



## SUMMARY

# SOUTH CAROLINA'S BABYNET PROGRAM

## A Review of Early Intervention Services for Infants and Toddlers With Developmental Delays



### INTRODUCTION

Members of the S.C. General Assembly asked the Legislative Audit Council to review the operation of South Carolina BabyNet, a federal program through which infants and toddlers with developmental delays receive early intervention services. Funding for the program comes from the federal and state governments.

Any South Carolina child up to three years of age may be eligible for BabyNet services if he or she is not reaching age-appropriate milestones in one or more areas of development. Examples of these areas of development include communication, self-help, motor skills, social-emotional skills, cognition, vision, and hearing.

AUGUST 2011

### BACKGROUND

Prior to January 2010, BabyNet was administered by the South Carolina Department of Health and Environmental Control (DHEC). Since then, BabyNet has been administered by a state agency called South Carolina First Steps to School Readiness.

The services available to BabyNet children can include the following:

- Audiology
- Diagnostic Medical Services
- Health Services
- Nursing Services
- Nutrition Services
- Occupational Therapy
- Physical Therapy
- Speech Therapy

The BabyNet service network includes the departments of Disabilities and Special Needs, Mental Health, and Social Services, as well as the School for the Deaf and the Blind. Non-state government entities throughout South Carolina also provide BabyNet services.

### AUDIT RESULTS

#### BABYNET ADMINISTRATION

- South Carolina has a decentralized funding structure through which state agencies receive appropriations used for the BabyNet program. This structure has not allowed for adequate efficiency or oversight and control by the lead agency. In addition, most of the appropriated funds spent by state agencies for the BabyNet program have not been specifically appropriated for the program by the General Assembly. The amount of state funding for BabyNet intended by the General Assembly has not been made clear.
- First Steps has not tracked or reported Medicaid funds paid directly to non-state government BabyNet providers by the state Medicaid agency. It has also not tracked or reported expenditures made by two state agencies.
- No formal methodology has been developed to calculate the extent of South Carolina's compliance with the year-to-year maintenance of effort requirement for BabyNet in federal law.
- In 2011, a private firm hired by First Steps prepared a partial, unaudited revenue and expenditure report for the multi-agency system. An audited, annual financial statement could provide reasonable assurance that information provided by First Steps is complete and accurate, that internal controls to prevent fraud and abuse are adequate, and that BabyNet funds have not been spent on non-BabyNet activities.

FOR MORE  
INFORMATION

Our full report,  
including comments from  
relevant agencies,  
is published on the Internet.  
Copies can also be obtained by  
contacting our office.

LAC.SC.GOV

SOUTH CAROLINA GENERAL ASSEMBLY  
**Legislative Audit Council**  
Independence, Reliability, Integrity

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- First Steps has not implemented a comprehensive method to measure provider performance or to ensure that invoices correctly reflect services provided.
- South Carolina has not uniformly used Medicaid rates for services reimbursed with BabyNet early intervention funds. First Steps, other state agencies, and the service providers may be incurring unnecessary administrative costs in the development of rates, the communication of the rates, and in administering the reimbursement process.

## COMPLIANCE WITH THE INDIVIDUALS WITH DISABILITIES ACT

We reviewed BabyNet's performance indicators of compliance with the Individuals with Disabilities Education Act (IDEA) and found that:

- Some of South Carolina's federally-required performance targets have been repeatedly not met, while others have only recently been implemented. The program has not improved sufficiently in the timely provision of services after referral to the program, transition to post-BabyNet services, and general supervision.
- BabyNet providers have not been adequately monitored to ensure that services have been delivered as required.
- Improvements have been made in areas such as the collection of data, personnel training, and interagency coordination.
- Since January 2010, First Steps has received federally-funded technical assistance for improving early intervention services.

## ENSURING THAT ELIGIBLE CHILDREN RECEIVE EARLY INTERVENTION SERVICES

South Carolina has been defined by the federal government as a "narrow eligibility" state regarding the number and extent of developmental delays required for a child to be in the program. Due to funding limitations, however, the state is considering further narrowing of its eligibility criteria.

Although BabyNet has made significant improvement, it has not met its federally-required target of meeting or exceeding the national average of serving children who need early intervention services. Agency officials are also concerned that they are not finding a proportionate share of BabyNet-eligible children in rural counties around the state.

BabyNet has not completed transition conferences for post-BabyNet services within the required time frame for approximately one in six children. As a result, these children may encounter delays in receiving early intervention services after their third birthday.