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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/13

SPONSOR Morales LAST UPDATED _____ HB _____

SHORT TITLE Family, Infant, Toddler Program 2003 Study SB 281

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$6,900.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minimal			Nonrecurring	General Fund, Federal Medicaid Matching funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

Children, Youth and Families Department (CYFD)

SUMMARY

Synopsis of Bill

Senate Bill 281 (SB281) appropriates \$6.9 million in general fund revenue to the Department of Health (DOH) to implement the recommendations of the DOH's 2003 study of reimbursement rates for service providers providing services to the Family, Infant, Toddler (FIT) Program.

FISCAL IMPLICATIONS

The appropriation of \$6.9 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY14 shall revert to the general fund.

The Department of Health indicates it would use a minimum of 5 percent of the amount appropriated for the department's administrative overhead costs associated with administration of the program.

The Legislative Finance Committee recommended an additional \$500 thousand in general fund revenue for FY14 for the Family, Infant, Toddler Program's Medicaid client services; but the recommendation does not include additional funding for provider rates as provided for in SB281. In FY13, the FIT Program has general fund support totaling \$14 million.

The Human Services Department indicates, approximately 69.9 percent of the expenditures for the FIT Program are for Medicaid-eligible recipients for which money appropriated to the DOH is used to leverage the federal matching funds. Therefore, 69.9 percent of the appropriation could be matched with federal matching funds through Medicaid if the appropriation was direct to the FIT Program's Medicaid client services.

If SB281 is enacted, the FIT Program would work with the Human Services Department to make changes to the FIT/Medicaid database to update the provider rates in the Medicaid billing system. This work with the Medicaid database vendor would have a minimal fiscal impact in FY14.

SIGNIFICANT ISSUES

The Department of Health (DOH) indicates FIT Program provider agencies are reimbursed on a fee-for-service basis. Rates for early intervention are based on a 15 minute unit and whether "location" of the services was in the home and community or in the agency's center and whether the "method" of service delivery was in a group or individual service. Home- and community-based services are higher due to the cost of travel (travel time and mileage costs).

The Department of Health funded a rate study that was published by Solutions Inc. in August of 2003 (FY04). The study recommended rate increases for four or five rates based on location (home and community verses center) and method (group verses individual). One rate, the home and community early intervention rate, was increased in FY07, but not to the level of the reimbursement rate recommended by the study.

OTHER SUBSTANTIVE ISSUES

The DOH indicates the FIT Program is the lead agency for early intervention services to infants and toddlers (birth to three years) 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).

In FY12, the FIT Program provided early intervention services to 13,315 eligible infants and toddlers. FIT Program services are provided through a network of 34 provider agencies across New Mexico to ensure that all eligible children receive services in all communities. FIT Program services are provided in the child's home or inclusive child care or Early Head Start settings in order to promote the child's development and preschool readiness. Early intervention services include: speech therapy; physical therapy; developmental instruction; nursing; family therapy; social work; case management; occupational therapy; vision and hearing services, etc.

The FIT Program utilizes multiple funding sources to implement the statewide system of early intervention including these amounts for FY13: 1) IDEA Part C federal grant, \$2.9 million; 2) state general funds, \$14 million; 3) private insurance, \$1.4 million; and 4) federal Medicaid, \$15.3 million (note: DOH pays the Medicaid match of \$6.7 million).

The average cost per child served by the FIT Program is approximately \$439.78 per month.

RAE/blm