



**Presentation to the Legislative Finance Committee
LFC Health Notes and Budget Update
Brent Earnest, Secretary, HSD
January 13, 2017**

New Mexico Human Services Department

Managed Care Rates

- ▶ 680,000 New Mexicans enrolled in Centennial Care
- ▶ Rates established in four major programs:
 - Physical Health (PH);
 - Long Term Services and Supports (LTSS);
 - Other Adult Group (OAG, aka Medicaid expansion); and
 - Behavioral Health (BH) and BH-OAG
- ▶ 41 different rating cohorts, based on age, health status, gender and category of eligibility
 - For example: average rates in OAG (adults) higher than overall PH population (kids and adults)

Managed Care Rates

- ▶ Rates are set within actuarially established ranges, per federal requirements
- ▶ The range is an average based on variables such as acuity of members, MCO provider contracting, and historical trends
- ▶ Not appropriate to pay all MCOs at the bottom of the ranges
 - MCOs have different membership and different provider contracts (e.g., more specialty providers)
- ▶ Most rates are now being set based on risk adjusted methodology

Centennial Care Rates

- ▶ HSD continues to manage costs and achieve savings in MCO rates

Program	CY14 to CY15	CY15 to CY16	CY16 to CY17
Legacy	1.2%	-1.2%	-3.2%
Other Adult Group	4.3%	-10.6%	-7.7%
All Programs	2.3%	-4.5%	-4.7%

- ▶ Resulting in significant savings

Program	CY14 to CY15	CY15 to CY16	CY16 to CY17
Legacy	\$ 35,041,331	\$ (35,624,428)	\$ (92,764,397)
Other Adult Group	\$ 64,260,644	\$ (164,845,913)	\$ (107,217,147)
All Programs	\$ 99,301,975	\$ (200,470,341)	\$ (199,981,544)

Centennial Care: Managing Cost Growth

2. Total Centennial Care Dollars and Member Months by Program

Population

- Physical Health
 - Long Term Services and Supports
 - Other Adult Group
- Total Member Months**

Aggregate Member Months by Program		
Previous (12 mon)	Current (12 mon)	% Change
4,693,961	4,813,304	3%
554,016	575,511	4%
2,123,062	2,607,325	23%
7,371,039	7,996,140	8%

Enrollment up 8%
Per capita costs down 1%

Programs

- Physical Health
 - Long Term Services and Supports
 - Other Adult Group Physical Health
 - Behavioral Health - All Members
- Total Medical Costs**

Aggregate Medical Costs by Program		
Previous (12 mon)	Current (12 mon)	% Change
\$ 1,227,517,431	\$ 1,228,665,380	0%
\$ 860,454,212	\$ 922,712,177	7%
\$ 814,922,650	\$ 991,263,177	22%
\$ 311,467,205	\$ 323,958,656	4%
#####	\$ 3,466,599,390	8%

Per Capita Medical Costs by Program (PMPM)

Previous (12 mon)	Current (12 mon)	% Change
\$ 261.51	\$ 255.26	-2%
\$ 1,553.12	\$ 1,603.29	3%
\$ 383.84	\$ 380.18	-1%
\$ 42.26	\$ 40.51	-4%
\$ 436.08	\$ 433.53	-1%

Aggregate Non-Medical Costs

- Admin, care coordination, Centennial Rewards
 - NMMIP Assessment
 - Premium Tax - Net of NIMMP Offset
- Total Non-Medical Costs**

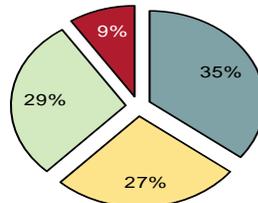
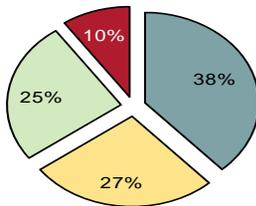
Previous (12 mon)	Current (12 mon)	% Change
\$ 352,474,574	\$ 380,623,109	8%
\$ 59,891,007	\$ 49,200,269	-18%
\$ 125,134,743	\$ 142,628,987	14%
#####	\$ 572,452,365	7%

Previous (12 mon)	Current (12 mon)	% Change
\$ 47.82	\$ 47.60	0%
\$ 8.13	\$ 6.15	-24%
\$ 16.98	\$ 17.84	5%
\$ 72.92	\$ 71.59	-2%

Previous (12 mon)	Current (12 mon)	% Change
#####	\$ 4,039,051,755	8%

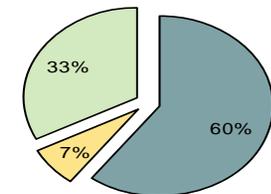
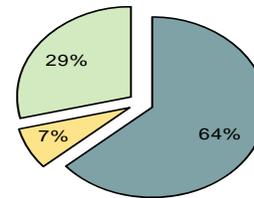
Previous (12 mon)	Current (12 mon)	% Change
\$ 509.00	\$ 505.13	-1%

Centennial Care Medical Expenditures



*See above for legend.

