

# Infant and Early Childhood Mental Health Systems and Supports: Financing

2020



The experiences of early childhood shape brain development and lay the foundation for a child's mental health and future health and development. Investment in the systems and supports that promote infant and early childhood mental health

(IECMH) can have long-term positive impacts by building strong foundations during this critical developmental stage. Recognition of the importance of IECMH has grown, and along with it, the acknowledgement that deliberate and planful financing can lead to more robust systems.

Financing IECMH at a systems level often takes a coordinated and intentional approach to design a network of integrated care options to support young children and their families. These systems often include alignment of services across sectors such as home visiting, IECMH consultation services, pediatric health care, clinical mental health services, and early care and education. There are numerous examples of successful financing structures developed in the Southeastern region and across the country. In the Southeast, Alabama, South Carolina, and Louisiana have made great gains in the development of systems to support and finance IECMH. This brief will describe approaches to developing and funding sustainable systems of care that address the mental health of infants and very young children.

## Funding Interagency Collaboration Among Early Childhood Systems

While states take many different approaches to create their unique coordinated system of care, one common thread is developing a formalized process to collaborate across child-serving systems that each have a role in IECMH supports.<sup>1</sup> Over the past several decades, funding at the federal level has supported states' efforts to coordinate through opportunities such as Project LAUNCH, a collaboration of four federal agencies, which aims to develop and fund coordinated approaches to promote early childhood wellness, including social and emotional development.<sup>2</sup> In many

Louisiana leveraged Project LAUNCH funding to strengthen their existing child-serving systems through trainings across key system partners. They trained community providers, early intervention providers, pediatricians, clinicians, and mental health consultants on the mental health needs of young children. These trainings set a foundation of common understanding about the issues facing this population.

Source: Louisiana LAUNCH (2016)

states, Project LAUNCH\* funding was a catalyst for creating formalized relationships among state agencies, pediatricians, social workers, direct service providers, and other child-serving organizations. Another common approach to systems coordination exists within state agency structures by integrating a state-level leadership role with a primary focus on infant and toddler mental health. One example is creating a position for a statewide coordinator for infant and toddler mental health, which may be housed within a state-level department of early childhood learning or a department of mental/behavioral health. Funding for these positions greatly varies and could include an allocation in the state agency budget, grant funding, or a combination. For example, in Alabama, the departments for early childhood learning and mental health collaborate to fully fund a statewide coordinator located within the early childhood learning department.<sup>3</sup> Similarly in 2020, Georgia's legislature authorized and funded a statewide IECMH coordinator position to be housed at the Department of Early Care and Learning.

\*Project LAUNCH is a funding initiative from the federal Substance Abuse and Mental Health Services Administration.

<sup>1</sup> Zero to Three. (2019, January 28). *Exploring State Strategies for Financing Infant and Early Childhood Mental Health Assessment, Diagnosis, and Treatment*. <https://www.zerotothree.org/resources/2574-exploring-state-strategies-for-financing-infant-and-early-childhood-mental-health-assessment-diagnosis-and-treatment>

<sup>2</sup> National Center for Healthy Safe Children. (n.d.). *Project LAUNCH*. American Institutes for Research. <https://healthysafechildren.org/grantee/project-launch>

<sup>3</sup> Zero to Three. (2019). *Alabama Infant and Early Childhood Mental Health Policy Vignette*. <https://www.zerotothree.org/resources/3162-alabama-infant-and-early-childhood-mental-health-policy-vignette>



## Funding IECMH Clinical Care and Other Supports

Funding coordinated systems, staff, and workforce development are key to strengthening IECMH systems, but practitioners operating within these systems must also have a path to reimbursement for their services in order to ensure sustainability. States fund IECMH services through the federal Individuals with Disabilities Education Act Part C (also known as Early Intervention Services) and Title V Maternal and Child Health Block Grant funds. States also use federal funding from the Child Care Development Block Grant and Preschool Development Grant: Birth through Five, among others.

