agencies or through subcontracts, see pages 98 - 109.)

State law and administrative rules together establish that area agencies are responsible for developing and monitoring individual service plans, evaluating clients and placing them in programs, monitoring and safeguarding clients' rights, and monitoring services through an internal quality assurance program, as well as for providing case management, employment, habilitation, residential, family support, and respite services. Rule He-M 505 states that area agencies shall ensure that their services provide frequent opportunity for integrated activity or are provided in integrated settings to allow individuals with developmental disabilities to interact with non-disabled individuals. When possible, the area agencies are to use generic services -- those available to the general population and not specifically designed for individuals with developmental disabilities-- rather than establishing new programs for their clients.

AREA AGENCY REGIONS



REGION 1
Northern NH Mental Health and Developmental Services, Inc.
* See Below

REGION 2
Sullivan County Rehabilitation Center, Claremont

REGION 3
Lakes Region Community Services Council, Laconia

REGION 4
Region IV Area Agency, Concord

REGION 5
Monadnock Developmental Services, Inc., Keene

REGION 6
Area Agency for Developmental Services, Inc., Merrimack

REGION 7
William J. Moore Regional Services, Inc., Manchester

REGION 8
Region VIII Community Developmental Services Agency, Inc., Portsmouth

REGION 9
Developmental Services of Strafford County, Inc., Dover

REGION 10
Region 10 Community Support Services, Inc., Atkinson

REGION 11
Center of Hope for Developmental Disabilities, Inc., Conway

REGION 12
United Developmental Services, Hanover

* Note: Region 1 main office is located in Conway, part of Region 11.

AREA AGENCY STATISTICS - FISCAL YEAR 1990

	REGIONS						C
	I	II	III	IV	V	VI	O
a. Total Area Population	56,468	38,592	69,895	123,743	92,328	161,988	N
b. Unduplicated Clients Served	234	186	311	349	341	358	T
c. Clients Waiting for Services	28	7	50	82	101	85	I
d. Total Units of Service Provided	54,423	44,573	77,479	63,052	76,772	71,556	N
e. Expenditures (in millions)	$ 2.8	$ 4.4	$ 6.6	$ 4.7*	$ 6.5	$ 5.9	U
f. Average Full-time Equivalent							E
Staff: Area Agency Only	85	118	95	17	17	25	
Subcontractors	N/A	12	N/A	159	196	567	D

	REGIONS						STATEWIDE TOTAL
	VII	VIII	IX	X	XI	XII	
a. Total Area Population	166,155	122,079	104,233	105,751	35,410	32,475	1,109,117
b. Unduplicated Clients Served	456	324	206	177	163	113	3,218
c. Clients Waiting for Services	235	93	51	57	4	9	802
d. Total Units of Service Provided	105,014	58,988	47,401	28,258	57,865	24,880	710,261
e. Expenditures (in millions)	$ 9.4	$ 4.1	$ 3.9*	$ 4.0	$ 3.8	$ 3.1	$ 59.2
f. Average Full-time Equivalent							
Staff: Area Agency Only	180	40	143	53	110	89	972
Subcontractors	N/A	107	33	N/A	N/A	N/A	1,074

N/A = Data not available * = Regions IV and IX expenditures for intermediate care facilities not reported.

Sources: a. Office of State Planning - 1990 Census data
b. DMHDS - FY 90 Year End Program Statistics (may not include clients served through Family Support Councils)
c. DMHDS - Waiting list database, as of December 31, 1990
d. DMHDS - FY 90 Year End Program Statistics and June 1990 Monthly Program Reports
e. DMHDS - Financial audit reports of area agencies, 1990, Statements of Functional Expenses with adjustments to include depreciation and exclude capital costs. (Region IV expenditures based on draft audit report.)
f. LBA - November 1990 Survey of Area Agencies

AREA AGENCY SERVICES (Continued)

TYPES OF SERVICES PROVIDED

Some area agency services are provided to every client, such as evaluation and development of an individual service plan. Other specific services are provided to clients based on their needs, as identified through the evaluation process and the goals and objectives established in their individual service plans. These specific services include case management; adult day programs, including day habilitation and vocational programs; early intervention; family support and respite care; and residential programs, which include community and family residences, independent living programs, and intermediate care facilities (ICFs).

The table below shows the number of clients served in each service category statewide during fiscal year 1990. Because most clients receive more than one type of service, the sum of each service category does not equal the total number of individual, unduplicated clients served. The table also shows the units of service provided in each category, where applicable. Units measure the amount of service provided and vary by the type of service. For residential services, a unit is one night. For adult day services, a unit equals one 6-hour program day. Respite care is measured in units of one hour. Case management, early intervention, and the independent living residential services are not measured in units.

FISCAL YEAR 1990 AREA AGENCY SERVICE LEVELS, BY SERVICE CATEGORY

	Case Management	Day Habilitation	Vocational Programs	Early Intervention	Fam. Support Respite	Community Residences	Family Residences	Independent Living	ICF/MR
CLIENTS SERVED	2,056	388	1,159	1,184	1,827	543	351	187	59
SERVICE UNITS	N/A	72,406	187,403	N/A	163,359	165,857	101,722	N/A	19,513
TOTAL EXPENDITURES ++	$4.6	$4.7	$8.6	$2.1	$1.7	$20.2	$5.0	$1.3	$3.3 **
AVERAGE COST PER CLIENT	$2,235	$12,134	$7,461	$1,794	$908	$37,180	$14,231	$6,800	$72,514 *

N/A = Not applicable ** = Expenditure data not available for two regions. * = Adjusted for missing expenditure data.
++ = In millions

SOURCES: DMHDS FY 90 - Year End Program Statistics and June 1990 Monthly Program Reports; 1990 financial audit reports of area agencies - statements of functional expenses with adjustments to include depreciation and exclude capital costs; and LBA computations.

AREA AGENCY SERVICES (Continued)

Early intervention and family support services are discussed earlier in this report, beginning on page 41. The other categories of service are discussed in more detail below.

CASE MANAGEMENT SERVICES

Case management services are provided directly by all area agencies and can be thought of as the "wrapper" around all other services a client receives. Case managers coordinate client services from several different providers in different locations. Case management services include determining client eligibility, arranging comprehensive screening evaluations, coordinating development of individual service plans (ISPs), and monitoring all services. Case management services are available on a 24-hour basis for emergency care.

In addition to coordinating services, case managers also work to facilitate clients' integration in the community and to help clients develop informal networks that include non-paid, non-disabled, community members -- in other words, friends. Case managers also deal with client needs outside specific program categories, such as transportation to service locations, medical services, and clothing needs.

Most clients receive case management services. Families with children receiving early intervention services generally receive case management services through early intervention programs because of the unique needs of young children and their families. Families receiving only respite or other family supports from the area agency may not require case management services. In some cases, school-aged children may receive area agency case management services although most of their service needs fall under the responsibility of their local school district. In fiscal year 1990, 304 children between ages 3 and 21 received area agency case management services.

In fiscal year 1990, area agencies reported that 2,056 individuals, or 64 percent of the total clients served, received case management services. That figure represents a 26 percent increase over fiscal year 1989. The division contracted for 1,984 clients to receive case management in fiscal year 1991, which represents a 3.5 percent decrease from the previous year. The statewide contracted average cost for fiscal year 1991 case management services is $2,665 per client.

DAY PROGRAMS FOR ADULTS

Area agencies offer a variety of day programs ranging from basic skills training to helping clients obtain jobs. Day habilitation services are designed for individuals who have complex and profound handicaps. The three major goals of day habilitation are to assist clients in social integration, communication, and functional skills training. For example, staff may help clients who lack verbal skills to communicate better by teaching them to use signing or picture board symbols.

Facility-based Programs

Facility-based vocational services include adult day programs, sheltered workshops, and work activity center programs. The division differentiates these programs from other vocational programs by the amount of time (more than 50 percent) that clients spend in settings that do not include non-disabled individuals (non-integrated settings). Clients generally work only with other clients. These programs generally offer a combination of habilitation and skills training plus vocational training and part-time contracted work. Program providers are to explore other vocational opportunities in integrated sites so clients can participate in supported employment programs.

Supported Employment

The division defines supported employment programs as those providing clients paying jobs in integrated settings with staff providing long-term job training and support. In these programs, clients have "real" jobs with at least twenty hours of work per week and have daily contact with non-disabled coworkers. Supported employment can be structured in several ways, including work crews of clients with disabilities under professional supervision, enclaves of disabled workers in industry with financial incentives provided to the employer for the additional training required, individual job placements with job coaches or other backup support, as well as small enterprise, benchwork, and coworker models. Division data show individual placements and enclave arrangement to be the most common.

Competitive Employment

Competitive employment services provide on-site training opportunities and job placement services that lead to non-subsidized jobs in the regular labor force that pay at least the minimum wage. The goal of these programs is to enable clients to maintain their jobs in the labor force without any support or supervision from the service provider, thereby eliminating their "client" status for day services. The division expects clients in these programs to require only short-term support (less than one year) and that at least 65 percent of clients enrolled will actually receive job placements by the end of a contract year. In fiscal year 1990, only four regions operated competitive employment programs.

AREA AGENCY SERVICES (Continued)

The Division of Vocational Rehabilitation (DVR) also provides supported and competitive employment services to clients eligible for DVR services. The DVR services differ from those provided by area agencies in that they are time-limited and only cover initial training and adjustment. For clients with developmental disabilities, area agencies cover the service costs after DVR's limited service period has ended. (Further discussion of DVR services begins on page 166.)

Shifts in Types of Day Programs Used

From fiscal year 1989 to 1990, the number of clients served in day habilitation programs decreased from 559 to 388, and the units provided dropped from about 103,000 to 72,400 (-30%). At the same time, the number of clients served in the facility-based, supported, and competitive employment programs together increased from 932 to 1,159, and the number of units increased 31 percent. This shift indicates that the division is meeting its goals of greater community integration in clients' working lives and of more emphasis on "real" jobs, as outlined in its 1987 mission statement.

Contracted service levels for fiscal year 1991 show a continuation of this shift from day habilitation to more vocational-oriented programs to some degree. The number of clients in day habilitation dropped another nine percent from fiscal year 1990 to 1991, although units provided show a slight increase. Division data show a slight decrease in clients served in vocational programs but show a 17 percent increase in units. Some decreases in fiscal year 1991 may be because they are based on contracted numbers rather than actual numbers used for fiscal years 1989 and 1990. Area agencies often serve more clients and provide more units of service than originally contracted for. Analysis of contract documents indicate a statewide cost for day habilitation programs of $71 per unit of service and $47 per unit of service for vocational programs. Thus, the division's increasing use of vocational programs for certain clients appears to be a more efficient use of resources and more effective in helping clients achieve more "normal" lives.

RESIDENTIAL SERVICES

The field of residential services has been transformed as the commitment to deinstitutionalize citizens with developmental disabilities began in the early 1970s and accelerated in the early 1980s. At that time, publicly funded housing services in NH were provided primarily at the state institution. On January 31, 1991, Laconia Developmental Services (formerly Laconia State School), the only state institution for persons with developmental disabilities permanently closed it's doors. Today all housing services are provided in community settings with varying degrees of support.

The closure of Laconia Developmental Services is recognized by experts as an extraordinary accomplishment. New Hampshire is the first and only state in the country to eliminate institutional life as an option in the provision of residential services. Many other states have started to close state institutions in recent years as the value of community living is recognized as contributing to an improved quality of life for citizens with developmental disabilities.

Service Models

Residential services are provided in the community in various settings. According to division policy, clients are to receive services in the least restrictive manner appropriate to their needs maintaining as much individual freedom and choice as possible. Residential services in NH are characterized by the "smallness" of the residential environment, even as it applies to group homes and intermediate care facilities (ICF's), in striking contrast to many other states' systems of residential care.

The largest state supported ICF/MR has 12 beds and the largest community residence has only 8 beds, with an average of 4 beds per home. Nationally, the trend is toward the use of smaller residential settings; however, as recently as 1988, more than 50 percent of residential services were provided in settings of more than 15 beds per facility according to a study conducted by the Center for Residential and Community Services at the University of Minnesota. By comparison, NH is a leader in successfully reshaping its services to reflect family sized living environments.

The only remaining institutional residential services for developmentally disabled individuals are in New Hampshire Hospital and Glencliff Home for the Elderly. New Hampshire Hospital residents have a dual diagnosis of both developmentally disabled and mentally ill. They reside in a separate wing at the state hospital. As of August 3, 1990 there were ten residents in this wing and an additional ten residents in transitional housing located on the NHH campus. Glencliff residents are primarily elderly clients formerly from NHH, although there were 23 individuals with developmental disabilities residing in the home as of August 1990. These placements are considered appropriate by the division because the mental health needs or nursing home needs exceed their need for developmental services.

Intermediate Care Facilities for the Mentally Retarded are one of several community residential options funded by the division. ICF-MR's are funded under Title XIX (Medicaid) of the Social Security Act. The program was established by federal legislation in 1971 primarily to focus on improving conditions in large public institutions. As the movement to downsize public institutions continued through the 1980's, ICF-MR services began to be offered in community residential facilities on a much smaller scale than in traditional institutional settings of the past.

Today, eight ICF-MR facilities are located through-out the state with a total of 71 beds. These residential services are the most institutional in nature. In spite of their scaled down size, ICF-MR's are the subject of criticism because of an "institutional bias" and the diversion of significant funding into renovating facilities to meet federal ICF-MR facility standards and program standards. Many of these standards conflict with current thinking by professionals in the field because of the heavy reliance on the medical model of care.

In addition to ICF-MR's, there are three basic models for community living and six different levels of support funded by the division. They include:

Community Residences - This model refers to certified residential arrangements where one or more individuals receive services. Paid staff provide support and supervision for these services through a provider agency. These residences, formerly referred to as group homes, represent the largest single residential service category in the state. There were 105 group homes located throughout the state as of April 1991 serving approximately 522 clients. These residences have an average of four beds per home. The average contracted cost to provide services in this setting is $39,907 per resident for fiscal year 1991.

Family Residences - Refers to those situations where one to three individuals receive service in a certified family environment. Daily support is provided by the members of the host family who receive a stipend based on the level of support required by the client. The contracts for fiscal year 1991 indicate that 325 individuals will be served at an expected cost of $19,251 per resident. As of April 1991, there were 349 host families providing services.

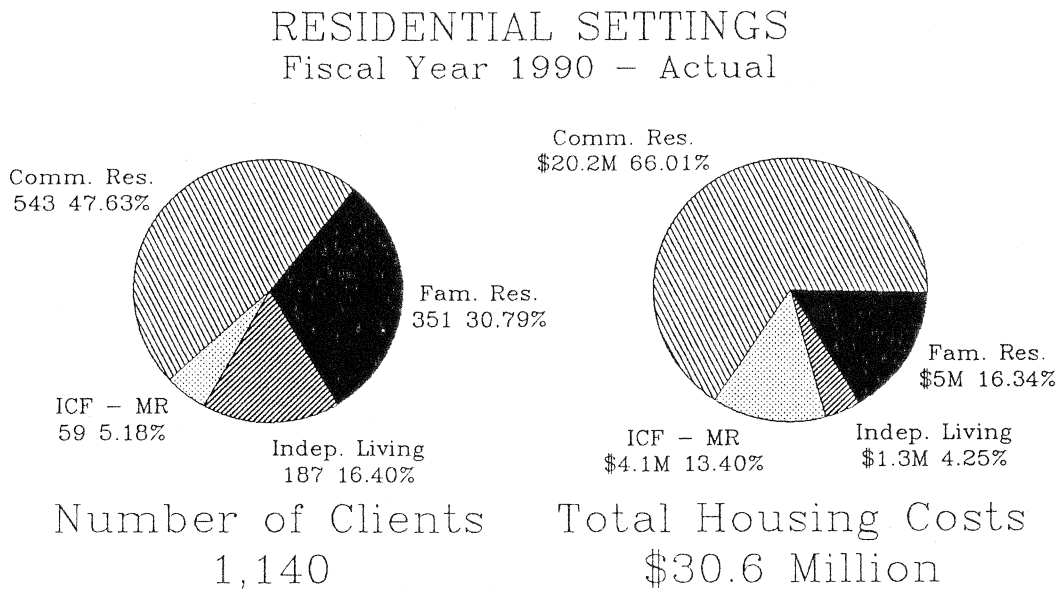
Independent Living - Refers to services provided in non-certified residential arrangements where an individual receives services from an individual who is reimbursed by a provider agency. Services vary according to individual need and are flexible in nature. For example, a neighbor may agree to look in on a client on a daily or weekly basis and agree to help in case of an emergency in return for a monthly stipend. The DMHDS contracted independent living services for 237 clients at an average cost of $5,126 per resident for fiscal year 1991.

Levels of Support

The levels of support offered vary according to individual need. They are defined as basic, transitional, minimum, moderate, intensive and maximum. Levels of support or supervision require more intensive staff-to-resident ratios as the level of need escalates. Twenty-four hour staffing is required for maximum and intensive levels of support with recommended staff-to-resident ratios ranging from 2:1 residents

to 1:1.19 residents. Lesser levels of support do not require round-the-clock care but need to be provided periodically or as emergencies arise. Recommended staff-to-resident ratios for the minimal level of support ranges from 1:10 to 1:3 residents.

During fiscal year 1990, housing services were provided as depicted in the following graph:



Source: Fiscal Year 1990 Area Agency Audited Financial Statements

Summary of Costs and Clients Served

Residential services comprise the single largest expenditure category for area agencies. They represented 52% of expenditures by area agencies for fiscal year 1990. During fiscal year 1990 area agencies spent approximately $30.6 million for residential services. The division funded $6.2 million in contracted services in addition to $12.5 million for the state's share of Medicaid funding for residential services. In total, the state funded 61% of the cost of providing residential services statewide.

AREA AGENCY SERVICES (Continued)

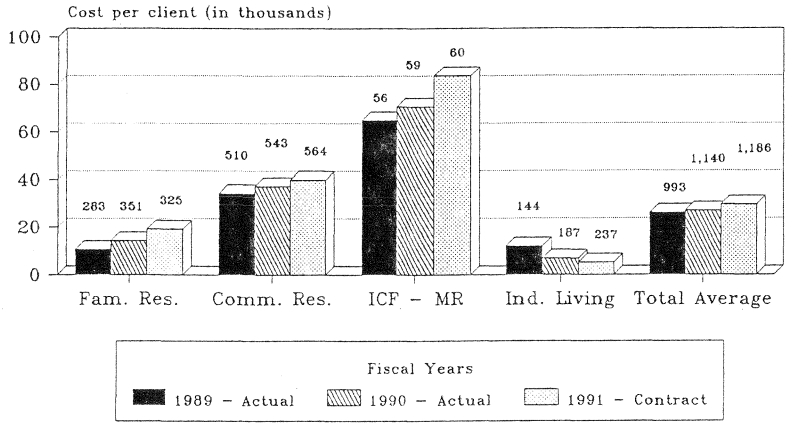
The following table summarizes the number of clients served in each category of residential services and the total cost to provide the service for fiscal years 1989, 1990 and 1991 (contracted).

	FY 89[1] (Actual)		FY 90[1] (Actual)		FY 91[2] (Contracted)	
	Total Cost	# of Clients[3]	Total Cost	# of Clients[3]	Total Cost	# of Clients[3]
FAMILY RESIDENCES	$ 3,027,839	283	$ 4,994,918	351	$ 6,256,595	325
COMMUNITY RESIDENCES	17,512,253	510	20,188,773	543	22,507,457	564
ICF-MR	3,634,189	56	4,171,265	59	5,022,722	60
INDEPENDENT LIVING	1,728,066	144	1,271,540	187	1,214,757	237
TOTAL	$25,902,347	993	$30,626,496	1140	$35,001,531	1186
COST PER CLIENT SERVED	$ 26,085		$ 26,865		$ 29,512	

Source: [1] FY 89 & 90 Audited Area Agency Financial Statements
[2] FY 91 Contracts with Area Agencies as Amended by DMHDS
[3] Actual YTD Cumulative Client Counts - DMHDS

The average cost per client for each of the four types of residential settings is shown in the graph below. As the graph clearly illustrates, ICF-MR's are the most expensive because they serve clients with complex medical needs, followed by community residences. The division supports greater use of family residences and independent living arrangements because they are less restrictive and are less expensive on average than group homes or ICFs.

RESIDENTIAL SETTINGS
Average Cost per Client
1989 - 1991



Note: The number above the bar is the actual YTD cumulative count of clients served in each residential setting.

Source: Area Agency Audited Financial Statements
Area Agency Contracts

Waiting Lists

Despite the large amount of resources already allocated to residential services, this service area has the largest unmet need. As of December 31, 1990, 454 people were waiting for residential services. It is also the category with the highest number of first and second priority clients which totalled 55 and 61, respectively as of December 31, 1990. The division maintains a formal waiting list database discussed in detail beginning on page 110.

Preferred Residential Model

Traditional services for the developmentally disabled segregated them from their communities, first by placing them in large congregate institutional facilities and more recently by placing them in group homes. The division published a position paper on November 13, 1990 announcing its intent to foster individual supported living arrangements as the preferred model for residential services. This paper is a formal statement by the division moving away from the continuum of care concept towards a concept of 'permanency planning' placing an emphasis on individualized residential support options. Key concepts in support of individualized residential options include the following:

- Control lies with the disabled individual- meaning the individual is named as the lessee or the mortgagor. Therefore, changes in staffing or support do not mean that the individual will be displaced or disrupted. This is what is meant by the term non-facility based support. The home is not an agency or provider home, but the individual's home.

- The home is designed specifically for the individual-the individual should not be grouped with more than one other disabled individual and only two by choice.

- New technology will not be required as the transition to individualized supported living takes place- the transition will be supported by the division through technical assistance and resources, directing funds to individualized supported living, revising regulations where necessary, and amending the community care waiver to fund individualized supported living options.

Clearly, the division has adopted a policy of moving away from facility-based supports and encourages the separation of housing services from other components of the service delivery system.

Affordable Housing Concerns

As individual housing services become more integrated in the community and as more individuals are offered a choice of living arrangements, affordable housing becomes a greater concern. The division has made recent efforts to improve access to affordable housing by hiring a housing and finance specialist at the divisional level and an expert in federal housing programs at the regional level. (Region VI) Although housing has been an issue for the area agencies throughout the 1980s, they are responsible for finding and accessing financing for real estate without formal assistance from the division.

Our review of area agency contracts for fiscal year 1990 revealed that 60 of the 125 properties funded by the division are owned by the area agencies. Most of these properties were financed by local banks at commercial lending rates according to the division staff. One area agency stood out from the rest because it used federal housing assistance to finance most of its properties. This completely eliminated a request for funding at the state level to cover occupancy costs (rent, principle and interest, repairs and maintenance and utilities). Other regions have also had some success in accessing public housing assistance funds, either through federal programs or the NH Housing Finance Authority.

OBSERVATION 14: SUBSIDIZED FINANCING

Our analysis of real property occupancy costs revealed that some area agencies are more successful than others in finding subsidized financing as an alternative to traditional commercial lending rates from local banks. Although the DMHDS has not maintained an inventory of real estate purchased by area agencies over the years with information such as how the properties were financed and at what rates, division personnel believe that most were financed by local banks, most recently at commercial lending rates. Some regions were successful in accessing federal Department of Housing and Urban Development money, resulting in subsidized housing costs and the attendant Section 8 eligibility for the residents. The New Hampshire Housing Finance Authority has been relatively inactive in funding real estate for non-profit corporations, claiming that area agencies have not shown much interest in the past. They reported financing eight non-profit properties since 1985 through the Affordable Housing Fund, totaling $2,069,410.

RECOMMENDATION:

The area agencies need to be more aggressive in accessing subsidized financing as an alternative to traditional commercial lending practices. The DMHDS should provide greater assistance in educating and consulting with the area agencies to inform them of the various

RECOMMENDATION (Continued):

financing options and provide clarification for complex regulatory barriers that often accompany federally funded housing programs. The division should develop working relationships with specialists in the housing industry for projects like subsidized cooperative housing projects and community reinvestment programs.

AUDITEE RESPONSE: (DMHDS)

Area agencies are being brought up to date on aggressive means of accessing subsidized financing and the Division will assist in continuing to clarify the barriers to federal funding for housing when development is contemplated.

OBSERVATION 15: UTILIZATION OF GENERIC RESOURCES

Historically, local and state housing authorities in New Hampshire have been resistant to serving individuals that are also served by the DMHDS, resulting in underutilization of generic housing resources such as the Section 8 program administered by the federal Department of Housing and Urban Development. In addition, many administrators of area agencies mistakenly thought that many of their clients did not qualify for assistance if they had live-in aids or lived in group homes. This approach unnecessarily restricts resources for persons with developmental disabilities to those funds earmarked exclusively for people with disabilities.

RECOMMENDATION:

As the movement toward individual supported living environments takes on more significance within the field of residential services, accessing generic housing resources, such as Section 8 certificates and vouchers, should be aggressively pursued by both the DMHDS and the area agencies, to enlarge the pool of financial resources available to persons with developmental disabilities.

AUDITEE RESPONSE: (DMHDS)

The Division will continue to support Section 8 funding aggressively for housing of individuals within the area agencies.

AREA AGENCY SERVICES (Continued)

ENTRY INTO SERVICE SYSTEM

RSA 171-A provides that people seeking developmental services shall apply to the area agency in their region. The only exception is for individuals seeking early intervention services, who may apply directly to the early intervention program provider if it is not provided directly by the area agency. Services for children aged 3 to 21 years old are primarily provided through local schools, and individuals must follow the standards and procedures of the Department of Education in applying for those services. (See page 53 - 93.) Area agencies are to provide a written determination of eligibility to the applicant within 21 days of filing. In an LBA survey, the area agencies reported that 692 individuals applied for developmental services during fiscal year 1990, and 590 (85%) were found eligible.

Area agencies must make preliminary recommendations for client placements in programs within 21 days of their application and must use the criterion of the least restrictive environment for the client. RSA 171-A also states that placement recommendations are to be to the programs or services which best meet client needs.

RSA 171-A:12 requires that an individual service plan, or ISP, be developed for each client and include a description of the client's specific needs, intermediate and long-range treatment goals that specify timetables, a work plan, and staff responsible for their achievement, and criteria for client transfer to a less restrictive setting. ISPs are to be jointly developed by clients and family members or guardians, along with area agency and program staff and any other service providers and must be approved by the client or guardian before implementation. Client placements and the implementation of their ISPs are to be reviewed annually. All placements must be voluntary, and clients (or their parents/guardians) may seek a change in placement or withdraw from the service system entirely at any time.

WAITING LISTS

With the increase in population and the demand placed on the Division of Mental Health and Developmental Services and area agencies, many individuals with developmental disabilities are not receiving needed services. Thus, waiting lists have been formed to serve the increasing demand for services that exceeds available funding for community services. To facilitate the monitoring of the waiting lists, DMHDS established a computerized database system in March 1990. Prior to March 1990, lists were compiled manually on an as needed basis, beginning in January of 1987. Since the first informal list in January of 1987, the demand for services has grown by 308% (per the database as of 12/31/90).

Waiting List - Priorities Established

In 1987, administrative rule He-M 503.07 established priorities for clients waiting for services, ranking them on a scale from one to five. Priorities three and four are for clients currently served and priorities one, two and five are for those unserved. In August 1989, the New Hampshire Supreme Court validated the state's waiting list procedures in Petition of Brenda Strandell, 132 NH 110 (1989). Results of our survey of area agencies showed that a large majority (83%) of agencies considered the priority categories established by the division appropriate to ensure that the most needy clients are served first.

The first priority is for individuals who are at risk of harm or regression in functioning due to lack of food, clothing, shelter, or proper supervision. The second and fifth priorities are used for individuals who are in need of services in order to stay in the least restrictive environment or for individuals who currently reside outside of the region and are not receiving services.

The third priority is for individuals whose current services are not of the quality needed to meet the goals and objectives of the client, the current circumstances are not within the least restrictive environment or the client is moving to another region. The fourth priority is for individuals who desire or need alternative circumstances for other reasons.

Special Appropriation FY 90-91

The 1989 NH Laws, Chapter 365 made a special appropriation of $1.5 million for fiscal year 1990 and $2.0 million for fiscal year 1991. The fiscal year 1990 appropriation removed 323 clients from the waiting list, but with additional clients being added to the list the result was an overall net decrease of only 6 percent. Fiscal year 1991 special appropriation of $2.0 million maintained services for those clients served with the fiscal year 1990 special appropriation of $1.5 million.

WAITING LISTS (Continued)

Waiting List Advisory Committee

The Waiting List Advisory Committee, established by 1989 NH Laws, Chapter 280, was formed for the purpose of assisting the Division of Mental Health and Developmental Services in allocating the special appropriation for the reduction of waiting lists to those clients in need of developmental services based on their level of need.

The Advisory Committee recommended spending the special appropriation for fiscal year 1990 as follows:

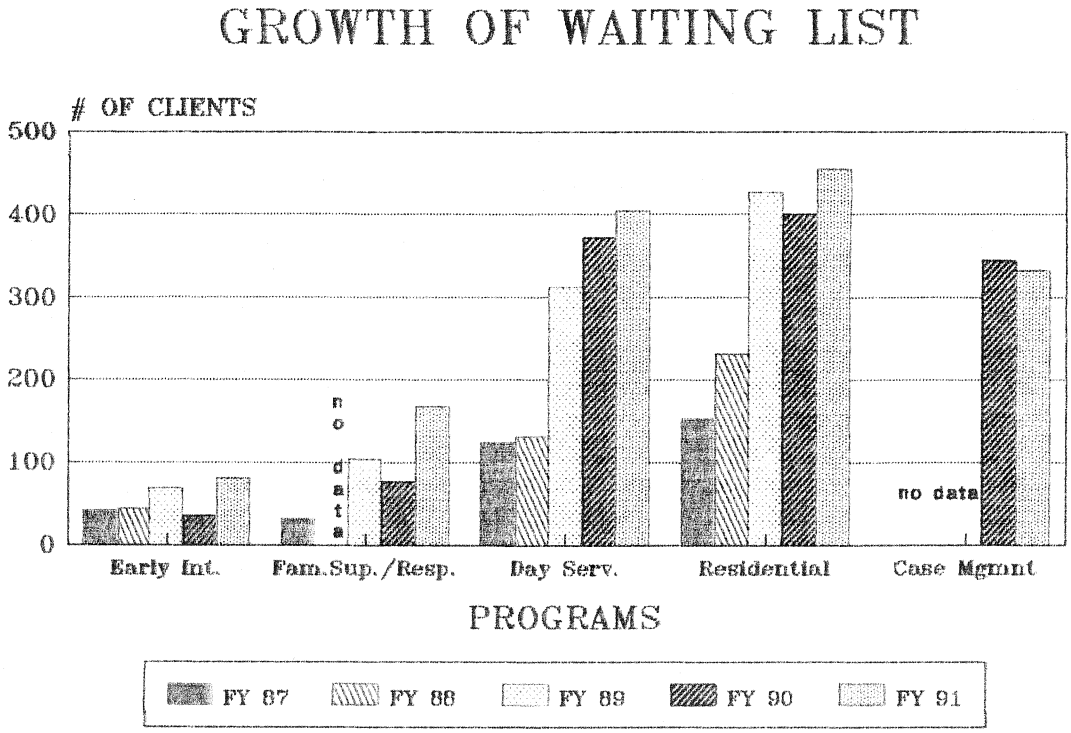
- Full funding for the early intervention waiting list;
- Full funding of day programs for young persons transitioning from school programs;
- Full funding of respite care requests; and
- Fund only the critically needed residential services with flexibility to be exercised by the Area Agencies to plan appropriate and compatible living arrangements for people.

