

FY 2008-09
Annual Report
Of
Early Intervention Services

Submitted to

Joint Budget Committee
And
Senate Health and Human Services Committee
House Health and Human Services Committee
Senate Education Committee
House Education Committee

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By

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Early Intervention Services FY 2008-09 Annual Report

The Department of Human Services is submitting the following report in accordance with Section 27-10.5-710, C.R.S. (2009):

(1) By November 1, 2008, and by November 1 each year thereafter, the department shall submit an annual report to the general assembly regarding the various funding sources used for early intervention services, the number of eligible children served, the average cost of early intervention services, and any other information the department deems appropriate. The department shall submit the report to the joint budget committee as part of the department's annual budget request. The department shall also submit the report to the health and human services committees and the education committees of the senate and house of representatives, or any successor committees.

(2) The department shall request, and certified early intervention service brokers and qualified early intervention service providers shall provide, information regarding early intervention services that the department needs to prepare the annual report required by this section or other required federal or state reports.

Background and Program Description:

Early Intervention (EI) services are administered by the Division for Developmental Disabilities (DDD). DDD provides leadership for the direction, funding, and operation of services for adults and children with developmental disabilities within Colorado through both community-based services and state-operated services. DDD services are administered under the Office of Veterans and Disability Services (VDS) of the Colorado Department of Human Services (CDHS).

EI services are provided to infants and toddlers, birth through two years of age, who have been determined to have a developmental delay or disability, who have been diagnosed with a physical or mental condition that has a high probability of resulting in a significant delays in development, or who are living with a parent who has a developmental disability. Pursuant to Section 22-20-118 and 27-10.5-704, C.R.S. (2009), DDD, in collaboration with the Department of Education (CDE) ensures that all children who are referred for early intervention services receive the necessary screening and evaluations. The results of the evaluations are used to determine whether a child has significant delays in development.

EI services provide eligible infants and toddlers, and their families with services and supports to enhance child development in the areas of cognition, speech, communication, physical development, motor development, vision, hearing, social and emotional development, self-help skills, parent-child interaction, and early identification, screening and assessment services.

DDD contracts with twenty Community Centered Boards (CCBs) to deliver community-based services to persons with developmental disabilities. CCBs are private non-profit organizations that are designated annually by CDHS as the single entry point into the long-term service and support system for persons with developmental disabilities under Sections 27-10.5-102 (3) and 105, C.R.S. (2009). Each CCB has a non-overlapping geographic service region of one to ten

counties. CCBs are responsible for intake, eligibility determination, service plan development, arrangement for services, delivery of services, monitoring, and many other functions.

CCBs have also been designated by DDD as certified EI service brokers under Section 27-10.5-702, C.R.S. (2009). CCBs either deliver services directly and/or contract with qualified individual early intervention professionals to provide EI services to eligible infants and toddlers.

FY 2008-09 Utilization Data:

The following information was submitted by the CCBs (i.e., certified EI service brokers) to DDD through survey information or data entered in the DDD Community Contract and Management System (CCMS). Due to the November 1, 2009 reporting requirement to submit this data to the General Assembly, this report does not contain audited financial information from the CCBs.

1) The number of eligible children served

10,016¹ = The total unduplicated count of infants and toddlers served as reported by CCBs at any point during the fiscal year. This represents a 30.9% increase from the FY 2007-08 number of 7,649.

The significant increase can be primarily attributed to improved Child Find activities such as community outreach programs, training and outreach provided to physicians, and the administration of evaluation criteria to children. Additionally, under the 2004 federal Child Abuse Prevention and Treatment Act (CAPTA), a child under the age of three years who is a victim of a substantiated case of abuse or neglect, or is identified as affected by illegal substance abuse or withdrawal symptoms resulting from prenatal drug exposure, must be referred for screening and evaluation for EI services. In FY 2008-09, 759 children were referred from Child Welfare.

Due to the narrow window of eligibility for EI services, birth through two years of age, and the variety of characteristics of developmental needs of the children, the program experiences a high turnover rate. While the yearly unduplicated count does provide a good representation of the demand on the program in relation to the volume of referrals, intake, eligibility determinations and initial Individualized Family Service Plan (IFSP) development, it can appear misleading as to level of ongoing demand for EI services. A more discerning measure of the ongoing demand for direct services is a monthly average.

5,322 = The total unduplicated average count of children served per Community Contract and Management System each month. This represents a monthly increase of 24% from the FY 2007-08 number of 4,291.

