

Early Intervention Family Cost Share Change in Budget: Arguments Against Lowering the Income Threshold

Governor Christie's proposed budget includes a change to the Family Cost Share for Early Intervention. According to the proposed budget, the change will provide savings of \$12 million over and above the \$6-\$7 million which is already netted for the current Family Cost Share. It is not clear at this time how the Department will change the Family Cost Share.

We are concerned that lowering the income threshold for the Early Intervention family cost share will seriously impact the ability of families to receive necessary services. When the family cost share was first implemented up to 7% of enrolled families left the Early Intervention System. Sadly, many of these children went without these important therapeutic services.

Early detection, diagnosis and therapeutic intervention for children born with developmental delays is crucial in remediating the impact of these delays later in life. These services, as provided by New Jersey's Early Intervention (EI) System, benefit children by reducing their need for developmental disabilities programs and benefit the state by decreasing future service provision costs.

Some have suggested that the new law (P.L. 2009 c.115) mandating health insurance coverage for individuals with autism and developmental disabilities will provide relief by requiring that families be reimbursed for the family cost share. Since this law only applies to health plans funded by the state and local governments or those provided by companies regulated by the state, only about 30% of all families in New Jersey are eligible to have their family cost share covered. The remaining 70% of families in New Jersey have health insurance overseen by federal law – the Employee Retirement Income Security Act (ERISA) – which exempts their health plans from New Jersey's recently passed law mandating family cost share coverage. It also must be noted that only specific services are eligible to have their cost share reimbursed leaving many uncovered even by eligible plans.

Current Law on Family Cost Share

The current family cost share is set for families with incomes above 350% of the Federal Poverty Level (FPL). The family cost share brings in more than \$6 million in additional revenue to the Early Intervention System. The state instituted this formula because it was felt that families earning a "high" income should pay a portion of the costs of Early Intervention services.

350% of the Federal Poverty Level is \$64,085 for a family of three and \$77,175 for a family of four.

Under the current family cost share guidelines, families of three earning between \$64,500 and \$65,000 pay a maximum of \$215.17 a month (\$2,582 a year). A family of four, earning between \$77,500 and \$78,000, pays a maximum of \$258.47 a month (\$3,102 a year).

What is the True Income needed to live in New Jersey?

The federal government has set measurements upon which families are deemed to live in poverty. Many researchers and policymakers consider the Federal Poverty Levels to be seriously flawed. One such flaw in this determination process is particularly relevant to New Jersey.

New Jersey has one of the highest costs of living in the country, is one of the most expensive states for a family to live in, yet the national poverty threshold does not account for geographic fluctuations. It also fails to account for changes in living standards that result in altered consumption patterns or for the prominence of child care and transportation expenses.

Despite these concerns, the 2010 Federal Poverty Levels are as follows:

Percentage of FPL	Family of Three	Family of Four
150%	\$27,465	\$33,075
200%	\$36,620	\$44,100
250%	\$45,775	\$55,125
300%	\$54,930	\$66,150
350%	\$64,085	\$77,175

The “true” poverty income level for a family of three in 2008 is \$34,962 or less (a little below 200% of FPL 2010), according to a report from the Legal Services of New Jersey, Poverty Research Institute (Poverty Benchmarks 2010).

The Legal Services of New Jersey report also explains another definition, called the real cost of living. In New Jersey the real cost of living in 2008 for a family of three is \$54,930 (approximately 305% FPL in 2010).

The Real Cost of Living measures how much income is required for a family of a given composition to meet all basic needs without any public or private support. This measurement tool relies on conservative estimates of costs for basic needs with no allowance for extras like eating out or savings. It assumes that all adults are working full time.

The real cost of living as a percentage of federal Poverty level (FPL) varies in New Jersey counties.

The Real Cost of Living as a Percentage of FPL by County in New Jersey 2008

County	Real Cost of Living as percentage of FPL	County	Real Cost of Living as percentage of FPL
Atlantic	254%	Middlesex	347%
Bergen	361%	Monmouth	339%
Burlington	301%	Morris	342%
Camden	259%	Ocean	328%
Cape May	253%	Passaic	275%
Cumberland	278%	Salem	248%
Essex	265%	Somerset	399%
Gloucester	278%	Sussex	303%
Hudson	271%	Union	317%
Hunterdon	370%	Warren	284%
Mercer	334%		

Source: Poverty Benchmarks, A report from the Legal Services of New Jersey Poverty Research Institute, February 2010

In New Jersey 147,696 children under the age of five (about 27% of all children) live in families with incomes below 200% of the Federal Poverty Level (Kids Count 2009, Association of Children of New Jersey).

This means that more than a quarter of all children under age 5 in New Jersey live below the real cost of living.

Studies have shown repeatedly that Early Intervention services have a significant and positive impact on children with developmental delays. Families must be able to access these necessary services quickly, effectively, and in the appropriate quantity.

We are extremely concerned that lowering the income threshold for the Early Intervention family cost share will force concerned parents to forgo early intervention services for their at-risk children because the state did not recognize the Real Cost of Living in New Jersey. We are especially concerned that families of children with the most significant disabilities in need of the most services will be especially hurt by any proposal to change the Family Cost Share.