The funds were allocated by the advisory committee as follows:

SERVICE	# SERVED	FUNDS ALLOCATED
Early Intervention	136	$ 248,659
Respite Care	54	69,939
Day Program Services	95	656,425
Residential Services	38	524,977
Total	323	$ 1,500,000

Growth of Waiting List

The following graph illustrates the overall growth in demand for services between fiscal year 1987 and fiscal year 1991. The waiting list did decrease in certain program areas due to the special $1.5 million appropriation in fiscal year 1990: Early intervention decreased by 46%, family support/respite care decreased 44% and residential services decreased by 8%, day programs continued to increase (18%). If the Division is to continue to take people off the waiting list during fiscal year 1991 it will be contingent upon the availability of existing spaces or other revenues received in addition to the $2 million appropriated for fiscal year 1991 as that special appropriation will be needed to maintain those taken off during fiscal year 1990.



Source: FY 1987 - January of 1987, manual request of area agencies.
FY 1988 - November of 1987, manual request of area agencies, no respite care data.
FY 1989 - October of 1988, manual request of area agencies.
FY 1990 - June 30, 1990, waiting list database.
FY 1991 - December 31, 1990, waiting list database.

One must keep in mind that the list is very volatile. The graph does not show case management for fiscal years 1987 through 1989 because data was not reported during those years and family support/respite care was not reported in FY 1988.

Numbers and Length of Wait

According to waiting list reports for the second quarter of fiscal year 1991, (December 31, 1990) there are 802 clients waiting for services. Two hundred thirty six clients (duplicated) are waiting for services that are coded as priority one. The estimated cost to eliminate clients at all priority levels from each service category on the waiting list is presented on page 113. (Because some clients need more than one type of service, the sum of clients by service category exceeds the total number of clients waiting.) Residential services is the largest single component of the waiting list. Residential services include four types of residences: Family Residences; ICF-MR, independent/ supported living, and community residences.

WAITING LISTS (Continued)

WAITING LIST AS OF DECEMBER 31, 1990

SERVICE	PRIORITIES -1-	-2-	-3-	-4-	-5-	TOTAL* WAITING	AVERAGE COST** STATEWIDE	TOTAL COST *** TO ELIMINATE
Case Management	32	37	206	52	6	333	$ 2,235	$ 744,255
Respite/family support	10	15	143			168	908	152,544
Early intervention	73	3	4			80	1,794	143,520
Day habilitation	25	31	82	2	1	141	12,134	1,710,894
Employment program	41	40	159	19	5	264	7,461	1,969,704
Residential	55	61	266	66	6	454	26,865	12,196,710
Total	236	187	860	139	18	1,440		$16,917,627
Cost to eliminate each priority (in millions)	$2.3	$2.4	$9.9	$2.1	$ .2			$16.9

Source: * DMHDS - Waiting list database - December 31, 1990, duplicated count.
** LBA calculation based on fiscal year 1990 audited financial statements
*** Extension of total waiting x average cost.

According to the database as of December 31, 1990 the average wait for clients on the early intervention waiting list has been 9 months. Longer waits are common for other services. Average waits for those currently on the waiting lists for residential and day services are three to four years. A total of 280 service needs had gone unmet for three or more years, and 66 of those were for clients ranked as priority one (as of December 31, 1990) although we must note that these clients may not have been priority one for the entire period.

The $2.0 million special appropriation in fiscal year 1991 was to be used to maintain those clients taken off the waiting list with the fiscal year 1990 special appropriation. These clients will be funded in fiscal years 1992 and 1993 under the base maintenance request. The money requested for fiscal years 1992 and 1993 will not cover all of the priority one clients on its waiting list in need of services. Only those clients in immediate crisis situations, which may or may not have been reported as priority one clients on the quarterly waiting list database due to the list's volatility, can be served with the request.

Other States

Almost all states have waiting lists for services to those with developmental disabilities. New Hampshire has relatively few clients on waiting lists (for its population size) compared to other states. In 1987 (latest data available) the Association for Retarded Citizens gathered waiting list data from 50 states and the District of Columbia. This data showed that NH had one of the lowest per capita waiting lists. NH ranked eleventh for residential services and twelfth for day services.

OBSERVATION 16: UNMET SERVICE NEEDS - WAITING LISTS

The service system has been unable to cope with these changes: increased numbers of students leaving out-of-district residential placements, students leaving school special education programs and growing numbers of older families who have kept family members at home for years, but who now need services. The number of people on waiting lists for services is a strong indication of unmet service needs.

The projected cost to serve just those clients that are coded as priority one as of December 31, 1990 would be $2.3 million (based on average costs as of June 30, 1990 from the regions' annual audit reports). The cost to eliminate the total waiting list is estimated at $16.9 million. This is not a one time cost. Clients must be funded annually if they are to continue receiving services. Although the special appropriations of $1.5 million and $2.0 million in fiscal years 1990 and 1991 helped to reduce the waiting lists, clients with unmet needs continue to be added to the lists. Many remain on the lists for years.

RECOMMENDATION:

The Division of Mental Health and Developmental Services should continue their commitment to reduce waiting lists, especially for priority one clients and for services, such as early intervention and respite, that the Waiting List Advisory Committee has identified as top priorities. To improve planning and budgeting, and reduce the number of unexpected clients in crisis, the division should use historical and population data to predict the number of clients in crisis expected on future waiting lists within a given period.

The division should also continue its efforts to help and encourage area agencies to pursue generic services for clients in order to stretch limited resources and should concentrate on ways to achieve the efficient use of resources among the area agencies as outlined in the area agency biennial plan. (See page 119 for further discussion.)

The waiting list database is an effective tool to monitor the growth in demand for services, but the division should take more time to analyze the data and ensure its accuracy. Other reports could also be compiled to make the database more useful as a management tool for a variety of users.

AUDITEE RESPONSE: (DMHDS)

The Division will continue to submit, on a biennial basis, requests for funding for individuals in Priority 1 for services such as early intervention, respite, residential, and day program priorities. It is not felt that the development of historical data and population data

AUDITEE RESPONSE (Continued):

with predictive models would be especially helpful in anticipating the waiting lists. Waiting list data will continue to be developed using actual known needs rather than predictive models because of the reliability of known needs.

DMHDS MANAGEMENT OF AREA AGENCY SERVICES

The Division of Mental Health and Developmental Services is responsible for all aspects of area agencies' developmental services for eligible individuals. Although area agencies are independent, private, non-profit corporations, they are part of the state's service system, and their operations are governed by state law and administrative rules. The division has statutory authority to designate an entity as an area agency, to set the geographic boundaries for the region an area agency is to serve, and to promulgate rules regulating agency boards and their executive directors. In addition to statutes that establish certain client rights and service procedures, the division can adopt rules concerning:

- protection of clients' rights, dignity, autonomy, and integrity,
- standards for the services provided by area agencies,
- individuals' applications for services and screening evaluation,
- residential placements and hearing procedures if placement decisions are challenged, and
- development of individual service plans for each client.

The division's major functions in relation to the area agencies include technical assistance, planning, monitoring and enforcing service quality standards, managing and allocating funds, monitoring their efficient and effective use, and safeguarding clients' rights. There are three division units primarily responsible for these activities. The Office of Community Developmental Services Administration (CDS) manages federal funding programs, allocates funds to the area agencies through annual contracts, monitors the use of all funds, develops programs and planning priorities, and provides technical assistance to the agencies. These functions are discussed in the following report sections: "Planning" (page 116), "Contracting" (page 138), "Revenue and Expenditures" (page 124), and "Monitoring" (page 152).

The Office of Evaluation and Quality Assurance (OEQA) monitors service quality and certifies residential and certain day programs. OEQA activities are discussed in the report section "Quality Assurance" (page 142). The Office of Client and Legal Services (OCLS) protects client rights by seeking appropriate guardianship services, investigating complaints, and hearing appeals, among other activities. Its functions are discussed in the report section "Client Rights Protection Procedures" (page 162).

PLANNING

Division planning activities encompass both statewide planning and individual planning by the area agencies.

STATEWIDE PLANNING

Planning is a key management function. In administrative rule He-M 102, the division lists as one of its goals " . . . to ensure efficient allocation of resources through coordinated planning." Long-term, comprehensive planning can not only help ensure efficient use of resources, but their effective use as well. It can help management incorporate data on expected changes in client populations and the potential changes needed in services, and outline shifts in service models toward those that prove more successful. As public documents, long-term plans can articulate underlying service principles, in addition to providing a framework for short-term management decisions and identifying specific objectives, service levels, and operational benchmarks by which to measure program progress.

Previous Long-term Plans

Past long-term, statewide, division planning efforts include the 1980 Action for Independence and 1981 Plan C, Alternative for Approaching the Garrity v. Gallen Court Order. These plans were prepared during the class action lawsuit filed against the state over conditions at Laconia Developmental Services (LDS). Action for Independence outlines the process and procedures necessary to implement and manage a comprehensive service system of client needs assessments, individual service plans, service placements in the least restrictive environment appropriate for the individual, and safeguards of specified client rights. Plan C specifies goals, objectives, and timetables for complying with court-ordered changes. The main goals in these plans have either been achieved or, like placements in the least restrictive environment, are ongoing goals that are continually assessed as client needs, available placements, technology, and other factors change.

More recent long-term plans for state developmental services are outlined in two 1985 documents: Further Action for Independence and Planning for Progress: Restructuring the Mental Health/Developmental Services System. Further Action for Independence details a workplan covering fiscal years 1986 and 1987 for continued compliance with the court order and further development of the comprehensive service system outlined in the original Action for Independence. Major goals include establishing services for children and their families, such as respite, case management, and early intervention, and restructuring the service system by the guidelines laid out in Planning for Progress and the mission statement developed for Community Developmental Services.

Planning for Progress, prepared by a committee of the governor and legislative leaders with division staff support, focuses primarily on plans for mental health services but also outlines long and short range goals for the state's developmental service system. The long range

goals are general in nature and seem to still apply. They address recognition of the rights of those with developmental disabilities by other citizens, improvement in the quality and quantity of community services and opportunities, and assurances that service system resources are planned, allocated, and used effectively.

The plan's shorter range goals and priorities for the period 1985 through 1988 include expanding less-restrictive, community residential services, especially for clients with special medical and mental health needs and children; emphasizing supported and competitive employment programs over sheltered workshops; encouraging community integration and use of services available to all citizens; developing and emphasizing services that support families and help them avoid out-of-state placements for their children; increasing efforts to recruit, train, and subsidize foster and adoptive families; and measuring the effects of services on clients' growth and development.

Again, with a few exceptions, most of these goals either have been substantially met or are ongoing goals that continue to be addressed, such as increasing independent living and integrated work opportunities, developing family supports, and enabling clients' involvement in community activities and generic community services.

Previous Goals Still to be Achieved

One Planning for Progress goal that still requires attention is the development of community-based facilities for individuals with both developmental disabilities and mental illness. While the division has established two transitional houses on New Hampshire Hospital grounds and one at the Glencliff Home for the Elderly grounds that together serve about 33 clients with a dual diagnosis, about ten other clients were in the main hospital unit of New Hampshire Hospital as of March 1991. Division staff indicate that with the closing of Laconia Developmental Services, community placements for clients at the state hospital will be one of the next priorities.

One other main goal not yet achieved is the placement of children whose families are unable to care for them in residential services that are close to home. The plan identifies development of in-state residential services for school-aged children with developmental disabilities as primarily the responsibility of the Department of Education (NHSDE) and local schools. Because out-of-home placements may be necessitated by children's special care needs and for children under age three, as well as by educational needs, DMHDS shares responsibility with NHSDE for services that help prevent such out-of-home placements. In addition, the Division of Children and Youth Services (DCYS) is responsible for out-of-home placements for developmentally disabled children who are abused, neglected, delinquent, or status offenders.

PLANNING (Continued)

Boosted by the legislature's special appropriation for fiscal years 1990 and 1991, DMHDS continues to develop family support services to help families cope with their children's needs and avoid out-of-home placements. Early intervention programs serve families with disabled children under age three. NHSDE has developed a demonstration program for children with the most severe developmental disabilities, who are most likely to be served in out-of-home placements. However, 43 children with developmental disabilities remained in out-of-home residential placements as of December 1, 1990, and 17 (40%) of those were placed outside New Hampshire, indicating a need for more programs to prevent out-of-home placements. (See page 82 for additional information on NHSDE's demonstration program.)

Although Planning for Progress indicates that DMHDS will recruit, train, and subsidize foster and adoptive families for children with developmental disabilities, foster care and adoption are specific statutory responsibilities of DCYS. Staff of DCYS indicate that there are no special foster care programs for children with developmental disabilities; each foster placement is designed to meet the needs of the individual child. Staff do try to identify foster parents willing to care for a special needs child. Fees are paid to foster families on a sliding scale to reflect the higher costs of special needs children. Some federal and state subsidies are available to families that adopt children with developmental disabilities, although the families and the adopted children must meet certain criteria to qualify.

Current Mission and Goals

In 1987, the division revised the mission statement for its Office of Community Developmental Services (CDS). The statement reads, in part:

> The Office of [CDS] will promote opportunities for interdependence and integration of people with developmental impairments within their home communities. People with developmental impairments will participate together with non-handicapped individuals in all areas of community life; we will see an increase in the numbers of people with developmental impairments participating in meaningful, integrated work situations and utilizing normal opportunities for living and recreation within their communities.

The statement includes general goals, emphasizing community integration and natural supports for families. The division's recently revised rule He-M 102 lists four goals for CDS that closely parallel the mission statement. They address developing a statewide family support system, increasing integration of people with developmental disabilities into their communities, continuing training and quality assurance activities to improve services, and increasing the number and variety of community living arrangements.

PLANNING (Continued)

The division's 1987 mission statement and current service goals for CDS accurately reflect its service philosophy and constitute a valid framework for future service refinements and development. However, the division has not developed a systemwide plan since 1985 that details how it intends to achieve these goals. The division's most recent planning efforts focus on phasing down and closing Laconia Developmental Services. Planning documents prepared in January 1989 outline the client placements, staffing reductions, and budget transfers and savings involved in consolidating all clients into facilities at the north end of the campus and the potential for closing LDS completely by fiscal year 1992. The division achieved this goal ahead of schedule, closing LDS in fiscal year 1991. (See further discussion of LDS closure, beginning at page 23.)

REGIONAL PLANNING

While state law does not require the division to regularly prepare service plans, it does require the area agencies to do so. RSA 171-A:18 states that each area agency must prepare a plan for providing services in its region and submit it to the division for approval.

Administrative rule He-M 505.03 requires agencies to prepare two-year plans that coincide with the legislative biennium. Plans are to include a budget, be based on the principles of normalization, and demonstrate consistency with division priorities and mission statement. The general public and generic service agencies should be included in the agency planning process. The division director (or designee) is to review all agency plans and approve those which comply with applicable laws and rules. Neither the law nor the rules indicate if or how the division should incorporate agency plans into its own planning efforts.

Regional Planning Process

The area agency biennial planning process has changed over time, but basically the division develops goals, priorities, or issues around which the agencies must focus their planning efforts. Continuing priority areas include development of less restrictive, more individualized residential services, integrated work opportunities, and supports for families.

For some past bienniums, the division has requested very specific information related to planning objectives and individual clients. For example, the 1988-89 plans required agencies to address 29 objectives for five main goals. In the 1990-91 plans, the division tried to collect a range of current and future service and cost data on every client in the service system. In contrast, the division's 1992-93 planning package requests the agencies to respond to ten key planning issues and does not ask for any specific data.

PLANNING (Continued)

Use of Regional Plans

Division staff indicate that the area agency biennial planning process is valuable in itself because it helps build consensus for division goals and objectives. In 1989, the division revised its rules to require agency plans to show consistency with the division's mission statement. Results from an LBA survey of the area agencies show that 10 of the 12 agencies rated as "high" their board's commitment to the division's stated service mission. Although consensus on division goals is important to ensure that all service providers are working in the same direction, wider use of area agency plans after they have been submitted to and approved by the division could increase their effectiveness at the state level.

Various division memos and documents indicate that some of the division's intended uses for the biennial plans in the past have been to provide area agency input into the division biennial budget, to help identify service priorities and formulate division plans for the future, and to develop a database on client needs. However, the timing and fiscal realities of the division-level budget process do not allow area agency plans to have much impact, and agency plans do not always include budgets. The division has not summarized agency plans to identify or project future needs statewide or to coordinate resources to meet multi-regional needs. Also, division data processing problems, among other factors, prevented the development of the planned client database. According to staff of CDS, the goals presented in the biennial plans are used in negotiating the agencies' annual contracts, but the plans shape future services slowly through minor reallocations of funds. It does not appear that division staff use the plans much once they have been submitted.

The biennial planning process is also to help area agencies develop plans for their regions. When surveyed on how the process meets regional planning needs, most agencies rated it "somewhat useful." Half of the agencies indicated they used their plans "occasionally" after submitting them to the division, and five indicated they used them "often."

The division plans to prepare a statewide summary report from the 1992-93 agency plans. The division also intends to develop study groups and engage in longer-term strategic planning around issues that receive strong agency response. Successful implementation of these activities would increase the effectiveness of the biennial plan process and contribute to use of the plans by the division throughout the two-year period rather than only occasionally.

PLANNING (Continued)

Key Planning Issues

All the key issues the division has defined for the 1992-93 plans are important to the continued progress of the service system toward individualized, normalized, services and supports that maximize clients' choice and integration in their communities. However, because of the immediate significance of certain issues, the division should follow through on them regardless of the area agencies' plan responses. Of particular importance is the issue of "improving resource efficiencies" by developing methods to share resources among area agencies and their subcontractors and among the regions. Division staff cite examples of methods such as bulk supply purchasing, group or self-insurance, sharing staff positions, and others. One way regions could share resources to reduce expenditures is for family support programs to purchase common items, such as adult diapers, in bulk to obtain discounts. All area agencies and subcontracting agencies must meet the same requirements for insurance and independent financial audits. These are other areas for possible resource (or risk) sharing. Another key issue is the growing need for development of effective and appropriate program models and supports to serve the increasing aging population with developmental disabilities.

OBSERVATION 17: LONG-TERM PLANNING

DMHDS does not have a current long-term, statewide, written plan for achieving its goals and objectives and for carrying out its mission to serve people with developmental disabilities. Such a plan could help ensure efficient and effective use of available resources for service provision, could articulate specific means by which the division intends to work toward achieving its goals for service providers, consumers, legislators, and the general public, and could provide specific measures against which the division and others could assess its progress.

RECOMMENDATION:

With the closing of Laconia Developmental Services, it is an appropriate time for DMHDS to develop a long-term plan for a service system without a primary institution for individuals with developmental disabilities. The division should develop and keep updated a long-term plan for statewide developmental services. The plan should detail specific methods the division will employ over the next three to five years to attain its goals and carry out its mission, and include estimated service levels or other measures for assessing the service system's progress. Goals from previous plans that remain valid but have yet to be achieved should also be addressed.

PLANNING (Continued)

RECOMMENDATION (Continued):

Plan development should include input from other state agencies, such as the Department of Education, other divisions within the Department of Health and Human Services, and other service providers, such as area agencies. To plan service levels as accurately as possible, the division should consider developing methods to project expected increases (or decreases) in clients seeking system services from various sources and include such projections in its written plan. Sources of new clients include births, students aging out of the educational system, individuals living with aging families, and people moving into the state.

AUDITEE RESPONSE: (DMHDS)

The Division's long-term planning, well articulated over several years, has been the development of a comprehensive, inclusive community system that would be so inclusive as to preclude the need for institutional services. As noted, the closing of Laconia Developmental Services on January 31, 1991 does dictate a reflection and restatement of further visions and directions. This new plan, called "New Decade - New Direction," is in process and being transferred to pre-printing format. This report meshes the philosophy of the mission statement with major initiatives which the Division intends to support over the next several years.

OBSERVATION 18: USE OF REGIONAL PLANS

DMHDS has not used the past area agencies' biennial plans as effectively as it could. Planned division activities related to the 1992-93 agency plans would increase their usefulness at a statewide level.

In addition, RSA 171-A:18 currently provides that agencies shall submit plans for division approval, but the division has no formal approval process. Rule He-M 505 requires the biennial plans to include a budget for implementing the planned services. This requirement duplicates the annual contract budget requirements and is not necessary. The 1992-93 plan format does not request a budget from the agencies.

RECOMMENDATION:

As planned, the division should prepare a summary of area agency biennial plans and use it to identify priorities and project statewide needs. Such a summary should be incorporated into a long-term, systemwide division plan to ensure efficient and effective allocation of resources. The division should also implement the planned study groups to ensure broad input in developing specific goals and work

RECOMMENDATION (Continued)

plans that address key planning areas. It should take immediate steps to assist the area agencies and subcontracting agencies in planning and implementing methods to realize resource efficiencies in the areas already identified and explore other areas where intra- and inter-regional efficiencies could be realized.

The division should also determine how it can make the most effective use of the agencies' biennial plans after they have been submitted and consider future revisions to the plan format or process that would facilitate such use(s).

The division should develop and implement an approval process for plans and plan amendments, or, if formal approval is inconsistent with the intended use of the plans, it should take the necessary steps to have the statute revised. The division should seek to either delete the plan requirement for a budget or make it optional at the division's discretion, to allow for future changes in format.

AUDITEE RESPONSE: (DMHDS)

This office disagrees somewhat with the recommendation with respect to area agency biennial plans. The major reason for submission of biennial plans and the construction of biennial plans is to insure that the regions will be conducting a process for local individuals and agencies to participate in a planned process to meet local needs. Area agencies must relate these needs to their available resources and while the Division is restricted in addressing statewide needs to the allocations provided by the State Legislature, regions may, on their own, continue to implement their plans, irrespective of funding by the Division. It would appear that a summary of area agency biennial plans would serve no useful purpose to the Division and would only tend to make more administrative work at the State level.

AREA AGENCY REVENUES AND EXPENDITURES

With the closing of LDS, the division's main funding responsibility for developmental services is to the area agencies. The graph on page 31 shows that in fiscal year 1990, the division's expenditures on community services comprised 83 percent of its total developmental services expenditures. RSA 171-A:18 provides that area agencies are to be the primary recipients of funds dispensed by the division for community-based services. (The division will continue to fund one group home on the grounds of LDS that is not attached to an area agency plus staffing costs for another group home.)

EXPENDITURES

Based on the required annual financial audits of the area agencies, fiscal year 1990 agency expenditures totaled $59,217,605. This is a 21 percent increase over 1989's expenditures of $49,035,387 with a corresponding 31% increase in clients served (from 5,914 to 7,754 duplicated count). Total area agency expenditures budgeted for fiscal year 1991 are $66,709,529, a 13 percent increase over 1990 with an increase in duplicated clients served from 7,754 to 7,983, or three percent. Between 1985 and 1990, agency expenditures more than doubled as more clients were placed in community settings.

Administrative Expenditures

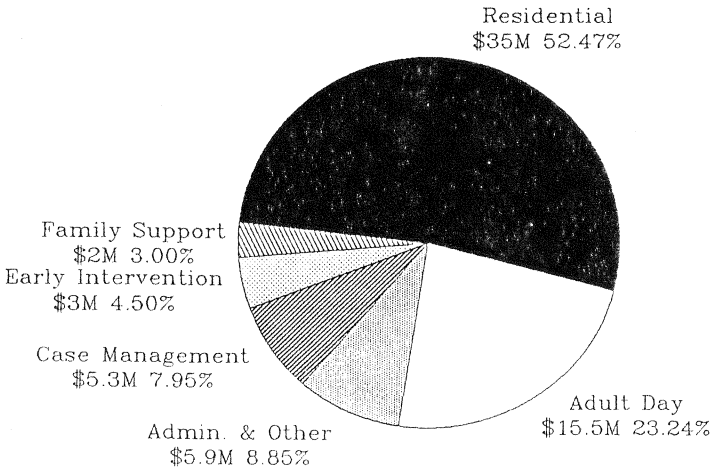
The division requires area agencies to limit administrative expenses, including such expenses for any subcontractors, to no more than 15 percent of their program costs. A review of the agencies' fiscal year 1991 budgets show that all but one agency meets the 15 percent limit and that one agency exceeds it by only one percent. Statewide, area agency and subcontractor administrative expenses total 12 percent of program costs.

Program Expenditures

As shown by the graph on the following page, the most expensive type of services are residential, which account for 52 percent of agencies' budgeted expenditures in fiscal year 1991. The other major service expense is for adult day programs, including day habilitation, facility-based vocational programs, and supported and competitive employment programs, which together total 23 percent of agency expenditures in 1991.

FY 1991 CONTRACTED SERVICES

Total Expenditures = $66.7 Million



Source: DMHDS 1991 Contract Data
amended for non-area agency expenditures

PER UNIT AND PER CLIENT COSTS

The average cost per unit of service increased from $55 in fiscal year 1989 to $58 in 1990. Based on contracted units and budgeted expenses, the 1991 average unit cost is about $55. Unit costs reflect expenditures for adult day services (day habilitation and all vocational services except competitive employment), residential services (except for independent living programs), and respite care. The table on the following page shows that the most expensive services in fiscal year 1991, by unit cost, are residential and the least expensive are respite care.

Services expenditures measured by cost per unit can also be measured by cost per client served. For services not measured in units -- case management, early intervention, independent living, and family support services -- cost per client is the only "unit" expenditure measure. Cost per client is not as meaningful a measure as cost per unit because it does not reflect the amount of services provided. Thus, if clients begin receiving services toward the end of a year, they are counted with the same weight as those who received services for the entire year.

Based on duplicated client counts (a client that receives three types of services is counted once in each service category), the average cost per client for all services statewide dropped from about $8,300 in 1989

to $7,700 in 1990, but is expected to rise to $8,400 in fiscal year 1991. The table below lists fiscal year 1991 costs per client for each type of service and the number of clients contracted to receive each service. It shows that the services provided to large numbers of clients also tend to be less expensive.

1991 AREA AGENCY AVERAGE COSTS PER CLIENT AND SERVICE UNIT
AND TOTAL CLIENTS TO BE SERVED/UNITS TO BE PROVIDED
BY SERVICE CATEGORY

	Cost Per Unit	Number of Units*	Cost Per Client	Number of Clients
Intermediate Care Facilities (ICFs)	$ 224	22,000	$83,712	60
Community Residences	$ 125	180,000	$39,907	564
Family Residences	$ 47	133,000	$19,251	325
Independent Living Programs	—	—	$ 5,126	237
Day Habilitation	$ 71	75,000	$14,905	355
Vocational Programs	$ 47	220,000	$ 9,500	1,079
Early Intervention	—	—	$ 2,927	1,025
Case Management	—	—	$ 2,665	1,984
Respite Care**	$ 9	229,000	—	—
Family Support (includes respite)	—	—	$ 808	2,415

* Units rounded to the nearest 1,000.

** Unit costs for respite care are based on total family support/respite costs and are thus somewhat overstated.

Source: LBA computations based on DMHDS 1991 contract data amended for actual YTD client count and adjustments for non-area agency expenditures included in FY 91 contracts.

UNIT AND CLIENT COST VARIANCES AMONG AREA AGENCIES

Regional variances in average costs per client and per unit are decreasing for most types of services, based on the standard deviation in actual unit/client costs for fiscal years 1989 and 1990, and contracted costs in 1991. The only services for which variation among regional averages has not consistently decreased during the past three years are early intervention, family support, and case management.

Generally, high and low cost services vary significantly among the regions over time, although some patterns exist. For example, from 1989 through 1991, one region had the lowest per client cost for case management and the lowest unit cost for day habilitation programs every year. Another region consistently had the highest per client cost for early intervention programs. Several regions had the highest unit cost for one service at the same time they had the lowest cost for another.

Many factors contribute to variations in service unit costs among the regions. Geographical differences can contribute to variation in staff wages and housing costs. The mix of funding sources used can affect unit costs because of requirements a funding source like Medicaid may impose. In services with more fixed costs, such as sheltered workshops or community residences, the size of the program (number of units provided) may also be a factor. A few clients with high cost service needs also can affect regions' average unit costs. Other factors include program design and program effectiveness in achieving specific goals or service outcomes. For example, when institutions provided basically custodial care to clients, the costs per client of those institutional services were significantly lower than the costs of services designed to improve clients' skills.

UNIT COSTS AND QUALITY ASSURANCE MEASURES

To compare differences in unit costs and program effectiveness, we reviewed service costs per unit or client against the division's quality assurance compliance ratings, based on one cycle of area agency site surveys conducted during fiscal years 1989 and 1990. (See discussion of quality assurance site surveys, beginning at page 142.) We used area agency audited expenditure data for fiscal years 1989 and 1990 and contract data for 1991, reviewing unit/client costs both for the year in which the site survey rating was given and the following year. We looked particularly for cases where a region showed both a low site survey quality compliance rating and a high unit cost.

We found several instances in which regions with low quality compliance ratings (below 45%) had above average unit costs, and in a couple cases, the highest unit cost for that year. We also found several instances in which regions with low-rated services had below average unit costs. Some of the key results of this analysis are summarized on the following page.

A review of the regions with the highest quality compliance ratings also showed very mixed results in terms of per unit and per client cost levels. Although in many cases, high (above 75%) quality compliance ratings were found in conjunction with above average per unit/client costs, there were several examples of regions with highly rated services and below average costs. For example, the two regions with the highest average quality ratings for employment programs both had below average unit costs. One of the regions with a top quality compliance rating for respite care services had unit costs right at the statewide average and the following year had the lowest unit cost for respite services.

This rough analysis seems to indicate that high cost programs do not guarantee quality services and that, at least in some circumstances, high quality programs can be developed with relatively low unit costs. Although we used quality assurance compliance ratings as our measure of quality, other measures could be used. In service categories that have relatively well-developed and measured service outcomes, such as

COMPARISON OF AREA AGENCY UNIT COSTS TO QUALITY ASSURANCE SITE SURVEY COMPLIANCE RATINGS

FISCAL YEARS 1989 & 1990 SITE SURVEY COMPLIANCE RATINGS FOR SELECTED AGENCIES WITH HIGH AND LOW RATINGS *		AREA AGENCIES' COST PER UNIT OR CLIENT COMPARED TO THE STATEWIDE AVERAGE COST PER UNIT/CLIENT:	
		IN YEAR RATING DONE	IN YEAR AFTER RATING
Case Management			
(high-	100%	Below	Below
rated	80%	Above	Highest
agencies)	80%	Below	Above
AVERAGE COMPLIANCE	53%		
	40%	Below	Above
(low-	20%	Lowest	Lowest
rated	20%	Below	Above
agencies)	0%	Highest	Above
Day Habilitation			
(No agencies rated above 75%)			
AVERAGE COMPLIANCE	53%		
	44%	Above	Highest
(low)	41%	Above	Above
	38%	Below	Below
	22%	Below	Below
Community Residences			
(high)	80%	Above	Above
AVERAGE COMPLIANCE	64%		
(low)	44%	Lowest	Lowest
Respite Care			
	100%	Average	Lowest
(high)	100%	Above	Highest
	100%	Above	Above
AVERAGE COMPLIANCE	79%		
(No agencies rated below 45%)			
Vocational Services**			
(high)	90%	Below	Below
	88%	Below	Below
AVERAGE COMPLIANCE	61%		
	41%	Below	Lowest
(low)	40%	Above	Below

* High-rated agencies reported are those with ratings above 75% compliance. Low-rated agencies reported are those with ratings below 45% compliance.

** Vocational Services ratings based on an average of ratings for supported employment services and adult day/ work activities programs.

Note: Not all agencies received site survey compliance ratings in all service categories.

Sources: DMHDS quality assurance data, and LBA computations based on DMHDS program data and financial audit reports of area agencies.

vocational programs, outcome measures can and should be used to analyze variances in per unit and per client costs among regions and among specific programs within a region. For example, average number of job placements or average hours worked in an integrated environment for supported employment or facility-based vocational programs could be compared to the unit costs for those programs.

DIVISION COST CONTROLS

Staff of Community Developmental Services (CDS) indicate that as part of the annual contracting process, they identify area agencies and subcontractors that have particularly high (or low) service unit or client costs. They try to determine how those costs could be reduced or, if they are low, whether certain program characteristics could be encouraged in other regions.

