

First Steps talking points for Hearing 4.1.14

- What is First Steps
 - **Age.** Provides services for children who are birth to age three. Not all states are the same with eligibility criteria necessary to receive services; Missouri is one of the more restrictive states because children must have a significant developmental delay (that equates to a half-age delay) - or a condition associated with developmental disabilities such as Down syndrome, spina bifida, extreme prematurity, autism, deaf or blind (to name a few). Approximately half the children qualify under delay and half under a condition associated with developmental disabilities.
 - **Services.** Once eligible, there are 19 services available to families; the type and amount of service depends on the family's priorities and the child's developmental abilities. Of the 19 services, 5 services account for 75% of all delivered services: *Speech Therapy, Special Instruction, Physical Therapy, Occupational Therapy and Applied Behavior Analysis*. Qualifications for all individuals providing First Steps services can be found on the Personnel Standards for First Steps Providers at: <http://dese.mo.gov/se/fs/ProvEnrollpg.html>
 - **Location.** Because First Steps serves young children who are often medically fragile, services are provided in the family's home with the goal of improving children's skills and abilities within daily activities (such as mealtime and playtime). Approximately 95% of children receive services in their home.
- Funding for First Steps
 - Annual Budget of \$40 million. Approximately 90% (or \$36 million) of the First Steps budget goes to direct services, including services (\$27 million) and service coordination (\$9 million), for children in the program.
 - Revenues are a combination of state, federal and other funds.
 - State Appropriations = 48% of total revenue
 - Federal grant award for Birth to age 3 (Part C of IDEA) = 21% of total revenue
 - Federal grant award for special education (Part B of IDEA)= 17% of total revenue
 - Public Insurance (MO HealthNet/Medicaid) = 11% of total revenue
 - RSMo 160.920 Family Cost Participation Fees = less than 1% of total revenue
 - RSMo 376.1218 Private Insurance = 2% of total revenue
- Private Insurance Law
 - Applicable only to carriers with group plans who report premiums for health insurance in Missouri. This is about 15% of Missouri carriers.
 - Carriers can elect to help pay for First Steps services through percentage election (which is a one-time payment a year capped at \$500,000) or direct claims election (which is paid per child for Speech, OT, PT or Assistive Technology). Currently ¾ of the applicable carriers elect direct claims.

- In the 7 years since implementation of Private Insurance mandate:
 - **Increase in child count.** Seven years ago First Steps served 7,300 children. Now First Steps serves over 11,000 children, a 40% increase in children served. Even though the total population of children birth to age 3 in Missouri has decreased in recent years, First Steps continues to serve more children.
 - **Cost per child.** Though the number of children has increased, the Department has continually looked for ways to be more efficient in providing services, reflected in a similar cost per child as 7 years ago which is an annual cost of \$3,300 per child.
 - **Services.** First Steps direct services applicable to the law (ST, OT, PT and AT) are decreasing while other services not applicable to the law (consultation, parent training or other services such as ABA, special instruction, health services, developmental testing) are increasing.
 - **Federal requirements.** In 2011, several new federal rules for Part C required changes to implementation of the law. First, federal rules allow families to decline access to private insurance without an increased participation cost. This has resulted in over 4 times more families declining insurance. Currently 14% of all families with private insurance decline use of their insurance to help pay for First Steps services.
 Second, if carriers elect direct claims then the Department is required to obtain parent consent to ensure parents understand the ramifications for using their private insurance and reconcile each family's account for services. Ramifications may include:
 - The use of private health insurance to pay for First Steps services may count towards or result in a loss of benefits due to the annual or lifetime health insurance coverage caps for the child, parents, or family members.
 - The use of private health insurance to pay for First Steps services may negatively affect the availability of health insurance to the child, parent, or family members; including being cancelled.
 - The use of private health insurance to pay for First Steps services may be the basis for increasing the health insurance premiums for the child, parent, or family members.
 Currently ¾ of the carriers elect direct claims which results in an increase in administration cost and decrease in revenue.
 - **Children per Election.** In 2007 there were 412 children with carriers who elected direct claim option and total insurance revenue from both percentage and direct options was approximately \$2 million. However, in 2013 there were 1,990 children with carriers who elected direct claim option but total insurance revenue from both percentage and direct options was only approximately \$700,000.