

FUNDING

EARLY CHILDHOOD MENTAL HEALTH SERVICES & SUPPORTS

MARCH 2001



Georgetown University Child Development Center

PREPARED FOR:



Center for Mental Health Services



Substance Abuse and Mental
Health Services Administration
Child Adolescent and Family Branch
U.S. Department of Health and Human Services

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OVERVIEW



The Importance of Mental Health Services and Supports for Young Children

There have been remarkable advances in mental health research and practice during the past three decades. However, mental health disorders continue to pose an enormous burden for individuals, their families, and society. Although preventive efforts can have great benefit for children ages birth to 8 years of age, insufficient attention has been paid to both prevention and early intervention efforts with respect to mental health issues affecting this age group (Kaufmann & Dodge, 1997). Because young children experience every human emotion and feeling, including anger, happiness, and sadness, they are capable of having sound emotional and mental health, as well as the unfortunate converse—emotional and mental health problems (Feinberg & Fenichel, 1996). The physical, mental and emotional health of young children provides the foundation for all further development.

Current mental health research and practice highlight the importance of social and emotional well-being in the earliest years of life. Ever increasing knowledge of the development and plasticity of the young human brain, along with a growing appreciation for the impacts of relationships between children and their caregivers, continue to inform the field of early childhood mental health. Many of the problems evident in older children and adolescents are believed to originate in early childhood. Studies of children raised in adverse environments show that substantial cognitive deficits appear as early as 18 months of age (Infant Health and Development Program, 1990; Ramey et al., 1992). Research indicates that a stressful social environment may activate hormones that hasten the elimination of neurons and adversely affect a child's brain functioning (Knitzer, 1997). The Institute of Medicine estimates that at least 12 percent of children and adolescents in the United States (about 7.5 million) suffer from one or more mental disorders, including autism, attention deficit hyperactivity disorder, severe conduct disorder, depression, and alcohol and substance abuse and dependence (IOM, 1994). Whether by virtue of environment or biology, increasing numbers of infants, toddlers, and preschool children experience or are at risk for mental illness.

All young children, including those at risk for mental disorders, those with other health and developmental disabilities, and those exhibiting emotional and mental disorders, require a range of multiple, diverse, formal and informal services and supports that are culturally competent, recognize child and family strengths, and address individual needs (Kaufmann & Wischmann, 1999). Preventive measures often reduce the impact of risk factors for mental health disorders and improve the chance for children's positive social and emotional development (U.S. DHHS/NIMH, 1999). Ideally, these services and supports are community-based, provided in natural environments, and are integrated and imbedded in existing programs in a coordinated fashion. Although the importance of early

intervention and prevention services and supports is becoming more widely accepted, a great deal of work remains in order to secure resources for the public education, training, services, and research that will ensure a comprehensive approach to early childhood mental health. About 140 federal programs and tax provisions involving \$10 million or more provide benefits and services that are directed at, or include, children and their families. Fewer than 10% of these federal initiatives are intended for infants and preschoolers (Richardson and House, 1999).

The Need for a Systemic Approach to Financing Early Childhood Mental Health Services and Supports

The need for a systemic approach to financing early childhood mental health services and supports stems mainly from the fragmentation found within children's services. Many agencies, such as child welfare, public health, mental health, substance abuse, developmental disabilities, education, and juvenile justice, are involved in the delivery and funding of services to young children and their families. Historically these agencies have not worked together to serve families, nor have they worked with early learning and education programs (e.g. Head Start, child care), in large part because they are not structured or administered in ways that facilitate coordination or collaboration (Bazelon, 1998). Children's services are divided by differing policies, procedures, and disciplinary philosophies. Due in large part to this lack of cohesive public policy, the development of a financing system to support services for young children with mental health challenges and their families must combine numerous funding sources. Securing ongoing financial support for prevention and early intervention services is one of the greatest challenges to the establishment of a comprehensive mental health system for young children.

Building a systemic approach to financing early childhood mental health services and supports is a complex process that includes the identification, understanding, and full utilization of all existing funding resources. Because so many different agencies at the state and local level provide and fund services for children and their families, collaboration among involved agencies and providers is essential throughout the process, from the early planning stages to implementation of the service and financing system. Since early childhood mental health addresses relationships between and among infants, toddlers, and preschool age children and their adult caregiver, adult **and** child funding streams must be accessed. Participation is also required from families and advocates who bring their expertise with respect to necessary services, navigating the child serving systems, and securing resources for their children. A plan conceived in isolation or with little participation by stakeholders will have a difficult time gaining the base of support needed to achieve its goals (Williams & Kates, 1991).

The framework for a financing system must be based on a common vision of a community-based, family-centered, and culturally competent foundation of services and supports to meet individual needs. Various funding streams can be viewed as building blocks for the financing system. Some of these building blocks will serve as a foundation, while others will be used to fill in gaps in the service system. The criteria for identifying a building block as part of the foundation or as a gap filler will depend on the amount of funds available, the particular service or services covered, and the availability of alternative resources to pay for a given type or category of services (Kates, 1998). In addition, due to ever changing federal and state policy, annual appropriation considerations, and fluctuations in the economy, there will always be a need to look for new resources either to replace money that is no longer available or to help with program growth and sustainability.