### Funding the Infrastructure for Developing the IECMH Workforce†

Many states have established a single entity to support workforce development in their state through a training and endorsement process. Alabama garnered private foundation funding to kick-start its [First 5 Alabama](#) association.<sup>3,4</sup> The [South Carolina Infant and Mental Health Association](#) operates largely on a volunteer structure keeping up operational activities through membership fees and a small foundation grant.<sup>5,6</sup> State governments have also partnered with universities to align IECMH core competencies into undergraduate and graduate coursework to further support the development of the future IECMH workforce.

**Alabama utilized their Preschool Development Grant Birth through Five funds to develop a partnership between Troy University and the Alabama Department of Early Childhood Education to develop IECMH courses for undergraduate and graduate programs.**

Source: [Alabama Infant and Early Childhood Mental Health Policy Vignette \(2019\)](#)

Though not in the Southeast, a strong example of higher education partnership has been developed in Pennsylvania. The state used Race to the Top Early Learning Challenge funds to provide mini-grants to colleges and universities across the state to develop and align courses with core competencies of the IECMH workforce developed by the state's Office of Child Development and Early Learning. Through this funding, more than 300 courses were aligned with the state's core IECMH competencies.<sup>7</sup> Many states also develop their workforce through networks for IECMH consultation and home visiting supports. While some of these networks are comprised of clinicians in private practice who contract with the state, several states have chosen to fund IECMH consultation positions through various state agencies. Alabama was successful in gaining state financing through both their Department of Human Resources and Department of Mental Health to fund consultation positions.<sup>3</sup> South Carolina and Louisiana have supported the training of home visiting providers and funding mental health clinician positions to support home visitors.<sup>5,8</sup>

† More information on workforce development initiatives are detailed in the first brief in this series: [Infant and Early Childhood Mental Health Systems and Supports: Developing the Workforce](#).

<sup>4</sup> First 5 Alabama. (2020). *Alabama Association for Infant and Early Childhood Mental Health*. <https://www.first5alabama.org/>

<sup>5</sup> Zero to Three. (2019). *South Carolina Infant and Early Childhood Mental Health Policy Vignette*. <https://www.zerotothree.org/resources/3160-south-carolina-infant-and-early-childhood-mental-health-policy-vignette>

<sup>6</sup> South Carolina Infant and Mental Health Association. (n.d.). <https://www.scimha.org/>

<sup>7</sup> Zero to Three. (2016, November 7). *Pennsylvania Strengthens Higher Education Offerings for Early Childhood Professionals*. <https://www.zerotothree.org/resources/1640-pennsylvania-strengthens-higher-education-offerings-for-early-childhood-professionals>

<sup>8</sup> National Center for Healthy Safe Children. (2016, September). *Louisiana LAUNCH*. <https://healthysafechildren.org/sites/default/files/Louisiana-Profile-508.pdf>

### Federal Formula-Based Funding for States

Title V – Maternal and Child Health Services Block Grant (HRSA)

Title IV-E Child Welfare – Families First Preventions Services

Head Start/Early Head Start

Part C of Individuals with Disabilities Education Act

Child Care and Development Block Grant (ACF)

Community Mental Health Services Block Grant

Substance Abuse and Prevention Block Grant

Maternal, Infant, and Early Childhood Home Visiting Program Funding – MIECHV (HRSA)

Title I of the Elementary and Secondary Education Act

### Entitlement Funding

Medicaid (including Early and Periodic Screening, Diagnostic and Treatment Benefit)

Temporary Assistance to Needy Families (TANF)

### Federal Discretionary Grants

Preschool Development Grant Birth through Five (Administration for Children and Families)

Project LAUNCH, Systems of Care (SAMSHA) Substance Abuse and Mental Health Services Administration.

