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Key Indicator Systems:
How They Work, Why they Work, and Why they’re Best for Everyone

Presented by Ronald Melusky
For The National Association for Regulatory Administration

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Q: What is the “Worst Case Scenario” in an indicator inspection?

A: The inspection is ultimately conducted as it normally would be.

What are Key Indicator Systems, and How do they Work?

Key Indicator Systems are a kind of targeted measurement tool. Targeted measurement tools are licensing inspection instruments that increase the effectiveness and efficiency of a regulatory oversight agency without producing recurring operational costs. In other words, targeted measurement tools maximize performance while minimizing costs.
Types of Targeted Measurement Tools

1. **Weighted Risk Assessment** assigns weighted scores to licensing regulations based on the level of risk to persons in care in the event of regulatory noncompliance.

2. **Key Indicator Systems** identify a subset of licensing regulations that statistically predict compliance with the entire set of regulations.

3. **Quality Indicator Systems** identify a subset of licensing regulations and other non-regulatory factors to predict the overall quality of care provided in a licensed setting.

4. **Differential Monitoring** uses weighted risk, licensing indicators, and quality indicators to determine the number and scope of inspections that should be conducted at a licensed setting.

Key Indicator Systems identify a subset of licensing regulations that statistically predict compliance with the entire set of regulations.
The Key Indicator Inspection Process

1. **Identify eligible providers.** Not all providers are eligible for indicator inspections. Exclusionary factors are developed through agency policy as an added means of quality assurance.

2. **Conduct an inspection measuring compliance with the statistically-identified indicator regulations.**

3. **Measure regulations identified at random in addition to the statistically-identified indicator regulations.** Additional regulations are identified at random as an added means of quality assurance.

4. **Expand the scope of the inspection if necessary.** Indicator inspections may become full inspections if violations are identified.

The Benefits of Key Indicator Systems

- The regulatory oversight agency is able to spend more time monitoring and providing technical assistance to noncompliant providers by spending less time in compliant programs.
- Providers benefit from shorter inspections by maintaining compliance.
- Persons in care enjoy a higher degree of health and safety protection.
- The public is assured that strong licensing continues even if resources are reduced.
Eligibility Criteria
Exclusionary factors used in standard Key Indicator Systems typically include:

- Full/regular license status for a period of 2-3 years
- Ownership by the same legal entity for a specific period of time
- No open complaint or incident investigations at the time of the inspection
- No “high-risk” violations identified within the past year

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Question and Answer

Thank you!