2) The various funding sources used

In accordance with Section 27-10.5-706, C.R.S. (2009), DDD must use a coordinated system of payment for EI services. DDD has developed a funding hierarchy that is used by the CCBs during the IFSP development process to identify the possible funding sources that may be available to each child. The funding hierarchy below is the order in which funding sources are accessed for service payment. Beginning from the top of the hierarchy and moving downward, if a funding source is not available then the next source down on the list is

¹ This count represents all the children who were determined eligible for EI Services, had an active Individualized Family Service Plan (IFSP) and who received one or more EI Services during the fiscal year.

considered, and so forth until an appropriate funding source is located. The funding hierarchy is as follows:

- Private pay - at the discretion of the parent(s)
- Private Health Insurance (with written consent of the parent(s))
- Medicaid /Title XIX funding and Child Health Plan Plus (CHP+)
- Child Welfare and Temporary Assistance to Needy Families (TANF)
- Department of Education Part B of the Individuals with Disabilities Education Act (IDEA) and School for the Deaf and Blind
- State General Funded EI Services and Other State and Federal Funds
- Other Local Funds, as may be made available
- Traumatic Brain Injury Trust Fund
- Federal Part C of IDEA Funds

FY 2008-09 was the second year in which the EI program began to capture the use of funding sources other than State or Federal funds. The following data were submitted by CCBs, and represent counts of children served by the various funding sources, meaning that the same child may have been reported in more than one funding source, (not an unduplicated total count). For example, a child may receive physical therapy covered under private health insurance and developmental intervention services covered under State EI funding.

Additionally, the counts represent only those funding sources known to the CCBs. This list does not represent the full array of funding sources since a CCB may not always know about other sources used by families or the extent to which a funding source may be used. For example, a CCB may not have knowledge about a family who uses an insurance carrier's in-network provider funded under their private health insurance plan that is not regulated under Section 10-16-104 (1.3), C.R.S., (2009).

The following data compares FY 2007-08 funding sources identified in IFSP records and FY 2008-09 actual billings. In FY 2007-08, the tracking system was in the initial phases of development and the CCBs were just learning the new system, so the data for actual billings was not usable in an aggregated form. The current data system is now able to track this more precise level of detail.

6,433 = State EI Funds
(33.9% increase from last year's number of 4,805)

The increase can be primarily attributed to an increase in its use as supplemental funding to cover what may or may not be covered by other funding sources.

2,434 = Federal Part C Funds
(31.4% decrease from last year's number of 3,590)

The decrease can be primarily attributed to an increase in the use of private health insurance and Medicaid.

1,963 = Medicaid
(115% increase from last year's number of 913)

The increase can be primarily attributed to an increase in the number of Medicaid eligible children, in addition to the increase in CCBs use of the funding hierarchy.

995 = Private Health Insurance (including the Trust Fund)
(125% increase from last year's number of 442)

The increase can be primarily attributed to FY 2008-09 being the first full year of implementation of Senate Bill 07-004.

384 = Other Funding Sources
(55.5% decrease from last year's number of 863)

The cause for the decrease is unknown at this time, but is suspected to be related to the recession and impact on local funding.

3) The average cost of early intervention services

\$2,819 = The average annual cost of direct services per child in FY 2008-09.

The calculation of the annual cost of direct services per child is: \$15,001,615 reported by CCBs in direct service expenses in CCMS divided by the average number of children served each month (5,322) = \$2,819. This average annual cost is lower than reported last year. However, this amount is based solely on CCMS billings, and not audited financial statements from CCBs, which were not available as of the writing of this report.)

By using the total average number of children served each month, rather than the unduplicated count for the fiscal year, the average cost is comparable to a full fiscal year appropriation (i.e., the cost to serve one child for one year). This amount does not include the service coordination rate (State rate = \$913, Targeted Case Management rate = \$2,217) or the 15% management fee that are both paid to CCBs for early intervention service brokerage services.

There are two primary factors that cause the average cost per child (\$2,819) to be lower than the appropriated direct service rate of \$4,335.28 in FY 2008-09. First, under the coordinated system of payment, one of the goals is "... to ensure that available public and private sources of funds to pay for early intervention services for eligible children are accessed and utilized in an efficient manner." Therefore, additional funding sources are accessed to either fully fund a child's EI services through these other funding sources or to supplement the use of State or Federal funds, thus requiring fewer or no State or Federal funds to be used. Second, as lead agency for the federal Part C grant under IDEA, DDD has provided an assurance to the federal Office of Special Education Programs (OSEP) that all eligible children will be served. In FY 2008-09, there were State General Funds appropriated to serve 2,176 children. However, the monthly average number of children served was 5,322. This means that the children were served using fewer State funds per child (i.e., stretching the available funds to serve more children), additional funding sources were accessed to either supplement the State funds available or to fully fund a child's EI services, or a combination of both.

Additional Information:

FY 2008-09 was the second year in which EI funding data could be captured in a more discriminate manner and in a single database. The new data system came online in October 2007, so the reporting capabilities were still in transition during late FY 2007-08 and the first half of FY 2008-09. The information provided in this report represents the first year of comparison to the FY 2007-08 data.