HRSA grants through the Federal Office of Rural Health Policy, Maternal and Child Health Bureau, Bureau of Health Workforce

### State Funding

State budget set-asides

Earmarks from tax revenue

Source: [Center of Excellence for Infant and Early Childhood Mental Health Consultation Financing Guidance for IECMH](#)



A key funding source for every state's IECMH infrastructure is the Medicaid program benefit called Early and Periodic Screening, Diagnostic and Treatment (EPSDT), which must be available to all children covered by a state's Medicaid plan.<sup>1,9</sup> The EPSDT benefit ensures all children enrolled in Medicaid receive age-appropriate screenings, preventive services, and treatments. The EPSDT screening must assess for physical and mental health, and treatment for any identified conditions must be covered by EPSDT whether or not those services are included in the state's Medicaid plan.<sup>10</sup> EPSDT must be available to all children covered by a state's Medicaid plan. [Alabama](#) and [South Carolina](#) both incorporate IECMH screenings through their Medicaid state plans and detail the billing and screening requirements in their Medicaid provider manuals.<sup>11,12</sup> Both states outline the age requirements, frequency, and billing information needed to provide these behavioral health screenings through the EPSDT benefit.

States also receive formula funding from the federal government for the Part C program to serve children ages 0–3 that are at-risk for or are identified as having a disability or delay, whether it be cognitive, social-emotional, or physical. The Part C funds are capped by the federal government. Many states have a process in place by which they review administrative data for both Part C and Medicaid to identify the children who may be enrolled in both programs. This administrative review process affords the opportunity to look for funding efficiencies, for example, by maximizing the Medicaid billable services that the state receives via federal matching, which in turn allows Part C funds to be more strategically targeted to services/supports that Medicaid is unable to fund.<sup>13</sup> For children and caregivers that need additional mental health supports (e.g., as a result of EPSDT screening), some states have used specialized Medicaid billing codes to reimburse for mental health visits. The billing codes, called Z codes, are used in this con-

text to allow additional visits with an early childhood mental health professional at the beginning of the therapeutic relationship. Z codes permit multiple assessment/diagnostic visits to occur prior to diagnosis in order to ensure an appropriate and well-formulated diagnosis for the family before treatment begins. These sessions are typically used by an IECMH mental health professional to observe a very young child in different environments with their primary caregiver or other settings such as early childcare centers.<sup>1</sup>

**Arkansas' Medicaid provider manual provides a detailed service description of dyadic treatment for the IECMH population. It includes a detailed definition and purpose of dyadic treatment, an allowable treatment age of 0 to 47 months and requirements for using a nationally recognized evidence-based practice. It indicates that “the primary goal of Dyadic Infant/Parent Psychotherapy is to strengthen the relationship between a child and his or her parent (or caregiver) as a vehicle for restoring the child's sense of safety, attachment, and appropriate affect and improving the child's cognitive, behavioral, and social functioning.”**

Source: [Arkansas Medicaid Provider Manual, Section II-8](#).

IECMH services are also covered in Medicaid plans through service codes for dyadic treatment; meaning the child and parent are treated together. Dyadic treatment is the best approach endorsed by IECMH experts, and as of 2018, 42 states permitted the use of billing codes for dyadic treatment of infants/toddlers and their caregivers.<sup>14,15</sup>

<sup>9</sup> Medicaid.gov. (n.d.). Early and Periodic Screening, Diagnostic, and Treatment. <https://www.medicaid.gov/medicaid/benefits/early-and-periodic-screening-diagnostic-and-treatment/index.html>

<sup>10</sup> EPSDT- A Guide for States: Coverage in the Medicaid Benefit for Children and Adolescents. (2014). Centers for Medicare & Medicaid Services. Retrieved from: [https://www.medicaid.gov/sites/default/files/2019-12/epsdt\\_coverage\\_guide.pdf](https://www.medicaid.gov/sites/default/files/2019-12/epsdt_coverage_guide.pdf)

