

Workgroup Budget Ideas

Proposal: Use of Private Insurance for Early Start Consumers

Requires families to access private insurance for all identified medical services, other than evaluation and assessment, for service provision or denial prior to service provision by the regional center as payer of last resort (already required for children age three years and older). Identified medical services are:

Specialized Therapeutic Services <3 Yrs Old	Hearing & Audiology Facility
Acute Care Hospital	Licensed Vocational Nurse
Durable Medical Equipment Dealer	Registered Nurse
Laboratory/Radiological Services	Other Medical Services
Other Medical Equipment/Supplies	Audiology
Orthoptic Services	Speech Pathology
Orthotic/Prosthetic Services	Physical Therapy
Pharmaceutical Services	Occupational Therapy
Physician/Surgeon	Genetic Counselor

Background Information on Program Area:

Early Start is California’s system of interagency, coordinated early intervention services provided to infants and toddlers and their families with or at risk for developmental delays or disabilities. Early Start is available statewide through regional centers, local education agencies and family resource centers. Currently, Early Start serves children who are at high risk for developmental disability, manifest established risks for developmental delay, or who have developmental delays. Of the 60,000+ infants and toddlers served annually in Early Start, approximately 23% enter the regional center caseload at age 36 months as ongoing regional center consumers. POS expenditures totaled \$278 million in FY 07/08 (\$39 million federal funding for POS). FY 09/10 Early Start budget is expected to be: \$50,674,000 Federal Grant; \$349,567,000 General Fund.

Please check applicable box(es):

- Trailer bill language/State Application amendment
- Regulation change
- Waiver amendment/New waiver

Pros:

- Complies with federal, family cost participation guidelines.
- Conforms to Lanterman Act mandating regional centers pursue other sources of funding for services, thereby reaffirming regional center as payer of last resort per federal/state laws.

Cons:

- Health plans may determine the medical service is not 'medically necessary' but is 'developmentally necessary'. If this occurs, the service becomes a required early intervention service per federal regulations.
- Could result in delay of needed medical services while family's insurance carrier determines if the service is covered.
- Requires collaboration and consistent processes with the California Department of Education because of the dually-served and solely low incidence children for which school districts have responsibility.
- Requires redefining Early Start "system of services and payments" on federally approved documents and subsequent statewide training of service coordinators and vendors.

Fiscal :

2009/10 Savings \$6.5 million TF (\$6.5 million GF)

Annual Savings \$13.0 million TF (\$13.0 million GF)

Assumptions:

1. \$89,391,372 estimated medical-related expenditures in FY 2009/10 not related to evaluation and assessment and for which regional centers are paying.
2. Partial year implementation ($\$89.4\text{M} / 2 = \44.7M).
3. 25% of medical-related costs for families with insurance are covered by insurance ($\$44.7\text{M} / 4 = \11.18M).
4. 58.1% of families have private insurance (California Health Survey, 2005) and medical costs are equally distributed across families ($\$11.18 \times .581 = \6.5M).