CDS has not set standardized unit costs as a goal for area agency services. Instead it seeks to control and contain costs through review of high and low cost "outlyers" and systemwide service revisions. Examples of this latter method of cost containment include the division's replacement of institutional services with less costly community-based services and emphasis on family residence service models over more expensive community residence models. In addition to efforts to control costs overall, the division has successfully controlled the state's portion of total developmental services costs, primarily through increasing use of Medicaid waiver funding. (The following section on revenues, beginning on page 130, discusses the state's role in funding services in more detail.)

Use of Quality and Outcome Measures in Budgeting for Area Agencies

CDS reviews all quality assurance site survey reports and monitors agencies' compliance with corrective action plans. However, CDS does not systematically use quality assurance survey results when analyzing and negotiating agencies' contract budgets. Service outcome measures also do not appear to be reviewed systematically for budgeting purposes.

Staff indicate that if they identify problems with the quality or effectiveness of certain programs in a region, they may delay a portion of an agency's contracted funds until acceptable changes are made in the programs. However, these actions are not documented in a way that allowed us to review either the conditions that triggered the actions or the resulting changes in service quality, outcomes, or unit costs. CDS did indicate that in some years, it had developed specific program changes to negotiate in the contracting process but had not done so for contract year 1992 because of the staff work required to close Laconia Developmental Services. Staff suggested that one problem with linking

quality assurance site survey results to service unit costs and agency budgets was that quality assurance survey results do not necessarily correspond to the program problems CDS has identified.

CDS should continue its review of regions with especially high or low service costs per unit and client, but do so in conjunction with available quality assurance and service outcome data. Strong efforts should be made to identify the special characteristics of high quality programs with low unit costs and promote them when applicable to other regions. Similarly, programs with high unit costs and poor quality compliance ratings from site surveys should be studied to determine the contributing factors and whether quality assurance corrective actions need to be linked to revisions in agency budgets and funding. CDS and the Office of Evaluation and Quality Assurance (OEQA) should work together to ensure consensus on the factors important to service quality and their review.

Draft copies of a planned division activity report indicate attempts at more systematic analysis of quality assurance results and unit costs. The draft report indicates a potential comparison of individual program unit costs and quality assurance compliance ratings. Although as of March 1990, CDS and OEQA had not moved beyond preliminary steps for planning such comparative analysis, the report indicates division interest in exploring relationships between costs and quality.

REVENUES

In fiscal year 1990, total revenues received by the area agencies to serve eligible individuals were $60,821,872. By far, the two largest sources of revenue for the agencies are the division's annual contract, which provided $21.4 million or 35 percent of total revenues in 1990, and Medicaid reimbursements, which provided another $34.3 million or 56 percent of total revenues. Because Medicaid reimbursements are funded jointly by the federal and state governments, the state is actually the single largest source of agency funding. Combined state and federal funding of area agencies totalled 92 percent of revenues. Other sources of funding for the agencies include client fees (board and care fees paid from public assistance benefits, private insurance coverage, and direct fees), cash and in-kind donations, and in some regions, local or county governments.

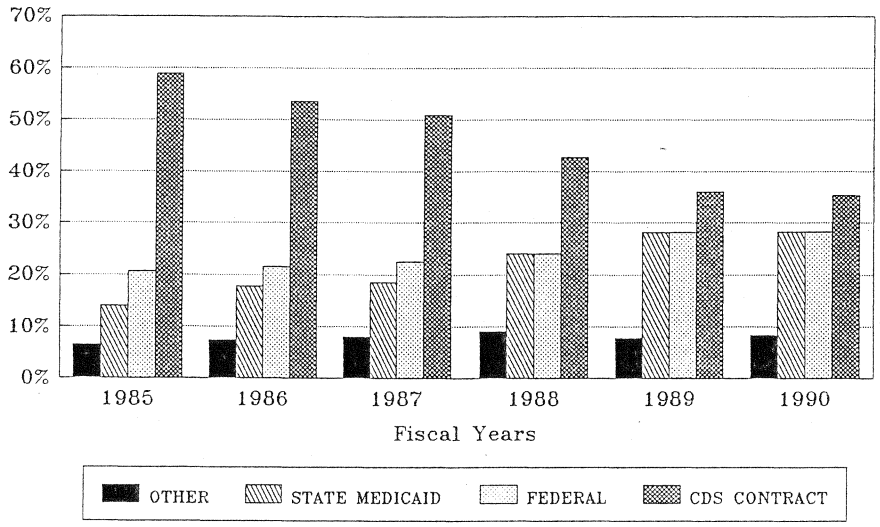
Changes in Funding Sources Over Time

Although total area agency revenues have increased 108 percent between fiscal years 1985 and 1990, the state's total funding, including its portion of Medicaid reimbursement, has increased only 89 percent. During the same period, federal funding increased 191 percent. Client

fees have also increased faster than total revenues at 174 percent. Local government revenues increased 96 percent from 1985 through 1988, but then began declining, resulting in a net increase of only 22 percent over the past five years. All other revenues together increased 178 percent during the same period.

The division's contracts with area agencies have increased in dollar amounts for all but two of the past seven years, but have shrunk as a percentage of total revenues each year. As the graph below illustrates, the division contracts accounted for 59 percent of agencies' budgets in fiscal year 1985 but declined to 35 percent by 1990. Division contract funds will only account for 31 percent of agency revenues in fiscal year 1991, based on contract budget data.

REVENUE SOURCES FOR ALL AREA AGENCIES
Percent of Total Funding



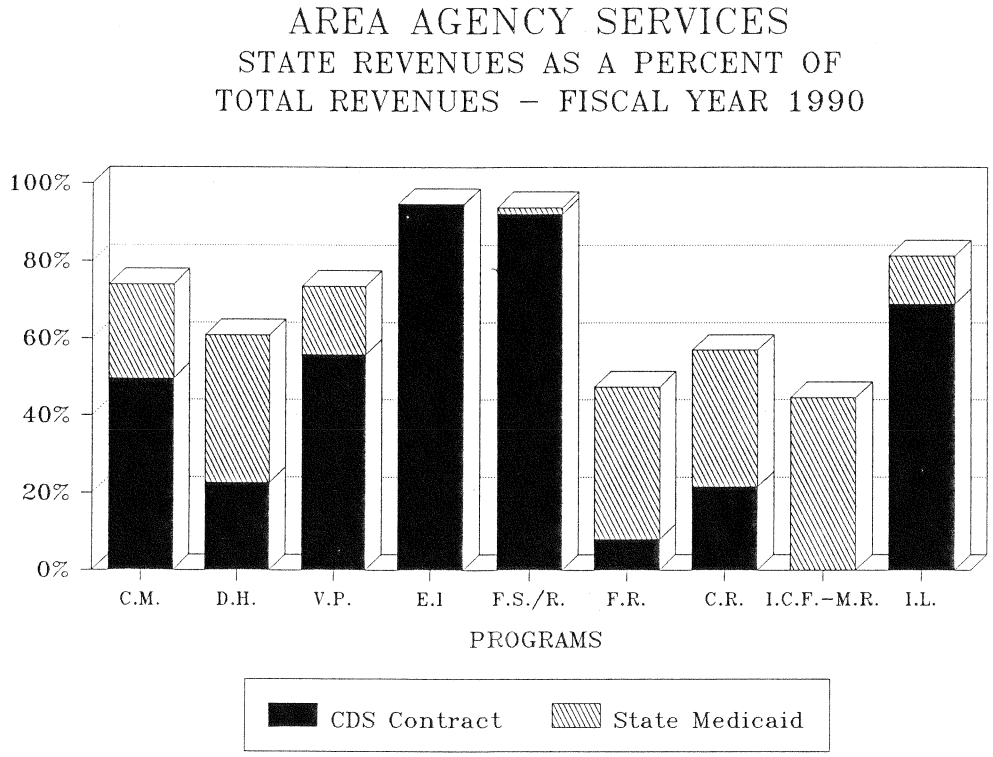
Source: Area Agency Financial Audit Reports, Statements of Functional Revenues.

Total Medicaid (state and federal) funding has increased from 35 percent of total agency revenues in 1985 to 56 percent in 1990. The state has had to increase its share, or match, of Medicaid funding over this period. In 1985, New Hampshire contributed only about 41 percent to the federal government's 59 percent share of Medicaid funding. By 1986, the state's portion increased to 45 percent and then to 50 percent in 1988, where it has remained. Given the total increase in Medicaid funding of developmental services and the state's increasing Medicaid match, it is even more significant that the division has continued reducing total state funding as a percent of agency budgets-- from 73 percent in fiscal year 1985 to about 64 percent in 1990.

AREA AGENCY REVENUES AND EXPENDITURES (Continued)

Funding Sources by Service Category

Services differ widely in funding sources, primarily because Medicaid reimbursement is not available or very limited for some services. In fiscal year 1990, 89 percent of funding for intermediate care facilities (ICFs) came from Medicaid and none from division contract funds. In contrast, less than one percent of the funding for early intervention services came from Medicaid, and the division's contract with area agencies accounted for 95 percent. The graph below shows the percentage of total state funding in fiscal year 1990 for each service category, and the portions of funds from Medicaid and the division's contracts.



C.M. - Case Management
D.H. - Day Habilitation
V.P. - Vocational Programs
E.I. - Early Intervention
F.S./R. - Family Support and Respite
F.R. - Family Residences
C.R. - Community Residence
I.C.F.-M.R. - Intermediate Care Facility for the Mentally Retarded
I.L. - Independent Living

Source: Area Agency Financial Audit Reports, Statements of Functional Revenues.

AREA AGENCY REVENUES AND EXPENDITURES (Continued)

Medicaid Funding

Most of the percentage decrease in the state's funding for area agencies is attributable to the division's aggressive pursuit of reimbursements under Medicaid's Home and Community-Based Services Waiver program. New Hampshire first applied for a waiver in 1983 and received a five-year renewal of its waiver program in 1986. To receive waiver approval, a state must basically show that its services in the community are cheaper than those provided in intermediate care facilities, and that they are provided only to clients who would require ICF services if community services did not exist.

Before the development of the waiver, Medicaid reimbursements for developmental services were only available if the services were provided in an ICF. Laconia Developmental Services, like many other large public institutions for the developmentally disabled, was an ICF. While many states still operate large ICFs, New Hampshire has only eight ICFs, and all are relatively small (under 12 beds). These continue to be funded under the standard, non-waiver Medicaid program.

As reported in the 1990 The State of the States in Developmental Disabilities, 36 states participated in the community waiver program in 1988. Of those, New Hampshire ranked eighth in total federal waiver expenditures. Ratios of clients served in the community under the Medicaid waiver to clients served in state institutions (most of which receive some Medicaid funding) show that New Hampshire ranks first in using Medicaid to fund community alternatives to state institutions.

Area agencies receive Medicaid revenues on a reimbursement basis, at a standard rate for approved services to Medicaid-eligible clients. Because of Medicaid's importance as a funding source, the division has developed a comprehensive computerized database for projecting Medicaid revenues by individual client. The amount of reimbursement depends on the characteristics of the clients enrolled and of the specific programs.

The Medicaid waiver covers only 34 percent of all clients receiving services, but covers a large percentage of the clients who receive the more expensive services, such as residential and day habilitation. In fiscal year 1991, area agencies expected to receive waiver funds for at least 90 percent of all clients receiving family and community residential services, 87 percent receiving day habilitation, and 54 percent receiving case management. The waiver covers some clients in facility-based vocational and supported employment services, but does not cover competitive employment or family support services, and covers a very limited number of clients in early intervention and independent living programs.

Despite its success in using the Medicaid waiver program to shift an increasing percentage of developmental services funding from the state to the federal government, the division recognizes the drawbacks of significant reliance on Medicaid funding. Medicaid requires detailed client monitoring and reporting by the area agencies. Since Medicaid reimburses for actual services provided, an empty bed in a residential service due to a client's family vacation or the failure of a client to attend a day program due to illness, means lost revenues to service providers, although their costs are likely to remain the same. Because Medicaid is primarily a medical program, its rules do not always mesh well with developmental services treatment philosophy, which is based on natural community supports rather than medical treatments.

These characteristics of Medicaid funding provide incentives for area agencies and their subcontractors to maintain maximum enrollment in their programs, but can prove to be disincentives for a flexible service system that meets clients needs and fosters the most natural environment for clients. In fact, the services that are on the "cutting edge" in terms of supporting clients and meeting their needs in the most natural, community-integrated settings -- competitive employment, independent living, and family support services -- are generally not covered by Medicaid.

Division Funding

The division considers itself the "fundor of last resort." Basically this means that the division expects area agencies to seek revenues from all other sources first. The division then funds the difference between agencies' other revenues and expected costs. Regional variations in funding levels are due to variations in unit costs and variations in agencies' funding from other sources. Thus, two regions may have the same unit cost for a particular service, but if one region obtains more revenues from local government, donations, or client fees, it will receive lower funding per service unit from the division. CDS staff indicate that it has set specific goals in some service areas for the level of outside revenues it expects agencies to generate.

Revenue sources other than the division and Medicaid are very limited for developmental services. Unlike mental health services, for example, private insurance is generally not available because developmental disabilities are usually considered to be "pre-existing conditions" and not eligible for coverage.

Area Agencies View of the Funding Process

In response to an LBA survey, ten of the 12 area agencies reported that the current division contracting process provides incentives for them to develop, refine, or maintain more cost-effective service models. Two of those ten agencies specified that the process provided incentives where division dollars were concerned but not Medicaid

dollars. Asked what one change they would like to make in the division's contract administration, four of the nine agencies responding cited a wish for more flexibility through less dependence on Medicaid funding. Choosing from a list of four factors, at least half of the 12 agencies responded that the number of clients and service units to be provided, actual program costs, and specific outcome measures were the three most significant (in that order) in determining the amount of division funding for their services.

Client Fees

In fiscal year 1990, client fees provided area agencies just under four percent of their total revenues -- more than in any of the previous five years. Among individual regions, client fees as a percent of total revenues ranged from zero to nine percent. Residential programs (except ICF-MRs) had the highest ratio of client fees to total revenues in 1990, from 5 to 12 percent. These fees are primarily board and care fees, paid to the residential service providers at a set rate from clients' public assistance benefits, such as Supplemental Security Income (SSI).

Non-residential services that receive more than one percent of their revenues from client fees are early intervention (3%) and respite care (2%). Division rule He-M 513 covering respite services specifically requires area agencies to set and charge fees based on a sliding scale. In the past, the division has had an informal policy to collect fees for early intervention services, but a proposed revision of rule He-M 510 would require that parents be billed on a sliding fee scale.

The division's authority to collect fees from clients for services provided is unclear, and some attempts to collect fees have been unsuccessful due to conflicting statutory language. Few clients generally have the resources to contribute to the cost of the services they receive, with the exception of those who must pay a portion of their public assistance funds for board and care. However, clients may receive an inheritance, for example, that makes them ineligible for Medicaid reimbursement and leaves the area agency unable to charge the client and unable to cover its costs without taking funds from somewhere else (such as serving someone on the waiting list), but still obligated to serve the client.

RSA 126-A:51 gives the state authority to recover care and treatment expenses for any residents of specified state institutions (New Hampshire Hospital, Laconia Developmental Services, and others) as well as from any resident at a public or private institution, or otherwise at the direction of the Commissioner of Health and Human Services, from those residents with the ability to pay. In fiscal year 1988, the commissioner formally adopted a policy stating that persons receiving services from Community Developmental Services through the area agencies could be charged for services based on ability to pay.

However, RSA 171-A, the general statute relating to developmental services, provides that, "Every developmentally disabled client has a right to adequate and humane habilitation and treatment . . .." It is unclear whether the state can require a client with adequate resources to pay for those services to which he or she has a "right." Even when an area agency does bill clients with ability to pay for services, if a client refuses to pay, the area agency or its subcontractors cannot withdraw services unless the client meets one of three criteria stated in RSA 171-A:8. Those criteria are:

- service termination is in the best interest of the client,
- the client can function independently without such services, or
- the client has received optimal benefit from the services.

According to division staff, charging and collecting fees for early intervention and respite care services have not been a problem because these two programs have a history of charging fees and because they primarily serve children, and parents accept responsibility for the costs of services for their children.

OBSERVATION 19: QUALITY AND OUTCOME MEASURES IN FUNDING

Community Developmental Services (CDS) has not used data from quality assurance site surveys and service outcome measures systematically in its contract negotiating and funding process. Although CDS identifies and examines high cost programs and individual client services provided by the area agencies and their subcontractors, it has not regularly tied its analysis of high and low cost programs to quality assurance ratings and service outcomes. As a result, DMHDS may be missing some opportunities to further maximize its use of resources for cost-effective services. Although we have noted several factors other than quality that may affect service cost variances, the division should include quality measures in its continuing cost analyses to ensure identification of programs that do not appear cost effective. Once identified, such programs can be further analyzed for other factors that may contribute to their cost.

CDS and the Office of Evaluation and Quality Assurance have made preliminary efforts to compile data comparing individual programs' unit and client costs to quality compliance ratings. These efforts should be developed and maintained as part of an ongoing, systematic analysis of program costs and division funding levels in relation to program quality and outcomes.

AREA AGENCY REVENUES AND EXPENDITURES (Continued)

RECOMMENDATION:

We recognize the division's efforts to lower costs on a systemwide level through such recent decisions as the closing of Laconia Developmental Services and emphasizing family residence models in place of more costly community residence models. To ensure maximum division funding for programs that are both efficient and effective, and reduced funding for high cost programs that are not effective, CDS should continue to review programs with significantly above or below average unit costs. However, it should link such cost review with analysis of quality assurance ratings and service outcome measures (which may need to be further developed in some cases) on a systematic, regular basis. If quality assurance ratings do not define or relate to quality factors that CDS is concerned with, the CDS and Quality Assurance units should work together to develop more meaningful measures or refine existing measures.

AUDITEE RESPONSE: (DMHDS)

We do not agree that cost and quality are necessarily related. High cost programs are often dictated by the extreme needs of individuals. These needs may be disruptive and difficult making the program less than optimum with respect to outcomes. All programs must be individually reviewed from the standpoint of who is served and what is the program offered before judgments can be made about costs and effectiveness.

CDS continually reviews levels of funding based on individual client need and has attempted to directly correlate existing quality assurance ratings as a means to provide incentives in order to maximize outcomes of services provided. Existing quality assurance outcomes, because they are standard-related, do not always provide for appropriate qualitative outcomes. CDS and E&QA will continue to work together to develop more meaningful measures of program quality and service outcomes, as well as continue to review funding levels so that they reflect parity among regions and appropriateness for clients.

OBSERVATION 20: CLIENT FEES

RSAs 126-A:51 and 171-A are not clear on DMHDS's authority to charge and collect fees for services provided to clients with the ability to pay, and specifically on what recourse is available if clients legally billed for services refuse to pay.

AREA AGENCY REVENUES AND EXPENDITURES (Continued)

RECOMMENDATION:

Although few adult clients served in the state's primary day and residential programs are able to pay fees toward the cost of their services, confusion over the division's authority to bill and collect charges for clients' costs of care has occurred. To avoid further confusion and to ensure that all clients in comparable situations are treated fairly, the division should take the necessary steps to have RSA 171-A or RSA 126-A revised. The statutes should clarify the state's authority to charge and collect fees for community developmental services for clients ineligible for Medicaid who have the resources to contribute to their cost of care, on a sliding fee scale.

AUDITEE RESPONSE: (DMHDS)

This issue has constituted a very minor problem over the years. The majority of adults with developmental disabilities are nearly all eligible for SSI and Medicaid due to their extremely limited income. Only three cases in the past eight years are known where individuals have inherited sums from their parents sufficient to make them ineligible for Medicaid and thus increasing their cost of care. To avoid these problems in the future, the Division will request the legislature to more clearly impose upon clients in the developmental services system the responsibility, based upon financial capacity, to pay for services rendered.

CONTRACTING

RSA 171-A:18 allows the division director, with the approval of the Commissioner of Health and Human Services, to contract with, make grants to, or otherwise make funds available to each area agency for developmental services and programs. The division uses annual service contracts to fund agency services. The law also provides that with director approval, an area agency may enter into subcontracts with individuals or organizations for the expenditure of portions of such funds on programs and services. (See pages 203 - 206 for a discussion of subcontracted services.) An estimated 85 subcontracted organizations provide services in addition to the 12 area agencies.

Division contracts with area agencies specify a total price limitation which the agencies cannot exceed. The contracted price limit does not include all state funds appropriated for developmental services. The state's portion of Medicaid funding, a significant part of area agencies' budgets, is not part of the price limitation. (Funding sources are discussed in further detail beginning on page 130.) Generally, the price limitation, excluding any capital or development

funds, is divided into 12 equal portions and paid to the agencies at the beginning of each month. However, the division's first payment of the fiscal year may cover two months to compensate for the lag time in contract approvals and to set up adequate cash flow for the agencies.

The contract includes "scope of services" sheets for all program categories. These sheets specify the name of each service provider and detail the total enrollment or number of clients to be served, the average daily attendance expected, and number of service units to be provided. In some program categories, additional information on service outcome measures is provided. (See further discussion of these measures beginning on page 155.)

The contract also includes a variety of provisions to protect the state's interest in assets purchased with state funds and to protect state and agency liability. Related to assets, the contract provides that agencies cannot lease or purchase real property with state funds without written permission, cannot obligate the state in the purchase or renovation of a community residence without a state site visit, cannot purchase personal property with more than $1,500 of state funds without written permission, and cannot sell, lease, donate, or otherwise dispose of any property purchased with state funds without prior written permission of the state.

The contract also requires agencies to maintain comprehensive general liability insurance to cover at least $250,000 per claim and $2 million per incident, plus fire and extended property coverage, tenant's or homeowner's coverage for all housing programs, fidelity bonds for all employees with access to state funds, statutory worker's compensation and employees' liability, and professional malpractice insurance. The contract provides that the area agencies shall hold the state harmless against any claims, liabilities, or penalties assessed against the state based on or resulting from acts or omissions of the agencies. An agency remains liable for any damages sustained or incurred by the state as a result of the agency's breach of contract. Generally, all provisions of the division's contract with the area agencies also apply to any agency subcontractors. The agencies remain solely responsible for the performance of agency responsibilities by any subcontractor.

The contracts provide several remedies if agencies do not comply with contract provisions. Contract non-compliance or "events of default" include the agencies' failure to perform services satisfactorily or on schedule during the contract term, failure to submit any report or comply with recordkeeping requirements, failure to expend funds as provided in the contract, failure to correct or justify deficiencies noted in quality assurance site survey reports or material findings noted in a state financial review, and others.

The division can reduce the contract price limitation if either the number of clients enrolled, the average daily attendance, or the units of service provided (depending on the type of program) fall more than ten percent below the levels specified in the contract. The division can also delay all or part of a monthly contract payment until an agency submits required reports or corrective action plans for material findings noted in state financial reviews. The contract also provides that the division shall withhold all or part of any contract payment if routine state monitoring, quality assurance site surveys, or state financial reviews find corrective actions from previous surveys or reviews have not been implemented to the state's satisfaction. The contract includes other remedies the division may take if agencies do not comply with the contract:

- written notice specifying the event and requiring its remedy,
- suspending all contract payments until the default is corrected and non-payment of funds that the agency would have received during the default period,
- applying any damages the state suffers due to the default against the contract payments,
- reducing or eliminating certain funded services and withholding any funds related to the provision of those services, and
- pursuing legal remedies for breach of contract.

Division staff indicates that these remedies are last resorts and that problems are usually resolved without such sanctions. (See further discussion of corrective actions beginning on page 148.)

OBSERVATION 21: PERFECTION OF STATE'S SECURITY INTEREST

DMHDS has not taken adequate steps to ensure that state security interests in real and personal property purchased by area agencies or their subcontractors with state funds are perfected. Sections 20.2.5 and 20.2.6 of the standard division contract require that when an area agency or an approved subcontractor uses $5,000 or more of state funds to purchase real property or $1,500 or more of state funds to purchase personal property, the purchasers will execute and record either a mortgage for real property or a financing statement for personal property, giving the state a security interest.

These contract provisions constitute the "security agreement" which creates the state's security interest. For the state to maximize its claim on state-funded property in case the contract is terminated, the state must "perfect" its security interest. A security interest in real property is perfected when a mortgage is recorded in the

OBSERVATION (Continued):

appropriate registry of deeds. A security interest in personal property is perfected when a financing statement is filed with the appropriate town or city clerk and Secretary of State.

The division does not maintain accurate and up-to-date records of area agency and subcontractor real and personal property transactions that require a state security interest. Thus, the division cannot readily identify the state's interests in qualifying properties, nor can it ensure that agencies and subcontractors are perfecting the state's interest, as required by the contract.

RECOMMENDATION:

DMHDS should maintain accurate and up-to-date records of real and personal property transactions made by area agencies and their subcontractors that qualify for state security interest. Based on those records, the division should ensure that all state security interests are perfected, as required by contract provisions.

AUDITEE RESPONSE: (DMHDS)

DMHDS will bring its records of real and personal property transactions up to date and will insure that New Hampshire's interests in all real and personal property are perfected.

OBSERVATION 22: INDEMNIFICATION

DMHDS has not taken adequate steps to ensure that the state has been properly indemnified by area agencies or their subcontractors. Section 13 of the division's contract provides, in part, that the area agency "shall defend, indemnify and hold harmless the State . . ." from losses resulting from acts or omissions of the area agency. Indemnity or hold harmless agreements are used to transfer the ultimate financial responsibility for a given contingency to another party. Those who are attempting to transfer risk through hold harmless provisions need to be certain that the party assuming the liability under the contract is capable of responding through insurance or other financial means if loss occurs. In the event the other party is not able to respond financially to the loss, the transferor must be able to cover the loss.

The division does not maintain accurate and up-to-date records of area agencies' insurance coverage. Without such records, it could be very difficult for the division to readily identify the state's potential loss exposure and to take immediate steps to minimize or eliminate such exposure.

CONTRACTING (Continued)

RECOMMENDATION:

The division should maintain accurate and up-to-date records on area agencies' insurance coverage. This can be done simply by requiring a certificate of insurance from the agencies' insurers. The certificate should list the State of New Hampshire as the certificate holder, adequately describe the type of insurance in effect, including liability limits, and provide notice of cancellation to the state at least 60 days before coverage expires.

AUDITEE RESPONSE: (DMHDS)

DMHDS will insure that copies of insurance coverage are attached to the contracts when they are processed and that a letter will be sent to all area agencies advising them to include the State of New Hampshire as a certificate holder and provide for notice of cancellation.

QUALITY ASSURANCE

The following section describes and evaluates the activities of the division's Office of Evaluation and Quality Assurance (OEQA) in its effort to assess the performance of the twelve area agencies. Determining whether programs comply with standards established in administrative rules is a well-developed and well-executed activity of the division.

The OEQA comprises three sections: two that monitor mental health and developmental services programs, respectively, and a third that certifies community residences and day habilitation programs. The OEQA has also recently incorporated some procedures related to the effects or outcome of services on clients. (Outcome measures are discussed in more detail beginning on page 155 of this report.)

QUALITY ASSURANCE MONITORING PROTOCOL

To monitor area agency compliance with standards, the division employs a monitoring tool used during on-site surveys of each area agency done about 18 months apart. The site survey is an extensive review of area agency policies and procedures and includes some review of the outcome of services and provider activities that encourage positive outcomes. The standards address staff qualifications, ISP content, timelines and scheduling, record keeping, and client rights notification as well as, to some degree, integrated work, community participation, relationships, choice, and respect.

QUALITY ASSURANCE (Continued)

Based primarily on administrative rules, The Developmental Services Monitoring Protocol delineates the methods by which quality assurance staff conduct the surveys. The document covers pre-site planning and questionnaires, survey organization, scheduling and implementation through to exit conferences, report writing and corrective action.

Except for family support, internal quality assurance, and early intervention, for which draft standards or no formal standards exist, (see page 146) site surveys concentrate on the following areas: case management, client rights, client records, medication administration, staff training and development, day habilitation, adult day/work activities (including supported employment), community residences and respite care.

The case management survey section was specially designed, with the help of area agencies, to address whether case management efforts foster client progress and achievements. This section also includes a client tracking process in which specific client information is collected on a sample of clients from individual service plans, other records, direct observations of clients in their day program and residential settings, client interviews, and meetings with families and provider staff. This process is used to assess the effectiveness of individual clients' services prescribed by their ISPs. A separate section concerning residential services was designed to measure the appropriateness of those services for clients in addition to checking compliance.

The survey section for case management requires quality assurance staff to determine how well case managers facilitate services that increase clients' access to the community and to varied roles within it, capacity for personal decisions, competence to experience a life of higher quality, and number and quality of relationships with the non-disabled. In addition to support of clients and advocacy for appropriate services, the section is also designed to assess client conference preparation and process, monitoring of ISP implementation, and administrative support. Other survey areas employ similar key evaluation factors.

SITE SURVEYS RATINGS & COVERAGE

Recent quality assurance site survey reports and division summaries for 1987 through 1990 have identified consistent weaknesses in some area agency services, such as case management, client records and client rights. Despite a well-conceived, effectively implemented OEQA site survey process, some area agencies continue to be deficient in these areas. The division cites several reasons for the continued low ratings. Division staff apply greater scrutiny in survey areas that affect the provision of services overall. Case management, client rights and client records are three such areas.

QUALITY ASSURANCE (Continued)

The division also adds stress to areas in which particular agencies are improving, grading them harder than in previous cycles. Stress is also added in areas that have presented chronic problems for an area agency. Finally, some survey areas tend to be more technical by nature. In evaluating them, the number or quality of deficiencies cited may overstate the apparent seriousness of citations because of a heavy focus on administrative requirements and documentation required by the standards.

Case management, client rights and client records are areas central to, and indicative of, effective developmental services for all area agencies. These areas are also the three lowest rated survey areas for fiscal years 1989 and 1990. Division data for those years show that while several regions have reached compliance levels of 80 percent and above in case management and client rights, other regions comply at rates of zero to 20 percent.

Division concerns over these three areas include the failure of some area agencies and providers to develop appropriately challenging but attainable ISP objectives, client advocacy and the client-centered conference process. The division also cites client records areas such as ISP writing and monitoring, poor or absent progress notation, current client assessments and delays in recording client performance data.

The chart on page 145 shows <u>full</u> compliance as it profiles model and acceptable ratings only. The chart shows how the twelve area agencies are striving to attain excellence in services. Therefore, if an area agency is rated at 20% of full compliance in case management, the remaining 80% falls within either the concern and/or deficiency categories; concern indicating partial compliance and deficiency meaning out of compliance.

As shown on the following page, area agencies are improving in program areas such as supported employment, medication administration and staff development. Also evident from a review of site survey reports, each area agency has particular strengths and problem areas that receive special attention.

QUALITY ASSURANCE COMPLIANCE RATING OF AREA AGENCIES
FY 87-88 & FY 89-90 - Site Surveys

PERCENT OF FULL COMPLIANCE *

Poor ═══════════════════════════ Excellent

SURVEY AREAS		0-19%	20-39%	40-59%	60-79%	80-100%
Case Management	FY 90	X	XX	X	XXXX	XXX
	88	XX	X	X	XXXXX	
Client Records	FY 90		XXX	XXXX	XXX	
	88	XX	XXXX	XX	XXX	
Client Rights	FY 90	XXXXX		XX	XXX	X
	88	XXXXX		XXX	X	XX
Comm. Residence	FY 90			XXXX	XXXXX	X
	88		X	XXXXX	XXXX	X
Enhanced Fam.Care	FY 90		X	XX	XX	XXXXXX
	88				XX	XXXX
Respite Care	FY 90			X	XX	XXXXXXXX
	88			X	XX	XX
Day Habilitation	FY 90		XX	XXXXX	XXXXX	
	88		XX	XXXXX	XXXXX	
Adult Day	FY 90		XXX	XX	XXXX	
	88		XXX	XX	XXXXX	X
Supported Empl.	FY 90			XX	XXXXX	XX
	88			XX	XXXXX	X
Medication Admin.	FY 90				XXXXX	XXXXX
	88			X	XX	XX
Staff Development	FY 90			X	XX	XXXXXXXX
	88	X	XX	X	XX	XXXX
Quality Assurance	FY 90	X	X	X	X	XXXX
	88	XXXXXX	X			XXXX
Early Intervention	FY 90			XX		X
	88				X	XXXXX

X = Area agency

* = Full compliance constitutes ratings in the division's two highest QA categories: model programs and acceptable programs. The above data do not include partial compliance data.