<sup>11</sup> Alabama Medicaid. (2020, October) Provider Billing Manual – October 2020. Appendix A: Well Child Check-up (EPSDT). (pp. 12). [https://medicaid.alabama.gov/content/Gated/7.6.1G\\_Provider\\_Manuals/7.6.1.4G\\_Oct2020/Oct20\\_A.pdf](https://medicaid.alabama.gov/content/Gated/7.6.1G_Provider_Manuals/7.6.1.4G_Oct2020/Oct20_A.pdf)

<sup>12</sup> South Carolina Healthy Connections Medicaid. (2019, March 1). Physicians Provider Manual. (pp. 81). <https://www.scdhhs.gov/internet/pdf/manuals-archive/Physicians/Section%202.pdf>

<sup>13</sup> Gomm, A., Usry, L., Burak, E., Smith, S. (2020). Promising Approaches to Meeting Social-Emotional and Mental Health Needs of Young Children Through Early Intervention Part C. (2020). Presented at the Zero to Three Annual Conference.

<sup>14</sup> What Policymakers in Georgia Need to Know About Infant-Toddler Social-Emotional Health. (2019). <http://geears.org/wp-content/uploads/IECMH-Brief-for-Policymakers-FINAL.pdf>

<sup>15</sup> National Center for Children in Poverty. (2018). How States Use Medicaid to Cover Key Infant and Early Childhood Mental Health Services: Results of a 50-State Survey. [https://www.nccp.org/wp-content/uploads/2018/11/text\\_1211.pdf](https://www.nccp.org/wp-content/uploads/2018/11/text_1211.pdf)

In order for Medicaid plans to cover IECMH services, a pathway to define medical necessity criteria must be developed that includes age-appropriate clinical standards for very young children and their families. Diagnosis of early childhood disorders includes assessment of the family dynamic, including the caregiver-child relationship as a primary factor. In most states where the Medicaid plan covers IECMH services, a [crosswalk](#) of clinical diagnoses has been developed so that IECMH professionals can appropriately diagnose, treat, and bill for services provided.<sup>16,17</sup> The gold standard for the diagnosis of IECMH disorders is the manual produced by Zero to Three called the *Diagnostic Classification of Mental Health and Developmental Disorders of Infancy and Early Childhood (DC:0-5)*.<sup>18</sup> States develop their own billing procedures using this manual, and then typically create a crosswalk, which details the comparable DC:0-5 diagnoses to an already established source. This often includes the most recent Diagnostic and Statistical Manual of Mental Disorders, which is used for diagnosing older children and adults, or the International Classification of Diseases codes for billing.<sup>16</sup>



## Conclusion

Financing Infant and Early Childhood Mental Health Systems looks different from state to state, but there are common threads and lessons learned from those implementing comprehensive systems of care. Each funding stream has an important role in promoting access, coordination, and sustainability of a robust system of care for IECMH. State Medicaid authorities are cited as a critical partner early on in the process of developing these systems, and Medicaid reimbursement is an important tool for the sustainability of services. Funding from a broad array of public and private sources can assist with jump starting these systems. Numerous states utilized Project LAUNCH or other federal grants to build the initial foundations for their system. Integrating into current systems of care also offers opportunities to leverage funding and expand reach to younger populations.



<sup>16</sup> Zero to Three. (2018). Advancing Infant and Early Childhood Mental Health: The Integration of DC:0-5 Into State Policy and Systems. <https://www.zerotothree.org/resources/2343-advancing-infant-and-early-childhood-mental-health-the-integration-of-dc-0-5-into-state-policy-and-systems>

<sup>17</sup> Zero to Three. (n.d.). Crosswalk from DC:05 to DSM-5 and ICD-10. <https://www.zerotothree.org/resources/1540-crosswalk-from-dc-0-5-to-dsm-5-and-icd-10>

<sup>18</sup> Zero to Three. (n.d.) DC:0-5 Manual and Training. <https://www.zerotothree.org/resources/2221-dc-0-5-manual-and-training>