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# Cost Analysis of Mississippi's First Steps Program

*July 2025*



## Mississippi's First Steps is a statewide program for infants and toddlers under the age of three who have developmental delays or disabilities.

The program aims to enhance an enrolled child's development by providing evaluation and assessments, individualized family service plans (IFSPs), and various therapies such as speech, occupational, and physical therapy. The First Steps program is based on the Individuals with Disabilities Education Act (IDEA) Part C, a federal law that mandates early intervention services for eligible children with disabilities. The program is administered by the Mississippi State Department of Health (MSDH) and is partially funded by the US federal government.

In this analysis, we utilize recent data from the MSDH to estimate the per-child cost of the program. We find that, **on average, the program costs \$5277 per child**. This figure represents the average expected total First Steps program expenditure to find, enroll, and provide Early Intervention (EI) therapy for one additional child until that child exits the program. Although approximately 60 percent of enrolled children exit the program within one year, the estimated costs account for the average tenure of a child in the program rather than a "per child, per year" cost.

**Costs can be subdivided into three categories: (1) recruitment and evaluation, (2) therapy provision, and (3) services coordination. Therapy is the largest cost, followed by expenditures on services coordination and overhead.**



# EARLY INTERVENTION SERVICES

**Payments to service providers account for the largest part of the expenditure.** We obtained anonymized accounting data from the MSDH for the 2024 fiscal year. This dataset lists each service payment for each child during that time. During that period of time, MSDH served 4468 children of which 3603 were deemed program eligible. Of those eligible children, 3184 children received therapy services. The data also include reimbursement payments for travel mileage to providers, since the law encourages therapy provision in a 'natural environment', often the child's home. In addition to therapy, specialists are reimbursed for periodic developmental assessments of the child's progress. We count these 'in-program assessments' as part of early intervention services. The table below shows the portion of overall service events by each type of therapy.

SERVICE	PERCENT OF SERVICES	PERCENT OF THERAPY
In-program Assessment	1.2%	N/A
Occupational Therapy	19.2%	19.4%
Physical Therapy	14.2%	14.4%
Sign/Cued Language	1.1%	1.1%
Developmental Instruction (Special Instruction)	30.4%	30.7%
Speech Therapy	33.6%	34.0%
All Others	0.4%	0.4%



Some types of service are more costly than others. However, some widely used services, such as developmental intervention, tend to be less costly than the average service provided. The distribution of expenditures by service, including mileage reimbursement, is shown in the table below.

SERVICE	PERCENT OF SERVICES COST	PERCENT OF THERAPY COST
In-program Assessment	2.4%	N/A
Occupational Therapy	20.0%	25.5%
Physical Therapy	15.3%	19.4%
Sign/Cued Language	0.9%	1.2%
Developmental Intervention (Special Instruction)	15.8%	20.0%
Speech Therapy	26.7%	33.8%
All others	0.1%	0.1%

**The average enrolled child received about 23 services per year. Including mileage costs, the average service provision cost per eligible child receiving any therapy was \$1860 in FY 2024. Per service event, the average cost was \$81.37 of which \$18.02 was mileage reimbursement to the provider.**



## COORDINATOR COSTS

First Steps service coordinators' primary responsibilities are for ongoing targeted case management. These responsibilities require coordinators to:

- Arrange for evaluation and assessment activities to determine the identification of services as it relates to the beneficiary's medical, social, educational and other needs;
- Arrange for and coordinate the development of the child's Individualized Family Service Plan (IFSP).
- Arrange for the delivery of the needed services as identified in the IFSP;
- Assist the child and their family, as it relates to the beneficiary's needs, in accessing the needed services for the child and family and coordinating services with other programs;
- Obtain, prepare and maintain case records, document contacts, services needed, reports, the beneficiary's progress, etc.
- Provide case consultation (i.e., with the service providers/collaterals in determining beneficiary's status and progress).
- Arrange for and provide transition support from Part C to Part B or another community setting upon the child's exiting the program;
- Coordinate crisis assistance (i.e., intervention on behalf of the beneficiary, make arrangements for emergency referrals, and coordinate other needed emergency services).

**Total spending on coordinators and administrative staff in FY 2024 was about \$3.42 million** according to the MSDH. Since an estimated 3184 eligible children receiving therapy were served during FY 2024, the **per child cost is \$1075 annually**. These costs include support for enrolled children as well as staff costs associated with finding and enrolling eligible children.

Additional costs include reimbursement for mileage travelled by coordinators and materials for evaluation protocols. **For FY 2024, these costs were about \$290 thousand and \$58 thousand, respectively, implying an average cost of \$109 per child.**

For our analysis, we assume that costs grow linearly as more children are enrolled, even if adding one new child may use the available capacity of an existing coordinator and not require hiring new staff. The coordination costs estimate should be understood as the average per- child cost increase from expanding the program, rather than the expected costs of an additional child.

## ENROLLMENT COSTS

Referrals to First Steps are processed by staff and sent to specialists for evaluation to determine eligibility for services. While some evaluations result in a determination of non-eligibility, the cost of these services is necessary to generate a new enrollment. An evaluation can cost \$200 or \$400 depending on the individual case, as well as mileage reimbursements. A new enrollee also requires time from a special instructor, also known as a developmental interventionist, to recommend services for the initial IFSP at an average cost of \$42.

According to the accounting dataset, 27 % of the evaluated children were determined to be ineligible for the program. **The average cost of evaluating a child who was determined to be ineligible was \$351 and the average cost of evaluating for a child who was determined to be eligible was \$312. Of those children determined to be eligible, 87 percent continued with the First Steps program.** The probability of an evaluated child continuing with the First Steps program is approximately 63 percent. Using this probability of finding an eligible child from referred children, generating a new enrollment implies an average expenditure of \$510 on evaluation payments to providers. These finding costs and enrollment costs are a one-time event per child in the program.

Importantly, the above estimated expenditures do not include service coordinators' time spent on the referral and intake process. Service coordinator costs relating to enrollments are included in the per child coordinator costs. Therefore, while our analysis does not specifically identify service coordinator costs for enrollment activities, these costs are accounted for in the total.



## TOTAL COSTS

We assume that **expenditures on service providers as well as payroll costs for coordinators increase each year by 2.9 percent**. This rate is the recent annual increase of the medical services component of the Consumer Price Index. Although service reimbursements are fixed by policy, we assume that reimbursements will increase on average over time even if reimbursement rates are not reset every year. We multiply our therapy cost estimates by this inflation rate to match 2025 expected costs as well as future year costs. Similarly, we multiply our FY 2024 service coordinator costs by this inflation rate to estimate future costs.

Recent MSDH data on program exits indicate that **58.6 percent of children exit within one year, 31.1 percent exit after one year but before 2 years, and 10.2 percent stay for more than 2 years**. **Providing services to an average child in the program in 2025 has an expected cost of \$4767** after adjusting for the expected tenure in the program. We note that these expected durations include exits with successful and less successful outcomes as well as children who drop out of the program.

Adding the **initial enrollment cost produces a total cost of \$5277 for the average child to enroll and go through the First Steps program**. This amount may be viewed as the expected cost of expanding the First Steps program to serve one more child.

However, because these expenditures are spread out over multiple years, standard accounting methodology would set the costs to the Mississippi state budget to be slightly lower.

The lower budgeting cost occurs because future liabilities are discounted by the appropriate interest rate.



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## *Acknowledgments*

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Data was supplied by the Mississippi State Department of Public Health (MSDH). The CFM appreciates the review of the brief by several Early Intervention staff members of MDHS.