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FISCAL IMPACT REPORT

SPONSOR Thomson **ORIGINAL DATE** 02/03/14
LAST UPDATED 02/04/14 **HB** 218

SHORT TITLE Family, Infant, Toddler Program Rate Study **SB** _____

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$4,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 188

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 218 appropriates \$4 million from the general fund to the Department of Health to implement the recommendations of the department's 2003 study of reimbursement rates for service providers for the family, infant, toddler (FIT) program.

FISCAL IMPLICATIONS

HB 218 includes an FY15 general fund recurring appropriation of \$4 million. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund.

The LFC and Executive recommendations for FY15 include an increase of \$5.2 million for the FIT program, but this amount does not include service provider rate increases.

SIGNIFICANT ISSUES

The Department of Health (DOH) indicates in 2003, a rate study was completed by Solutions, Inc., a company that was contracted by DOH. The rate study included recommended rates for the FIT program based on a review of the actual costs experienced by provider agencies in delivering early intervention services.

In 2006, based on an increased appropriation from the Legislature, the FIT program was able to partially raise the rate for early intervention of the home and community rate from \$90.00 per hour to \$102.00 per hour. The recommended rate for this service in the rate study was \$115.00 per hour. The FIT program has been unable to make subsequent increases to the rates, as any additional appropriations from the Legislature have been needed to cover the growth in the program in terms of the number of children and families served.

OTHER SUBSTANTIVE ISSUES

The Department of Health (DOH) indicates the FIT program administers a statewide system of early intervention in accordance with the federal Individuals with Disabilities Education Act (IDEA) Part C and state statute 29-18-1 NMSA 1978. Early intervention services are provided to over 13,000 infants and toddlers who have or are at risk for developmental delays or disabilities and their families. The FIT program contracts with 34 provider agencies statewide to provide early intervention services, which include a variety of services including occupational therapy, physical therapy, speech therapy, developmental instruction, social work, and family therapy. Funding for early intervention through the FIT program includes: state general funds, Medicaid, federal IDEA grant funds, and private insurance. The FIT program funds the state match portion of Medicaid payments made to provider agencies.

FIT provider agencies have reported increased costs in providing early intervention services over the 10 years since the 2003 rate study including: gas prices (leading to higher mileage reimbursement of staff, most of whom drive their own cars to visit families); health insurance and workman's compensation for staff; and general operating costs for the agencies. FIT provider agencies also report an inability to pay competitive salaries leading to staff shortages, as staff leave to work in the school system or health care/rehabilitation system. Two FIT provider agencies terminated their contracts with the DOH in the past year due to reported fiscal issues and staff shortages.

The FIT Interagency Coordinating Council (ICC), which is made up of parents, providers, and other state agency representatives recommended that the FIT program implement the recommended rates specified in the DOH 2003 study along with a series of cost of living adjustments at 2.83 percent per year to account for the inflation costs related to providing services since 2004.

RAE/svb