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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/26/12

SPONSOR Nava LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Family, Infant, Toddler Program SB 133

ANALYST Esquibel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	\$3,000.0	Recurring	General Fund
	\$5,100.0	Recurring	Federal Medicaid Matching Funds*

(Parenthesis ( ) Indicate Expenditure Decreases)

\*Approximately 74% of the expenditures for the FIT Program are for Medicaid eligible recipients for which funds appropriated to the DOH are used to leverage the federal share of Medicaid dollars.

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

Senate Bill 133 appropriates \$3 million from the general fund to the Department of Health (DOH) to for Family, Infant, Toddler Program services, including recruitment and retention of additional staff; program operation costs and increases; and identification and enrollment of eligible children.

### FISCAL IMPLICATIONS

The appropriation of \$3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY13 shall revert to the general fund.

The Department of Health indicates the federal medical assistance percentage (FMAP) has gone from 80.49% to 69.36% and will further be reduced to 69.07% in FY13. The impact of this

change is that the FIT Program now pays approximately .11 cents more on every Medicaid dollar expended. However, the FIR Program has instituted a number of cost-saving measures, and as a result of SB 330 (2011), services will end at age 3 for all children effective July 1, 2012. Therefore, as a result of these actions, the Department of Health indicates it will be able to cover the anticipated increase in required state funds for the Medicaid match.

The House Appropriations and Finance Committee is reviewing the LFC and Executive budget recommendations for the Department of Health which both include approximately \$33.5 million for the Family, Infant, Toddler (FIT) Program. This amount of funding for the FIT Program is nearly equivalent to the program's funding for FY12.

The Human Services Department (HSD) indicates approximately 74% of the expenditures for the FIT Program are for Medicaid eligible recipients for which funds appropriated to the DOH are used to leverage the federal share of Medicaid dollars. Therefore, 74% of the appropriation, being \$2.2 million could be matched with federal funds to draw approximately \$5.1 million in federal matching Medicaid funds, for a total amount of \$7.3 million to be available for early intervention services for Medicaid-eligible children.

## **SIGNIFICANT ISSUES**

The Department of Health indicates federal and other regulatory changes over the past year have not been significant, nor are the changes expect in the revised FIT regulations to be promulgated in spring 2012 expected to result in significant increases in reporting.

The Department of Health (DOH) indicates there currently is no waiting list for services in the FIT Program, including in rural areas, due to the entitlement nature of the program. However provider agencies often report difficulty in hiring or sub-contracting with therapists (speech, occupational and physical therapists) throughout the state and often lose therapist who go to work in other service systems, particularly the schools.

## **PERFORMANCE IMPLICATIONS**

The FIT Program reports to the US Office of Special Education Programs (OSEP) on 14 measures as part of its federal Annual Performance Report. Performance measures include:

- 1) Percent of infants and toddlers with IFSPs who receive the early intervention services on their IFSPs in a timely manner (within 30 days).
- 2) Percent of eligible infants and toddlers with IFSPs for whom an evaluation and assessment and an initial IFSP meeting were conducted within Part C's 45-day timeline.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 133 relates to House Bill 82 and Senate Bill 98 which appropriate \$2.1 million from the general fund to the Department of Health (DOH) to provide funding for the Family, Infant, Toddler Program. The HB82 appropriation would be used to maintain the quality of early intervention services, cover the cost of early intervention services and comply with increased requirements, federal and state regulations and quality demands, and would fund a potential shortfall in the state's federal match for Medicaid services.

## OTHER SUBSTANTIVE ISSUES

The New Mexico Public Education Department indicates the FIT program provides supports and services to children (birth to three-year-olds) and their families considered at risk of not meeting age related milestones due environmental and biological risks. This program is also responsible for carrying out the requirements under Part C of the federal Individuals with Disabilities Education Act (IDEA) for children birth to age three with disabilities. This includes children with autism, intellectual disabilities and multiple disabilities.

The FIT program offers supports and services to families through early intervention provider agencies across New Mexico. Early Intervention service may begin at any time between birth and age three, when early intervention is needed, the earlier it is provided, the better the outcome for the child and the family. These agencies are funded through a combination of state and federal funds, including Medicaid and health insurance. Early intervention is important because it increases the development and educational gains for the child, improves the functioning of the family, and has long-term benefits for society. According to a 2011 study conducted by Annie E. Casey Foundation, students who cannot read at the third grade level are four times more likely to drop out of high school. Children with disabilities or considered at risk must have early interventions so they can be successful in school.

In FY11, the FIT program served 13,799 children birth to age three with disabilities under the IDEA (a 0.6% increase over FY10) and 1,929 infants and toddlers considered at risk. In FY12 approximately 1,500 of those children transferred to the public schools and received services under Part B of the IDEA.

The Department of Health writes the Family Infant Toddler (FIT) Program at the Department of Health is the lead agency for early intervention services to infants and toddlers (birth to three) with and at risk for developmental delays and disabilities and their families. Early intervention services are provided in accordance with the Individuals with Disabilities Education Act (IDEA) Part C, which requires that services be provided based on their Individualized Family Service Plan (IFSP).

The FIT Program provided early intervention services to 13,799 eligible infants and toddlers in FY11, which was a 0.6% growth over FY10 (the average annual growth over the previous 5 years was 8%). FIT Program services are provided through a network of 36 provider agencies across New Mexico to ensure that all eligible children receive services regardless of where they live, whether in a city, town, village, Indian community or on a ranch far from the nearest paved road.

The FIT Program receives referrals for medical and public health offices, birth hospitals, child care and other early care and education providers, child protective services, WIC, shelters etc. and from parents themselves. Children receive a comprehensive developmental evaluation to determine eligibility for the FIT Program. The FIT program also provides diagnostic evaluations for children to determine diagnosis such as autism.

The FIT Program uses multiple funding sources to implement the statewide system of early intervention. In addition to the IDEA Part C federal grant and state general funds, the FIT program maximizes funding through Medicaid and private health insurance. The FIT program pays the state match for services reimbursed through Medicaid.

The FIT Program has implemented a number of cost saving measures over the past year in order to reduce the growth in the number of children served and to reduce expenditures. These cost saving measures included: 1) changes to eligibility; 2) reducing services to children at risk; 3) reducing the level at which prior authorization is required and 4) ending services at age 3 for children at risk. Additionally, as part of the cost saving measures Senate Bill 330 (which was passed in the 2011 session) will end services at age 3 for all children, effective July 1, 2012, some of whom will transition to preschool special education services through their local school district.

The FIT Program provider agencies hire professionals with a wide variety of qualifications including: occupational, physical and speech therapists; social workers; early childhood educators (developmental specialists); psychologists, family therapists, nurses etc. Recruitment and retention of qualified professionals, especially in rural areas is challenging. FIT Providers report often losing qualified staff who go to work in the public school system or healthcare settings.

Increased costs to providers have included gas costs and time of travel to provide early intervention services in the family's home and in other community based settings, including child care and Early Head Start centers. 97% of all FIT Program services are provided in the child's home or community settings.

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