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FISCAL IMPACT REPORT

SPONSOR Rodriguez **ORIGINAL DATE** 1/25/16
LAST UPDATED 1/27/16 **HB** _____

SHORT TITLE Family Infant Toddler Provider Rate Increases **SB** 51

ANALYST Chenier

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$5,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$5,000	\$5,000	\$10,000	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 51 appropriates \$5 million from the general fund to DOH to fund rate increases for Family Infant Toddler (FIT) Program providers.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the general fund.

HSD stated that when a recipient of FIT program services is also a Medicaid recipient, HSD reimburses the provider at the established FIT program rates, with the state share of the Medicaid reimbursement coming from legislative appropriations to DOH.

Approximately 50 percent of FIT program payments are for Medicaid-eligible recipients. The blended rate of federal financial participation (FFP) is approximately 79 percent for this population.

SIGNIFICANT ISSUES

DOH provided the following:

The Family Infant Toddler (FIT) program at the Department of Health, Developmental Disabilities Supports Division (DDSD) administers a statewide system of early intervention in accordance with the Individuals with Disabilities Education Act (IDEA) Part C and state statute Section 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 annually. The FIT program contracts with 34 provider agencies statewide to provide early intervention services, which include a variety of services including occupational, physical, speech and family therapy, developmental instruction, social work, etc. The total budget for the FIT program in FY15 was \$49.9 million and includes: state general funds (\$19.6 million / 39%); Medicaid (\$26.3 million / 53%); federal IDEA grant funds (\$2.8 million / 6%); and private insurance (\$1.2 million / 2%). The FIT program funds the state match portion of Medicaid payments made to provider agencies.

Early intervention services are funded on a fee-for-service basis and are based on rates established by the Department of Health. The last independent rate study was conducted in 2003 and three of the six reimbursement rates are currently reimbursed at the levels recommended by that 2003 study.

In Fiscal Year 2015, based on an increased appropriation from the legislature, the FIT Program was able to raise the rate for early intervention provided in the home and community by 2.8 percent, but is still \$7.00 under the \$115.00 rate recommended in 2003. Additionally, previous legislative appropriations met recommended rates for Family Service Coordination and Comprehensive Multidisciplinary Evaluations.

Provider agencies report that costs have increased since the 2003 rate study was conducted including increased gas prices; health insurance; workers compensation; and general operating costs. FIT provider agencies also report an inability to pay competitive salaries when compared to schools and other health care sector employers leading to staff shortages.

The appropriation would be recurring and not part of the Executive or LFC Appropriation Recommendations.

Attachment
Early Childhood Programs

EC/jle

Early Childhood Programs: FY16 and FY17 Enrollment and Estimated Funding Needed for Statewide Programs

Criteria For Services	Home Visiting	Family, Infant, Toddler (FIT) Program	Childcare Assistance	Head Start/ Early Head Start (EHS)	Prekindergarten		Kindergarten Three Plus
	Priority eligibility for first time expectant mothers; first time parents of infants and toddlers zero to three; first time caregivers of infants and toddlers zero to three; adoptive parents of infants and toddlers zero to three, and teen parents.	Birth to children age three with or at risk for developmental delays and disabilities based on comprehensive multidisciplinary evaluation.	6 week to 12 year olds children whose families are at or below 200 percent of the federal poverty level that are working and/or in school.	Head Start/EHS is free for children birth to five years of age whose family income meets the federal poverty guidelines. The poverty guidelines are determined by the federal government each fiscal year.	Basic (Half-Day)	Extended (Full-Day)	Public elementary schools with 80 percent or more of the enrolled students eligible for free or reduced-fee lunch or elementary schools receiving a D or F school grade at time of application.
FY16 Appropriation							
FY16 Appropriation	\$15,700,000	\$33,851,800	\$96,600,000	\$65,840,575	\$23,995,111	\$27,583,686	\$25,102,355
Estimated Number of Clients Awarded Slots in FY16	4,130	13,842	18,721	7,652	5,828	3,532	19,383
LFC Estimated Average Cost Per Client FY16	\$3,801	\$2,446	\$5,160	\$8,604	\$5,828	\$3,532	\$1,295
FY17 Recommendation							
FY17 LFC recommendation	\$16,700,000	\$32,896,800	\$97,607,000	Programs are funded with federal revenue only and amount is currently unknown.	\$26,250,000	\$28,350,000	\$32,247,200
Estimated Number of Clients to be Served FY17	4,394	14,500	18,075	N/A	6,401	3,641	24,532
LFC Estimated Average Cost Per Client FY17	\$3,801	\$2,269	\$5,400	N/A	\$4,101	\$7,786	\$1,314
Remaining Statewide Need							
LFC Estimate of Total Eligible Clients Statewide	10,800	14,500	29,000	N/A	12,278	12,278	70,343
LFC Estimate of Need After FY17 Based on FY17 LFC Recommendation (line 12- line 10)	6,406	0	10,925	N/A	2,531	5,731	45,811
Estimated Funding Needed to Serve Clients After FY17	\$24,350,800	\$657,936	\$58,995,000	N/A	\$10,379,587	\$20,614,900	\$60,195,654

