



PROMOTING THE EMOTIONAL WELL-BEING OF CHILDREN AND FAMILIES—Policy Brief 4

## **Making Dollars Follow Sense: Financing Early Childhood Mental Health Services to Promote Healthy Social and Emotional Development in Young Children** (AUGUST 2002)

### **OVERVIEW**

Drawing on lessons from six case studies, this policy paper highlights the most innovative approaches states and communities are currently using to finance early childhood mental health services and explores what else might be done to mix, match, and leverage all available resources. The focus is on prevention and early intervention services to not only help children directly, but equally important, to help their families and other caregivers address the social and emotional challenges children face. The case studies are based on interviews with policy and program leaders in the states of Florida, Indiana, Ohio, and Vermont, as well as two metropolitan areas—San Francisco and Cuyahoga County, Ohio (where Cleveland is located).

### **SNAPSHOTS OF THE SITES**

#### **Florida**

Early childhood mental health efforts in Florida have included: developing a state strategic plan to provide supportive services to all young children, children facing special risks, and children needing more intensive treatment; addressing some of the most vexing Medicaid-linked barriers to funding; and piloting treatment programs for more vulnerable infants and their families.

#### **Indiana**

Efforts to address issues of social and emotional development and mental health in young children in Indiana have been embedded in a broader effort to enhance early intervention services (Part C) for all at-risk young children. In that context, mental health-related initiatives have focused specifically on prevention and early intervention services designed to improve professional training and increase referrals. Funding has involved diversifying, maximizing, and blending multiple funding streams.

#### **Ohio**

The early childhood mental health efforts in Ohio have used targeted state general fund dollars to create a statewide grant program to promote early childhood mental health consultation, primarily addressing prevention and early intervention. Local activities are mainly led by community mental health boards and involve an array of child-serving agencies.

## Vermont

The early childhood mental health efforts in Vermont involve the expansion of both direct treatment and consultation, encompassing prevention, early intervention, and treatment services. Using a federal children's services mental health grant as the entry point to create the Children's UPstream Project (CUPS), a comprehensive early childhood mental health initiative, the state has developed a strategic approach to maximizing the impact of its federal grant dollars utilizing Medicaid and Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) funds and state child care match dollars.

## Cuyahoga County, Ohio

Early childhood mental health efforts in Cuyahoga County have been embedded in a larger early childhood initiative. Supplementing the existing capacity to provide more intensive treatment to young children and their parents, the county has expanded its prevention and early intervention services by integrating consultation into existing early childhood programs. Pilot efforts to improve Medicaid reimbursement strategies and diagnostic categories are underway. The county has used significant local public and private dollars, as well as state and federal funding streams.

## San Francisco, California

Early childhood mental health efforts in San Francisco have been built on existing collaboration, spurred by flexible funding from TANF welfare reform. The city has created a network of early childhood mental health consultants responsive to different ethnic needs, primarily providing prevention and early intervention services. The initiative uses a pooled funding strategy that involves multiple agencies and federal, state, and local funding streams.

## LESSONS FROM THE SITES

- Sites are using broad early childhood initiatives as a platform from which to launch early childhood mental health services. Leadership comes from many different agencies and individuals, and the scope of the effort varies considerably across the sites. For example, the focus may be on one age group (e.g., infants and toddlers) or one service (e.g., early childhood mental health consultation). Only one site has developed and implemented a comprehensive system of care fully integrated into the early childhood community.
- Because of the initiatives, young children, their families, and their caregivers have access to resources and services that simply did not exist before. Across the sites, investments have increased by about \$12 million.
- Although most sites are emphasizing early childhood mental health consultation, a broad range of services are being funded (including training for early childhood staff in mental health issues, parent-to-parent support groups, and behavioral aides in the classroom).
- Funding strategies vary in complexity across the sites. In most there has been a heavy reliance on federal dollars. But in some sites, state dollars provide the only major funding stream. In others, there has been a deliberate effort to draw funds from multiple sources, including entitlement dollars, and state and local public funds, as well as private dollars and special grants.

- Major federal funding sources include Medicaid/EPSDT, the Child Care and Development Fund, TANF, the Children’s Mental Health Services Program, and the Part C Early Intervention Program of the IDEA.
- State Medicaid agencies in several sites have developed new policies to maximize the use of Medicaid funds for mental health services to young children, but no site has taken full advantage of what is possible. Other federal programs have played a supporting role in some, but not all of the sites. For example, Part C has been central in Indiana, TANF in San Francisco.
- The sites are using four major strategies to maximize funding: blending funds, braiding funds, maximizing Medicaid, and using state funds strategically to match federal dollars and to pay for support services—such as staff and parent training—that cannot otherwise be supported.
- Common fiscal challenges include the difficulty of providing preventive and early intervention services without requiring a diagnosis, using all available funds, and sustaining funding, particularly given the worsening larger economic context.
- Interagency and public-private collaboration are essential to developing and financing a system of care that provides a continuum of early childhood mental health services. Collaboration, once set in motion, works best where sustained by formal mechanisms. Financial arrangements frequently are supported by legislation, regulation, memoranda of understanding, and other formal guidance.

## TEN ACTION STEPS FOR STATES AND COMMUNITIES

Building on the lessons of these pioneering sites, below are action steps that other communities and states can take to strengthen their attention to the social, emotional, and behavioral needs of young children.

1. Start small. Apply for small grants or turn to local foundations to jump-start a community- or state-level planning process, building on other collaborations on behalf of young children.
2. Test out new service approaches to make sure they fit with the community. Consider evidence-based practice, where there is an evidence base, and lessons from prior efforts.
3. Develop cross-training initiatives to build a shared understanding of what early childhood mental health services are, how they are related to other shared goals, such as promoting school readiness, and how they might be funded.
4. Build or strengthen collaborative relationships to develop a systematic funding strategy that will support the development of preventive and early intervention services. For example, use child care improvement funds for mental health consultation; establish or use existing formal mechanisms at the cabinet, state agency, or local agency level; make sure parents are involved.
5. Analyze existing levels of funding for early childhood mental health. How do the funds flow to reach local service providers and meet family needs? Are funds being used for the right services? Are the funds sufficient? Do services address the needs of infants and toddlers as well as preschoolers?

6. Assess the funding streams that could be used and what barriers they pose: for example, does the state Medicaid agency pay for all covered services, including child and family therapy?
7. Develop a targeted strategy to maximize the impact of Medicaid/EPSDT. For example, include age-appropriate developmental, emotional, and behavioral measures in the recommended EPSDT screening protocol; make sure that reimbursed services are appropriately defined for young children; make sure that parent-child therapies are covered.
8. Consider redesigning reimbursement and billing practices to maximize the use of all available dollars, exploring some of the strategies used by the sites described in this report such as blended or braided funds.
9. Develop a method to gather the kind of outcome data needed to refine and sustain funding for early childhood mental health strategies.
10. Promote the development of targeted federal funding as a catalyst for developing early childhood mental health services.

For more information about financing early childhood mental health services and expanding available resources, as well as research citations, please refer to **Promoting the Emotional Well-Being of Children and Families Policy Paper No. 4: Making Dollars Follow Sense: Financing Early Childhood Mental Health Services to Promote Healthy Social and Emotional Development in Young Children**, by Kay Johnson, Jane Knitzer, and Roxane Kaufmann. Copies of the full publication are available at the NCCP website—[www.nccp.org](http://www.nccp.org); E-mail: [info@nccp.org](mailto:info@nccp.org).

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