As noted above in the various funding sources used, implementation of the coordinated system of payment for EI services has dramatically altered how State and Federal funds are used to not only support, but also facilitate and encourage use of all other available funding sources. Access to qualifying private health insurance plans (i.e., those covered under Section 10-16-104 (1.3), C.R.S.) yielded significant gains in alternate funding sources increasing the number of children utilizing this funding source from 442 children in FY 2007-08 to 972 children in FY 2008-09. It should be noted that some CCBs might have only reported those children whose private health insurance plans used the State operated Trust Fund to pay for EI services. This means that those children who used other private health insurance plans to pay for EI Services directly, and not through the CCB, may not have been reported, and therefore are not included in the calculations. Only about thirty percent of the private health insurance plans in Colorado are impacted by the statutory requirement to cover EI services. The remaining seventy percent of private health insurance plans are not impacted primarily because of federal insurance laws or being self-funded plans.

A state-operated Trust Fund was established as a mechanism to streamline use of private health insurance funds for those insurance carriers who chose to deposit funds into the Trust.

Payment for EI services provided pursuant to a child's IFSP is made directly to the CCBs, as the certified early intervention service brokers, using funds from the Trust. Between July 1, 2008 and June 30, 2009, there were a total of 972 children using the funds held in the Trust Fund. When an insurance carrier pays into the Trust, they pay a full year's amount per child (i.e., \$5,725 in 2008, \$5,935 in 2009), and payments are not prorated for the year. There were total deposits of \$5,745,805 into the Trust as of the end of FY 2008-09. However, this amount includes deposits that cover more than a single fiscal year, and therefore, cannot be equated to a fiscal year revenue and expense. As of October 1, 2009, there have been paid claims for FY 2008-09 totaling \$2,225,235. Some claims for services provided prior to June 30, 2009 are still being received and processed, so the final paid claims amount for FY 2008-09 may be higher.

As mentioned above, the CCBs reported 995 children using private health insurance funds of which 972 children used the Trust Fund. Per SB 07-004, participation in the trust was optional in FY 2008-09 and not all insurance carriers chose to use the Trust, therefore, there were more children who were accessing their private health insurance plans directly between the carrier and the service provider to cover EI services.

During the 2009 Legislative Session, House Bill 09-1237 was enacted. HB09-1237 responded to concerns that were identified during the first year of implementation of the original coordinated system of payment legislation, SB 07-004, by making the following changes:

- Clarified that the mandatory coverage for EI services includes contracts for health insurance and renewed plans.
- Provided that, should the General Assembly increase the base rate for state-funded early intervention services by more than the consumer price index, the annual amount of

coverage provided by private health insurance plans would also increase by an equal amount.

- Clarified that the coverage limit does not apply for rehabilitation or therapeutic services that are necessary after surgery.
- Directed that a child's private health insurance plan pay for early intervention services before accessing state or federal funds.
- Directed that insurers shall not terminate coverage, refuse to deliver services, or fail to renew coverage as a result of a child accessing benefits for EI services.
- Streamlined administration by requiring all private health insurance plans to make payment to a state- administered trust fund.
- Set deadlines for a private health insurance plan to make payment after notification that an eligible child needs services.
- Extended the time allowed for submission and payment of outstanding bills after a child is no longer eligible for services.

Concern has been expressed from the CCBs that there is an increasing number of families losing private health insurance coverage due to the downturn in the economy. DDD anticipates that the use of Medicaid funds for therapy services related to early intervention services may increase in FY 2009-10. This will impact the Department of Health Care Policy and Financing (HCPF), as these services are provided under the Medicaid State Plan.

The coordinated system of payment and funding hierarchy appear to be achieving the intended outcomes. Multiple funding sources are being effectively accessed to provide early intervention services. However, the growth in demand for early intervention services is currently outpacing the funds available through these multiple sources as noted in the total number of children served increasing from 7,659 in FY 2007-08 to 10,016 in FY 2008-09.

The recent distribution of American Recovery and Reinvestment Act (ARRA) funds under Part C of the Individuals with Disabilities Education Act (IDEA) is temporarily assisting the state to meet the caseload growth. Between October 2009 and December 2011, approximately \$ 6.1 million in ARRA funds are being disbursed to the CCBs for EI services, service coordination and for activities to improve EI Service Broker functions. The ARRA funds end December 2011. The Division estimates that approximately 900 infants and toddlers will be served using ARRA funds over the two-year period. The Division has been working with the CCBs, as the EI Service Brokers, to monitor utilization patterns and to consider possible alternative ways to serve all eligible children within the same amount of existing state funding. The Division has also consulted with the Colorado Interagency Coordinating Council (CICC), the entity that is federally mandated to provide guidance and direction to the Division, regarding their ideas. No final conclusions or decisions have been reached as of the writing of this report.

Overall, early intervention services continue to successfully meet the needs of infants, toddlers and their families. Ninety-six percent (96%) of children with significant delays in development who receive early intervention services in FY 2008-09 have shown improvement in their acquisition and use of knowledge and skills (motor, cognition, speech, language, etc.). Ninety percent (90%) of parents report that early intervention services have improved their ability to help their child develop and learn.