Source: Children, Youth and Families Department; Public Education Department; Department of Health, and LFC Files

Home Visiting Notes:

Estimate of total eligible clients statewide is based on a 20 percent uptake of all children birth to two years old ((27,000X2)x.80). Average cost per client of home visiting is per family. Costs of home visiting vary greatly depending on the model used.

Family, Infant, Toddler Notes:

The FIT appropriations and LFC recommendation above are total funds. Cost per child is based on total expenditures from all revenue sources: 1) SGF; 2) Private Insurance; 3) Federal IDEA Grant; 4) Federal Medicaid. The FY16 and FY17 estimate of total eligible clients statewide used a baseline of 14, 500 clients. The FIT Program is an entitlement and does not have a waiting list for services. The program is expected to continue to grow at a rate of 2 percent annually with 290 additional clients projected in FY17.

Childcare Assistance Notes:

Estimate of total eligible clients statewide assumes the number of children on the childcare assistance waitlist up to 200 percent of the federal poverty level estimated by CYFD.

Head Start and Early Head Start Notes:

The FY15 estimate of children served was provided by the NM Head Start Collaboration Director. Head Start (HS) and Early Head Start (EHS) are completely federally funded. According to CYFD, HS and EHS are expected to continue experiencing decreased funding in FY15. HS and EHS funding and provider counts do not include tribal government or consortium or migrant/seasonal programs.

Prekindergarten Notes:

The FY16 appropriation represents how PED and CYFD budgeted FY16 pre-kindergarten appropriations and includes \$400 thousand in public pre-kindergarten fund balance budgeted by PED. The FY17 LFC recommendation for basic and extended-day prekindergarten programs totals \$54.6 million, includes funding for 3-year-olds, and assumes PED and CYFD allocate funding for basic and extended-day programs in the same proportion of FY17 awards. The estimated number of clients to be served in basic programs in FY17 includes authorized slots for 3-year-old students. The estimate of total eligible clients statewide is based on an 80 percent uptake rate of the total number of 4-year-olds currently served by Title 1 schools (approximately 87 percent of 27,700) less 4-year-olds who attend Head Start programs (5,700) and special education prekindergarten (1,962). The estimate of need for basic pre-kindergarten slots of an additional 2,541 4-year-olds after FY17 deducts 4-year-olds currently participating in basic programs and extended day programs from 12,278. The estimate of need for extended day pre-kindergarten slots of 5,731 after FY17 accounts for 4-year-olds currently receiving basic pre-kindergarten.

K-3 Plus Notes:

The budget for the 2015 summer K-3 Plus program totaled \$25.2 million and includes funds from the FY15 appropriation. The LFC estimated average FY17 cost per client assumes a 1.5 percent increase in per-client costs.