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ISSUES FOR HEARING

Medicaid and COVID-19 Update

Enrollment, Utilization, and Outcomes

- The Medicaid caseload in April 2020 was 842,645 individuals, a 1.5 percent increase over a year ago. The count of Medicaid recipients increased by 11,643, an increase of 1.4 percent over March 2020.
- The Medicaid caseload in May 2020 was 853,251 individuals, a 3.1 percent increase over a year ago. The May 2020 count of Medicaid recipients increased by 10,606, an increase of 1.2 percent over April 2020.
- Medicaid enrollment grew in April and May by over 22,000 individuals. Medicaid enrollment growth occurred in the following cohorts: 35% parents and caretakers (non-expansion adults), 33% expansion adults, and 25% children (< 21 years old). Children and expansion adults are the least costly cohorts.
- The Human Services Department (HSD) reported total Medicaid enrollment growth slowed for June 2020 at 860,744, a 0.9 percent increase over the May 2020 total enrollment.
- The Commonwealth Fund reports trends in utilization of outpatient services through June 2020, noting that outpatient practices have been adapting to new ways of delivering care including telemedicine. However, utilization of outpatient services is still substantially lower than before the pandemic began.
- Medicaid service providers received multiple rate increases from FY19 through FY21, but performance outcomes remain sluggish, particularly for children's prenatal and preventive care, and in multiple areas of behavioral health.

Cost Containment Strategies

- Every state now faces its most daunting budget crisis in memory, as general revenue and tax collections plummet at the same time that Medicaid enrollment grows.
- In general, states have four options to reduce state Medicaid expenses: reduce payment rates for managed care organizations (MCOs) or providers; reduce the

number of people on Medicaid; reduce benefits; and/or change the utilization of services.

- During the public health emergency, some options a state might pursue are constrained as a condition of accepting enhanced federal matching funds under the Families First Coronavirus Response Act, most notably around eligibility.
- States also have a set of options to increase revenue from various sources, including the federal government. This includes maximizing federal matching funds during the pandemic and maximizing the federal Medicaid match for Native Americans. States can also enhance provider taxes, intergovernmental transfers, recoveries, and other revenues such as supplemental pharmacy rebates.
- The Federal Funds Information for States (FFIS) reports the additional 6.2 percent Medicaid federal match (FMAP) instituted during the pandemic period will continue through the July-September quarter. It is very likely the federal Department of Health and Human Services will renew the public health emergency declaration so the additional FMAP could continue beyond September. The Congressional Budget Office (CBO) is projecting the increased Medicaid federal match will remain in place through early 2022.
- In New Mexico, the first two quarters of the public health emergency (January-June 2020) generated approximately \$135 million from enhanced federal Medicaid matching funds (6.2% FMAP increase). An additional quarter is estimated to generate approximately \$70 million in federal matching funds.
- The federal Centers for Medicare and Medicaid Services (CMS) issued guidance for states to recoup funds from Medicaid managed care organizations (MCOs) as MCOs had a windfall during 2 quarters of FY20. HSD has not publicly supported this option citing concerns about higher patient acuity, patients making up unused healthcare utilization, timing requirements of 18 months to closeout claims, and concerns about viability of the smaller margin of the new MCO, Western Sky. However, many insurers are seeing 30% and greater savings.
- A recent analysis released by Peterson Center on Healthcare and Kaiser Family Foundation uses April 2020 data from U.S. health insurance companies to estimate COVID-19's impact on healthcare utilization and spending. The analysis found overall healthcare utilization decreased by an estimated 30 percent compared to April 2019. Combining the decreased healthcare utilization findings and New Mexico Medicaid MCO expenditures from the second quarter of CY19,

Medicaid MCOs appear to be spending an estimated \$73.7 million less per month on direct healthcare during the pandemic. After accounting for federal matching funds including the increased 6.2 percent FMAP during the public health period, this translates to a general fund savings of approximately \$11.8 million per month. Three months of significantly decreased healthcare utilization among Medicaid MCO members corresponds to an estimated \$35.4 million general fund impact.

- HSD is expecting to revert approximately \$60 million in general fund revenue in FY20.

COVID-19 Status, Next Stages, Outlook

- Strategic planning elements include establish priorities; identify evidence-based goals, objectives, tactics; establish performance measures and targets; and analyze outcomes, determine if goals are met, revise major actions as needed but continually refine approaches.
- Thousands of New Mexicans' lives are at stake:
 - Rapid changes in face of pandemic.
 - Many "crisis" situations needing special attention and tactics revisions.
- Key resources and challenges:
 - Medical Advisory Team (MAT) and MAT Modeling Team.
 - Maturing data systems and web-based metrics.
 - Regular meetings for communication with constituents.
- Examples include:
 - Daily 7am Department of Health operations call.
 - Alternative medical care sites.
 - Medical sheltering.
 - Testing strategy toward priority populations and asymptomatic people.
 - Dozens of Medicaid and SNAP waivers.
 - Distributing food and supplies to school children and others.
 - Navajo Task Force.
 - Long-term care MAT team.