Centennial Care Member Months



*See above for legend.

Centennial Care: Managing Cost Growth

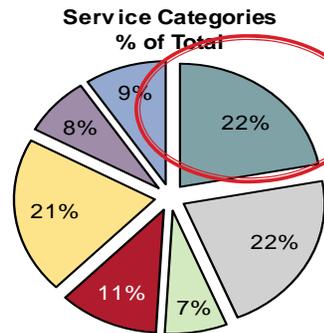
3. Total Program Medical/Pharmacy Dollars

Aggregate Costs by Service Categories				Per Capita Medical Costs by Program (PMPM)		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
Medical	\$ 2,913,969,460	\$ 3,094,146,646	6%	\$ 395.33	\$ 386.96	-2%
Pharmacy	\$ 300,392,039	\$ 372,452,744	24%	\$ 40.75	\$ 46.58	14%
Total	\$ 3,214,361,498	\$ 3,466,599,390	8%	\$ 436.08	\$ 433.53	-1%

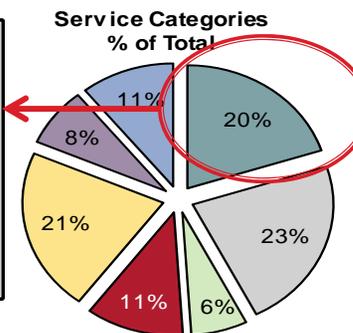
Aggregate Costs by Service Categories				Per Capita Medical Costs by Program (PMPM)		
Service Categories	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
Acute Inpatient	\$ 708,475,182	\$ 693,672,006	-2%	\$ 96.12	\$ 86.75	-10%
Acute Outp/Phy	\$ 698,134,623	\$ 780,440,650	12%	\$ 94.71	\$ 97.60	3%
Nursing Facility	\$ 229,628,886	\$ 223,729,354	-3%	\$ 31.15	\$ 27.98	-10%
Community Benefit/PCO	\$ 367,849,294	\$ 389,283,068	6%	\$ 49.90	\$ 48.68	-2%
Other Services	\$ 661,540,935	\$ 740,186,388	12%	\$ 89.75	\$ 92.57	3%
Behavioral Health	\$ 248,340,539	\$ 266,835,180	7%	\$ 33.69	\$ 33.37	-1%
Pharmacy (All)	\$ 300,392,039	\$ 372,452,744	24%	\$ 40.75	\$ 46.58	14%
Total Costs	\$ 3,214,361,498	\$ 3,466,599,390	8%	\$ 436.08	\$ 433.53	-1%

* Per capita not normalized for case mix changes between periods.

Previous (12 mo.) service distribution



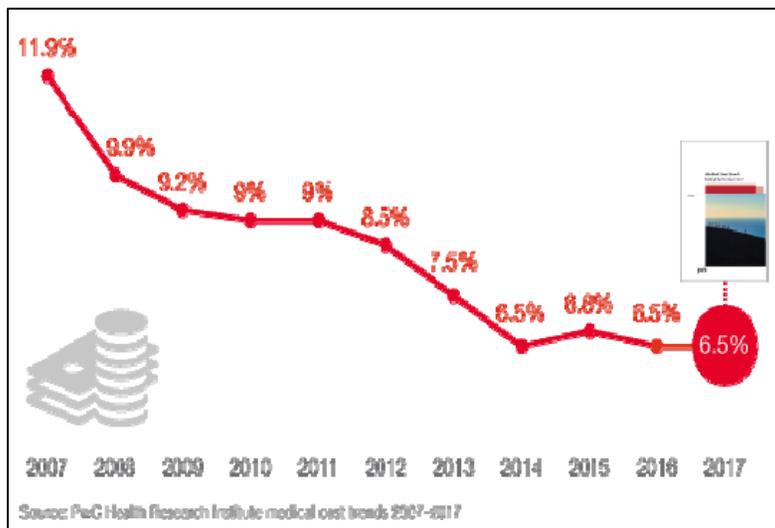
Current (12 mo) service distribution



-Inpatient spending down
-BH and physician services up

Managing Cost Growth

- ▶ Consumer Price Index (CPI-U) for medical care grew an average of 2.6% in 2015 and growth is averaging more than 3% in 2016
- ▶ Other national studies estimate medical cost inflation (price and utilization) at 6.5%



Centennial Care Stats

- ▶ Per capita costs in Centennial Care down 1%
- ▶ Increased preventive services and decreased inpatient hospital costs

Effective Cost Management Improving FY18 Budget Outlook

- ▶ \$5.893 billion, down \$200 million from last projection
- ▶ \$955.8 million from the general fund, down \$40 million from the last projection.
- ▶ No need for FY17 supplemental appropriation*
- ▶ Key changes include:
 - Lower per capita costs, resulting in lower MCO rates, driven by care coordination and effective programs, such as Centennial Rewards
 - Slightly lower enrollment growth
 - Additional federal funding for services to Native Americans*

*Pending CMS action

Questions?