Using the Matrix of Early Childhood Mental Health Services, Supports and Funding Streams

A system of services that can meet the needs of young children and their families requires a broad array of health, education, mental health, welfare, social and related services. Each state or community must determine how it will pay for each component of its comprehensive system of services.

In June, 1999, a meeting of stakeholders, consultants, and family members with expertise in early intervention, mental health, and finance issues was held in Vermont. Meeting participants, together with staff from the Georgetown University Child Development Center, developed a matrix to assist states and communities in the design of comprehensive financing systems for early childhood mental health services and supports (see Appendix C for a list of meeting participants). The vertical axis of the matrix lists a range of early childhood mental health services and supports. The list of potential financing resources, displayed horizontally across the top of the matrix, includes the major federal, state, and local government and non-government sources of funding available to states and communities. Every item listed for each dimension may not necessarily be applicable to every state; a state or community may add to or modify the list of items in order to reflect more accurately its own ideal system.

To use the matrix, members of a state or community team would begin by taking an inventory of both existing services and funding sources. The inventory of services currently in place completes the vertical dimension of the matrix and its inventory of current funding sources goes in the matrix's horizontal dimension. When completing the matrix, note any limitations or special provisions that effect the funding of a particular service by a specific funding resource (e.g. ages zero to three only, or income/resource

restrictions). With this information entered on the matrix, the state or community group can begin to form a picture of the existing service and financing system. Once the matrix is complete, areas where additional services and/or funding resources are needed, and where there are any gaps, overlaps or other potential issues or problems can be identified.

Many of the services needed are already being funded in some way. For some services, potential sources of financing may exist, but are not being tapped, or their use has been limited in some way. Other services may be funded by several different and duplicate sources. Some gaps may exist where additional sources of funding (such as legislative appropriations or donations) must be sought. For still other services, no financial resources will appear to be available at all. Which of these descriptions applies to each of the services identified in the comprehensive early childhood mental health system will have to be determined.

The completed matrix can be used in different ways. It can be used as a checklist for determining which services and funding sources should be examined more closely. It can provide a graphic illustration of the financing options to be analyzed and possibly pursued as part of changing and/or expanding an existing financing system. The matrix can also be shared with various agency representatives who may observe new areas for interagency collaboration. The matrix can easily be adapted for use at the local level. Community planning groups can follow the same process to depict their current financing and service delivery system and to show where changes are needed. The goal is to design a financing system to support all the early intervention and prevention services necessary to meet the needs of young children and their families as described by the common vision of the state or community.

Tables and Appendices

Appendix A contains a blank matrix that can be used to consolidate the service and funding source inventories into a single, two-dimensional depiction.

Table #1 lists the early childhood mental health services and supports found on the vertical dimension of the matrix. The first four headings of Table #1 contain direct services for young children and their families, subdivided into the following categories: Prevention and Early Intervention; Clinical Services; Community Services; and Family and Caregiver Support Services. The last heading in Table #1 contains various system components that are not direct services: Infrastructure and Training.

Table #2 lists the potential financing resources, displayed horizontally across the top of the matrix. These include the major federal, state, and local government and non-government sources of funding available to states and communities. There may be additional sources in your state or community. The government sources shown here are those providing long-term, formula-type grant funds; discretionary funds provided on a competitive, short-term basis on excluded from the matrix since they cannot be counted on to support ongoing service delivery programs. Some of the resources listed are direct service providers, some are third-party payors, and others—such as health maintenance organizations—both provide and finance services.

Each of the funding resources is further described in **Appendix B**. The descriptions outline the major eligibility criteria and procedures, services and activities covered, provider qualifications, and any special features or unique issues to consider. Several funding streams discussed in Appendix B are currently being reexamined at the congressional level and may undergo substantial changes. The information found in this document is current as of December 2000. Please refer to the websites for the federal contact agencies in order to access the most up to date information on funding sources. The descriptions of funding sources for federal agencies contained in this document were taken from the Catalog for Federal Domestic Assistance found on the internet at www.cfda.gov. To research a funding source in the Catalog for Federal Domestic Assistance, use the “program number”, found after the title of the funding source in Appendix B, in order to search for that particular funding stream.

Appendix C lists the meeting participants who generated the services, supports and potential funding streams included on the matrix. This group consisted of stakeholders, consultants, and family members with expertise in early intervention, mental health, and finance issues was held in Vermont, and staff from the Georgetown University Child Development Center.

Conclusion

The framework for this document, including the matrix, tables and appendices, are based on the NEC*TAS publication, “NEC*TAS Financing Workbook: An Interagency Process for Planning and Implementing a Financing System for Early Intervention and Preschool Services” (see citation in reference section). This paper is Part One of a two volume series on financing early childhood mental health services. Part Two in the series will focus on state and community examples of innovative funding strategies, with discussions of service arrays, lists of services and funding streams, and approaches to the overall service and financing structure.

Resources

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