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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/08

SPONSOR Picraux LAST UPDATED _____ HB 159

SHORT TITLE Family, Infant and Toddler Programs SB _____

ANALYST Geisler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$5,500.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 159 would appropriate \$5,500,000 to the Department of Health (DOH) to fund the second phase of the 2003 cost study recommendations for the Family, Infant Toddler (FIT) program, to improve staff recruitment and retention, to reimburse providers for services rendered without compensation and to expand quality services to children who are entitled to early intervention services.

FISCAL IMPLICATIONS

The funding included in this legislation was not included in the DOH FY09 request, however DOH requested \$1 million in expansion funding for the FIT program in FY09. The Legislative Finance Committee budget recommendation provided the \$1 million requested; the executive budget recommendation provided \$800 thousand. The base budget in FY08 for the FIT program is approximately \$16.2 million, with \$12.5 million of this amount being state general fund. DOH projects that approximately 12,300 children will be served by the FIT program in FY08.

DOH notes that HB 159 addresses the funding of an independent rate study conducted in 2003 that recommended increases in the rates to fund the costs of providing early intervention services through the FIT program. In Fiscal Year 2006 a portion of the cost study was implemented. At

that time, the home-based services rate was increased to offset the costs due to increased gasoline prices. The appropriation of \$5.5 million would enable DOH to implement the remainder of the rate study recommendations with an annual Cost of Living Adjustment (COLA) of 2.5% for each year since 2003.

SIGNIFICANT ISSUES

The FIT program is the lead program for the federal Individuals with Disabilities Education Act (IDEA) Part C for the administration of a statewide system of early intervention services for infants and toddlers (birth to age 3) who have or are at risk for developmental delays or disabilities. The FIT program is an entitlement program for children and families who are eligible in accordance with the Education of the Handicapped Act (28-18 NMSA 1978) and the Requirements for Family Infant Toddler Early Intervention Services Act (7.30.8 NMAC).

The FIT program utilizes state general fund to pay for early intervention services on a fee-for-service basis through a statewide network of private and public provider agencies. The FIT Program also pays the state match for early intervention services provided to children who are Medicaid eligible. Additionally, the FIT Program utilizes the annual Federal IDEA Part C grant and payments made through private insurance under Senate Bill 589 (SB589) passed in the 2005 legislative session.

The FIT program served a total 11,054 infants and toddlers (birth to 3) and their families in FY 2007 and experienced a growth of 14% in the children served compared to the previous year. Of this 11,054, 8,199 infants and toddlers were eligible for the program and received a full package of early intervention services (FIT Database, January 2008). The remaining infants and toddlers either 1) received only an evaluation and were determined ineligible, or 2) were aging out of the program and only received transition supports. This growth is a result increasing referrals from medical, childcare, home-visiting and social service providers. The FIT program also continues to experience significant growth in referrals as a result of changes in the Child Abuse Protection and Treatment Act (CAPTA) that now mandates the referral of children under age 3 from CYFD when abuse or neglect are substantiated.

The average annual cost per child in FY 2007 was approximately \$2,800 taking into account the fact that new children are referred to the FIT program throughout the year and other children transition to preschool after their third birthday, and that some children receive only evaluation or transition supports. For children enrolled in the FIT program for a full twelve months the annual cost per child is approximately \$8,000.

Approximately 66% of all children served through the FIT program are eligible for Medicaid and FIT provider assist families to enroll their child in Medicaid. A portion of the state general fund appropriation is used as match for the federal Medicaid dollars paid for early intervention services. The FIT Program also invoices private insurance plans for up to \$3,500 per year for early intervention services provided, in accordance with SB 589 (passed during the 2005 legislative session). In FY 2007 approximately \$1.3 million dollars in third party payments was collected.

FIT provider agencies report that recruitment and retention of qualified personnel including: occupational therapists; physical therapists; speech therapists; and developmental specialists is a

continual challenge. FIT provider agencies contend they are losing qualified staff to the public schools, Pre-K, and / or Head Start, as they cannot offer comparable salaries or benefits.

AMENDMENTS

DOH notes all provider agencies were compensated for services provided in FY 2007 and DOH has no reason to believe that providers will not be fully reimbursed in FY 2008. Therefore, DOH suggests deleting the language “...to reimburse providers for services rendered without compensation...”

GG/mt