Quality assurance surveys also cover program areas without administrative rule-based standards, but with other criteria specific to these areas. For example, the internal quality assurance efforts of area agencies have been reviewed and rated during site surveys over the last several years based on written documentation and plans, program integration, monitoring and corrective actions, but the basis of the review is not standards established in rules.

OBSERVATION 23: LACK OF QUALITY ASSURANCE STANDARD

Administrative rule He-M 505.03(k)(7) requires area agencies to have internal quality assurance programs, and they are a factor in the division's redesignation process. However, DMHDS has no plans to develop standards for such programs in the near future. Internal quality assurance efforts need development. Without formal standards for quality assurance, there is potential for inconsistency among area agencies as opportunities for on-going complementary quality assurance are reduced.

Fiscal year 1990 quality assurance compliance ratings show four regions at 100 percent compliance with existing informal guidelines and one at 60 percent. Three regions are well below compliance levels (40%, 20% and 0%). Two lack a quality assurance program and two area agency programs are in the beginning stages of development. Our survey of area agencies indicates that the majority of area agencies (7) rate their quality assurance programs as still developing. Five area agencies indicate their quality assurance systems have developed to a satisfactory degree.

RECOMMENDATION:

The division should, with the help of area agencies, develop formal standards established in administrative rules on internal means of assuring area agency service quality. The development of formal standards does not preclude the division from providing help to regions through consultation and technical assistance, as it has done over the last five years. The division could allow a grace period of one to two years before measuring compliance against the standards, recognizing the challenge of the undertaking.

Strong local quality assurance efforts could relieve the multi-faceted OEQA of long and repeated visits to the regions and allow more focused analyses in other areas. As originally planned, OEQA should encourage area agencies to develop QA programs comprised, in part, of local volunteers and parent teams from the local community to assist in assuring quality.

QUALITY ASSURANCE (Continued)

RECOMMENDATION (Continued):

Presently, division quality assurance directs the Quality Assurance Network, a group comprised of staff from division quality assurance, Community Developmental Services, and area agencies who explore the development of quality assurance at the regional level. Not all area agencies consistently send representatives to the quarterly meetings and at this time there is no committee chair. The division should continue its involvement in the network and should encourage greater area agency participation.

AUDITEE RESPONSE: (DMHDS)

The Division's philosophy has been to provide consultation and technical assistance to area agencies in developing their own internal quality assurance programs rather than to prescribe formal standards. Although there is more work to be done, all regions have fully functioning programs; this is viewed as a maturation process and much progress has been made. Discussions are ongoing regarding decentralizing quality assurance monitoring functions which was pilot tested in Region XI this year.

The Quality Assurance Network has experienced much greater participation by area agencies during the past six months with eleven area agencies sending representatives. The Network has always been hosted by the Quality Assurance Office with the director (or designee) as the chair. While this has shifted as staff have, it has never been without a committee chair. We now see this as a very viable and empowered group with whom we will continue to work cooperatively.

PROGRAM CERTIFICATION

The division certifies community residences and day habilitation programs providing services for persons with developmental disabilities. The division acquired the responsibility of residential certification from the Division of Public Health in 1988, and since then, has effectively administered the program. The success of the program is seen in increased compliance levels developed from data maintained by the division.

Providers of community residences with four or more beds have improved their level of compliance with division standards while providers of residences with three and fewer beds have experienced less improvement. Nineteen of the 114 four or more-bed homes inspected in 1990 (16%) were in compliance, with 4 regions in 100 percent compliance. In 1989, three homes (4 or more beds) out of 70 (4%) were in full compliance; Certification data for fiscal year 1990 shows an 11 percent increase in compliance over the previous year.

QUALITY ASSURANCE (Continued)

Since the Division of Public Health gave over the task of residential certification, the number of residences requiring inspection has risen from nearly 200 in 1988 to over 500 in 1990, as more individuals left institutional settings for integrated community placements. There has been both a dramatic rise in the number of homes inspected overall and in the number of homes with three beds or less. In the first year of reviews done by the division in 1988, staff were responsible for inspecting 259 homes. In fiscal year 1990, the division was responsible for 412 homes of three beds or less.

Also in fiscal year 1990, 103 homes (three beds or less) closed, four of which were decertified by the division or an area agency for failure to comply. Decertification is the process by which the division removes its approval of a residence providing care to disabled clients.

The dramatic increase in the number of homes closed is noted in statistics for homes with three or fewer beds as 25 homes closed in 1989 and 103 closed in 1990, a difference of 78 residences. Division staff state that the category of closed homes does not necessarily indicate that all technically close - many providers transfer to new locations or change the number of clients in their care. Division efforts to determine other reasons for closure have shown that many providers close for personal reasons such as divorce, relocation, job loss and illness.

CORRECTIVE ACTION PROCESS

An integral part of division quality assurance activities is the corrective action process used to address deficiencies identified in both site surveys and annual certification reviews of residences and day habilitation programs. Division site survey policy states that area agencies are to submit a corrective action plan addressing any deficiencies found in the surveys within 45 days of receiving the site survey report.

The Office of Evaluation and Quality Assurance (OEQA) approves the corrective action plans and may request revisions if it does not find that the plans adequately address the deficiencies. OEQA may also conduct unannounced re-visits as a follow-up to a site survey if staff have particular concerns about the deficiencies found.

Once the corrective action plan is approved, OEQA's role in the corrective process is mostly complete until the next site survey. OEQA does maintain a log of corrective action timelines and an index of deficiencies and planned corrective actions, which are used to track the agencies' progress in implementing their corrective action plans.

QUALITY ASSURANCE (Continued)

OEQA provides copies of the corrective action plans to program specialists in the Office of Community Developmental Services (CDS), who monitor area agencies' contract compliance, provide technical assistance, and serve as the division's liaisons to the agencies throughout the year. The program specialists have primary responsibility for ensuring that corrective action plans are implemented and submit quarterly reports to OEQA on the agencies' progress.

Despite the use and monitoring of corrective action plans, specific program areas in some regions have remained significantly deficient from one site survey to the next. For example, during the three site survey cycles between fiscal years 1986 and 1990, quality assurance ratings show that in the area of client records, two area agencies received compliance ratings of 50 percent or below for all three years, and four other agencies received similarly low ratings for two consecutive years.

Division policy states that if a residence or day program is cited for deficiencies, the program provider must submit a satisfactory corrective action plan before OEQA grants certification. Before granting residential certifications, OEQA may also choose to revisit homes that receive deficiencies in the following four categories: home safety, client safety, client enhancement, and other problems.

Home safety deficiencies include violations of life safety codes, and client safety deficiencies include failure to notify clients of their rights, lack of an annual physical, problems with a behavior plan and inadequate emergency medical information. Client enhancement deficiencies address the appropriateness of activities and training outlined in the client's individual service plan. Other deficiencies may include policy and procedure errors, lack of insurance, staff training, and medication issues.

Of the residences serving four or more clients that OEQA reviewed in 1990, 30 percent were re-visited before they were certified because of the deficiencies found. OEQA also finds it necessary to re-visit an estimated 10 to 15 percent of residences serving three or fewer clients every year.

For programs subject to certification review, OEQA may opt to recertify a program with certain deficiencies for less than the usual one-year period. Subsequent visits and remaining problems can result in a program receiving more than one "short" recertification period, as OEQA staff work with the program provider and/or the area agency to try to correct the problems. OEQA staff indicate that the number of revisits they find necessary has increased in recent years. Decertification is a last resort.

Correction of Continuing Deficiencies

The division's standard contract with the area agencies provides for a number of actions the division may take if agencies do not meet the various contract provisions and other division service requirements. Among the compliance actions specified, the contract provides that the division shall delay or withhold part or all of an area agency's contract payment if it finds the agency has not corrected deficiencies cited by OEQA in a previous site survey. (Deficiencies found in certification reviews are not specifically addressed in the contract provisions.) Staff of Community Developmental Services, the unit primarily responsible for monitoring agency implementation of corrective action plans, indicate that no funds have ever been withheld for failure to correct site survey deficiencies, but such action has been threatened.

From the evidence of some agencies' continued low compliance ratings in certain areas from quality assurance site surveys, from the significant percentages of programs requiring re-visits for certification purposes, and from situations in which programs have received short certifications for more than one period, it appears that the application of stronger division actions to obtain area agency/program provider correction of deficiencies is necessary to ensure more timely corrections.

When the established procedures for initial corrective actions, such as corrective action plans and re-visits, fail to correct problems however, neither Community Developmental Services nor Quality Assurance have standard procedures, guidelines or timetables for pursuing additional corrective action. Both CDS and OEQA favor working with the area agencies to seek mutually agreeable solutions, rather than establishing a confrontational "enforcement" stance, and appear to pursue additional corrective actions on an ad-hoc, case-by-case basis.

In order to ensure timely corrective action by area agencies and consistent policy toward the area agencies, CDS and OEQA should work together to develop additional guidelines or procedures for addressing agency deficiencies beyond the corrective action process already established. Because OEQA is responsible for identifying the deficiencies and approving the corrective action plans and CDS has responsibility for monitoring implementation of the plans and the contract authority to delay or withhold payments, it is important for the two units to work together to ensure one coordinated and consistent approach to pursuing corrective actions more forcefully when initial procedures are not adequate.

Guidelines could provide that certified programs would be allowed only one "short" certification period by Quality Assurance before CDS would consider withholding some portion of the agency's contract payment until the identified problems were corrected. Further, agencies that remain below a certain compliance level for more than one site survey

or that did not show a certain degree of improved compliance by the next quality assurance site survey could find a certain portion of their funds delayed until the problem was corrected.

Although staff of both units indicate that area agencies are generally open to suggested improvements, corrective action guidelines should also address under what conditions total closure of programs will be considered. Because each agency and program presents its own unique problems and because circumstances surrounding certain agency deficiencies may vary greatly from case to case, guidelines should be just that, and not necessarily used as hard and fast rules. Guidelines would ensure that certain levels of action on the division's part at least be considered consistently when certain conditions are present.

OBSERVATION 24: CORRECTIVE ACTION DELAYS

Both Community Developmental Services (CDS) and Quality Assurance (OEQA) appear to be properly exercising their responsibilities monitoring area agency performance and seeking corrections of identified deficiencies. However, some deficiencies do not appear to be corrected as quickly as possible, as evidenced by continued low compliance ratings in some areas and revisits or repeated "short" certification periods. DMHDS does not have procedures or guidelines for addressing continuing deficiencies with increasingly stronger actions, such as financial penalties, to achieve prompt program corrections. Without guidelines, the division cannot ensure that its responses to continuing deficiencies are consistent among similar situations and coordinated between CDS and OEQA, which share responsibility for the corrective action process.

RECOMMENDATION:

CDS and OEQA together should develop procedures, guidelines, and timetables for consistently pursuing corrective actions with increasing firmness and coordination between the two units when area agencies or programs fail to promptly correct identified deficiencies. Guidelines should address short certification procedures, re-visits by OEQA subsequent to initial certification visits or site surveys, and significantly low quality assurance compliance ratings for more than one year. Additional division actions should include delaying or withholding some portion of the division's payment to agencies, as required by contract provisions, when cited deficiencies are not corrected, and decertification or program closure.

AUDITEE RESPONSE: (DMHDS)

The Division agrees with the audit findings that "Community Developmental Services and Quality Assurance appear to be properly exercising their responsibilities to monitor area agency performance and seek corrections or improvements in identified problem areas." While acknowledging the Division's philosophy of working with the agencies on a case-by-case basis to effect corrective action, the narrative implies that the Division is remiss or takes a casual stance in working with agencies regarding corrective action. In fact, the policy of addressing each situation on a case-by-case basis has been quite effective. While it is flexible and individualized, it is also coordinated, timely, and consistent.

The percentage of programs which consistently fail to correct problems is actually very small. Revisits have increased because community programs have increased considerably with the closing of Laconia Developmental Services. Furthermore, a revisit should not be interpreted as indication that the program has failed to work toward corrective action. This is a complex area with competing variables with time being only one factor. The Division feels that corrective action can best be addressed by continuing to coordinate efforts with Community Developmental Services, Quality Assurance, and the area agencies in a individualized quality enhancing mode rather than adapting a rigid enforcement stance.

MONITORING OF AREA AGENCIES

The division has a comprehensive and well-developed system for monitoring the financial and program activities of area agencies. The observations and recommendations at the end of this section identify areas where improvements or modifications could yield increased benefits to the division from its monitoring efforts.

REDESIGNATION

Of all division methods for monitoring and reviewing agencies' activities, its new redesignation process is probably the most comprehensive. The redesignation process was adopted under rule He-M 505 in August, 1989. The rule sets a schedule for all existing area agencies to apply for redesignation by the division as the area agency for their region, with the first agencies required to apply in fiscal year 1990. The rules require a wide variety of agency materials with the application. Some of these include written comments from citizens, consumers, and other interested parties on the area agency's services, responsiveness, and leadership; a comprehensive self-assessment by the agency on its abilities and performance; documentation of agency compliance with federal, state, and division requirements and of agency internal quality assurance controls; corrective actions in response to

division quality assurance reviews; and the conformance of agency goals and priorities to the division's mission. These materials are reviewed by division staff representing Quality Assurance, Client and Legal Services, and the Community Developmental Services units. Staff consider redesignation applications and make recommendations to the division director, who has final approval. Although there are no specific criteria or formulas for computing redesignation, the division seeks wide input of opinions and a full staff consensus on the final decision.

If the division determines that an area agency does not meet redesignation criteria, the director conditionally redesignates the agency for no more than 6 months. If the agency does not meet division conditions within that time, the director is to deny the application for redesignation and initiate the process to find a new area agency for the region, subject to certain appeal provisions. Of the eight agencies reviewed as of March 1990, the division has granted six regions full redesignation and one region conditional redesignation. One region's redesignation was pending. The region receiving conditional redesignation subsequently received full redesignation after it met prescribed conditions. The other four agencies must apply for their first redesignation by September 1991.

The redesignation process appears to be a comprehensive and effective method of ensuring area agency accountability to the state and the clients it serves. The process is unique in that it provides the long lead time necessary to shift clients and services from one agency to another if the division should choose not to redesignate and seek a new agency.

SERVICE MONITORING

Long-term Monitoring

In addition to the three-year redesignation cycle, the division also reviews agency and subcontracted services about every 18 months through its quality assurance site survey process. The division's Office of Evaluation and Quality Assurance also reviews all community and family residences for annual certification. (Site surveys and certification reviews are discussed in more detail beginning on page 143.) The eight intermediate care facilities (ICFs) under contract with the state are reviewed not only in quality assurance site surveys, but also in reviews by the state and federal offices of the Health Care Financing Administration, which administers the Medicaid program.

MONITORING OF AREA AGENCIES (Continued)

Short-term Monitoring

The division requires area agencies to submit monthly program reports for each program in all service categories. The reports include data on the number of clients served, average daily attendance, and units of service provided both for the month and year-to-date. For some services, service outcome data are also included. For example, client wages, hours worked, and the number of clients in integrated work settings are reported for vocational programs. Other outcome measures, such as community integration opportunities and positive transfers (clients who moved to less restrictive or to more integrated programs) have been reported for other programs, such as day habilitation, in previous years' reports, but were eliminated from the fiscal year 1991 reports. The monthly program reports are based on the contract scope of service forms, which specify the level of services each program is to provide according to the annual contract. These forms have, in turn, been based on program proposals that the agencies submit to the division as part of the planning for the annual contracts.

The division compiles the agencies' monthly program data into quarterly reports and provides these reports to each of the area agencies. In response to an LBA survey, the majority of agencies indicated that the comparative regional program statistics were the most helpful division data they received. Half of the agencies indicated additional data they would like to receive from the division but currently do not, including regional program cost comparisons, new program initiatives, and statewide service needs by the level of clients served.

The division's Office of Community Developmental Services (CDS) analyzes program data for compliance with contracted service levels. The contract provides that if the number of clients served, average daily client attendance, or the units of service provided (depending on the type of program) are below 90 percent of the contracted level at the end of any quarter, the division can reduce the agencies' spending limit accordingly. Contracted service outcomes, such as client wages earned and hours worked in vocational programs, are not included in the 90 percent compliance provision and are considered "unenforceable" according to CDS staff. However, they are included in the contract as baseline measures by which to track program and clients' progress.

Of the 320 programs contracted for in fiscal year 1990, only 47 (15%) did not meet the 90 percent contract compliance levels, and only 8 percent did not achieve at least 80 percent compliance. The most common reasons for programs not reaching contracted service levels were client transfers to different programs within the same region, late program start-ups, or delayed client placements. In April 1990, two months before the end of the fiscal year, 122 programs (38%) were at the 100 percent compliance level, mainly because of client transfers.

MONITORING OF AREA AGENCIES (Continued)

SERVICE OUTCOME MEASURES

The goals outlined in the 1985 Planning for Progress report reference the development of service outcome measures. As part of the long-range goal to ensure that resources are planned, allocated, and used in the most effective manner, the report states that, "The developmental services system will be able to measure individual development and demonstrate the effectiveness of services being provided." The 1985 Further Action for Independence report also stated that the division would establish basic measures of effective service outcomes to be incorporated into agency contract requirements for fiscal year 1986.

CDS does include service outcome measures in its contracts for day habilitation and various employment services. These measures include the number of client transfers to programs that require greater client independence, clients working in integrated job sites, job placements, and clients' median wages earned and hours worked. The division monitors these service outcome measures (with the exception of those for day habilitation) through area agency monthly program reports.

For case management, early intervention, family support, and residential services, the annual contracts and monthly program reports address only the number of clients to be served and/or units of services to be provided. The Office of Evaluation and Quality Assurance's (OEQA) case management and residential services monitoring tools used for site surveys include questions that could be used to measure service outcomes. However, these items are not included in the area agencies' program proposals or contracts and are not monitored by the division on a more regular basis than the 18-month site surveys.

Because the goals of different services vary, the outcome measures applied will also vary. Vocational and employment services may be the easiest to measure because their outcomes (employed clients) are so clear. Because of unique features of case management and residential services, outcome measures for these services may be more meaningful if related to factors other than clients' growth and skills development. For example, simple environmental factors, like safety and comfort, may be effective measures of residential service outcomes. OEQA staff indicate that the level of community integration for clients and their relationships with individuals who are not "clients" in the system are primary concerns for residential services. These may be other factors around which CDS could establish outcome measures and regularly monitor them. Another option would be for CDS to work with OEQA to develop a way to use the information gathered in quality assurance site surveys on a more systematic and regular basis.

One of CDS' goals established in administrative rules is to increase clients' community integration. Although the program proposals that area agencies submit to the division as the basis for the annual contracts still require agencies to plan the number of community

integration experiences per client for day habilitation and facility-based work programs, CDS no longer requires monthly reporting of this information, as it did in fiscal year 1989 and, in a modified narrative form, 1990. Nor is this outcome measure made part of the contract through the scope of services forms. Again, while some quality assurance monitoring tools do address community integration and even include numerical ratings, the results of quality assurance monitoring are not compiled to analyze specific service outcomes by program or to determine increases in community integration over time. Other goals that could be regularly measured over time as indicative of service outcomes include region's use of generic services, the degree to which families feel supported and encouraged, and the degree to which clients become system independent.

SERVICE MONITORING BY THE AREA AGENCIES

In addition to division monitoring, the area agencies review themselves and their subcontractors through internal quality assurance programs (discussed in more detail beginning at page 146). Most area agencies have also established human rights committees, which have various functions depending on the region.

Some agencies' committees have a role in the client complaint process, and some deal with other client rights and safety issues. Other committees review, approve, and monitor behavior management plans required for some clients. Because behavior management can include the use of restraints when necessary, careful monitoring of behavior plans is important to ensure that clients' rights are adequately protected. Of the 11 agencies that responded to an LBA survey question on the regions' human rights committees, 9 rated their committees as "very effective" in helping to assure that services are provided in compliance with client rights standard. The other two rated their committees as "somewhat effective."

FINANCIAL MONITORING

The division requires area agencies to submit quarterly financial reports, which CDS staff review for variance with the budgeted revenues and expenditures expected for that quarter. Staff also compare financial data to program data to check that increases or decreases in program expenditures are matched by corresponding changes in service levels. According to CDS staff, they meet with the area agencies quarterly to correct errors, resolve any discrepancies in the data submitted, and verify its accuracy.

The division also requires agencies to submit an annual financial audit report prepared by independent auditors. Division auditors review the annual audit reports and conduct division audits of agency financial statements on a four-year cycle. In addition, auditors review client attendance records and Medicaid billings for agencies' residential and day services every two years to ensure that billings are accurate and that Medicaid revenue is collected whenever possible.

HISTORICAL ANALYSIS

While CDS places its first priority on monitoring current contract compliance, historical analysis would provide valuable information on shifts in number of clients served, types and units of service provided, and certain service outcome measures for all service categories, both statewide and by region. Tying program data to financial data would also reflect trends in costs per unit of service over time. CDS has not yet established a database on community services staffing, but compilation and analysis of programs' staff size, costs, and staff to client ratios and their changes over time could also provide valuable information for identifying characteristics of cost-effective services.

CDS has generally not compiled historical trend data on area agency programs or maintained historic program data for other than the most recent three to four years in a systematic and accessible manner. In earlier years, some historical trend data on service levels was compiled for reports to the federal court following the 1981 court order. In more recent years, historical trend data has not been systematically compiled on community services, except for residential clients served, and the availability of accurate and complete program data prior to fiscal year 1988 appears to be limited.

AREA AGENCIES' REVIEW OF DIVISION OPERATIONS

Based on responses to a November 1990 LBA survey of the area agencies, 10 of the 12 agencies rated their working relationship with the division "very good." The division received the most positive rating of the 11 organizations and groups the area agencies were asked to rate in the survey. (A copy of the survey with a summary of results appears in Appendix B.)

Eleven of the agencies rated the division's financial controls over their operations as adequate and appropriate, and nine thought division program controls were adequate and appropriate. Two-thirds of the agencies agreed that division controls had become stricter over the past five years.

MONITORING OF AREA AGENCIES (Continued)

More than half of the agencies reported receiving at least some technical assistance from the division in the areas of general management, finances and billing, service design, and client rights over the past two years. In finances and client rights, five agencies reported receiving a lot of division technical assistance. Five of the 12 agencies reported that the division usually responded very well to their technical assistance requests, and five others reported that the division sometimes responded very well.

A majority of the agencies believe they are adequately informed about other area agency and service provider activities in the state, but half thought their agencies would benefit from additional information on other programs and services. Half the agencies indicated they had daily to weekly contact with the other area agencies; the others reported monthly contact. Three-fourths of the agencies rated their working relationship with the other area agencies "very good," and the other fourth rated it "good."

OBSERVATION 25: REDESIGNATION

Rule He-M 505 requires DMHDS to designate an entity as an area agency for a four-year term and requires each area agency to apply to the division for redesignation every four years. However, the division is currently redesignating area agencies for three-year terms. The division could revise its rules to reflect current practice, or after it has finished the first redesignation cycle for all agencies, switch to the four-year terms specified in the rules.

DMHDS may wish to consider the possibility of contracting for a two-year period with area agencies that receive full redesignation, instead of the current one-year period, to coincide with the biennial state budget. CDS staff indicate that agency contracts do not change significantly from year to year. Two-year contracts would allow the division to reduce the investment of staff resources to re-contract every year and give the area agencies a longer-term state commitment as a benefit of achieving full redesignation. Two-year contract periods linked to redesignation would be easier to administer with four-year redesignation cycles.

RECOMMENDATION:

DMHDS should revise either its rules or the redesignation process to ensure that the process follows the stated rules. The division may also wish to consider the feasibility of contracting with area agencies on a two-year basis if they receive full redesignation.

AUDITEE RESPONSE: (DMHDS)

The Division will draft a revision of the rules to provide for a three-year redesignation process and will consider the feasibility of contracting with area agencies on a two-year basis.

OBSERVATION 26: SERVICE OUTCOME MEASURES

CDS has established service outcome measures to assess the effectiveness of most vocational and work-related programs, but has not yet established measurable service outcomes for clients in service areas such as early intervention, family support, and the various residential programs. DMHDS's goals and mission identify several measures by which community services should be judged for effectiveness, but the division does not systematically collect and compile data on these measures. Without regularly collected and compiled data, the division cannot fully measure improvements in all services or progress toward attaining service goals over time, and cannot objectively assess variances in agencies' program effectiveness or service model designs.

RECOMMENDATION:

DMHDS should establish measures to assess service outcomes for those program areas still without such measures, using the area agencies' program proposals, contract scope of service sheets, or other means. The division should seek ways to measure these outcomes in regular and systematic ways and use the data collected to assess the relative effectiveness of different program models and of the regions in implementing them, to set program performance goals, and to track progress in achieving statewide goals over time.

DMHDS should also develop methods for measuring service outcomes that cross-cut specific program areas -- such as clients' integration into the community, relationships with non-disabled peers, and opportunities for choice -- in a systematic way. This would allow the division to measure its progress toward established goals. Although a monthly program report format may not be effective for measuring all types of service outcomes, the division could consider alternatives such as annual client and/or family satisfaction surveys, or regular surveys of a sample of community residents on their awareness of and relationships with individuals with developmental disabilities. OEQA conducted a family satisfaction survey in fiscal year 1987 but has not repeated the effort. These data too, should be used to identify effective program models and areas for change, and for future planning.

AUDITEE RESPONSE: (DMHDS)

The Division prides itself on some of the most successful outcomes of any DD system in the country. The closing of Laconia Developmental Services is perhaps the most significant outcome in the history of developmental services in the United States. This office is also aware of the extraordinary effectiveness of its services with respect to consumer satisfaction with extremely high ratings on quality and effectiveness from parents at all service levels. Also, in the past, the Division attempted to develop extensive service outcome measures which were tracked. The comprehensiveness of this data, in addition to the amount of data that was accumulated, dictated extensive administrative and clerical computer assistance which was not justified by the information that was accumulated. Data collection and data submission used up extensive computer bases and the access to information in this Division, as well as throughout the Department, is so limited that any attempt at expanding the outcome measure data collection would require extensive computer purchases, as well as additional administrative support staff, both within the area agencies and within this Division.

OBSERVATION 27: HISTORICAL DATA

CDS has generally not compiled historical trend data on area agency programs or maintained historic program data for other than the most recent three to four years in a systematic and accessible manner. This hampers the ability of CDS to readily use historical data to analyze long-term trends in service provision. Accurate and documented knowledge about the past not only helps an organization to measure its progress, but also provides a better base for future planning. While CDS staff review and analyze program and financial data within a current year, documentation of service data over the long term and its analysis with relevant financial data, would provide a more comprehensive base of data for planning, contract negotiations, budgeting, and public information.

RECOMMENDATION:

CDS should begin to systematically compile available program data for several years to identify and document long-term trends in service provision, clients served, unit costs, and service outcomes. It should arrange to maintain statewide data reports in an organized manner that provides staff easy access for historical analysis. Although maintaining all past data in some form would be ideal, we recommend as a minimum the same six-year standard that the division sets for area agencies to maintain program data. CDS should consider compiling

RECOMMENDATION (Continued):

staffing data on area agency services statewide, since staff is generally the largest service cost in all program areas. While data needs and methodology do change over time, CDS should carefully consider long-term as well as immediate data needs when it revises the type or format of data requested from area agencies.

AUDITEE RESPONSE: (DMHDS)

The Division carries out extensive data control efforts in the areas of program model cost comparisons, annual contract cost determination, revenue forecasting, and related areas. In addition to the Division's contract monitoring, these areas are the most efficient and economical means of financial control.

Very few fields in Social Services have changed as dramatically in the past 10 years as the field of developmental disabilities. Supported Employment was not an option in 1984. Family Support was not even conceived in 1985; therefore, the Division does not agree with respect to the compilation of historical data. Historical data, including contracted programs and units of service and placements under the Court Order, have been compiled annually since 1982. However, the value of this historical data is limited in that the developmental disabilities field has changed so remarkably in the past 10 years that every program change confuses or distorts the data which is collected and, therefore, makes the historical comparisons of limited value in future planning.

This Division has attempted to restrict the amount of data that is collected to the absolute minimum due to its limited computer capacity and its limited personnel availability within the regions and within the Division for compiling historical data. Data collection is expensive and must be viewed from an administrative expense containment point of view.

CLIENT RIGHTS PROTECTION PROCEDURES

CLIENT RIGHTS PROTECTION

RSA 171-A:14 is a statement of the rights of developmentally disabled persons. The statute holds, among other rights, that no persons shall be deemed incompetent to manage their affairs, to hold professional, occupational or vehicular licenses, to vote, marry or make a will solely by reason of their developmental disability or of their placement in the service delivery system, nor shall division rules restrict such rights. In residential placements, the statute holds that clients shall have free and unrestricted mailing privileges, visitation at reasonable times, personal possessions including money, clothes, toilet articles, access to individual storage space, and to make and receive confidential telephone calls.

The area agencies are responsible for protecting client rights in area agency programs and contracted services. Many area agencies have established human rights committees to monitor clients rights. Division quality assurance staff reviews client rights through specific procedures in site surveys. Other organizations working to protect client rights include the Disabilities Rights Center, a private, non-profit agency mandated under the federal protection and advocacy system for the developmentally disabled, the Office of Public Guardian and the Tri-County Community Action Program through their client guardianship responsibilities.

Guardianship is a legal relationship established for an individual unable to manage his or her estate or to provide for personal needs such as health care, food, shelter, clothing, or safety due to functional limitations. RSA 171-A:10 provides that when an individual, over the age of 18 years is determined incapable of managing his or her own affairs and is at risk of substantial harm to himself or herself as a result, steps shall be taken to safeguard the individual. Safeguarding the individual may include the nomination of a guardian when no less restrictive alternative is available.

The probate court of the county in which the proposed ward lives handles the guardianship process. In most cases, the division interacts with the public guardianship programs mentioned above. Responsibilities of the division's Office of Client and Legal Services (OCLS) relating to guardianship include:

- screening all guardianship requests for clients that are developmentally disabled to ensure that the prospective wards are in need of a guardian,
- to petition the court for guardianship, and to
- reimburse the public guardian program for the expense of providing the service to the division's clients.

CLIENT RIGHTS PROTECTION PROCEDURES (Continued)

In reviewing client rights protection procedures the LBA focused on the complaint process followed by area agencies and the division as outlined in Administrative Rule He-M 302.

The Complaint Process

Rule He-M 302 states that any person can make an oral or written complaint. The area agency is to resolve the complaint informally to the satisfaction of the client if possible. If a complaint cannot be resolved it is given to the area agency's complaint investigator. The investigator notifies the guardian of the complaint, interviews the client and the complainant (if a different person), and any witnesses to the alleged incident and, with the consent of the client or guardian, reviews the clinical record. The complaint investigator has a duty to mediate as well as investigate.

Once the complaint is resolved a copy of the complaint and a report of the action taken is forwarded to the area agency director and to the division's Office of Client and Legal Service (OCLS). If the investigator cannot resolve the complaint to the satisfaction of the client, within 15 days, the complaint is submitted to the area agency director for resolution. The director must issue a written decision within 10 days. If a complainant requests emergency action then the complaint investigator, area agency director, or division director (within one day after receipt) must review to determine whether an emergency exists, the investigator has three days to resolve the complaint. A copy of the decision and the report of the complaint investigator is sent to the client or guardian and to the Office of Client and Legal Services. The complaint system is a consumer driven process that continues until the client or guardian is satisfied.

Appeal Process

If the client or guardian is not satisfied with the outcome, the client or guardian may appeal the decision made by the area agency director, through two methods of appeal: either a review of the complaint by the Office of Client and Legal Services or a hearing. Within 30 days of the appeal process chosen a written decision is prepared and distributed to the client or guardian, the complaint investigator and the area agency director.

