



Further State Funding Cuts and Uncertain Federal Landscape Threaten Care for Young Children in Texas with Disabilities and Developmental Delays

by Karina Wagnerman and Elisabeth Wright Burak

Key Findings

Texas' early childhood intervention system has not kept pace with other states in the share of young children it serves. And with state policy changes and possible federal proposals, the program could find it more difficult to meet the needs of young children with disabilities and delays who need these critical services.

- State cuts to funding and eligibility of the state's IDEA Part C program, called Early Childhood Intervention (ECI) in Texas, led to a clear decline in the percentage of children served by ECI.
- Over time, Texas further lagged behind the national percentage of children served in IDEA Part C. Starting in 2011, Texas also underperformed compared to children served in the Southern region. Children of color are also underserved in Texas ECI compared to national trends.
- State cuts to Medicaid pediatric therapies, passed by the legislature in 2015 and effective in late 2016, threaten to exacerbate the challenges of adequately serving young children with disabilities and developmental delays.
- The future of the federal Medicaid program is uncertain under a new administration and Congress. Proposals to cap funding for the program would shift additional cost to the state and further tie the hands of Texas in its ability to fully meet the needs of young children in ECI.

Brain development science and early childhood research have shown that the earliest experiences in children's lives significantly impact their ability to learn in school and thrive in adulthood.¹ Identifying and addressing delays or conditions in young children—including autism, Down syndrome, and other developmental concerns—can mitigate additional challenges for children before they enter school, setting them on a path to reach their full potential.²

IDEA Part C or Early Intervention

Part C of the federal Individuals with Disabilities Education Act (IDEA), also called early intervention, requires participating states to find and provide health and educational interventions for children under age 3 who have been identified with disabilities and significant developmental delays. The program funds only a portion of the full range of services needed for these infants and toddlers. States supplement IDEA Part C with a mix of Medicaid, other federal funds, private insurance, and/or other state and local resources.³ States also have the flexibility to set their own eligibility criteria based on the number and severity of delays identified in an evaluation.

Medicaid can support many services for eligible children served by Part C. Under Medicaid's federally-required Early and Periodic, Screening, Diagnostic and Treatment (EPSDT) benefit, states must provide all preventive screens and medically necessary services for children as determined by a medical professional, such as many therapy services provided to those served by Part C.⁴ Any medically necessary service allowed under federal Medicaid law must be provided to eligible children regardless of whether the service itself is specified in the state plan.



ECI: Early Intervention in Texas

As is the case in other states, Texas' ECI funding comes from a mix of federal IDEA, Medicaid, and other federal, state and local funds.⁵ Medicaid funds support therapies and other medically necessary services for children in ECI who are also eligible for Medicaid. Texas contributes a smaller share of state dollars than other states, relying more heavily on federal support.⁶ Since 2011, Texas policymakers have scaled back funds and eligibility criteria for young children with disabilities and delays, leading to fewer children being served by the state and fewer providers available to meet their needs.⁷ As a result, Texas lags behind other states on serving children at one of the most critical times in their development.

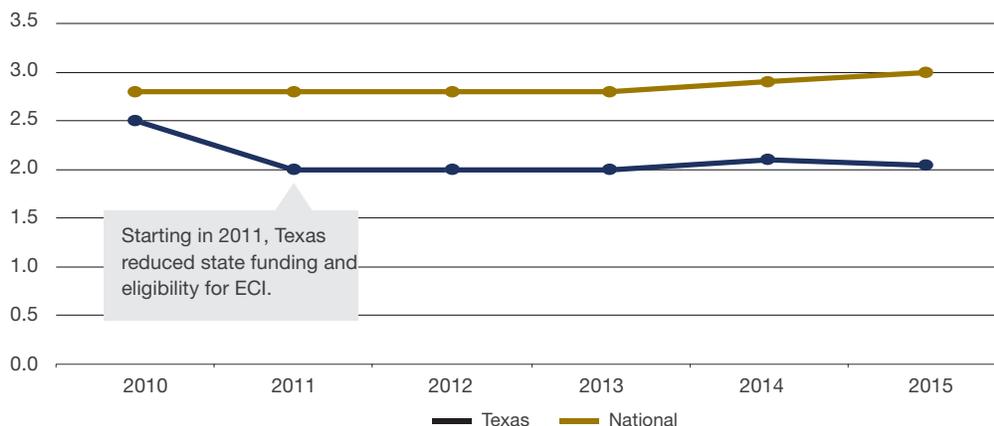
How does Texas compare to other states?

