Key Indicator Methodology

Rick Fiene

NARA and OCC

September 14, 2012
Licensing Key Indicators

- **Licensing Key Indicator (LKI)** are specific rules (aka regulations) that statistically predict overall compliance with all the licensing rules. Full compliance with the LKI predicts full compliance with all rules, while any non-compliance with LKI predicts non-compliance with the rules. LKI’s are not necessarily those rules that are most frequently out of compliance, nor place clients at the greatest risk, although they can be. An example of this approach is the *13 Indicators of Quality Child Care* (Fiene, 2002).

- NARA supports, and offers consultation, to design research-based, LKI tools.
Weighting Assessment

- **Weighting Assessment (WA)** is a risk-assessment methodology that incorporates a Likert process of weighting that identifies rules that place clients at the greatest risk. The risk factors could include but are not limited to mortality, morbidity, physical and/or psychological harm. An example of this approach is *Stepping Stones to Caring for our Children* (AAP/APHA/MCHB/NRC, 2013).

- NARA supports, and provides consultation, to design Licensing Weighting tools used to make licensing enforcement decisions.
Differential Monitoring

**Differential Monitoring (DM)** is the targeted inspection of facilities based upon the results of the above two approaches: **LKI** and **WA**. If a facility has any **LKI** non-compliance, or the **WA** indicates high risk to clients, then this would trigger more frequent inspections. Likewise, if a facility has full **LKI** compliance, and no high risk non-compliance under the **WA**, less frequent inspections are warranted.

Several states use this approach (NARA, 2012) as delineated in the *Child Care Licensing Study* (2011).

NARA supports, and provides consultation, to design differential monitoring tools based on both the **WA** and the **LKI**.
Impact on Licensing

- **LKI, WA, and DM** all have an impact on how state agencies license and inspect facilities. The monitoring will be more targeted and lead to cost efficiencies and overall effectiveness. Rather than having a paradigm of one size fits all, by utilizing **LKI, WA, and DM**, a regulatory agency will reward those programs with a history of high compliance with fewer inspections, while targeting those facilities with a history of high non-compliance with more comprehensive and additional inspections.
Summary

- **LKI** = research-based, statistical predictor rules. How many rules to inspect, all or just key indicators?

- **WA** = greatest risk rules. What type of license is issued? What enforcement action is taken? How frequently do you inspect the facility?

- **DM** = targeted inspections based upon previous compliance history with **LKI** and **WA**.
Where Licensing Fits Within Program Monitoring & Quality Improvement

\[ CO \leq PO \leq (PD + PC + PQ) +/- PM^{*} \]

- \( CO = \text{Child Outcomes} \)
- \( PO = \text{Provider Outcomes} \)
- \( PD = \text{Professional Development/Training System} \)
- \( PC = \text{Program Compliance/Licensing System} \)
- \( PQ = \text{Program Quality/QRIS System} \)
- \( PM = \text{Program Monitoring System Costs} \)