Complaints Involving Abuse or Neglect

All complaints regarding abuse, neglect and exploitation of incapacitated adults must be immediately reported to the Division of Elderly and Adult Services (DEAS) by complaint investigators, according to both RSA 161-F: 42-57 and an agreement between DMHDS and DEAS. The Division of Elderly and Adult Services investigates the complaint and

sends a report to the Office of Client and Legal Services, which reviews the complaint reports of DEAS, the complaint investigator, the area agency director and the division director (if the complaint process went that far) to verify that the findings of both divisions coincide. Failure of the two divisions to concur may signify a breakdown in the complaint process. Any potential conflict of interest between the area agencies, DMHDS and OCLS is addressed by the additional investigations performed by DEAS.

The majority of the abuse complaints are brought by clients against clients. Review of the complaint log shows that the action taken by the area agency in complaints involving founded cases of abuse by a staff member ranged from termination of employment with letters in the employee file, to providing specialized training to the staff on clients rights. In those cases in which a client abused another client, the action taken has been that of separating or educating clients, rearranging housing placements or initiating behavioral plans.

We sampled three years of complaint logs for three regions. The trend for the complaints was as follows:

Year	# of complaints	Most frequent complaints		% of total	% founded
1988	46	17	abuse	37%	53%
		15	quality treatment	33%	80%
1989	25	8	abuse	32%	63%
		6	quality treatment	24%	83%
1990	18	10	abuse	56%	50%

The most frequent complaints were in the areas of abuse and quality of treatment (regarding placement, case management, and transportation). The number of complaints in these areas has decreased over the three years, as has total complaints. Also the above data shows that the percent of founded complaints has been consistent and it appears also to show that the complaint process has been fairly successful and unbiased in proving allegations made by clients or guardians, staff or others.

Role of the Office of Client and Legal Services

The DMHDS, Office of Client and Legal Services reviews all complaints submitted by the complaint investigators for possible problems with employee training, vendor service, programs, etc. The office makes recommendations to area agencies if a problem comes to light during the reviews. All complaints are logged at the Office of Client and Legal Services to track recurring complaints at particular residences for

further investigation. OCLS participates in division site reviews, during which it interviews clients and guardians who have complained in the past for their views on the complaint process and its effectiveness.

OBSERVATION 28: ABUSE AND NEGLECT - DELAYED REPORTS

Pursuant to the agreement between the Division of Elderly and Adult Services (DEAS) and DMHDS, area agencies are responsible for immediately reporting complaints to DEAS. When an oral report is made, a written report must be submitted to the DEAS district office within two working days.

According to DEAS officials some complaints are not immediately reported to their agency. Of approximately 160 complaints to DEAS in fiscal year 1990, at least 45 (28%) were not made in a timely fashion. Reasons for reporting delays by division and area agency staff include: little knowledge of the need to report complaints, the perceived need of agency staff to complete internal investigations before reporting complaints to DEAS, reports not made at the time of the complaint and internal reporting procedures of individual agencies that appear to take precedence over DEAS reporting. Some allegations were not reported to the DEAS until a month or more had passed.

RECOMMENDATION:

We recommend that DMHDS continue to provide joint training with DEAS and inform employees, area agencies and other providers, of the importance of reporting all complaints of abuse, neglect, exploitation, and hazardous living conditions immediately to the DEAS so that available evidence may be examined before it disappears or is forgotten.

AUDITEE RESPONSE: (DMHDS)

DMHDS will reissue an Identical Memorandum making area agencies aware of the complaint investigator's function with DEAS and insure that all complaints of abuse and neglect are reported to DEAS.

VOCATIONAL REHABILITATION SERVICES

In addition to the standard services furnished through area agencies, some adults with developmental disabilities also receive vocational rehabilitation services through the Department of Education, Division of Vocational Rehabilitation (DVR). The division consists of a director and four bureaus. In federal FY 1990 DVR employed 131 people and had a budget of $14.2 million. The division administers several rehabilitation programs. For people with developmental disabilities, services are delivered through the basic vocational rehabilitation program (Title I or 110), and the supported employment program (Title VI-C).

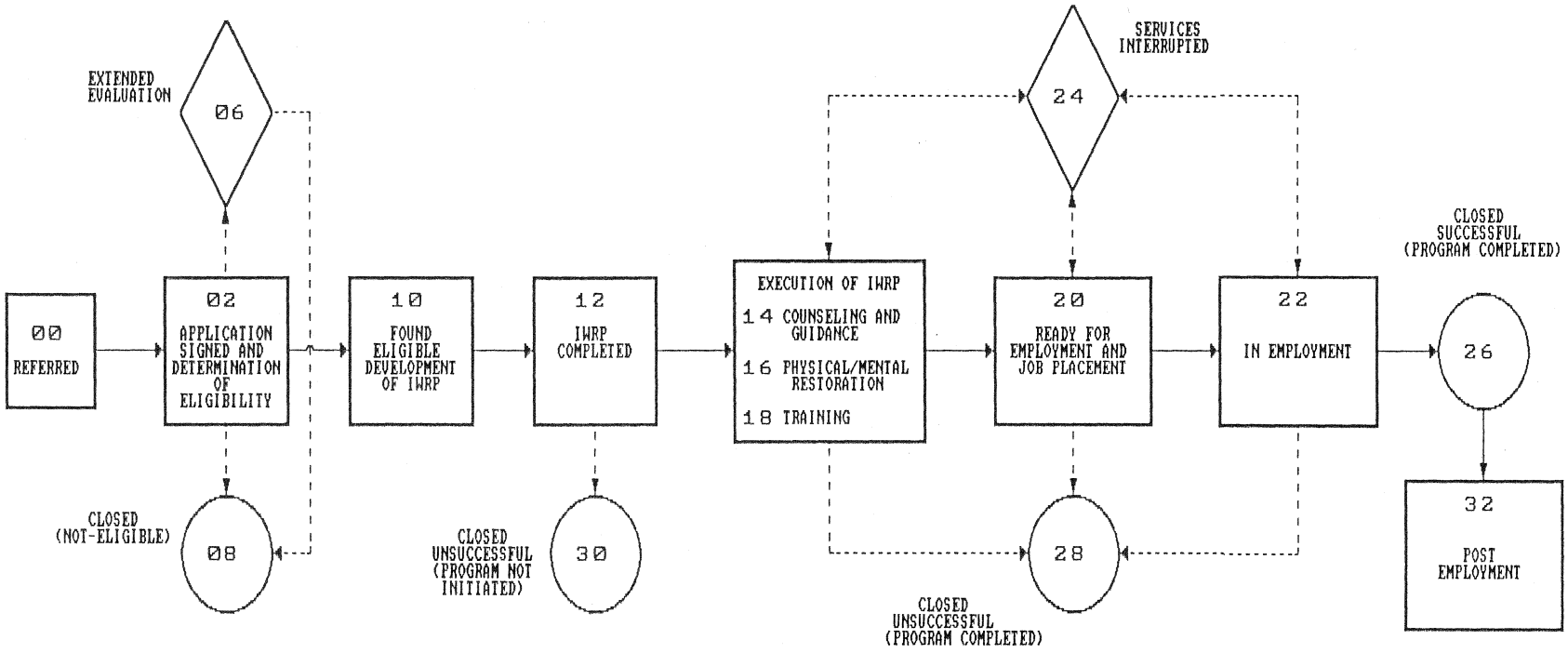
ACCESSING THE VOCATIONAL REHABILITATION SERVICE SYSTEM

The following overview of the vocational rehabilitation services system generally describes how a disabled person eligible for services accesses the system. Individuals with developmental disabilities determined by DVR to be eligible for services follow the same procedures for both the basic 110 program and the supported employment program. Individuals with severe developmental disabilities ordinarily access the system through the supported employment program; however, if supported employment funds are not available from DVR, under federal regulations (34 CFR § 361.36 (b)), those individuals are eligible for services through the basic 110 program. The major difference between the two programs is that before supported employment services begin, DVR requires a written commitment, pursuant to federal regulations (34 CFR § 363.11 (f)), from an area agency for provision of long term support.

VOCATIONAL REHABILITATION STATUS CODES

DVR uses status codes to track people as they progress through the system. A person receives a new number at each new point in the system. For example, a person comes into the system by contacting DVR. This initial contact is called "Referral" status, and assigns the status code "00." When the person formally applies for services, he or she moves to the "Application" status and is assigned the status code "02." The chart on the following page illustrates the different DVR status codes.

VOCATIONAL REHABILITATION SERVICES STATUS CODES



Once an applicant for services enters the system, DVR must decide eligibility for those services. For a person to be eligible for vocational rehabilitation services, three things must occur. First, the person must have a physical or mental disability. Second, that disability must be a substantial handicap to employment. Third, there must be a reasonable expectation that rehabilitation will raise the person's employability. If that reasonable expectation cannot be immediately discerned, the person will undergo an extended evaluation to determine whether benefit in terms of employability is likely to occur.

If DVR determines the applicant is ineligible, the case is closed. If DVR cannot readily determine eligibility, the applicant is processed for an extended evaluation and may come back into the "flow" after the extended evaluation. If the client is eligible for DVR services, the next requirement is development of an individualized written rehabilitation program (IWRP). The typical IWRP contains, among other things, intermediate and long-range rehabilitation goals and objectives, specific rehabilitation engineering services to be provided, post-employment services to be provided, and an evaluation procedure and schedule to assess progress toward goals and objectives.

At this point one of two things happens. Either the IWRP is completed and the client is ready to receive rehabilitation services, or, if the program envisioned in the IWRP cannot be initiated, the case is listed as "closed - unsuccessful."

When the IWRP is completed and DVR determines the plan can be initiated, the client is ready to receive as needed the following services: counseling and guidance, physical and mental restoration, and training. After receiving the necessary rehabilitation services, the client is ready for employment and job development, and moves into employment as soon as appropriate. When the client has worked successfully for two months, the case is closed as successful and the program is complete. Post employment services may be provided if the client needs some help to maintain employment.

At any point from the time the IWRP is executed to the time the program is completed, services may be interrupted and resumed or closed.

FINANCIAL INFORMATION

Over the ten year period 1981 to 1990 New Hampshire spent a total of $86.8 million on all DVR rehabilitation and disability services and programs. Approximately $70.4 million of this total (81%) came from the federal government. In 1981 DVR spent a total of $6,149,888 on all services and programs. By 1990 that figure had increased to $12,463,619, an increase of nearly 103% and an average annual increase of more than 10%.

Expenditures for rehabilitation services alone totaled more than $52.9 million for the ten year period. Approximately $41.7 million (79%) came from federal funds. In 1981 rehabilitation services expenditures were $2,632,645. By 1990 DVR spent $8,122,582 on rehabilitation services. This is a total increase of nearly 212%, and an average annual increase of over 21%. A comparison of total DVR and rehabilitation services expenditures is illustrated in the table below.

COMPARISON OF DVR EXPENDITURES (1981 & 1990)
(in millions)

	1990	1981	% Change 1981 - 1990
Rehabilitation Services	$ 8.1	$ 2.6	212%
Total DVR Expenditures	12.5	6.2	103%
Rehabilitation Services as a % of Total	65%	42%	

Source: Statements of Appropriation

INDIVIDUALS WITH DEVELOPMENTAL DISABILITIES

It is difficult to estimate the total number of individuals with developmental disabilities receiving vocational rehabilitation services (see our discussion on page 181). DVR Disability Reports, maintained in a computerized reporting system by the Department of Administrative Services, Division of Information Services until 1989, provided limited data. Between 1985 and 1989, individuals with developmental disabilities (defined here as the sum of DVR disability codes 530, 532, and 534 - mild mental retardation, moderate mental retardation, and severe mental retardation, respectively) accounted for 732 out of 4561 (16%) of all successful rehabilitations. The table below compares successful rehabilitations in 1985 and 1989 for all DVR clients and clients with developmental disabilities.

COMPARISON OF DVR - SUCCESSFUL REHABILITATIONS (1985 & 1989)

	1989	%	1985	%	% Change 1985 - 1989
Developmentally Disabled	177	19%	140	15%	26%
Non-Developmentally Disabled	754	81%	805	85%	(6%)
Total	931	100%	945	100%	(2%)

Source: DVR Disability Reports

VOCATIONAL REHABILITATION SERVICES (Continued)

Between 1983 to 1990, DVR successfully rehabilitated 7,788 individuals, at a cost of approximately $46.3 million, an average cost during the period of $5,945. The table below compares the costs per successful rehabilitation in 1983 and 1990 when the cost of a successful rehabilitation increased from $4,494 to $7,910 (76%).

COMPARISON OF DVR - COST PER SUCCESSFUL REHABILITATION
(1983 & 1990)

	1990	1983	% Change 1983 - 1990
Rehabilitation Services Expenditures (in millions)	$ 8.1	$ 4.0	103%
Total Rehabilitated	1,024	890	15%
Cost per Rehabilitation	$7,910	$4,494	76%

Sources: Statements of Appropriation
DVR Form 113

COMPARISON WITH OTHER NEW ENGLAND STATES

The latest available comparative vocational rehabilitation services information is for federal fiscal year 1988. The information was compiled by the Institute for the Study of Developmental Disabilities and School of Public Health of the University of Illinois at Chicago, in a 1990 publication entitled The State of the States in Developmental Disabilities. The publication compares data from all fifty states and the District of Columbia. According to The State of the States (see Table next page), in a comparison of the six New England states, New Hampshire's cost per rehabilitated client ($6,270) was the lowest in the region. Conversely, Maine's cost per rehabilitated client ($9,822) was 56.7% higher than New Hampshire's, and was the highest in New England.

VOCATIONAL REHABILITATION SERVICES (Continued)

COMPARISON OF VOCATIONAL REHABILITATION SERVICES IN NEW ENGLAND (FFY 1988)

	VOC.REHAB. $ (000s)	CLIENTS REHAB.	COST PER CLIENT	NUMBER OF DD REHAB.	% OF DD REHAB.
CONNECTICUT	$15,169	2,289	$6,627	375	16.38%
MAINE	10,146	1,033	9,822	75	7.25%
MASSACHUSETTS	38,674	5,159	7,496	636	12.33%
NEW HAMPSHIRE	6,489	1,035	6,270	159	15.36%
RHODE ISLAND	6,560	938	6,994	100	10.66%
VERMONT	5,324	595	8,948	92	15.46%

Source: State of the States in Developmental Disabilities, 1990.

PLANNING AND MANAGEMENT

As with special education, the planning and management functions for vocational rehabilitation are the responsibility of the Department of Education. The department, acting through DVR, is subject generally to both the Executive Branch Organization Act (RSA 21-G) and the department's enabling legislation (RSA 21-N). Additionally, and more specifically, vocational rehabilitation programs are subject to the provisions of RSA 200-C and administrative rules ED 1001-1008 on the state level and Section 504 of the federal Rehabilitation Act of 1973 as amended (29 USC § 721 et seq.) and related regulations (34 CFR § 361 et seq.).

In our review of planning and management functions of vocational rehabilitation programs, we have identified problems involving an increasing pre-active caseload, and a fair hearings procedure that lacks certain required procedural safeguards. These issues are examined below. We also have concerns regarding coordination of inter-agency program planning and service delivery activities, a lack of specific authorization for field offices, and a faulty advisory committee appointment process. The coordination of inter-agency issues is examined in the section entitled "Interagency Services," while the field office and advisory committee issues are more fully discussed in the section entitled "Other Issues and Concerns."

VOCATIONAL REHABILITATION CASELOAD

The DVR rehabilitation services caseload consists of two components, a pre-active caseload and an active caseload. The pre-active caseload reflects referrals, applicants, and clients in extended evaluation. Persons in the pre-active caseload have yet to receive any vocational rehabilitation services, and are in effect on a "waiting list."

The DVR policies and procedures manual suggests three months as the standard period of time clients should remain in the pre-active caseload. When the three month time period is exceeded the client is placed on an Action Alert List. This report was designed to be used by rehabilitation counselors and regional office supervisors to expedite the progress of clients through the rehabilitation process. It is not uncommon for clients to remain on the pre-active caseload for far longer than the standard suggests is appropriate.

According to DVR's annual State Goals and Operations Plan, an agency production goal the division monitors with regard to its pre-active caseload is the "acceptance rate." This measure is the percentage of clients accepted for vocational rehabilitation services during the year out of the total number of referrals and applicants whose cases were decided during the same year. Vocational rehabilitation regional office supervisors and central office administrators review individual counselor and regional office acceptance rates that fall outside certain expected parameters. Data from 1983 to 1990 show the average acceptance rate for DVR was just over 61%. Pre-active caseloads and acceptance rates for 1983 and 1990 are compared below.

COMPARISON OF DVR ACCEPTANCE RATES
(1983 & 1990)

	1990	1983	% Change 1983 - 1990
Preactive Caseload Decisions	2,229	2,153	4%
Cases Accepted for VR Services	1,305	1,394	(6%)
Acceptance Rate	59%	65%	

Source: DVR Form 113

The DVR active caseload is defined as all clients receiving vocational rehabilitation services. Another important agency production goal that DVR monitors in connection with its active caseload is the "rehabilitation rate." This is the percentage of clients successfully rehabilitated during the year, out of the total number of cases accepted for vocational rehabilitation during the same year. Here

also, regional office supervisors and central office administrators review individual counselor and regional office rehabilitation rates that fall outside certain expected parameters. Data from 1983 to 1990 show the average rehabilitation rate for DVR was over 69%. Cases accepted for vocational rehabilitation and rehabilitation rates for 1983 and 1990 are compared below.

COMPARISON OF DVR REHABILITATION RATES
(1983 & 1990)

	1990	1983	% Change 1983 - 1990
Cases Accepted for Rehabilitation	1,305	1,394	(6%)
Cases Successfully Rehabilitated	1,024	890	15%
Rehabilitation Rate	79%	64%	

Source: DVR Form 113

Total caseload per rehabilitation counselor as shown below fell from 237 in 1983 to 235 in 1990. However, during the same period the number of active cases per counselor dropped from 124 to 101 (-19%) while the number of pre-active cases per counselor increased from 114 to 134 (+18%).

COMPARISON OF DVR PRE-ACTIVE AND ACTIVE CASELOADS
PER COUNSELOR (1983 & 1990)

	1990	1983	% Change 1983 - 1990
Number of Counselors	38.56	31.04	24.0%
Pre-Active Caseload	5,185	3,525	47.0%
Pre-Active Cases per Counselor	134	114	18.0%
Active Caseload	3,890	3,842	1.0%
Active Cases per Counselor	101	124	(19.0%)
Total Caseload	9,075	7,367	23.0%
Total Cases per Counselor	235	237	(1.0%)

Source: DVR Form 113

OBSERVATION 29: INCREASING PRE-ACTIVE CASELOAD

The DVR pre-active caseload is increasing rapidly. The pre-active caseload consists of clients accepted for services and awaiting an individual written rehabilitation plan (IWRP). A client cannot receive counseling and guidance, physical and mental restoration, training, or other rehabilitation services without an IWRP. Therefore, the pre-active caseload in effect constitutes a backlog or waiting list for services.

On October 1, 1983, the pre-active caseload was 1291. On October 1, 1990, the pre-active caseload was 2956. Between 1983 and 1990, the pre-active caseload has increased 129%, an average annual rate of over 16%. During the same period, the active caseload, defined as including all services beyond the referral, application and extended evaluation statuses, remained fairly constant (2448 in 1983 and 2424 in 1990). An estimated 16 percent of the pre-active caseload are individuals with developmental disabilities.

During the period, the number of rehabilitation counselors managing DVR caseloads has increased from 31.04 to 38.56 full time equivalents, an increase of 24%. At the same time, DVR rehabilitation services expenditures increased from $3,970,511 to $8,122,583, an increase of nearly 105%, or an average increase of approximately 13% annually. DVR maintains that current vocational rehabilitation counselor staffing levels are the same as those in 1972. According to the division, staffing levels were decreased in 1982 and then brought back to 1972 levels in 1988. The division further maintains that it is serving more severely disabled clients today than it served in the past, and it is more expensive and more time consuming.

RECOMMENDATION:

DVR should direct more of its limited resources toward removing the pre-active caseload bottleneck. To this end, the division should be as forceful and creative as the law and available appropriations will allow in using strategies to maximize, redirect, and increase its rehabilitation services resource base. These strategies could include temporarily reassigning existing DVR staff, hiring temporary staff or private contractors, and utilizing student interns and volunteers where appropriate.

AUDITEE RESPONSE: (NHSDE - Division of Vocational Rehabilitation)

The Division of Vocational Rehabilitation accepts this recommendation with reservation. The recommendation to use strategies to maximize, redirect and increase its rehabilitation services resource base by reassigning existing staff, hiring temporary staff or private contractors and utilizing volunteers to reduce the pre-active caseload

AUDITEE RESPONSE (Continued):

is a worthwhile objective. It is not appropriate, however, to accomplish this objective at the expense of serving eligible individuals who can benefit from counselor time and case service expenditures. The Federal share of Vocational Rehabilitation is a capped entitlement program and 100% of the grant is programmed for eligible clients and eligibility determinations for individuals who apply and are ready to benefit for service. Additional state funds of $25,000 per year should be adequate to screen 20% annually of pre-active individuals for interest or readiness for services, resulting in transfer to a counselor or closing the case.

The number of counselors actually have remained the same since 1972, with a decrease occurring in 1982 and an increase in 1988. Since clients are in process an average of 18 months, the client movement through the rehabilitation process is not reflected immediately. Staff are reassigned whenever there is evidence that workload in one area has increased beyond the staff's ability to process clients and the workload in another area is reduced resulting in staff availability. This general practice is modified from time to time by special circumstances including court orders to increase state services to a special population (eg. State Prison), special skill requirements (eg. manual communication skills for deaf persons). The Division uses temporary, part time help but has been restricted by appropriation in class 050. Volunteers have been used, particularly in the clerical area as they are available. Volunteers cannot be used for direct client service since Federal regulation requires agency employees to certify eligibility and Rehabilitation programs. (U.S.C. 721 (a)(1) and 721 (a)(2)).

ADMINISTRATIVE REVIEW AND FAIR HEARING PROCEDURES

DVR has a dispute resolution mechanism that allows clients administrative review of any agency decision concerning DVR services. The division also offers a fair hearing process for those who either do not wish to use administrative review or want a further, more formal reevaluation of the administrative review decision.

A request for administrative review may be made orally or in writing. If a client disputes DVR's termination of services, he or she may request continuation of services for 30 days while the review takes place. Administrative review allows a client, the client's attorney, or other representative to review the case file. A dispute not informally resolved within ten days at the field office is transferred to DVR central office for action. The person who conducts the review cannot have participated in the decision being disputed. The review meeting is conducted very informally. A client may present evidence and witnesses, but formal rules of evidence do not apply, and witnesses

are not sworn. A decision must be provided within 15 days of the review meeting. A client dissatisfied with the administrative review decision has up to 30 days to request a fair hearing.

The Department of Education conducts fair hearings according to the Administrative Procedures Act (RSA 541-A). Hearings are held before impartial hearings officers, who are lawyers under contract to the department. Fair hearings are much more formal in that witnesses are sworn and the proceedings are recorded. A written decision by the hearings officer must be issued within 21 days after the hearing. According to DVR rules, the DVR director may review the decision within 20 days of the decision. The director's decision may be reviewed by the federal Secretary of Education or appealed to the state Supreme Court.

Recent changes to federal rules (34 CFR § 361.48) provide at a minimum that DVR cannot require a client to use the administrative review procedures before accessing the fair hearing procedures, and that a fair hearing must be held within 45 days of a request for such a hearing.

The 1983 Executive Branch Organization Act (RSA 21-G:4 (V)) requires a uniform process for administrative appeals to an impartial body. The 1986 Department of Education reorganization statute (RSA 21-N:4 (III)) established a fair hearings unit in the commissioner's office for all hearings required by any federal law or regulation. The hearings must be adjudicative proceedings, conducted according to the Administrative Procedures Act (RSA 541-A). Hearing officers present findings and recommendations to the commissioner, who issues a final decision.

OBSERVATION 30: INADEQUATE FAIR HEARING PROCEDURES

Vocational rehabilitation fair hearing procedures do not meet state and federal requirements:

- DVR rules, relevant portions of which were adopted in 1988, do not adequately inform clients of their rights to refuse an administrative review and proceed to a fair hearing within 45 days. Changes to federal regulations in 1989 (34 CFR § 361.48) make it clear that DVR may not require a person to go through an administrative review as a prerequisite to getting a fair hearing.

- DVR rules do not provide for a final review by the commissioner after a fair hearing decision from an impartial hearing officer as required by RSA 21-N:4 (III). Current DVR rules provide for final review by the director. In disputes involving decisions to extend DVR services under the supported employment program, the director is the one who makes the decision. This does not provide the necessary impartiality.

VOCATIONAL REHABILITATION SERVICES (Continued)

OBSERVATION (Continued):

- DVR rules regarding administrative review and fair hearing appear to be those originally adopted in 1984 and inadvertently readopted by the department in 1990.

RECOMMENDATION:

DVR should ensure that fair hearings procedures conform to the 1983 executive branch organization statute (RSA 21-G), the 1986 Department of Education reorganization statute (RSA 21-N), the 1983 Administrative Procedures Act (RSA 541-A) and applicable federal rules.

AUDITEE RESPONSE: (NHSDE - Division of Vocational Rehabilitation)

The Department will resubmit Rule Ed 1003, which was inadvertently changed. The Rule will then conform with RSA 21-G, RSA 21-N, and RSA 541-A and applicable federal rules.

TRANSITION FROM SCHOOL TO WORK

Transition is defined as a bridge between the security and structure offered by the school and the opportunity and risks of adult life. It is a period that includes high school, the point of graduation, additional post-secondary education or adult services and the initial years of employment. Students with developmental disabilities should begin planning for transition three to five years before they expect to complete school.

DVR has been involved for many years in efforts to provide services which lead to a smooth transition from school to work for individuals with disabilities. In Peterborough, Keene, Littleton, and Laconia, DVR counselors are located in the schools. Theses counselors interact with and get to know students and staff through daily contact. In addition every DVR regional office has at least one counselor who is assigned to the high schools and secondary special education programs within the region.

DVR has also increased and expanded its transition programs to include an emphasis on greater interagency collaboration. For the past several years, DVR has cooperated with other agencies to operate a program called Project Transition in the Merrimack, Claremont, Hampton, Hudson, and Raymond, Monadnock, and Mascenic/Lyndeboro school districts. This is an interagency project involving the Job Training Council, the Bureau for Special Education Services, local school districts and DVR. Project Transition enables local school districts to develop community-based programming for students in their last two years of high school. Participating students are given the opportunity to work in a job for

at least minimum wage and receive job-related classroom instruction. The process is coordinated by a local transition team consisting of classroom teachers, the DVR counselor, a job coordinator, parents and student. Funds are provided by JTC for the job coordinator for one year. School districts are strongly encouraged to continue funding that position after the initial year.

DVR estimates that 120 students with developmental disabilities have been served by Project Transition.

The division recently developed another transition model called Partnerships. Utilizing information gained from Project Transition, Partnerships expands the model to include vocational education at both the state and local level. Partnerships is designed to serve severely disabled students between the ages of 14 and 21. Students work in a variety of jobs to find out vocational interests and abilities. In addition area agencies are brought into the transition process early to begin preparing students and their families for the move to adult services. Partnerships is in operation in the Sommersworth, North Conway, Hudson and Lebanon school districts and has served 30 students.

Additionally, DVR has focused increased efforts on developing relationships between vocational rehabilitation counselors and staff from high schools in Nashua and Manchester.

Our special education survey indicated that 25 out of 56 (45%) thought DVR had a good working relationship with local school districts, while 21 out of the 56 (38%) thought the working relationship was not good. In our survey of area agencies, when asked to rate general levels of coordination and service planning between themselves and DVR, 4 out of 12 (33%) responded with good to good/fair ratings and 8 out of 12 (67%) with fair to poor ratings.

OBSERVATION 31: PROGRAMS FOR TRANSITION FROM SCHOOL TO WORK NEED STRENGTHENING

DVR should strengthen its procedures for the transition from school to work for high school students with developmental disabilities.

DVR is involved in 11 of 169 local school districts (7%) with Project Transition, (7 districts) and Partnerships, (4 districts). Each year approximately 40 students ages 14 to 21 with developmental disabilities out of a total population of 500 students (ages 14-21) with developmental disabilities (8%) have been served by these two demonstration programs.

Many professionals involved with programs and services for persons with developmental disabilities recognize the great potential for successful integration into the community that transition services hold. The more

OBSERVATION (Continued):

effective the transition from school to work for students with developmental disabilities, the more self-reliant and self-sufficient those students are likely to become.

RECOMMENDATION:

DVR should confirm the efficiency and effectiveness of transition services and programs. Further, it should assume a more active role in coordination and service planning with local school districts and area agencies and in promotion of transition services for students with developmental disabilities.

AUDITEE RESPONSE: (NHSDE - Division of Vocational Rehabilitation)

The Division of Vocational Rehabilitation agrees with the recommendations of the LBA's report. The agency is extremely interested in confirming the efficiency and effectiveness of transition services and programs, and addresses this process in terms of outcomes. Each of the interagency funded projects cited in the Observation section is measured in terms of numbers of students placed in jobs in the community upon graduation. In addition, the agency has participated in follow-up studies to determine long-term impact of such programs, (Center for Resource Management, 1989-90, UNH Institute on Disability 1989-present).

Current interagency projects focus almost exclusively on students with developmental disabilities. However, it should be pointed out that these students are the third most prevalent disability group amongst educationally handicapped children. Greater numbers of students have learning disabilities and emotional handicaps which constitute vocational as well as educational handicaps. It is these, and other students with disabilities that are also in dire need of transition programs. These students have different needs which will require new strategies on the part of the local transition teams.

The agency is quite interested in increasing our efforts in transition programs for all disabled students with vocational handicaps. Successful interagency collaboration requires increased human resources, a commodity which is in short supply. Additional rehabilitation counselors were requested in the 1992/93 budget requests to enable the Division to expand this effort.

The issue to be clarified is how much more of an active role is desired. One counselor can serve 120 persons at a time in 2 or 3 school districts. The average caseload of the current staff is 175 clients. Approximately $100,000 per position is needed for salaries, clerical support, travel and client service funds. (Clerical cost is based on one secretary for each 3 counselors and 360 clients.)


PEELE

INTERAGENCY SERVICES

INTERAGENCY SERVICES

COORDINATION OF INTERAGENCY PROGRAM PLANNING AND SERVICE DELIVERY ACTIVITIES

State law requires necessary services be targeted by the Department of Health and Human Services and the Department of Education to all educationally handicapped children (RSA 186-C:7a) through inter-agency planning and agreement. Because the legislature has mandated such targeting of services, particularly to severely multi-handicapped, developmentally disabled children (RSA 186-C:21), the issues of system-wide program planning and service delivery coordination are very important.

Individuals with severe and profound developmental disabilities have available to them an array of services from many different agencies. They may be eligible as a pre-school child for early intervention services from the Division of Mental Health and Developmental Services through an area agency; as a school-aged child for educational services through the Department of Education and a local school district; as a teenager or young adult for vocational rehabilitation or job training services through the Division of Vocational Rehabilitation, the Department of Employment Security and the private, non-profit Job Training Council; and as an adult for housing and other adult services from a number of public and private agencies. The agencies involved often cannot readily share information on individuals or aggregate program data vital for program planning and service delivery activities. The need for more efficient and effective coordination is apparent in several areas.

First, the Department of Education and local school districts and the Division of Mental Health and Developmental Services and area agencies need greater ability to share up-to-date information on and coordinate resources for children with developmental disabilities who will be leaving school each year and needing adult services.