Across the country, there is a wide variation of state performance on the share of the population birth through age 2 served in Part C. In 2015, the proportion ranged from Mississippi at 1.72 percent to Massachusetts at 9.05 percent.⁸ Texas was closer to the low end of the spectrum, serving only 2.04 percent of the population birth through age 2 in Part C.⁹ Texas' figure is lower than the median across all states (2.85 percent),

less than the unweighted average across all states (3.26 percent) and less than the national rate (3.00 percent).¹⁰

While the population of kids under age 3 in Texas grew by nearly 4 percent between 2011 and 2015, the rate of children served by Texas ECI has dropped substantially in recent years.¹¹ In 2011, the gap between Texas and the national level (see Figure 1) grew and Texas dropped below the average for Southern states (see Figure 2). In the years since 2011, Texas did not gain ground and the trends continued through 2015, the most recent year of data available. When the percent of the population served from birth through age 2 is compared across 50 states and the District of Columbia, Texas dropped from 28th in 2009 to 45th in 2015.¹² Texas reports increased ECI enrollment for 2016—beyond the available data for this brief—but the timing of rate cuts in late 2016 and increasing population of children under age 3 suggest any upticks may not continue.¹³ Moreover, a recent ECI analysis by Texans Care for Children showed uneven enrollment by county, with sizable decreases in many counties.¹⁴

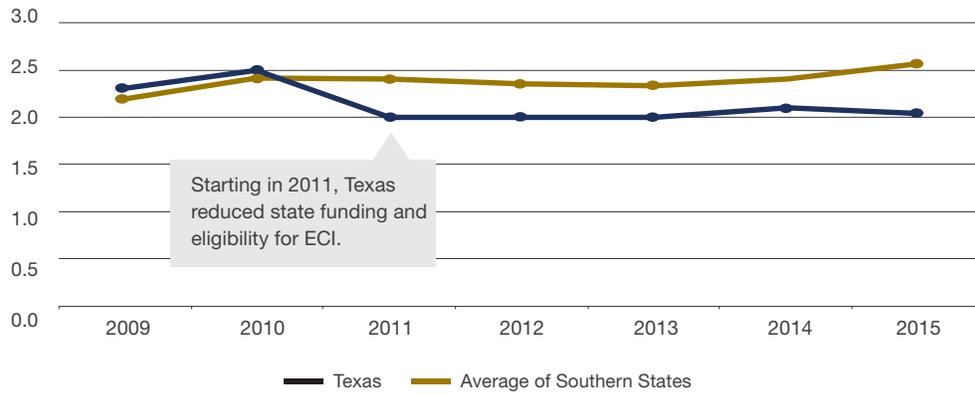
Figure 1. Percent of the Population under Age Three Served by Early Intervention/IDEA Part C, National and Texas



Source: Georgetown University CCF analysis of U.S. Department of Education (2012), (2013), (2014), (2015), (2016), (2017).



Figure 2. Percent of the Population under Age Three Served by Early Intervention/IDEA Part C, Southern States and Texas



Note: The Census definition of the “South region” is used. The states include: Alabama, Arkansas, District of Columbia, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Source: Georgetown University CCF analysis of U.S. Department of Education (2012), (2013), (2014), (2015), (2016), (2017).

How do children of color fare in Texas ECI?

Texas also underperforms nationally in the share of children of each race/ethnicity receiving early intervention (see Table 1). At the national level, the share of children served in each race/ethnicity, except black or African American, increased between 2011 and 2014, the most recent year with available data. In Texas, there was a different trend: the share of children served decreased among

American Indian or Alaska Native, Asian, black or African American children and children of two or more races; at the same time, the share increased among Hispanic/Latino, Native Hawaiian or other Pacific Islander, and white children served.¹⁵ The decline in the share of black or African American children served led Texas to drop from 40th in the country in 2011 to 45th in 2014.¹⁶

Table 1. Percent of the Population under Age Three Served by Early Intervention/IDEA Part C by Race/Ethnicity, Texas and National

Race/Ethnicity	2011		2014	
	Texas	National	Texas	National
American Indian or Alaska Native	1.2	2.6	0.8	2.8
Asian	1.3	2.1	1.2	2.4
Black or African American	1.8	2.8	1.6	2.7
Hispanic/Latino	2.1	2.6	2.2	2.9
Native Hawaiian or Other Pacific Islander	2.6	3.1	3.3	4.0
White	2.2	3.0	2.3	3.2
Two or more races	0.7	1.8	0.6	2.2

Source: Georgetown University CCF analysis of U.S. Department of Education (2013), (2016).



