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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/12

SPONSOR Picraux LAST UPDATED \_\_\_\_\_ HB 82

SHORT TITLE Family, Infant, Toddler Program SB \_\_\_\_\_

ANALYST Esquibel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	\$2,100.0	Recurring	General Fund
	\$3,626.0	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

Human Services Department (HSD)  
Public Education Department (PED)  
Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

House Bill 82 appropriates \$2.1 million from the general fund to the Department of Health (DOH) to provide funding for the Family, Infant, Toddler Program. The 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.

### FISCAL IMPLICATIONS

The appropriation of \$2.1 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 the \$2.1 million appropriation contained in this bill would leverage approximately \$3.6 million in federal Medicaid matching dollars. 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 \$1,554,000 would be matched with federal funds to draw approximately \$3,626,000 in federal matching Medicaid funds, for a total amount of \$5.18 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 expected 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.

### **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.

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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.

RAE/svb