Similarly, the Bureau for Special Education Services and the Division of Vocational Rehabilitation (both units within the Department of Education) need to share up-to-date information on the number of clients with developmental disabilities in their respective programs where crossover occurs (e.g., transition from school to work). In order for more effective coordination to occur, certain intra-agency issues need to be resolved. For example, the department no longer allows special education clients listed in SPEDIS as mentally retarded to be further identified as mildly, moderately or severely/profoundly mentally retarded. At the same time, however, the department does allow mentally retarded clients, when they receive vocational rehabilitation services, to be identified as mildly, moderately, or severely mentally retarded.

Also, within the Bureau for Special Education Services there is no system in place for providing accurate and up-to-date information on the numbers of children with developmental disabilities and those who are severely disabled. For example, using the working definition for children with developmental disabilities given to us by the bureau (those identified as mentally retarded and multi-handicapped with mental retardation), we were unable to explain the significant decline in that population from 1982 to 1990.

This inability was particularly perplexing because experts in the field of mental retardation suggest ranges of the general population that can be diagnosed as mentally retarded. Intuitively, because the population of the New Hampshire has increased significantly in the past eight years, the population with developmental disabilities, of whom the mentally retarded make up the single largest group, should have increased and not decreased.

In attempting to explain this situation the bureau suggested that children in 1990 identified as learning disabled previously could have been identified as mentally retarded. In either event, by the bureau's reckoning, the child would have been identified as educationally handicapped. However, by the bureau's definition of developmental disabilities, children previously identified as mentally retarded, but now identified as learning disabled, would no longer be developmentally disabled. While the bureau and DMHDS insist that this has not been an issue to date, if such an identification were later used to deny a person developmental services as an adult, the result could be most unfortunate.

The bureau has also experienced some problems accurately defining and accounting for children who are severely developmentally disabled. Two recent studies on the issue have produced widely varying results. In 1988 a UNH Institute on Disability study done under the auspices of the special education Statewide Systems Change project and using SPEDIS reported, "The best estimate of the numbers of students who have severe disabilities is approximately 372." In another study done by AGH Associates, Inc. in 1989, the number of children with "severe/profound needs" was put at 188. The AGH study, which also used SPEDIS as a starting point, defined severe/profound needs children as those whose overall level of functioning is not now, nor is it ever expected to be during his or her lifetime, above that of a person who is developmentally three years of age.

Management in all involved agencies has the obligation to adopt and implement methods and procedures to ensure that resource use is consistent with agency program goals and objectives and statutory mandates; and that reliable data are obtained, maintained, shared with other agencies where appropriate, and fairly disclosed in reports.

The lack of a stronger, more formal system-wide approach to program planning and service delivery coordination will make it more difficult to measure the success of programs and strategies designed to help individuals with developmental disabilities.

OBSERVATION 32: SYSTEM-WIDE COORDINATION OF PROGRAM PLANNING AND SERVICE DELIVERY ACTIVITIES

The two state departments responsible for providing services to individuals with developmental disabilities operate within two entirely different service systems that span the individual's lifetime. NHSDE provides services to children with developmental disabilities within a larger population of educationally handicapped children that does not recognize developmentally disabled students as a distinct classification. These services are provided under a federally mandated entitlement program that guarantees every child a free and appropriate education. DMHDS provides services to a population categorically defined by state statute as eligible for state services, however as the New Hampshire Supreme Court stated in Petition of Brenda Strandel, 132 NH 110 (1989) services are limited to available appropriations, often necessitating the maintenance of waiting lists. Because eligibility for services changes from an entitlement-based system to an appropriation-based system and because the classifications for developmental disabilities do not converge between the state agencies, transitions from one state agency to another and the targeting of services for individuals with developmental disabilities between state agencies may be unnecessarily complex and confusing on a system-wide basis. Individuals may "drop through the cracks" during transitions. Planning and forecasting on an overall basis may be inhibited by the lack of readily available, compatible information.

RECOMMENDATION:

State agencies responsible for providing services to individuals with developmental disabilities should establish a stronger, more formal system-wide approach to program planning and service delivery coordination that is not limited solely to the needs of the individual agencies involved. Each agency should consider the needs of other state agencies who share responsibility for providing current or future services to individuals with developmental disabilities in the interest of facilitating the smooth transition of services between state agencies and encouraging sound program planning and budgeting for the needs of the individuals served by the system as a whole.

AUDITEE RESPONSE: (NHSDE - Bureau of Special Education)

Federal law for special education services referred to as the IDEA-Individuals with Disabilities Education Act (formally referred to as Public Law 94-142)--enacted on October 1990, and the accompanying regulations still do not recognize developmentally disabled as an identifiable education handicap category. The State Department of Education, Bureau for Special Education Services, has attempted to be consistent with federal law and regulations in the development of its own rules and regulations. In fact, the Bureau has been required to show that its regulations do not exceed federal requirements. The term "developmentally disabled" has been recognized in New Hampshire law as meeting the needs of individuals served by the Department of Health and Human Services. Under state education laws and rules, there are eleven distinct categories of educational disabilities. While there is no distinct developmental disability category, the eleven separate definitions of a handicapping condition are sufficiently broad in scope to accommodate the "developmentally disabled child." The Department of Education has provided lists of disabled individuals by name who are served by local school districts to the developmental disability unit of the Department of Health and Human Services. This information is used by developmental services in their planning for the future.

AUDITEE RESPONSE: (NHSDE - Division of Vocational Rehabilitation)

The Division of Vocational Rehabilitation agrees with the concept of establishing stronger, more formal coordination between agencies. The coding of disabilities need not be a barrier to this coordination. The coding is determined by federal reporting requirements in vocational rehabilitation but identification of individuals served jointly is possible. Individuals are identified in cooperative agreements for serving clients in common with developmental disability service agencies and mental health service agencies as are clients served jointly by local school districts and the Division of Vocational Rehabilitation.

The Division of Vocational Rehabilitation collects information on 177 different disabling conditions. This data collection is required by federal authority under the Rehabilitation Act (29 U.S.C. 721(a)(10)). The Division also collects the date of onset of disability.

RSA 171-A:2 V Defines Developmental disability. The Division collects all the disabilities identified in the Statute except "any other condition of an individual found to be closely related to mental retardation as it refers to general intellectual functioning or impairment in adaptive behavior or requires treatment similar to that required for mentally retarded individuals."

COORDINATION OF INTERAGENCY PROGRAM PLANNING AND SERVICE DELIVERY ACTIVITIES (Continued)

AUDITEE RESPONSE (Continued): (NHSDE - Division of Vocational Rehabilitation)

The Division has developed a computerized management information system which is flexible enough to be adapted to collect additional information (at some cost to the State) for State data collection purposes. Further, the Division has invested considerable time, effort and Federal funds to develop reporting protocols which could be used by various agencies but they have not adopted the protocols so far. It should be known that there is no requirement to provide information on "developmentally disabled" to federal funding sources for Vocational Rehabilitation. The Division of Vocational Rehabilitation has no use for the information other than to provide this information to other State agencies.

Nevertheless, it is possible for the VR data system to be modified to program additional information to report on a classification such as developmentally disabled. An additional field is necessary and special programming to track the time since birth that the disability occurred. Approximately $15,000 of state funds for programming is needed and an increase in class 030 to expand capacity to add one field for 15,000 records.

AUDITEE RESPONSE: (DMHDS - Division of Mental Health and Developmental Services)

The Bureau of Community Developmental Services CDS, in conjunction with regional Area Agencies, currently has in place and is strengthening its formal systems-wide planning activities with respect to the planning and budgeting for, and transition of, persons to and from the NHDSE and the DVR. Evidence of this is through the detailed formal agreement between the DMHDS and the DVR agencies which outlines the process for providing supportive employment services and the short and long term transition activities and expectations of Area Agencies and DVR to help assure the appropriate individualized transition of each person served by these agencies. A great deal of individualized interaction goes on daily between Area Agencies and the regional offices of DVR to insure that formalized planning takes place for each person. Further evidence of this is the close working relationship of DMHDS staff and NHDSE staff in the co-chairing of the P.L. 99-457 Part H ICC committee to formally plan on a statewide basis for the services to infants and toddlers and to plan for their transition to the NHDSE system when they become school age as individually appropriate.

The CDS/Area Agency system conducts its future budget planning based on the individual needs of persons currently served and of the needs of the persons on Area Agency waiting lists or anticipated to enter the Area Agency/CDS system from the NHDSE/public school system and Division of Vocational Rehabilitation (DVR) system. Area Agencies work closely

AUDITEE RESPONSE (Continued): (DMHDS - Division of Mental Health and Developmental Services)

with Local Education Agencies (LEA's) to identify children receiving special educational services who will likely be eligible for and need Area Agency/CDS services upon their 21st birthday. This information as well as the information on people leaving the DVR system is compiled on a biennial basis through the Area Agency/CDS planning process, and is therefore available to CDS and used for future biennial budget requests and projections to the legislature. Staff from CDS are also involved with NHSDE staff in a variety of meetings and planning activities at both the state and local levels to overcome the structural data problems that may be evident as noted in this observation, so that individual client planning and transition activities can take place for people leaving one system and entering another system.

INTERAGENCY AGREEMENTS AND PLANS

State and federal laws require various levels of cooperative efforts between state agencies that serve people with developmental disabilities. RSA 186-C:7-a requires an interagency agreement between the state Departments of Education (NHSDE) and Health and Human Services (DHHS) for services to school-aged children. RSA 186-C:21 requires the two departments to develop a joint plan to focus resources on students with the most severe handicaps. Federal law (29 USC §§795m,n) and rules (34 CFR §363.50) require the Division of Vocational Rehabilitation (DVR) to demonstrate a collaborative effort with the Division of Mental Health and Developmental Services (DMHDS) to provide supported employment services to individuals with severe handicaps. Although NHSDE and DHHS and their divisions (DVR and DMHDS) have taken significant action to carry out the state and federal requirements, they have not met their full responsibilities. The agencies need to take further steps to effectively coordinate their services.

NHSDE AND DHHS INTERAGENCY AGREEMENT

NHSDE and DHHS entered into an interagency agreement in 1985 pursuant to RSA 186-C:7-a. State law requires the agreement to include, for both departments, definitions of their eligible populations, descriptions of the services available, specific program and financial responsibilities, service cost estimates and funding sources, methods for implementing and administering the agreement, interagency dispute procedures, and provisions for monitoring and revising the agreement. The departments' 1985 agreement addresses all statutory requirements except inclusion of service cost estimates and funding sources.

INTERAGENCY AGREEMENTS AND PLANS (Continued)

The departments outlined a variety of actions they would take to improve coordination of services. While efforts have been made in some areas, the lack of visible progress in the following areas remains a concern:

- development of an appropriate database on clients with developmental disabilities to be shared by NHSDE, DHHS, local school districts, and area agencies;

- development and annual updates of an interdepartmental "resource sharing, transfer and utilization plan" including facilities, equipment, materials and other resources; and

- development of a work plan to implement the agreement.

Another item in the agreement addresses the development of inter-departmental staff resources, including coordinated staffing structures, shared staff training programs, and reciprocal staff certification procedures. Some staff training is shared, at least at the local level. In a November 1990 LBA survey, 9 of the 12 area agencies reported at least one staff training opportunity in the previous year that was shared with local school staff, and three reported at least four shared trainings. Agencies also reported shared training with Division of Vocational Rehabilitation (DVR) staff. The amount of progress in other staff resource coordination activities was not determined.

The agreement also requires the development of referral mechanisms for individuals between local schools and area agencies and client information sharing mechanisms. Proposed state rules require area agency early intervention programs to help parents, if needed, contact schools when children with developmental disabilities approach their third birthday and the responsibility for serving them shifts from the area agencies to the school districts. A 1989 Bureau of Special Education memorandum indicates that most early intervention programs refer children to their school districts at least six months before their third birthday. The federal Part H program for early intervention has funded increased coordination and information sharing efforts between area agencies' early intervention programs and NHSDE and local schools. (See further discussion of Part H beginning on page 44.)

From responses to LBA surveys of area agencies and local school districts, it appears there are some referral efforts made from schools to area agencies for adult services, but improvements need to be made. Half the agencies rated the level of coordination and service planning with local schools as "good," but the other half rated it as "fair." Asked what was the most significant barrier to more coordination between area agencies and schools, the agencies cited the lack of planning and advocacy for students' after-school years by the schools, lack of collaborative agreements, and a lack of information sharing.

OBSERVATION 33: NHSDE AND DHHS INTERAGENCY AGREEMENT

The NHSDE special education interagency agreement with DHHS required by RSA 186-C:7-a has not been fully developed, implemented or maintained.

RECOMMENDATION:

NHSDE and DHHS should more fully develop the interagency agreement as a mechanism to promote more frequent formal and informal interaction between personnel at all levels in the two agencies. Further, NHSDE and DHHS should provide encouragement and leadership to ensure the same level of coordination and cooperation between school districts and area agencies on the local and regional levels.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

It is important to understand that, in New Hampshire, local education agencies are independent local government units, and area agencies are private organizations. The Department of Health and Human Services and the Department of Education have many examples of formal and informal working relationships. For example, the Consortium of State Policy Administrators (CSPA) is comprised of the following members: Richard Lepore, Director of Community Developmental Services; Jan Nisbet, Director of the Institute on Disabilities at the University of New Hampshire; George Tetler, Director of Employment Services; Tom Fox, Director of Community Mental Health; Jeff Rafn, Commissioner of Post Secondary Technical Education; Tom Pryor, Director of the New Hampshire Developmental Disabilities Council; William Porter, Administrator of Vocational Technical Education; Michael Nichols, Director of the Vocational Rehabilitation Systems Change Project; Bruce Archambault, Director of Vocational Rehabilitation; Nancy Levesque, Director of Operation, NH Job Training Council; and Robert Kennedy, Administrator of Special Education. This group has been meeting and effectively collaborating for five years. The program for severely handicapped students is jointly advised by the Department of Health and Human Services and Department of Education. This group has been meeting and effectively collaborating for five years. The program for severely handicapped students is jointly advised by the Department of Health and Human Services and Department of Education. The CSPA mechanism works well. It can be used to promote more formal and informed sharing. We will continue to develop ways of strengthening the continuation and cooperation between Department of Education and Department of Health and Human Services and between these agencies, local entities and private providers of service.

AUDITEE RESPONSE: (DMHDS)

DMHDS will continue to promote opportunities to work together in order to share resources and to enhance cooperation and coordination of services and overall policy direction at both the state and local levels of our respective service/educational systems. (Please see our response to observation #34 for further elaboration on some of the efforts that have already occurred and will be continued.)

NHSDE AND DHHS JOINT PLAN

State law (RSA 186-C:21) requires DHHS and NHSDE to develop a joint plan to focus their resources on students with the most severe handicaps. The plan, as envisioned by the legislature was to include:

- development of a regional system of in-state, community-based residential and educational services for severely multi-handicapped developmentally disabled children ages 3 to 21, and
- development of staff and educators with expertise in serving that population.

Under the joint plan, NHSDE was to be responsible for all services to severely multi-handicapped children and DHHS' Division of Mental Health and Developmental Services (DMHDS) was to provide technical service to, and cooperate with, NHSDE in the development of any programs under the joint plan.

While NHSDE has used resources to fund demonstration projects dealing with the severely and profoundly developmentally disabled, it has not developed a formal joint plan to the extent required by law.

OBSERVATION 34: NHSDE AND DHHS JOINT PLAN

NHSDE has not adequately addressed its responsibility to develop a joint plan with DHHS to focus resources on students with the most severe handicaps as required by RSA 186-C:21.

While NHSDE has used resources to fund several demonstration projects dealing with the severely and profoundly developmentally disabled, it has not developed a formal joint plan to the extent required by law.

RECOMMENDATION:

NHSDE should develop a formal joint plan with DHHS providing for the establishment of in-state services for severely multi-handicapped developmentally disabled children.

AUDITEE RESPONSE: (NHSDE - Bureau for Special Education Services)

There is frequent and ongoing contact and communication between the Department of Education, Bureau for Special Education Services and Department of Health and Human Services, Division of Mental Health and Developmental Services. Since many issues involve students with severe developmental disabilities and include placement planning and family support coordination, it is essential that the Bureau works with appropriate area agency, case management, and family support coordinators. Rarely does a placement meeting for one of this population take place without representatives from these agencies.

The Interagency Agreement between the Department of Education and Department of Health and Human Services is again undergoing a periodic review by an established committee comprised of members of these departments. The goal of this committee is to strategize and subsequently formalize a plan to bring these agencies together to coordinate services to identify and support individuals with developmental disabilities and their families. During our deliberations we will address the recommendation of a formal joint plan and the identification of severely and profoundly developmentally disabled. Issues of major importance also include the development of integrated community-based placement options and appropriate education settings.

AUDITEE RESPONSE: (DMHDS)

DMHDS, while not having primary statutory responsibility for services for developmentally disabled children who are school-aged, has developed, with Legislative consent, a system of services to help support the families of these children in efforts to prevent out-of-home residential or educational placements to improve the quality of life for these children and their families. Several area agencies do have written cooperative agreements with the local school districts and HHS also has an agreement with NHSDE, which has been in place since the Laconia Court Order. DMHDS will continue to work closely in collaboration with NHSDE with the primary focus on preventing out-of-home placements, and to the extent possible, looking at ways in which federal Medicaid funds can be further utilized to help offset the costs of special education services. It should further be noted that at the initiation of DMHDS, several school-aged children who are in out-of-district residential placements have a cost-sharing mechanism with Medicaid funds being utilized to support half of the cost of the residential placement with the local school district covering the state match portion. Further, at the initiative of HHS, a state law was passed in 1990 which has enabled DMHDS to work closely with DHS and NHSDE to provide for the potential of $2.5 million in federal Medicaid funds for assessment, therapeutic, and other educationally-related services to help enhance and provide more opportunities for integration of severely handicapped children in their local school districts.

INTERAGENCY AGREEMENTS AND PLANS (Continued)

DVR AND DMHDS INTERAGENCY AGREEMENTS

DVR is required by federal laws (29 USC 795m,n) and rules (34 CFR § 363.50) to show evidence of collaborative efforts with DMHDS to provide supported employment services to individuals with severe handicaps. State and local level interagency agreements serve as DVR's evidence of the required collaborative effort. According to DMHDS, it has no similar requirements in federal law and no pressing need for such collaborative agreements. DVR reports 209 clients were served under cooperative agreements between area agencies and local DVR offices in fiscal year 1990. In 1991, 159 clients are expected to receive joint services in the nine regions for which numbers had been estimated.

DVR and DMHDS renewed their state level interagency agreement for fiscal year 1991. The agreement contains numerous goals and objectives for supported employment services in areas of training and technical assistance, joint demonstration projects, a statewide management information system, and strengthening long-term employee supports.

Since 1987 the state level agreement has recognized the "important roles of the NH State-wide Supported Employment Systems Change Project and the UNH Institute on Disability in assisting in the employment of person with developmental disabilities ..." and stated a desire to assure the "continued development and on-going technical assistance regarding the statewide Management Information System (MIS) for Supported Employment. The MIS will initially be piloted in two regions of the state in the coming year." The MIS system was never developed and, according to DVR officials, no efforts are currently underway to develop the system.

Local Agreements

Another goal of the state agreement is the development and implementation of 12 local area cooperative agreements. As of April 1991, interagency cooperative agreements existed on the local level between five of twelve area agencies and their local DVR field office counterparts. (In the LBA survey, nine area agencies reported having cooperative agreements, but our review found that not all the agreements were active or up to date.) The local cooperative agreements address areas similar to those in the state agreement.

Staff of both DVR and DMHDS agree that some area agencies put a lot of very serious thought and effort toward interagency cooperation, while other agencies are either lax or in a few cases openly hostile to the idea. Neither division believes it would be appropriate or helpful to try to force area agencies toward greater cooperation.

Of the 12 area agencies, 6 rated the level of coordination and service planning with DVR "fair," and 4 rated it good or between fair and good. Asked what was the most significant barrier to better coordination, the agencies cited DVR's lack of flexibility and broad focus, lack of understanding of agency clients, lack of timeliness, and various program restrictions.

IMPLEMENTATION OF COOPERATIVE EFFORTS

To be effective, interagency cooperation must be a continuing process accomplished through both formal and informal channels. The formal channels include the statutorily required agreements and plans discussed above. In the case of interagency agreements on supported employment services, DVR has asserted that interagency cooperative agreements have no legal status and are not enforceable. DMHDS has indicated that they are of little consequence to its operations. However, inherent in all negotiated agreements is a requirement for the parties involved to make a good faith effort to comply with the terms and conditions of the agreement or seek reasonable amendments to facilitate compliance.

One informal channel for interagency cooperation is the Consortium of State Policy Administrators (CSPA). CSPA is comprised of state agency management officials from NHSDE's Division of Vocational Rehabilitation, Bureau for Special Education Services, and Bureau of Vocational Education; UNH Institute on Disability; DHHS' Developmental Disabilities Council and Division of Mental Health and Developmental Services; Department of Employment Services; Department of Post-secondary Technical Education; and the private, non-profit New Hampshire Job Training Council.

The consortium meets on a monthly basis to discuss issues of mutual concern. Its mission is to provide effective leadership in the creation and expansion of supported employment opportunities for persons with developmental disabilities. To that end CSPA strives to ensure:

- that while in school students are provided with instructional programs and community employment experiences which provide them with the best possible preparation for post-school employment;
- that effective coordination will exist between schools, vocational rehabilitation agencies, the Job Training Council, and adult service providers;
- that service programs and funding mechanisms will maximize continuity for clients and their families;
- that maximum use is made of all local, state, and federal resources, and;

- that innovation will be fostered in creating more advanced and integrated service programs utilizing natural support systems.

While informal efforts like CSPA are important and should continue, they must be balanced with continued formal efforts to develop, implement, maintain and evaluate interagency agreements and joint plans within the scope envisioned by legislative mandate.

OBSERVATION 35: DVR AND DMHDS INTERAGENCY AGREEMENT

The interagency cooperative agreement process designed to facilitate the targeting of vocational rehabilitation services for the severely developmentally disabled is not being utilized to its fullest potential.

Valuable and limited resources of both DVR and DMHDS are being underutilized in the course of implementing agreements with terms and conditions that either are not being achieved or, because of lack of available data, cannot be proven to have been achieved.

RECOMMENDATION:

In meeting its responsibility under federal law to show evidence of a collaborative effort in providing supported employment services to individuals with severe handicaps DVR should negotiate cooperative agreements with DMHDS and the area agencies that have realistic and attainable goals, objectives, and activities; that allow for meaningful and cost effective data collection in support of such activities; and that allow for amendment or adjustment to meet the needs of a changing fiscal or program environment.

AUDITEE RESPONSE: (NHSDE - Division of Vocational Rehabilitation)

Cooperative Agreements at the State and Local level are being re-written this year to accommodate the recommendations for attainable goals, objectives, and activities, as well as data collection to support such activities.

AUDITEE RESPONSE: (DMHDS)

This office agrees with the findings. We are collaborating with Vocational Rehabilitation to effect inter-agency agreements, where those are possible. However, Vocational Rehabilitation's restrictive policies with respect to fiscal support and long-term support agreements make collaboration at times very difficult. The Division does provide for supports to the extent of its fiscal capacity. Each individual provider/inter-agency agreement is developed on the basis of

INTERAGENCY AGREEMENTS AND PLANS (Continued)

AUDITEE RESPONSE (Continued): (DMHDS)

attainable goals and objectives and in those instances where an Inter-agency agreement cannot be developed, we continue to support the development of flexible inter-agency agreements. It is the contention of DMHDS that the forcing of an inter-agency agreement on a local community provider might, in fact, result in less cooperation, rather than more.

SERVICE ANOMALIES

Eligibility for vocational rehabilitation services is predicated on a person needing the services having a mental or physical disability that is a substantial handicap to employment and a reasonable expectation that the services will make the individual more employable. Once eligibility has been established an array of physical restoration services including organ transplants or the like can be provided. These catastrophic medical services, when rendered by DVR as the agency of last resort, can be very costly and have the potential to devastate the division's planning and budgeting processes.

For fiscal years 1987 through 1991 (as of December 13, 1990) there were a total of seven catastrophic health care cases, including four heart transplants, which obligated DVR for over $1.1 million in potential health care costs. An inter-agency agreement between the Department of Education and the Department of Health & Human Services addressing the issue of better coordination of acute medical care costs between the two agencies was drawn up but never implemented.

OBSERVATION 36: CATASTROPHIC HEALTH CARE COSTS

DVR has been unable to effect policies and procedures that would allow the agency to adequately manage the impact of catastrophic health care costs on its planning and budgeting processes.

RECOMMENDATION:

The Department of Education and the Department of Health and Human Services should take immediate steps to ensure that the coordination of catastrophic health care cases is adequately addressed. The steps should include the implementation of an inter-agency agreement between DVR and the Division of Human Services. The agreement should define, at a minimum, the financial and service obligations for each agency.

AUDITEE RESPONSE: (NHSDE - Division of Vocational Rehabilitation)

The New Hampshire Department of Education agrees with the recommendation. The Division of Vocational Rehabilitation has submitted an agreement to the Commissioner of the Department of Education who has signed the agreement and forwarded said agreement to the Commissioner of Health and Human Services. A second agreement was submitted when a new Commissioner of Health and Human Services was appointed.

The Department agrees with the LBA audit recommendation that an interagency agreement between DOE and DHHS is necessary to ensure the proper coordination of catastrophic health care cases. We urge that this be done immediately. Proposed revised federal regulations set forth in the Federal Register dated 7/3/91 may have significant impact on vocational rehabilitation participation in medical restoration services.

AUDITEE RESPONSE: (DHHS)

The Division of Vocational Rehabilitation of the Department of Education and the Division of Human Services have attempted to implement interagency agreements in the past. At this time, the Departments are not able to concur on an agreement. Due to significant differences in levels of federal participation, cases are resolved on an individual basis. It is essential to recognize that the unique characteristics of Medicaid and the Division of Vocational Rehabilitation's federal funding rates and eligibility standards, require program collaboration to ensure the maximum utilization of federal and other funding sources prior to utilization of state general funds. This recommendation raises a question of where these services, which are often similar in nature, should be provided from.

PLANS TO ACHIEVE SELF-SUPPORT

The Plan to Achieve Self-Support program (PASS) is administered by the federal Social Security Administration. The program allows persons with developmental disabilities and other disabled persons to write individualized plans setting aside funds for a future use which will help them achieve a specific vocational goal. The funds saved in an individual's PASS program are generally not counted as assets of the individual in determining eligibility for social security and other government benefits programs, including medicaid.

An individual PASS program is initially approved for 18 months and may be renewed for an additional 18 months and once again for 12 months. One of the more common vocational goals is saving for specially modified equipment, including vehicles, that will allow a person to return to work and eventually become more self-sufficient.

SERVICE ANOMALIES (Continued)

Under federal Medicaid law, states are permitted to either provide Medicaid coverage to all individuals receiving federal Supplemental Security Income payments or to choose the "209(b)" option. This option permits states to grant Medicaid eligibility to individuals satisfying state criteria instead of automatically providing coverage to those who meet the Supplemental Security Income criteria (42 USC §1396a(f)). New Hampshire has opted to be a 209(b) state.

The Division of Human Services of the Department of Health and Human Services is the state agency responsible for administering the Medicaid program. The agency does not recognize the Supplemental Security Income exclusion when calculating Medicaid eligibility. Its Medicaid rules limit the amount of money a person with developmental disabilities can have in any kind of savings program to $1,500. Any amount above that figure will cause a person with developmental disabilities to become ineligible for receipt of Medicaid benefits.

OBSERVATION 37: MEDICAID DISINCENTIVE

New Hampshire's "209(b)" rules have created an unintended barrier for individuals with developmental disabilities in their efforts to obtain work and become more self-sufficient, contributing members of society. Clients with developmental disabilities eligible for Medicaid and wanting to take maximum advantage of vocational rehabilitation services by establishing an individual PASS program are prevented from doing so by state Medicaid rules.

RECOMMENDATION:

The Department of Education and the Department of Health and Human Services should explore the possibilities of working together to revise rules to allow individuals with developmental disabilities to take advantage of the PASS program while continuing to receive Medicaid benefits. If it appears the necessary rules revisions are not possible or appropriate, the two departments should explore the possibilities of assisting individuals in establishing trust funds or other similar mechanisms that would allow them to take advantage of the PASS program while maintaining their Medicaid eligibility.

AUDITEE RESPONSE: (NHSDE - Division of Vocational Rehabilitation)

In light of the DHHS response to amend administrative rules to allow for PASS Programs, the Department is in agreement with the recommendation.

SERVICE ANOMALIES (Continued)

AUDITEE RESPONSE: (DHHS)

The Division of Human Services has reevaluated the feasibility of recognizing the PASS program income/resource exclusions and has determined the implementation of the exclusion will not create a fiscal liability for the Agency, and, to the contrary, may yield small program savings as clients achieve self-sufficiency. The Division of Human Services is preparing administrative rules to implement the exclusion and anticipates full implementation within 120 days. This action will preclude the need for establishing a trust fund.

OTHER ISSUES AND CONCERNS

OTHER ISSUES AND CONCERNS

In this section we present issues reviewed during our audit which we did not develop as formal observations. While not fully developed, these issues are not without significance, and DHHS, NHSDE, the legislature, and other interested parties may well consider them worthy of action or further study. Toward that end we have included suggestions where appropriate. The points discussed cover statutory, service provision, and program management issues.

STATUTORY ISSUES

LACONIA DEVELOPMENTAL SERVICES CLOSING

RSA 171-A:4 currently requires the Division of Mental Health and Developmental Services to maintain a delivery system "comprised of a substantial number of programs and services, including Laconia Developmental Services..." The division successfully placed all remaining LDS residents into the community service system during fiscal year 1991, and officially closed LDS on January 31, 1991. RSA 171-A should be updated to reflect this accomplishment and remove the operation of Laconia Developmental Services from the division's responsibilities. The division has indicated that it will seek to have the legislature eliminate references to LDS in RSA 171-A, 135-C, and other statutes.

SPECIAL EDUCATION CENSUS REPORTING REQUIREMENTS

Special education annual census reporting requirements create duplication of efforts. To determine state aid the State Department of Education (NHSDE) (in RSA 186-C:6) requires school districts to report the number of educationally handicapped students by October 1. To meet federal funding requirements the Bureau of Special Education requires school districts to report the number of educationally handicapped students in the district on December 1st by February 1st.

Consolidation of these requirements into a single report would save time and allow the NHSDE and local school districts to focus on other data collection activities. Because the federal requirement is not negotiable, we suggest the department initiate a statutory change to align the state with the federal reporting requirement. The department has indicated it will seek to amend RSA 186-C:6.

DIVISION OF VOCATIONAL REHABILITATION FIELD OFFICES

The 1983 executive branch reorganization statute (RSA 21-G:7 (I)) specifies that a department may not establish field operations unless authorized by law. The Division of Vocational Rehabilitation (DVR), established as part of the NHSDE in 1986 (per RSA 21-N:2, 8) operates

field offices in Berlin, Concord, Keene, Nashua, Manchester, and Portsmouth. State agencies must comply with the law, and the law is clear: "legislative proposals by a department seeking establishment of field operations shall include evidence of the commissioner's written certification to the governor and council that all other agencies with field operations in the same vicinity have been consulted to determine the feasibility of combining such field operations." (RSA 21-G:7)

NHSDE did not establish DVR field offices in accordance with state law. DVR maintains that RSA 21-G does not apply to its five field offices established before the statute took effect on July 1, 1983. DVR further contends that the statute that established the Department of Education (Laws of NH 1986, 41:2) on July 1, 1986, provided for the transfer of field offices to the department, as either "functions, powers, duties, and responsibilities," or "other property and obligations." The validity of either contention is unclear. Therefore, to ensure compliance with law, NHSDE should seek specific statutory authorization to establish DVR field offices.

CREATION OF ADVISORY COMMITTEES BY THE DEPARTMENT OF EDUCATION AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Departments of Education (NHSDE) and Health and Human Services (DHHS) have not followed state law when creating advisory committees. The law (RSA 21-G:11) requires that advisory committees be created by the department commissioner with the approval of the governor. Advisory committee members will be appointed by the governor with the advice of the commissioner. Moreover, departments are required to file a record of each advisory committee created with the secretary of state.