State Policy Decisions Have Undercut Texas' Ability to Serve ECI Children and their Families

As shown in Figures 1 and 2, state funding and eligibility cuts in ECI and Medicaid beginning in 2011 mirror Texas' lag behind national averages and other states in the Southern region. Texas' ECI contributions decreased by 11 percent between state fiscal year 2010 and 2017—from \$160 million to \$142 million.¹⁷ A survey of ECI contractors illustrate the impacts of these cuts and the declines in children served. Strained providers have reduced critical outreach staff: 43 percent of contractors eliminated dedicated outreach positions since 2010.¹⁸

State Medicaid cuts threaten to make things worse. In 2015, the state legislature passed Medicaid reimbursement rate cuts for pediatric

therapies including physical, occupational, and speech therapies provided to children in ECI. While legal challenges and federal processes kept the official cuts on hold for most of the year, the reductions went into effect on December 15, 2016. More than two-thirds of ECI providers expect to reduce the number and frequency of services to eligible children as a result of the reductions.¹⁹ Providers have already experienced rate reductions from managed care organizations anticipating the cuts. The number of ECI providers has already declined since 2010, with more are at risk of ending ECI services.²⁰

Looking Ahead: Federal Changes to Medicaid Could Accelerate Challenges Ahead for Young Children with Disabilities or Delays

Texas enters 2017 lagging behind nationally and within the Southern region in its ability to serve young children with disabilities or delays through early intervention and Medicaid. Data show that children of color have also been left behind by Texas ECI (see Table 1).

Even as the state-driven Medicaid cuts loom, the November 2016 election brings a new federal administration in 2017 that, so far, signals intent to overhaul the health care system, including potential funding decreases and changes in standards for Medicaid. Previous proposals—including recent ones by Rep. Tom Price, House Budget Chair and President Donald J. Trump's nominee to lead the federal Department of Health and Human Services—would restructure Medicaid financing as a block grant to secure major entitlement savings. That could eliminate one-third of funding from the federal program

in later years, shifting costs to states.²¹ Block grants or spending caps would remove the guarantee of federal funds for eligible Medicaid beneficiaries, forcing states to cut eligibility, benefits, and provider rates. An analysis of previous block grant proposals found that between 14 and 20 million people currently on Medicaid would lose coverage.²² The study also estimated that Medicaid provider reimbursement rates would decline by more than 30 percent—another potential strain for ECI and other health providers in Texas if enacted.²³ Federal spending caps also threaten to undermine or eliminate Medicaid's guaranteed EPSDT benefit for children. Thus, the potential for federal Medicaid cuts under a new administration and Congress stand to further harm young children in need of Texas ECI services, particularly given the large state reliance on federal funding for the system.



Conclusion

State and federal policymakers can look to Texas as one example of how state and federal policy decisions could severely undermine the state's ability to identify and serve young children with disabilities and developmental delays. Further federal or state cuts would force the state to make even more difficult decisions about which needs or populations take priority in Medicaid even as the high need for health care and early intervention remain.

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¹⁰ Ibid.

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Endnotes

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¹³ “ECI Data & Reporting Update” power point presentation from the November 30, 2017 Texas ECI Advisory Committee Meeting.

¹⁴ Ibid (6).

¹⁵ U.S. Department of Education, “Annual Report to Congress on the Implementation of the Individuals with Disabilities Education Act,” (2013); U.S. Department of Education, “Annual Report to Congress on the Implementation of the Individuals with Disabilities Education Act” (2016).

¹⁶ Ibid (15). In 2014, Texas ranked 45th out of 49 states because there were two states that did not report the share of black or African American children served. In 2011, Texas ranked 40th out of 48 states because there were three states that did not report the share of black or African American children served.

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¹⁸ Ibid (6).

¹⁹ Ibid (6).

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