



Consumer Protection Through Prevention

# Key Indicator Systems for Licensing

## What Are Licensing Indicator Systems?

Key indicators are inspection items within the differential monitoring approach that statistically predicts overall regulatory compliance. They are an efficient metric for determining the overall regulatory compliance of a facility in a summary fashion. A Licensing Indicator System includes a shortened version of a more comprehensive licensing inspection instrument designed to measure compliance with a smaller number of rules, while predicting high compliance with all the rules. This system integrates statistical information, such as economic, social and environmental factors, to be able to provide reliable information on an organization’s level of compliance.

## How Do Key Indicators Systems Work?

**Key Indicator Systems** identify a subset of core rules from an existing full set of regulations that statistically predicts compliance with the entire set. When a key indicator is found out of compliance, a full or partial expansion is needed. To develop a key indicator system as part of the any differential monitoring system, the agency must have:

- 1 An established comprehensive set of regulations covering all areas health and safety
- 2 An instrument long enough to be considered reliable in determining full compliance.
- 3 Enough historical data to understand each licensee patterns of compliance.

*\*\*To use an abbreviated inspection, independent of a risk assessment, licensees must first demonstrate a history of 100% compliance.*

Indicator systems lead to cost efficiency and overall effectiveness. Rather than a one size fits all system, state agencies use an indicator system to reward high-compliance programs with abbreviated monitoring visits, allowing more resources to focus on facilities with a history of non-compliance with more frequent visits and comprehensive technical assistance.

### About NARA

The National Association for Regulatory Administration (NARA) is an international professional membership association founded in 1976 dedicated to the protection of the health, safety and well-being of children and adults in day or residential human care facilities through strong licensing and other forms of regulation.

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