NHSDE did not follow statutory procedure in creating two DVR advisory committees: the Independent Living Advisory Council and the Consumer Advisory Council. DHHS did not follow statutory procedure in creating the Family Support Advisory Council. NHSDE believes its committees were "grandfathered" since they existed prior to the adoption of RSA 21-G. DMHDS indicates that since its Family Support Advisory Council was not established by the DHHS commissioner, it is not subject to RSA 21-G provisions. However, the law does not give agencies alternatives on how to establish advisory committees.

Both departments should ensure that advisory committees are created, appointed, and recorded per RSA 21-G:11.

STATUTORY ISSUES (Continued)

PUBLIC GUARDIANSHIP COSTS

RSA 171-A:10 conflicts with RSA 464-A:43 regarding whether the state or the county in which the indigent ward is a resident shall pay for public guardianship. RSA 171-A:10 (II), which specifically addresses developmental services, states that "...whenever the client is deemed to be indigent by the probate court, court costs and any other costs or fees that are incurred pursuant to any hearing on such a petition, or any reasonable cost incurred by the guardian appointed by the probate court, shall be borne by the county of residence of the client." RSA 464-A:43, which specifically addresses guardianship, states that "...if the proposed ward is indigent, the cost and fees of the proceeding shall be borne by the state."

The state is currently paying in all cases. This appears proper, as the most recent statute regarding the costs of guardianship is RSA 464-A:43, which took effect on January 1, 1988. DMHDS should take the steps necessary to eliminate this statutory conflict.

The division has indicated that it will seek legislation to delete earlier references which lay the cost on counties for persons in the developmental services system.

PROGRAM MANAGEMENT ISSUES

DMHDS COST CENTER CODES

The cost center codes used by DMHDS on a variety of documents to identify individual programs provided by area agencies and their subcontractors do not consistently reflect the service category of the program provided, as originally intended. In addition, not all cost center codes can be consistently traced from the contract scope of service forms to the contract budget, to monthly area agency program reports, or to area agency independent financial audit reports. Programs are dynamic and may change or expand their services, and thereby affect cost centers assigned. But inconsistent or missing cost center codes increase the risk of inaccuracies or incompleteness when program and financial data are compiled and used for any analysis or planning. The division does use "program type" codes on some documents to identify service categories of programs, but while these appear more reliable, they are not used as often as cost center codes.

The division should ensure that cost center (or program type) codes for the contract year are up-to-date, accurately reflect service category, and are consistent in all relevant area agency and division reports.

PROGRAM MANAGEMENT ISSUES (Continued)

DEPARTMENT OF EDUCATION MEDIATION PROGRAMS

The NHSDE has two mediation programs. The Bureau for Special Education Services administers an informal mediation program. Established by ED 1127.02, the program is for both "low level disagreements" and "cases in which a request for a due process hearing has been made." Evidence from the bureau indicates this program is successful in four of every five cases attempted. And, in the LBA special education survey, 53% of the respondents agreed that the bureau's program is well run and effective (32% had no opinion).

RSA 186-C:23 establishes another mediation program, through the office of the commissioner, to "encourage informal resolution of differences of opinion regarding...an individualized education program, educational placement, identification, or evaluation of a child..." It is unclear how this more recent program offers any substantial improvement over the older, more informal bureau-run program.

While both programs address such basic issues as IEPs, placement, identification, evaluation, and provision of a free, appropriate public education, the bureau program seeks to resolve other, minor conflicts before they escalate into more serious problems. Other differences between the two programs include time limits, location, and attorney participation.

We believe NHSDE should seriously consider having only one mediation program to resolve special education disputes. We favor the bureau's program because it is successful, more inclusive, and easier to access. However, we are also mindful of the specific statutory requirements of RSA 186-C:23, and of NHSDE contentions that it is sometimes appropriate for lawyers to participate in mediation, and that mediation should be offered in locations other than Concord.

Therefore, NHSDE should ask the legislature to amend the law and let the department combine the best provisions of each program into a single mediation program.

SERVICE PROVISION

ADEQUACY OF HEALTH CARE SERVICES

Medical, dental, and psychiatric services for people with developmental disabilities may be inadequate in some areas of New Hampshire. Moreover, the conditions, communications skills, and behaviors of some clients may present barriers to effective treatment.

SERVICE PROVISION (Continued)

In 1988 DMHDS surveyed families of people with developmental disabilities. More than half (53%) of the respondents indicated concern over the quality of medical care for the developmentally disabled in their communities. This survey and the New Hampshire Family Support Task Force identified the need to:

- create a task force to study the availability of health services for people with developmental disabilities; and

- disseminate to the medical community information on the special needs of people with developmental disabilities.

We also surveyed area agencies on the quality of health care for people with developmental disabilities. Most deemed overall care adequate, but a number identified problems with physical therapy, ophthalmological, pediatric, and psychiatric services.

Area agencies are working to develop relationships with medical providers who are willing to serve clients with developmental disabilities. DMHDS could provide greater assistance in these efforts through the following steps:

- collection and dissemination of information to the area agencies for distribution to local medical providers,

- assisting area agencies that have difficulty arranging for the full range of care needed by their clients,

- discussions with faculty of the NH Technical Colleges and Dartmouth Medical School about inclusion of developmental disabilities coursework into health care curricula, and

- use of medical journals and related materials to publicize the needs, challenges, and rewards involved in caring for people with developmental disabilities.

AREA AGENCIES: DIRECT VERSUS SUBCONTRACTED SERVICES

State law provides that the Division of Mental Health and Developmental Services director may enter into contracts with, or otherwise make funds available to, area agencies for the provision of developmental services. The law also authorizes area agencies, with the approval of the division director, to subcontract with other organizations or individuals for the provision of services, using funds made available by the division.

SERVICE PROVISION (Continued)

Development of Different Service Methods

Originally, DMHDS envisioned that all services would be subcontracted out by the area agencies. However, some agencies began as direct providers when subcontractors were not available, and the division has allowed them to decide their own methods for service provision. About half the agencies provide most of their services directly, based on their own contracts with the division. This is the method used by all the community mental health centers with which the division contracts. Other area agencies provide most of their services indirectly, through subcontracts with other organizations. A few agencies have made almost equal use of both methods, providing some services directly and others through subcontracts.

All area agencies provide case management services directly. Based on analysis of fiscal year 1990 and 1991 services, respite care appears to be the type of service most likely to also be provided directly, and early intervention the service most likely to be subcontracted to another provider.

Effectiveness of Different Service Methods

Based on our analysis, there is no clear or consistent correlation between an agency's method of providing services (direct delivery or subcontracts) and either program costs or quality. We found that the factor most closely tied to differences in the service methods used by agencies is the size of the program, defined in units of service provided or the number of clients served. Generally, larger programs, that provide more units of service, use the subcontract method, and smaller programs use the direct delivery method.

Analysis by Program Category

Because agencies use different service methods for different types of services, we analyzed costs and quality assurance ratings by program categories. No relationship between the quality assurance program compliance ratings for fiscal years 1989 and 1990 and the service methods (direct or subcontracted) used by area agencies was identified in any program category.

We analyzed program unit cost differences between the two service methods by comparing, for each method, the rankings of agencies' individual unit costs for fiscal years 1990 and 1991 and the statewide average unit costs for fiscal year 1991. The table on the following page summarizes the unit cost comparisons, which were generally reflected in our review of regional rankings.

Among family residences, independent living, and vocational services, those provided through subcontracts had the highest average unit costs. Early intervention and respite care services showed the highest unit costs when provided directly by the area agencies. Day habilitation

SERVICE PROVISION (Continued)

and community residential services had the highest unit costs when agencies provided them using both service methods. (Because the figures reported are averages, not every agency using the lower-cost service method for a particular program actually has unit costs below those of each agency that uses the higher-cost method.)

FISCAL YEAR 1991 AVERAGE UNIT/CLIENT COSTS
BY PROGRAM CATEGORY AND METHOD OF SERVICE PROVISION

SERVICES PROVIDED:	DAY HABILITATION	VOCATIONAL PROGRAMS	EARLY INTERVENTION	RESPITE CARE	FAMILY RESIDENCES	COMMUNITY RESIDENCES	INDEPENDENT LIVING
Directly by Agencies	$75 (5)	$44 (5)	$3,495 (2)	$9 (9)	$48 (7)	$130 (6)	$ 6,367 (8)
Through Subcontractors	$73 (6)	$58 (4)	$2,964 (9)	N/A	$56 (4)	$133 (4)	$10,087 (2)
Using Both Methods	$92 (1)	$57 (3)	$2,128 (1)	$7 (3)	$46 (1)	$145 (2)	N/A

Notes: Early intervention and independent living show cost per client served; other programs show cost per unit of service.
Numbers in parentheses indicate the number of regions in each category.
Two regions do not provide independent living services.
Source: LBA analysis of fiscal year 1991 area agency contract and budget data.

In most program categories, agencies that subcontracted services tended to provide more units of service or have larger client enrollments than agencies that provided services directly. For example, in both day habilitation and vocational programs, agencies that subcontracted services would provide, on average, twice as many units of service as agencies that delivered services directly, based on fiscal year 1991 contract data. Average client enrollments in both early intervention and independent living programs were significantly higher in regions that subcontract these services than in those where agencies deliver services directly. Subcontracted community residential services were expected to provide more than twice the average units of directly-delivered services.

While we analyzed cost and quality differences between the two service methods by program categories, further analysis on an individual program basis is needed before final conclusions should be drawn. Further analysis should include comparisons on outcome measures, such as levels of community integration, number of job placements, median wages earned, and others appropriate to specific types of services.

Analysis by Predominant Agency Method

Analysis of the area agencies by their primary method of service provision, regardless of program categories, showed that with few exceptions, the agencies that use a predominately direct-delivery method have the lowest total budgeted expenditures for fiscal year 1991 and serve the fewest number of clients (based on fiscal year 1990 unduplicated client counts). They also tend to be located in regions with smaller total populations. Our analysis showed that the size of an agency is a stronger predictor of the service method used than either service quality or costs.

Other Factors

Issues such as independence, flexibility, coordination, and control should be considered when assessing the effectiveness of the two service methods. Advocates of the subcontract method think that area agencies have a conflict of interest if they provide services directly and cannot be objective in identifying the most appropriate placements for their clients. They suggest that case managers may not advocate as strongly for appropriate client services if those services are provided by fellow staff members within an area agency rather than by subcontracted providers.

Advocates of direct service delivery suggest that service coordination and flexibility are achieved more easily if all service providers are under the same management. They also suggest that services can be modified more quickly to meet client needs in a cooperative, rather than a competitive, environment.

An argument in favor of the subcontract method is that competition between subcontractors will result in more choices and better services. However, DMHDS staff agree that the choice of subcontractors for developmental services is limited. Area agency responses to our November 1990 survey indicated that the largest choices among subcontractors were for employment and community residential services. These were the only services for which the majority of responding agencies indicated three or more subcontractors were available. In early intervention, day habilitation, and supported apartment residential services, the majority of agencies responding indicated only one or two subcontractors were available. The fewer choices among subcontractors, the more limited the agencies are in maximizing the potential strengths of the subcontract service method.

Area agencies' independence, flexibility, and coordination and control of services should be reflected in measures of service quality, client outcomes, and unit costs. Because our initial analysis did not identify consistent differences between the two service methods on these measures, it may be that factors like independence and flexibility balance each other out in comparisons between the two service methods.

SERVICE PROVISION (Continued)

NUMBER OF AREA AGENCIES

The number of area agencies in the state is not specified by statute. The Division of Mental Health and Developmental Services originally envisioned ten areas or regions for the provision of developmental services, as it had already established ten regions for mental health services in the state. However, in a 1982 report on the state's implementation of the court order related to Laconia Developmental Services, DMHDS indicated that it had elected to divide the state into 12 regions, rather than the ten referred to in the court order.

DMHDS management has indicated that the decision to designate 12 regions was based on the existence of strong service providers already established in certain areas. Because the court order placed the division under time pressure to develop an area agency system, using strong existing providers to fulfill the area agency requirements was deemed the most efficient way to establish a system quickly.

The total populations of the 12 regions today vary greatly. Based on 1990 census data, regional populations range from 32,000 to 166,000. The regions also vary greatly in geographic size. The smallest region geographically has the largest total population, and the largest region has a relatively small population.

DMHDS management thinks that one of the major factors in the successful operation of the area agency system has been the regions' relatively small size, which allows the agencies' boards of directors to establish strong community ties. They believe that consolidating some regions and reducing the number of area agencies would dilute local control and reduce the effectiveness of the area agencies.

In our November 1990 survey of area agencies, 7 of the 12 agencies indicated that their board members' relationships with the community were "very important" to the successful operations of their agency. The other five agencies rated their boards' community ties as "important" or "somewhat important." Most agencies reported that their boards promoted community awareness of and involvement in agency activities and goals "to a moderate degree." Not surprisingly, none of the area agencies think there are too many regions. Half the agencies indicated that the current number of regions is appropriate, and a third indicated there are too few regions. Some agencies commented that regions serving larger populations have grown too big and should be divided.

One argument for reducing the number of area agencies is the potential administrative cost savings. With fewer agencies, there could be a reduction in salaries of certain administrative personnel including area agency executive directors, assistant directors, business managers, and case manager supervisors. Average fiscal year 1991

salaries for these four positions total $157,490. However, certain other administrative expenses, such as travel, have the potential to increase if there were fewer, but larger, regions.

Administrative costs of all 12 area agencies and their subcontractors, as budgeted in the agencies' fiscal year 1991 contracts, are 11 percent of total costs. Agencies that provide services predominately through the direct delivery method show administrative costs that total 9.9 percent of their budgets, whereas those that provide services under the subcontract method, or a combination of both methods, show administrative costs as 11.6 percent of their total budgets. Any projected cost savings from a reduction in the number of area agencies should thus take into consideration the specific agencies to be eliminated since administrative costs vary. Potential loss of local control, community involvement, accessibility to consumers and the effects of these factors on the quality of services should also be considered in conjunction with any estimated cost savings.

ENDNOTES

ENDNOTES

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4. Bradley, Valarie J. and James Knoll; Shifting Paradigms in Services to People with Developmental Disabilities; Human Services Research Institute; (no date); p. 3.

5. Bradley, p. 2.

DEVELOPMENTAL SERVICES FOR INFANTS AND TODDLERS (0-3 YEARS)

6. Legislative Study Committee relative to Women at Risk of Drug and Alcohol Abuse During Pregnancy, January, 1991.

7. Administrative rule He-M 510.03; Admission to Early Intervention Programs; eff 7/24/84 - 7/24/90.

8. Braddock, David; Hemp, Richard; et. al.; The State of the States in Developmental Disabilities; The University of Illinois at Chicago; 1990; p. 25.

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APPENDIX A

OFFICE OF LEGISLATIVE BUDGET ASSISTANT
AUDIT DIVISION

SURVEY OF PUBLIC & NON-PUBLIC SPECIAL EDUCATION PROGRAM DIRECTORS

As part of our audit we conducted a survey of directors and administrators of all approved public and non-public special education programs to obtain their views on a variety of topics concerning the provision of services, as well as some basic client and service data not readily available from the Bureau for Special Education Services.

We sent out 103 surveys: 72 to public and 31 to non-public special education programs. Of those sent out 76 (74%) were returned: 51 from public and 25 from non-public special education programs. Throughout the report we have referred to the responses received and have included a summary of those responses here.

SUMMARY OF AGENCY RESPONSES

NOVEMBER 15, 1990

Please respond to statements 1 to 87 by choosing the one response, of those listed below, that best characterizes your level of agreement with the statement. If you feel you have no basis upon which to form an opinion, simply indicate your choice as "DON'T KNOW / NO ANSWER." Please feel free to add any comments or explanations you wish to make to the statements or your responses.

All survey responses will be kept strictly confidential. Results of the survey will only be reported in the aggregate so that specific special education programs cannot be identified.

We would appreciate your participation so that we can prepare a more accurate and comprehensive report on New Hampshire's developmental disabilities system and its special education programs.

NOTES:

1. The phrase "my school district(s)" is used to describe multiple-district as well as single-district SAUs. Respondents should feel free to note where individual districts within their SAU would not fit the response chosen for the SAU and its other member districts generally.

2. In some statements non-public special education program directors and administrators responding to this survey may find it more appropriate and more meaningful to substitute the phrases "my organization" or "non-public special education programs" in place of the phrases "my school district(s) or "school districts," unless the context clearly indicates otherwise.

* **The information received in response to questions one (1) through ten (10) was not in a form that was reliable or readily usable. Summarized information from the survey begins with question 11.**

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

LOCAL SUPPORT.

11. My school district(s) strongly support(s) the state's policy requiring the provision of a free and appropriate public education for all educationally handicapped children.

Responses: 1. 59 (79.7%)
2. 9 (12.2%)
3. 6 (8.1%)
Total Responses: 74

12. In my school district(s) the issue of whether decisions regarding educational programs are made at the local or state level is very important.

Responses: 1. 51 (69.9%)
2. 13 (17.8%)
3. 5 (6.8%)
4. 3 (4.1%)
6. 1 (1.4%)
Total Responses: 73

13. Citizen-taxpayers in my school district(s) are very upset about the cost of special education.

Responses: 1. 31 (44.3%)
2. 15 (21.4%)
3. 14 (20.0%)
4. 3 (4.3%)
5. 4 (5.7%)
6. 2 (2.9%)
7. 1 (1.4%)
Total Responses: 70

14. Here are my comments on local support:

Most frequent comments were:

- **Funding.**
- **Excessive burden on property taxpayers during these tough economic times.**
- **Need more state and federal support.**

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

STATE REGULATIONS.

15. The New Hampshire State Department of Education ("NHSDE") Standards, as a whole, are well-written, concise and easy to understand.

Responses: **1. 7 (9.5%)** **5. 7 (9.5%)**
2. 15 (20.3%) **6. 15 (20.3%)**
3. 24 (32.4%) **7. 6 (8.1%)**
Total Responses: 74

16. The Child Find responsibilities outlined in the Standards are well-written, concise and easy to understand.

Responses: **1. 9 (12.5%)** **4. 4 (5.6%)** **7. 5 (6.9%)**
2. 18 (25.0%) **5. 9 (12.5%)**
3. 21 (29.2%) **6. 6 (8.3%)**
Total Responses: 72

17. The Evaluation and Determination requirements outlined in the Standards are well-written, concise and easy to understand.

Responses: **1. 8 (10.8%)** **4. 1 (1.4%)** **7. 8 (10.8%)**
2. 18 (24.3%) **5. 11 (14.9%)**
3. 18 (24.3%) **6. 10 (13.5%)**
Total Responses: 74

18. The IEP requirements outlined in the Standards are well-written, concise and easy to understand.

Responses: **1. 17 (23.0%)** **5. 11 (14.9%)**
2. 20 (27.0%) **6. 7 (9.4%)**
3. 15 (20.3%) **7. 4 (5.4%)**
Total Responses: 74

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

19. The Placement requirements outlined in the Standards are well-written, concise and easy to understand.

Responses: **1. 12 (16.2%) 4. 1 (1.4%) 7. 6 (8.1%)**
2. 21 (28.4%) 5. 8 (10.8%)
3. 18 (24.3%) 6. 8 (10.8%)
Total Responses: 74

20. Requirements for the Development and Operation of special education programs outlined in the Standards are well-written, concise and easy to understand.

Responses: **1. 8 (11.0%) 4. 3 (4.1%) 7. 7 (9.5%)**
2. 20 (27.4%) 5. 11 (15.0%)
3. 16 (22.0%) 6. 8 (11.0%)
Total Responses: 73

21. The Procedural Safeguards requirements outlined in the Standards are well-written, concise and easy to understand.

Responses: **1. 13 (17.6%) 4. 3 (4.0%) 7. 5 (6.8%)**
2. 24 (32.4%) 5. 10 (13.5%)
3. 13 (17.6%) 6. 6 (8.1%)
Total Responses: 74

22. The Complaint and Due Process Hearing procedures outlined in the Standards are well-written, concise and easy to understand.

Responses: **1. 15 (20.3%) 3. 14 (18.9%) 6. 9 (12.2%)**
1.5. 1 (1.4%) 4. 2 (2.7%) 7. 4 (5.4%)
2. 23 (31.0%) 5. 6 (8.1%)
Total Responses: 74

23. The Monitoring procedures outlined in the Standards are well-written, concise and easy to understand.

Responses: **1. 9 (12.3%) 4. 7 (9.6%) 7. 6 (8.2%)**
2. 19 (26.0%) 5. 10 (13.7%)
3. 14 (19.2%) 6. 8 (11.0%)
Total Responses: 73

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

24. Overall, I believe the Standards provide adequate regulatory guidance.

Responses: **1. 11 (14.9%)** **4. 1 (1.3%)** **7. 9 (12.2%)**
2. 21 (28.3%) **5. 8 (10.8%)**
3. 17 (23.0%) **6. 7 (9.5%)**
Total Responses: 74

25. Here are my comments on the Standards

Most frequent comments were:

- **State requirements exceed federal requirements.**
- **State standards hard to understand and interpret.**
- **State standards are inconsistent.**

SPECIAL EDUCATION INFORMATION SYSTEM ("SPEDIS").

26. In my school district(s) we rely a great deal on SPEDIS to provide us with special education information.

Responses: **1. 12 (17.4%)** **4. 4 (5.8%)** **7. 11 (15.9%)**
2. 15 (21.7%) **5. 4 (5.8%)**
3. 18 (26.1%) **6. 5 (7.3%)**
Total Responses: 69

27. SPEDIS is fast, reliable and easy to use.

Responses: **1. 2 (2.9%)** **4. 4 (6.0%)** **7. 11 (16.2%)**
2. 19 (27.9%) **5. 9 (13.2%)**
3. 16 (23.5%) **6. 7 (10.3%)**
Total Responses: 68

28. SPEDIS is very helpful to my school district(s) in monitoring compliance with the Standards.

Responses: **1. 14 (21.2%)** **4. 6 (9.1%)** **7. 7 (10.6%)**
2. 16 (24.2%) **5. 3 (4.6%)**
3. 18 (27.3%) **6. 2 (3.0%)**
Total Responses: 66

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

29. In my school district(s) we use SPEDIS to locate programs locally and state-wide which meet students special needs.

Responses:

1.	**1 (1.8%)**	**4.**	**8 (13.8%)**	**7.**	**24 (41.4%)**
2.	**5 (8.6%)**	**5.**	**6 (10.3%)**		
3.	**6 (10.3%)**	**6.**	**8 (13.8%)**		

Total Responses: 58

30. SPEDIS helps my school district(s) plan for future programs.

Responses:

1.	**1 (1.6%)**	**4.**	**7 (11.5%)**	**7.**	**23 (37.7%)**
2.	**8 (13.1%)**	**5.**	**9 (14.8%)**		
3.	**10 (16.4%)**	**6.**	**3 (4.9%)**		

Total Responses: 61

31. Overall, I believe SPEDIS is an adequate information system.

Responses:

1.	**6 (9.0%)**	**4.**	**5 (7.4%)**	**7.**	**10 (14.9%)**
2.	**21 (31.3%)**	**5.**	**6 (9.0%)**		
3.	**17 (25.4%)**	**6.**	**2 (3.0%)**		

Total Responses: 67

32. Here are my comments on SPEDIS.

Most frequent comments were:

- **System use is limited to meeting state and federal reporting requirements.**
- **System is not helpful in local management and analysis.**
- **Users need more training in system capabilities and operation.**

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2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

TECHNICAL ASSISTANCE.

33. The NHSDE Bureau for Special Education Services ("Bureau") provides adequate overall technical assistance to my school district(s) so that it (they) can meet its (their) special education responsibilities under state and federal laws.

Responses: **1. 4 (5.4%)** **4. 1 (1.4%)** **7. 18 (24.3%)**
2. 17 (23.0%) **5. 10 (13.5%)**
3. 12 (16.2%) **6. 12 (16.2%)**
Total Responses: 74

34. The bureau provides adequate technical assistance for special education programs regarding the severely or profoundly handicapped.

Responses: **1. 3 (4.7%)** **4. 5 (7.8%)** **7. 17 (26.6%)**
2. 12 (18.7%) **5. 8 (12.5%)**
3. 11 (17.2%) **6. 8 (12.5%)**
Total Responses: 64

35. The bureau provides adequate technical assistance for special education programs regarding PL 94-142 and SPEDIS.

Responses: **1. 6 (8.6%)** **4. 2 (2.8%)** **7. 16 (22.9%)**
2. 17 (24.3%) **5. 10 (14.3%)**
3. 12 (17.1%) **6. 7 (10.0%)**
Total Responses: 70

36. The bureau provides adequate technical assistance for the special education program approval and monitoring process.

Responses: **1. 6 (8.3%)** **4. 2 (2.8%)** **6.5. 1 (1.4%)**
2. 11 (15.3%) **5. 13 (18.0%)** **7. 18 (25.0%)**
3. 17 (23.6%) **6. 4 (5.6%)**
Total Responses: 72

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2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

37.The bureau provides adequate technical assistance for special education programs regarding early childhood education.

Responses: **1. 2 (3.2%) 4. 5 (7.9%) 7. 9 (14.3%)**
2. 13 (20.6%) 5. 11 (17.5%)
3. 19 (30.2%) 6. 4 (6.3%)

Total Responses: 63

38. The bureau provides adequate technical assistance for special education programs regarding complaint investigation.

Responses: **1. 6 (9.4%) 4. 8 (12.5%) 7. 9 (14.0%)**
2. 14 (21.9%) 5. 10 (15.6%)
3. 12 (18.8%) 6. 5 (7.8%)

Total Responses: 64

39. The bureau provides adequate technical assistance for special education programs regarding catastrophic aid.

Responses: **1. 2 (3.1%) 4. 8 (12.5%) 7. 14 (21.9%)**
2. 12 (18.8%) 5. 13 (20.3%)
3. 10 (15.6%) 6. 5 (7.8%)

Total Responses: 64

40. The bureau provides adequate technical assistance for special education programs regarding infants and toddlers.

Responses: **2. 10 (18.2%) 5. 9 (16.4%)**
3. 9 (16.4%) 6. 4 (7.2%)
4. 11 (20.0%) 7. 12 (21.8%)

Total Responses: 55

41. The bureau provides adequate administration for state and federal funding programs for special education such as 94-142, 89-313 and catastrophic aid.

Responses: **1. 2 (3.0%) 4. 8 (12.1%) 7. 20 (30.3%)**
2. 12 (18.2%) 5. 12 (18.2%)
3. 7 (10.6%) 6. 5 (7.6%)

Total Responses: 66

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3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

42. Here are my comments on technical assistance

Most frequent comments were:

- **Some directors like the assistance provided, while others have no use for it.**
- **Others believe the Bureau operates in a perpetual role conflict, given its dual functions of monitoring and enforcement.**
- **However, the prevailing opinion is that the Bureau means well, and would like to help, but has been so affected by budget cuts that the remaining staff cannot keep up with the demands.**

PROGRAM APPROVAL AND MONITORING.

43. The bureau has been fair in monitoring my school district(s) with regard to compliance with state and federal special education laws.

Responses: **1. 22 (31.4%)** **4. 6 (8.6%)** **7. 5 (7.1%)**
2. 17 (24.3%) **5. 4 (5.7%)**
3. 13 (18.6%) **6. 3 (4.3%)**

Total Responses: 70

44. The bureau has been effective in monitoring school districts with regard to compliance with state and federal special education laws.

Responses: **1. 10 (15.9%)** **4. 6 (9.5%)** **7. 6 (9.5%)**
2. 17 (27.0%) **5. 7 (11.1%)**
3. 13 (20.6%) **6. 4 (6.4%)**

Total Responses: 63

45. Use of an on-site peer review committee is an effective way to monitor compliance with state and federal special education laws.

Responses: **1. 10 (15.9%)** **4. 6 (9.5%)** **7. 6 (9.5%)**
2. 17 (27.0%) **5. 7 (11.1%)**
3. 13 (20.6%) **6. 4 (6.4%)**

Total Responses: 74

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2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

46. The self evaluation questionnaire is an effective method to use in the program approval and monitoring process.

Responses: **1. 13 (18.1%)** **4. 4 (5.6%)** **7. 7 (9.7%)**
2. 21 (29.2%) **5. 7 (9.7%)**
3. 15 (20.8%) **6. 5 (6.9%)**
Total Responses: 72

47. The program approval and monitoring process should focus on measuring program effectiveness as well as compliance.

Responses: **1. 34 (46.6%)** **4. 2 (2.7%)** **7. 3 (4.1%)**
2. 18 (24.7%) **5. 3 (4.1%)**
3. 11 (15.1%) **6. 2 (2.7%)**
Total Responses: 73

48. The final report issued by NHSDE and the corrective actions required as a result of the on-site visit are easy to understand.

Responses: **1. 22 (31.0%)** **4. 2 (2.8%)** **7. 4 (5.6%)**
2. 17 (23.9%) **5. 5 (7.1%)**
3. 15 (21.1%) **6. 6 (8.5%)**
Total Responses: 71

49. Criteria used by the bureau in the program approval and monitoring process are widely understood and accepted by most school districts.

Responses: **1. 7 (11.1%)** **4. 4 (6.4%)** **7. 3 (4.7%)**
2. 15 (23.8%) **5. 13 (20.6%)**
3. 12 (19.1%) **6. 9 (14.3%)**
Total Responses: 63

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

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2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

50. When my school district(s) receive(s) the monitoring report, it is easy to compare with the previous report in order to judge the district's progress or the lack of progress in compliance.

Responses: **1. 11 (17.5%)** **4. 2 (3.2%)** **7. 6 (9.5%)**
2. 16 (25.4%) **5. 8 (12.7%)**
3. 12 (19.0%) **6. 8 (12.7%)**
Total Responses: 63

51. The bureau should publish the results of all on-site monitoring visits.

Responses: **1. 8 (11.6%)** **4. 11 (15.9%)** **7. 26 (37.7%)**
2. 7 (10.1%) **5. 5 (7.3%)**
3. 8 (11.6%) **6. 4 (5.8%)**
Total Responses: 69

52. Overall, the bureau does an adequate job in regard to the program approval and monitoring process.

Responses: **1. 7 (10.1%)** **4. 3 (4.4%)** **7. 7 (10.1%)**
2. 19 (27.5%) **5. 11 (16.0%)**
3. 15 (21.8%) **6. 7 (10.1%)**
Total Responses: 69

53. Here are my comments on the program approval and monitoring process

Most frequent comments were:

- **Shift in emphasis from paperwork and compliance to program quality and outcome measures.**
- **More consistency, specifically better qualifications, of peer review group members.**

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

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2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

DISPUTE RESOLUTION MECHANISMS.

54. NHSDE handles special education complaints promptly.

Responses: 1. 7 (12.7%) 4. 13 (23.7%) 7. 2 (3.6%)
2. 16 (29.1%) 5. 7 (12.7%)
3. 8 (14.6%) 6. 2 (3.6%)

Total Responses: 55

55. NHSDE handles special education complaints in a fair and evenly balanced manner.

Responses: 1. 7 (11.9%) 4. 16 (27.1%) 7. 4 (6.8%)
2. 16 (27.1%) 5. 3 (5.1%)
3. 10 (16.9%) 6. 3 (5.1%)

Total Responses: 59

56. The impartial due process hearing procedure resolves appropriate disputes within a reasonable time frame.

Responses: 1. 3 (5.3%) 4. 14 (24.5%) 7. 16 (28.1%)
2. 6 (10.5%) 5. 7 (12.3%)
3. 4 (7.0%) 6. 7 (12.3%)

Total Responses: 57

57. The impartial due process hearings officers generally carry out their duties and responsibilities in a fair and balanced manner.

