

## Early Intervention

### Background

The Early Intervention System, administered by the Department of Health and Senior Services, Division of Family Health Services, implements New Jersey's statewide system of services for infants and toddlers (birth to age 3) with developmental delays or disabilities, and their families. This is a federal program authorized under Part C of the Individuals with Disabilities Education Act (IDEA).

Early intervention services are designed to address a problem or delay in development as early as possible. Following the evaluation and assessment, the Individualized Family Service Plan (IFSP) is developed to describe the services that are needed by the child and family and how they will be implemented. Services are provided by qualified personnel in "natural settings" (that is, settings in which children without special needs ordinarily participate) when appropriate to the needs of the child and family. According to federal law, eligible children and families receive specific services at public expense including: Child Find/Referral, Evaluation and Assessment, IFSP Development and Review and Procedural Safeguards (e.g., family due process rights).

Early Intervention helps young children with developmental delays and disabilities build their capabilities and take full advantage of later education opportunities. Early Intervention reduces the costs of services later on in life for the child. An intensive early educational intervention improves cognitive outcomes and, in some cases, reduces antisocial behavior early in the school experience. In addition to better educational outcomes, early-intervention programs have also resulted in better social outcomes such as less teenage pregnancy, less delinquency, and fewer arrests. Parents with children with disabilities have higher rates of divorce and suicide and the children are more likely to be abused. Early Intervention can enhance parent's attitudes about themselves and their children.

### Current Status

Adequate funding for Early Intervention is imperative. Currently, funding for Early Intervention is split between federal and state monies. The federal government assumes that the State uses funds from other streams including Medicaid, private insurance, and the families. In the enacted FY 2007 budget, funds for Early Intervention include \$78.5 million in State funds (\$20 million of this was added at the end of the budget process to account for a significant projected shortfall). The budget includes an additional \$28.8 million in other funding (including \$13.9 million in retroactive federal funds from FY'05-06; \$9.6 million in estimated federal Medicaid revenues in FY'07; and \$5 million in estimated family revenue from cost sharing in FY'07). However, there is still a funding shortfall of \$12 million in the current fiscal year. This shortfall must be funded or else services to children and their families will be cut.

Our neighboring state, Pennsylvania, receives 25.4% of funding for Early Intervention from the federal government (most of that is Medicaid funding). In FY' 07 New Jersey received 21.1% of its funding for Early Intervention from the federal government (59% of it from retroactive funds from federal FY'05 and '06. If we received the same proportion of funding as Pennsylvania, New Jersey could receive additional federal funds. Much of this federal funding in Pennsylvania is through a Medicaid Home and Community-based Services Waiver. In addition, New Jersey can include Early Intervention services as part of the benefit package for NJ FamilyCare, New Jersey's State Child Health Insurance Program (S-CHIP). Under S-CHIP, the federal government provides 65% of the costs of the program.

**(Over)**

The other federal Medicaid funds that could be maximized is the Early Periodic and Screening, Diagnostic, and Treatment (EPSDT) program. EPSDT is a required Medicaid benefit that provides comprehensive “well child” and medically necessary treatment services to all Medicaid eligible children birth to age 21. EPSDT is intended to detect and correct conditions that can hinder a child's learning and development, such as vision and hearing problems. For many children, especially those with chronic conditions, EPSDT is important in identifying the need for essential medical and supportive services, and in making these services available.

EPSDT enables health professionals to assess the child's health needs through initial and periodic examinations and evaluations. It also assures that the health problems found are diagnosed and treated early, before they become more complex and their treatment more costly. Diagnostic and treatment services are provided when a screening examination indicates the need for further evaluation of an individual's health. Any diagnostic or treatment that is medically necessary to improve a condition detected in a screen must be provided.

New Jersey's participation and treatment rates for EPSDT are inadequate. Screening rates for children under age 1 and ages 1-2 in 2004 were 88% and 71% respectively. Although this is well over the overall participation rate of 51% for all children ages birth to 18, it is still relatively low. The rate of children referred for corrective treatment is extremely low. New Jersey can and should have higher referral rates for corrective treatment. The Department should initiate a funding stream analysis to determine that it is taking full advantage of all federal Medicaid revenue including funding under the EPSDT program.

Currently, no money has been identified in the Early Intervention program for use in screening, referral, and evaluation as required by the Child Abuse Prevention and Treatment Act (CAPTA) and IDEA. CAPTA requires that every child who is involved in abuse or neglect be screened by an Early Intervention provider or designated primary referral source to determine whether an evaluation for Early Intervention Services is warranted. The IDEA states that when applying for federal funds under Part C (Early Intervention) a state shall include in its application a description of the State policies and procedures that require referral for early intervention services of a child who is involved in a substantiated case of abuse or neglect, or is identified as affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal exposure. It is unclear what funds will be used to make the referrals and evaluations. In the past, the Department has stated that this new requirement will cost between \$1- \$2 million annually. However, additional resources for the CAPTA and IDEA mandate have not been identified and no policies and procedures have been developed.

A long term funding solution needed to support the expected growth rates. Over the past several years, short-term fixes were necessary to ensure adequate funding, such as the one time transfer of funds in FY '04 from the Catastrophic Illness in Children's Relief Fund, and a loan from the Material Child Health Block Grant program of \$2.5 million in FY' 06. New Jersey needs to explore all revenue streams to maintain adequate funding.

### **Recommendation**

- Provide a \$12 million supplemental appropriation in FY' 07 to account for the shortfall in the program.
- Maintain funding for the growth rate for Early Intervention services (historically 10-15%) to accommodate the growth in children and families needing Early Intervention services and ensure funding for screening, referral, and evaluation as required by CAPTA and IDEA.
- Maximize federal revenues by applying for a Federal Home and Community-Based Services Waiver for Early Intervention, ensure that all federal Medicaid funds, including EPSDT, and NJ FamilyCare are claimed for services for the Early Intervention program. A bill, S223, a bi-partisan bill sponsored by Senator Karcher would mandate the Department to apply for a Medicaid waiver.
- Initiate discussions with the insurance industry and/or pass legislation to: 1) assure that medical insurance policies include Early Intervention Program services with a maximum annual liability; and 2) remove Early Intervention Program services from the computation of annual and lifetime caps of insurance policies. Mandate that the state employee health benefits program include early intervention services as part of its benefit package.
- Develop a structure for determining the appropriate increase in hours of services for the child and family during an IFSP so that there is rationale for increased service hours.