Responses: 1. 3 (5.8%) 4. 16 (28.9%) 7. 11 (21.2%)
2. 6 (11.5%) 5. 6 (11.5%)
3. 4 (7.7%) 6. 7 (13.5%)

Total Responses: 52

58. The bureau's mediation program is well run and effective.

Responses: 1. 6 (11.3%) 4. 17 (32.1%) 7. 3 (5.7%)
2. 7 (13.2%) 5. 2 (3.7%)
3. 15 (28.3%) 6. 3 (5.7%)

Total Responses: 53

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

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2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

59. Here are my comments on NHSDE dispute resolution mechanisms

Most frequent comments were:

- **Perception that the process strongly favors parents.**
- **Poorly trained/ill-prepared hearing officers.**
- **Hearing officer focus on technical/legal issues instead of on educational matters at the core of the dispute.**

LOCAL NEEDS.

60. NHSDE provides adequate information to my school district about state-wide, regional and national special education issues and trends.

Responses: **1. 1 (1.4%)** **4. 4 (5.7%)** **7. 15 (21.4%)**
2. 10 (14.3%) **5. 9 (12.9%)**
3. 13 (18.6%) **6. 18 (25.7%)**

Total Responses: 70

61. It would be helpful to my school district(s) if NHSDE provided more information about state-wide, regional and national special education issues and trends.

Responses: **1. 39 (52.7%)** **4. 6 (8.1%)**
2. 27 (36.5%)
3. 2 (2.7%)

Total Responses: 74

62. NHSDE has developed, implemented and evaluated adequate state-wide special education demonstration programs.

Responses: **2. 3 (5.1%)** **5. 11 (18.6%)**
3. 15 (25.4%) **6. 8 (13.6%)**
4. 10 (17.0%) **7. 12 (20.3%)**

Total Responses: 59

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

63. NHSDE should do more to develop, implement and evaluate state-wide special education demonstration programs.

Responses: 1. 22 (31.9%) 4. 11 (15.9%)
2. 22 (31.9%) 5. 4 (5.8%)
3. 8 (11.6%) 7. 2 (2.9%)

Total Responses: 69

64. NHSDE has done an adequate job in assessing the needs of school districts for assistance in carrying out their special education responsibilities.

Responses: 2. 4 (6.3%) 5. 8 (12.5%)
3. 13 (20.3%) 6. 16 (25.0%)
4. 7 (10.9%) 7. 16 (25.0%)

Total Responses: 64

65. NHSDE should do more to assess the needs of school districts for assistance in carrying out their special education responsibilities.

Responses: 1. 26 (38.2%) 4. 7 (10.3%) 7. 2 (2.9%)
2. 16 (23.5%) 5. 1 (1.5%)
3. 15 (22.1%) 6. 1 (1.5%)

Total Responses: 68

66. NHSDE has adequately identified cost effective alternative special education programs for local school districts.

Responses: 2. 3 (4.7%) 5. 10 (15.6%)
3. 5 (7.8%) 6. 16 (25.0%)
4. 6 (9.4%) 7. 24 (37.5%)

Total Responses: 64

67. NHSDE should identify more cost effective alternative special education programs for local school districts.

Responses: 1. 40 (58.0%) 4. 4 (5.8%)
2. 17 (24.6%) 5. 2 (2.9%)
3. 5 (7.3%) 7. 1 (1.4%)

Total Responses: 69

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

68. NHSDE has adequately focused resources on special education students requiring extensive services.

Responses: **1. 4 (6.3%) 4. 6 (9.3%) 7. 15 (23.4%)**
2. 4 (6.3%) 5. 13 (20.3%)
3. 8 (12.5%) 6. 14 (21.9%)
Total Responses: 64

69. NHSDE should focus more resources on special education students requiring extensive services.

Responses: **1. 29 (44.6%) 4. 6 (9.2%)**
2. 16 (24.6%) 6. 3 (4.6%)
3. 9 (13.9%) 7. 2 (3.1%)
Total Responses: 65

70. NHSDE has adequately developed special education cost and service benchmarks for use by school districts in measuring the efficiency and effectiveness of their own programs.

Responses: **1. 1 (1.8%) 4. 8 (14.0%) 7. 23 (40.3%)**
2. 1 (1.8%) 5. 5 (8.8%)
3. 4 (7.0%) 6. 15 (26.3%)
Total Responses: 57

71. NHSDE should develop more special education cost and service benchmarks for use by school districts in measuring the efficiency and effectiveness of their own programs.

Responses: **1. 30 (45.5%) 4. 8 (12.1%)**
2. 12 (18.2%) 5. 3 (4.5%)
3. 10 (15.2%) 7. 3 (4.5%)
Total Responses: 66

72. NHSDE should develop a model local special education plan format for use local school districts.

Responses: **1. 39 (55.7%) 4. 6 (8.6%) 7. 4 (5.7%)**
2. 8 (11.5%) 5. 1 (1.4%)
3. 11 (15.7%) 6. 1 (1.4%)
Total Responses: 70

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

73. NHSDE should develop a model IEP format for use by local school districts.

Responses: **1. 34 (47.9%)** **4. 3 (4.2%)** **7. 8 (11.3%)**
2. 11 (15.5%) **5. 2 (2.8%)**
3. 11 (15.5%) **6. 2 (2.8%)**
Total Responses: 71

74. NHSDE has adequately directed its efforts into insuring that special education children are placed in the least restrictive environment.

Responses: **1. 5 (7.3%)** **4. 5 (7.2%)** **7. 12 (17.4%)**
2. 11 (15.9%) **5. 14 (20.3%)**
3. 18 (26.1%) **6. 4 (5.8%)**
Total Responses: 69

75. NHSDE should direct more of its efforts into insuring that special education children are placed in the least restrictive environment.

Responses: **1. 18 (26.5%)** **4. 11 (16.2%)** **7. 2 (2.9%)**
2. 12 (17.6%) **5. 5 (7.4%)**
3. 16 (23.5%) **6. 4 (5.9%)**
Total Responses: 68

76. Overall, NHSDE does a good job providing leadership to local school districts in special education.

Responses: **1. 1 (1.5%)** **4. 4 (5.9%)** **7. 21 (30.9%)**
2. 7 (10.3%) **5. 8 (11.8%)**
3. 13 (19.1%) **6. 14 (20.6%)**
Total Responses: 68

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

77. Here are my comments on local needs.

Most frequent comments were:

- **Seriously lacking in and unable to provide leadership.**
- **Out of touch with reality.**
- **Very unresponsive to local input.**
- **Uncommunicative.**
- **Badly underfunded and understaffed.**

OTHER ISSUES.

78. In my school district(s) vocational education is an important component of the special education program.

Responses: **1. 30 (44.7%)** **4. 2 (3.0%)** **7. 2 (3.0%)**
2. 8 (11.9%) **5. 5 (7.5%)**
3. 15 (22.4%) **6. 5 (7.5%)**
Total Responses: 67

79. In my school district(s) educationally related services are, overall, the most expensive and difficult component of the special education program to provide to eligible children.

Responses: **1. 19 (26.4%)** **4. 2 (2.8%)** **7. 1 (1.4%)**
2. 13 (18.0%) **5. 17 (23.6%)**
3. 11 (15.3%) **6. 9 (12.5%)**
Total Responses: 72

80. NHSDE special education rate setting activities are very useful to my school district(s).

Responses: **1. 4 (5.9%)** **4. 13 (19.1%)** **7. 17 (25.0%)**
2. 7 (10.3%) **5. 8 (11.8%)**
3. 12 (17.6%) **6. 7 (10.3%)**
Total Responses: 68

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

81. In my school district(s) parents of handicapped students play a very vital role in insuring that their children receive a free and appropriate public education.

Responses: 1. 28 (39.4%) 4. 3 (4.2%) 7. 2 (2.8%)
2. 19 (26.8%) 5. 8 (11.3%)
3. 9 (12.7%) 6. 2 (2.8%)

Total Responses: 71

82. In my school district(s) there is a good working relationship with the area developmental services agencies.

Responses: 1. 9 (13.4%) 4. 7 (10.5%) 7. 2 (3.0%)
2. 21 (31.3%) 5. 7 (10.5%)
3. 17 (25.3%) 6. 4 (6.0%)

Total Responses: 67

83. In my school district(s) there is a good working relationship with the Division of Vocational Rehabilitation.

Responses: 1. 5 (8.9%) 4. 10 (17.9%) 7. 5 (8.9%)
2. 6 (10.7%) 5. 12 (21.4%)
3. 14 (25.0%) 6. 4 (7.2%)

Total Responses: 56

84. In my school district(s) there is a good working relationship with the Division of Children and Youth Services.

Responses: 1. 8 (11.4%) 4. 4 (5.7%) 7. 4 (5.7%)
2. 21 (30.0%) 5. 10 (14.3%)
3. 17 (24.3%) 6. 6 (8.6%)

Total Responses: 70

85. In my school district(s) there is a good working relationship with the Bureau for Special Education Services.

Responses: 1. 22 (30.5%) 4. 1 (1.4%) 7. 4 (5.6%)
2. 18 (25.0%) 5. 4 (5.6%)
3. 19 (26.3%) 6. 4 (5.6%)

Total Responses: 72

FOR YOUR RESPONSE PLEASE CHOOSE ONE OF THE FOLLOWING AND PLACE THE NUMBER CORRESPONDING TO THAT RESPONSE IN THE SPACE PROVIDED AFTER THE STATEMENT:

1=STRONG AGREEMENT	5=MILD DISAGREEMENT
2=MODERATE AGREEMENT	6=MODERATE DISAGREEMENT
3=MILD AGREEMENT	7=STRONG DISAGREEMENT
4=NO OPINION AT ALL	0=DON'T KNOW / NO ANSWER

86. Here are my comments on other issues.

Most frequent comments were:

- **Rate setting process needs major overhaul to make it more timely and more accurate.**
- **System needs better integration of services for people with developmental disabilities, and better cooperation by all service providers.**
- **Need closer scrutiny of out-of-state programs.**
- **Need more state and federal funding.**
- **Bureau emphasis on compliance precludes provision of quality technical assistance.**

87. I would like a copy of the final performance audit report.

__67__ YES __7__ NO __2__ NO RESPONSE

APPENDIX B

OFFICE OF LEGISLATIVE BUDGET ASSISTANT

SURVEY OF AREA AGENCIES

As part of our audit we conducted a survey of all twelve (12) area agencies to obtain their views on a variety of topics concerning the provision of developmental services, as well as some basic client and service data not readily available from the Division of Mental Health and Developmental Services. All twelve area agencies responded to this survey and a summary of their responses follow.

NOTE: When all twelve area agencies did not respond to a question, the number that did respond is indicated in parenthesis.

SUMMARY OF AGENCY RESPONSES

NOVEMBER 9, 1990

Please respond to the following questions by choosing the one best answer. If you feel you have no basis on which to form an opinion, simply indicate your answer as "Don't Know." Please feel free to provide any additional comments or explanations on any of the questions throughout the survey.

All survey responses will be kept strictly confidential. Results of the survey will only be reported in the aggregate, and specific regions will not be identified.

We would appreciate your participation so that we can prepare a more accurate and comprehensive report on New Hampshire's developmental services system.

DIVISION CONTROLS AND CONTRACTS

1. How would you rate the Division of Mental Health and Developmental Services' controls over your agency's revenues and expenditures in ensuring efficient and responsive area agency operation? (for example, administrative expense limits, ability to transfer funds between cost centers, financial reviews, records and audits required, etc.)

   __1__ controls are burdensome (too many/too strict)
   __11__ controls are adequate and appropriate
   ____ controls are inadequate (too few/too loose)
   ____ don't know

2. How much have the Division's financial controls over your agency's operations changed in the last 5 years?

4 much stricter now	4 a little stricter now
____ much looser now	1 a little looser now
3 stayed about the same	____ don't know

3. How would you rate the Division's controls of your agency's programs in ensuring effective and responsive services to clients? (for example, program standards, client and service data required, quality assurance or program reviews, staffing requirements, etc.)

4 controls are burdensome (too many/too strict)
9 controls are adequate and appropriate
____ controls are inadequate (too few/too loose)
____ don't know

(One agency marked two responses.)

4. How much have the Division's program controls over your agency's programs changed in the last 5 years?

2 much stricter now	7 a little stricter now
____ much looser now	____ a little looser now
3 stayed about the same	____ don't know

5. Does the current contracting process followed by the Division provide incentives for agencies to develop, refine, or maintain more cost-effective service models? (or disincentives to continue less cost-effective models?)

10 yes 4 no ____ don't know

(Two agencies marked "YES" for division/state dollars and "NO" for Medicaid dollars.)

(4) 5a. If not, do you have any comments on if and how this should be changed?

Two agencies cited problems with reliance on Medicaid funding, one noted the division was flexible in allowing new cost-effective models, and one thought a dichotomy was needed in the levels of service provided by State and Medicaid funding.

6. For services that receive any portion of funding from the Division, which three factors would you generally rate as the most significant in determining the **amount** of that funding?
(1 = most significant; 3 = least significant)
(Scores are average combined responses.)

(12) **1.66** actual program costs
(11) **1.55** number of clients to be served/units to be provided
(5) **2.60** Quality Assurance site survey results
(8) **2.38** specific outcome measures (e.g. number of clients placed in jobs, level of community integration, etc.)
(4) **-** other: **funds available from legislature, disability level and priority need of individuals, previous year's bottom line with minimal increase, other State program costs with no variations for differences in client needs, geography, etc.**

(9) 7. If you could make one change in the way the Division administers its contract with your agency, what would it be? **Five agencies suggested more flexibility on funding, waiver restrictions, and client-oriented services. Four agencies suggested less dependence on Medicaid, and two agencies thought no changes were needed. Other suggestions included actual negotiation rather than adherence to a bottom line figure and timely and consistent mailing of division and Medicaid checks.**

TECHNICAL ASSISTANCE AND INFORMATION

8. How much technical assistance has your agency received from the Division during the past two years in the following areas:

		A Lot	Some	Not Much	Don't Know
	a. general management?		7	5	
	b. finances, billing?	5	3	4	
(11)	c. staffing, training?	1	5	5	
	d. clients rights?	5	4	3	
	e. service design?	2	6	4	
(4)	f. other? _____	f-1	f-2	f-3	1

f-1: interpretations of regulations
f-2: family support
f-3: emergency service needs

9. How well does the Division respond to your needs for technical assistance?

5 usually very well
1 usually not very well
5 sometimes very well
1 don't know

10. What data that you currently receive from the Division do you find

(9) a. most helpful to your agency operations? **Eight agencies listed comparative regional program statistics, four listed quarterly financial reports, and others listed information on family support, staff training and development, and residential licensure expirations.**

(2) b. least helpful? **Comments were that data collection was not adequate and client service data was not correct.**

(11) 11. Is there any type of data or summary information that you would like to receive from the division that you currently do not?

__6__ yes __5__ no

(6) 11a. If yes, please indicate what data: **Three agencies listed regional program (unit) cost comparisons. Others listed accurate statewide data, new program initiatives, and a statewide survey of service needs by levels of clients served.**

12. Do you feel adequately informed about what the other area agencies and subcontracted providers in the state are doing?

__8__ yes __4__ no ____ don't know

13. Would your agency benefit by more knowledge of other area agency/provider programs and services than you have currently?

__6__ yes __1__ no __5__ don't know

(7) 14. Do you have any comments about technical assistance or data needs? **Two agencies each commented that improved data collection or reporting systems were needed and that data sent to the division should be routed back to the regions in final form. Other comments included the need for more experienced technical staff, the desire for copies of data compiled by the division for the legislature and demographic data related to program models and client outcomes, the helpfulness of program specialists, and the division's responsiveness to requests.**

PLANNING AND QUALITY ASSURANCE

15. How useful is the current biennial planning process, required by statute and implemented by the Division, for your agency's planning needs?

__2__ very useful __10__ somewhat useful
____ not useful ____ don't know

16. To what degree does your agency use the biennial plan developed after you have submitted it to the Division?

__5__ used often __6__ used occasionally
__1__ used rarely, if ever ____ don't know

17. At what stage of development would you place your agency's internal quality assurance and monitoring system?

____ just getting started __7__ still developing
__5__ satisfactory as is ____ don't know

18. How much overlap is there between your agency's quality assurance and monitoring activities and those of the Division?

__2__ a lot __9__ some __1__ not much ____ don't know

(11) 19. How would you rate the effectiveness of your agency's human rights committee(s) in helping to assure that services are in compliance with client rights standards?

__9__ very effective __2__ somewhat effective
____ not very effective ____ don't know

(7) 20. Any comments about planning or quality assurance? **Five agencies commented on the value of one or both processes. Other comments addressed the need for quality assurance to be developed further, the duplication between redesignation and division quality assurance, the failure of planning to meet regional needs, and agencies' specific internal planning processes.**

AREA AGENCY BOARDS

21. How would you rate the levels of involvement and leadership of your agency's current board members?

__5__ high __6__ moderately high
__1__ moderately low ____ low ____don't know

22. How would you rate the board's commitment to the Division's stated mission for community developmental services?

__10__ high __3__ moderate ____ low ____ don't know

(One agency marked two responses.)

23. How easy is it to recruit new board members?

__1__ very easy __5__ fairly easy
__5__ somewhat difficult __1__ very difficult ____ don't know

24. How important are board members' relationships with the community (businesses, public services, churches, etc.) to the successful operations of your agency?

__7__ very important __6__ somewhat important/**important**
__1__ not that important ____ don't know

(Two agencies each marked two responses.)

CLIENT ELIGIBILITY AND SPECIFIC SERVICE AVAILABILITY

25. How would you rate the clarity of current eligibility criteria set by law for area agency services?

__4__ very clear - no trouble with interpretation
__8__ fairly clear - only minor trouble with interpretation
__1__ not clear - moderate/significant trouble with interpretation
(One agency marked two responses.)

26. How would you rate the current criteria that defines the developmentally disabled service population?

__4__ too broad __4__ too narrow
__4__ appropriate ____ don't know

27. Are the criteria for waiting list priority categories (priority 1, 2, 3, etc.) generally appropriate to ensure that clients with the most critical needs are served first? __10__ yes __2__ no

(4) 27a. If not, how should they be changed? **Two agencies commented that regional priorities are or should be adhered to. Other suggestions were to determine the "neediest of the needy" and to address emergency needs. Comments noted a lack of services for head-injured children, that regional priorities may not be the same, and that political contacts may override priorities.**

28. How would you rate the general receptiveness of employers in your region toward hiring your clients?

__1__ very receptive __11__ somewhat receptive
____ not receptive ____ don't know

29. Please rate the general availability of the following health services for clients in your region:

		Adequate	---	Not Adequate	Don't Know
a.	pediatric?	10		2	
b.	general practitioner?	11		1	
c.	nursing?	11		1	
d.	psychiatric?	5	1	6	
e.	dental?	8		4	
(11) f.	hospital?	10		1	
g.	ophthalmological?	7		5	
h.	physical therapy?	6		6	

30. To what extent does your agency or subcontracted providers actively pursue finding or developing relationships with medical professionals willing to provide services to your clients?

11 to a high degree 2 to a moderate degree
____ to a low degree ____ don't know
(One agency marked two responses.)

31. What types of health services are most needed for clients in your region that are not readily available? **Five agencies listed psychiatric services, four listed dental services, three each listed occupational and physical therapy, and two each listed speech therapy and neurology. Other services needed included podiatry, oral surgery, nursing, mental health counseling, general practitioner services, research on aging clients, and evaluation of complex medical problems in nonverbal clients.**

32. What level of activities are sponsored and/or information is provided in your region (by anyone) on ways to prevent developmental disabilities, such as proper prenatal care, nutrition, environmental hazards, etc.?

1 high levels 3 moderate levels
7 low levels 1 don't know

33. What agency or organization, if any, in your region would you identify as having or should have primary responsibility for such prevention activities? **(Most agencies listed more than one organization.)**

(10) Name: **Four agencies each listed hospitals, public health agencies, and various children's organizations. Three agencies each listed area agencies/early intervention programs and miscellaneous health organizations. Two agencies each listed private doctors, well-child/prenatal clinics, and family planning agencies. The Division of Children and Youth Services, Women, Infants and Children (WIC) program, and a family support council were each listed by only one agency.**

Don't know (2)

34. How well is that agency carrying out its responsibility for prevention activities/information?

1	very well	5	moderately well
3	not very well	3	don't know

35. How often does your agency coordinate with or assist the identified prevention organization in its activities?

3	often	3	sometimes	4	rarely	2	not applicable

CLIENT AND STAFFING DATA

36. Please indicate the number of unduplicated clients served in your agency's state-contracted programs for the year July 1, 1989, through June 30, 1990, by the following eligibility categories (by primary diagnosis): (5) no data available

(7)

1,302	mental retardation	27	epilepsy
114	cerebral palsy	35	autism
17	specific learning disorder	318	other
		132	unknown

(10) 37. Please indicate the number of unduplicated clients served in your agency's state-contracted programs for the year July 1, 1989, through June 30, 1990, by their sex: (2) no data available

1,608	male	1,264	female		unknown

38. Please indicate the number of unduplicated clients served in your agency's state-contracted programs for the year July 1, 1989, through June 30, 1990, by the following age categories:

(9)

462	0 - 2 years old	[(3) no data available]
576	3 - 20 years old	
733	21 - 35 years old	
411	36 - 50 years old	
225	51 - 64 years old	
105	65 years or older	144 age category unknown

39. Please indicate the number of clients who have been receiving residential or day services (day habilitation, work activities, vocational/employment programs) by the length of time they have been receiving those services: ____ no data available

(7)

Clients Receiving Services For:	Residential Services	Day Services
0 - 1 year	61	170
2 - 5 years	216	244
6 - 10 years	159	255
10+ years	10	55

40. Please indicate the total number of individuals who applied for services during the year July 1, 1989, through June 30, 1990:
Total = 692 [No Data Available _____]

41. How many of those who applied for services were determined:

590	eligible for services	_____	no data available
94	not eligible for services	8	unknown

42. How many full-time equivalent staff did your agency have (on average) during the year July 1, 1989, through June 30, 1990? [If your agency subcontracts any services, please indicate number of staff of subcontractors as well.]

(12)	971.41	area agency FTE staff	_____	data not available
(6)	1,074.15	subcontractors' FTE staff	(1)	data not available

43. How many full-time equivalent staff left employment during that same year (turnover)?

(11)	324.25	area agency	(1)	no data available
(3)	391.00	subcontractors	(4)	no data available

44. How easy is it to recruit qualified staff to fill vacancies?

2	easy	8	somewhat difficult
____	very difficult	____	don't know

(Two agencies responded that it varies.)

(10) 45. What are the biggest obstacles to retaining and recruiting qualified staff? **Ten agencies listed low pay or low pay for difficult work. Three agencies also listed the lack of a career ladder or upward mobility, and two cited the lack of societal value given to these jobs. Other obstacles included lack of training programs and knowledgeable people, and a rural location.**

TRAINING

46. How would you rate your agency's ability to ensure adequate ongoing training for staff in your region (both area agency staff and subcontractors' staffs)?

4	very high	7	moderately high	1	only fair
____	moderately low	____	very low	____	don't know

47. Has staff in your region (both area agency staff and subcontractors' staffs) received adequate training during the past year? 12 yes ____ no ____ don't know

(3) 47a. If no, what are the primary obstacles preventing adequate training? **All three agencies listed funding for relief staff to enable direct care staff to attend training.**

48. During the past year, how many training opportunities have staff from your agency and/or your subcontractors participated in which staff from the following organizations also participated?

	0	1-3	4-6	7+	Don't Know
a. other area agencies or other regions' subcontractors	___	3	3	4	2
b. community mental health centers	___	6	1	3	2
c. local schools	___	6	2	1	3
d. Div. of Vocational Rehabilitation	1	5	2	2	2

(3) e. other: **(family support councils, community groups, the Department of Health and Human Services, and other human services providers)**

LACONIA DEVELOPMENTAL SERVICES

49. How would you rate your agency's control over placements from Laconia Developmental Services to your region during the past two years?

__5__ more than adequate __6__ adequate
__1__ not adequate ____ don't know

50. Overall, how would you rate your agency's working relationship with Laconia Developmental Services during the past two years?

__7__ very good __5__ good ____fair
____ not very good ____ poor ____don't know

51. How often during the past two years has your agency (or any subcontracted provider) contacted Laconia Developmental Services staff concerning any former LDS clients after they have been placed in your region? (concerning any client-related issue such as specific behaviors, needs, learning methods, family members or guardians, records, etc.)

____ very often (generally at least weekly)
__2__ moderately often (generally at least monthly)
__3__ not very often (generally not more than once every 2-5 months
__6__ rarely (generally not more than once every 6-12 months)
____ never
__1__ don't know

(9) 51a. If you answered the above question "not very often," "rarely," or "never," please indicate why:

__6__ need never arose
____ did not expect LDS staff would be willing to assist
__1__ did not think LDS staff had expertise to assist
__4__ other (please explain) **(community services could respond adequately, careful planning and transition addressed such issues)**

(Two agencies marked more than one response.)

(11) 52. Overall, how prepared has your agency (and any subcontractors) been to appropriately serve clients from LDS placed into your region during the past two years?

__9__ very prepared
__2__ moderately prepared
____ not adequately prepared
____ don't know

53. How effective and appropriate are planning activities surrounding client placements from LDS?

__7__ very effective
__5__ moderately effective
____ not effective
____ don't know

54. How would you assess the role of Division and LDS staff in placing LDS clients in your region?

	Helpful		Not Helpful	Not Involved
a. Division staff?	9	1	1	1
b. LDS staff?	12			

RELATIONSHIPS WITH OTHER ORGANIZATIONS

55. How much interaction does your agency have with other area agencies in the state?

__6__ a lot (daily to weekly contact)
__6__ moderate (monthly)
__1__ not much (less than once a month)
____ virtually none
____ don't know

(One agency marked two responses.)

56. Overall, how would you rate your agency's working relationships with: (check one response for each item)

	Very Good		Good		Fair	Not Very Good	Poor
a. other area agencies?	9		3				
b. Division of MH & DS?	10		1		1		
c. local hospitals?	3		6	1	2		
d. advocacy groups?	2	1	9				
e. local businesses?	3		5	1	3		
f. local churches?	5		3	1	3		

57. Please rate the general levels of coordination and service planning between your agency and the following organizations in your region: (check one response for each item)

	Good		Fair		Poor	Not Applicable
a. Div. of Children & Youth?		1	6		3	2
b. Local schools?	6		6			
c. Div. of Vocational Rehab.?	3	1	6	1	1	

Others you regularly deal with:

(3)	d. **Div. of Elderly & Adult Services**	2		1		
(3)	e. **Div. of Human Services**	1		2		
(3)	**Mental Health Centers**	2		1		
(3)	**Social Security**	1		2		

Other organizations listed by at least two agencies included United Way, Home Health Care, and homeless shelters.

Schools

(9) 58. If you answered Question 57(b) as "fair" or "poor," what is the most significant barrier to greater coordination of services between your agency and the schools? **(Some agencies that indicated a "good" rating also responded.)**

Two agencies each listed availability of funding, planning and advocacy by schools for the after-school years, and the fact that agency services are not entitlements like education. Other barriers included lack of collaborative agreements, staff-time and information sharing.

59. How many public school districts (LEAs) are located in you region?
93 Don't know _____

60. Please indicate below the total number of current high-school age individuals with developmental disabilities that you expect will be in need of services (other than family support/respite) provided through your area agency between January 1 and June 30, 1991, due to school service termination or withdrawal: **86**
[Don't know_____]

(9) 60a. If possible, please break down the total number of individuals referred to in Question #60 by SAU and/or school district or LEA. [Again, all responses will be confidential; this information will only be used to cross-match data.]
[__(3)__ Data not available]

SAU #	LEA or District	# Expected to Need Area Agency Services Jan. 1 - June 30, 1990
20 SAUs identified	**30 LEAs identified**	**65 Children identified by SAU/LEA**
13 not identified	**3 not identified**	**21 Children no SAU/LEA breakdown available**

61. Does your agency have written cooperative agreements with any of the public school districts in your region concerning planning for and placement of students with developmental disabilities?
__5__ yes __7__ no ____ don't know

(5) 61a. If yes, agreements with how many districts? __13__

Vocational Rehabilitation

62. How many clients currently receiving services through your area agency received any services from the Division of Vocational Rehabilitation during the past fiscal year (July 1, 1989 to June 30, 1990)? __267__ [Data not available_____]

63. Does your agency have any written cooperative agreements with any of the regional Division of Vocational Rehabilitation offices in your region? __9__ yes __3__ no ____ don't know

(7) 63a. If yes, agreements with how many offices? __8__

(10) 64. If you answered Question 57(c) as "fair" or "poor," what is the most significant barrier to greater coordination of services between your agency and the Division of Vocational Rehabilitation? **(Some agencies that indicated a "good" rating also responded. Many agencies provided more than one response.)**

Two agencies each listed the 20-hour work restriction, the lack of DVR timeliness, the lack of understanding of agency clients, and the lack of DVR flexibility and broad focus. Other barriers included frequent counselor turnover, job placements by subcontractors, multiple funding sources, definition of employability, and overlapping eligibility and process requirements.

Subcontractors

65. If your agency subcontracts with other service providers, please answer the following three questions. If your agency provides all services directly, please skip to Question 66.

(10) a. How would you rate your agency's overall working relationship with your current subcontractors?

7 very good	3 good	____ fair
____ not very good	____ poor	____ don't know

(10) b. How would you rate your agency's ability to monitor subcontractors' programs and operations adequately?

9 strong 2 only fair ____ weak ____ don't know

(One agency marked two responses.)

c. How many vendors are available in your region for your agency to choose from in subcontracting for the following services:

		0	1-2	3-5	6+
(10)	> early intervention?	____	9	1	____
(9)	> day habilitation?	____	5	4	____
(9)	> vocational/employment prgms?	____	1	5	3
(8)	> community residences?	1	1	3	3
(8)	> supported apartments?	1	4	2	1

(7) 66. Any comments about other agencies/organizations involved in developmental services? **Comments addressed the need for a wider variety of vendor services, the higher cost of vendor services, the increasing number of vendors, the ability to use requests-for-proposals to recruit new vendors from both in and out of the state, and the desirability for all agencies to use vendors for residential, adult day, or early intervention services. Other comments addressed agencies' specific use of vendors.**

OVERALL SYSTEM

67. The state currently provides services to individuals with developmental disabilities through local schools (for ages 3-21) and private, non-profit area agencies (primarily for ages 0-3 and 21+), as well as through a soon-to-be closed residential institution. Overall, how would you rate the effectiveness of this system for providing developmental services?

11 very effective	2 somewhat effective
____ not very effective	____ don't know

(One agency rated the system as "very effective" for adults and "somewhat effective" for children.)

68. How would you rate the state's overall coordination of developmental services, including early intervention, educational, vocational, residential, day program, and family support services?

__4__ very good __8__ good __1__ fair
____ not very good ____ poor ____ don't know

(One agency rated coordination as "fair" for the transitions from early intervention to school and from school to adult services, and rated coordination as "good" in other areas.)

(11) 69. What impact do you think the closing of Laconia Developmental Services will have on your region's ability to adequately serve clients with developmental disabilities?

__8__ significant positive impact ____ significant negative impact
____ moderate positive impact ____ moderate negative impact

__3__ little impact either way ____ don't know

70. In terms of overall system efficiency, do you think the current number of area agencies is:

____ too many __6__ just right __4__ too few __2__ don't know

71. Please rate how well you think your agency is identified or known as the central point for state-funded developmental services by the following groups in your region: (check one in each section)

a. by hospitals, doctors, and other health professionals who might make referrals?
__6__ well-known
__5__ somewhat known
__1__ little-known
____ don't know

b. by advocacy groups that are involved in some way with developmental services or related issues?
__12__ well-known
____ somewhat known
____ little-known
____ don't know

c. by the general public?
__2__ well-known
__9__ somewhat known
__1__ little-known
____ don't know

72. To what degree does your agency's board of directors promote community awareness of and involvement in activities and goals of the area agency?

__2__ to a high degree __10__ to a moderate degree
__1__ to a low degree ____ don't know

(One agency marked two responses.)

REPORT

73. Would you like a copy of the final performance audit report?

__12__ yes ____ no