Medicaid Cost Increases FY17 through FY22

DATE: September 21, 2022

PURPOSE OF HEARING: Medicaid request and forecast update and Medicaid managed care organizations (MCOs) update on rates and costs.

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EXPECTED OUTCOME: Informational

The Medicaid program is the largest health care payer in the state of New Mexico and the largest per capita Medicaid program in the country. Between FY17 and FY22, total Medicaid spending increased 50 percent from $5.6 billion to almost $8.4 billion, according to the Human Services Department's (HSD) Medicaid projections. Almost $1.6 billion of the increase was for managed care costs in the physical health category, including both the regular and adult expansion populations.

Another Medicaid cost driver is increased spending on behavioral health for all Medicaid-eligible populations, totaling $256 million in additional investments between FY17 and FY22. Specifically, behavioral health spending for the expansion population, childless adults with incomes less than 138 percent of the federal poverty level (FPL), more than doubled to a total of $227 million in FY22. Total Medicaid spending on behavioral health topped $750 million in FY22.

Spending on managed care for long term services and supports, such as nursing homes and personal care, also increased by 43 percent, or $464 million.

The increased total spending noted above has a varying impact on the general fund need for Medicaid. For example, the 56 percent increase, or $66 million, for Indian Health Services hospitals is 100 percent federal, and increased spending for graduate medical education is supported by matching funds from UNM hospital. In other cases, state matching funds are appropriated through other departments such as the Department of Health for the developmental disabilities (DD) Medicaid waivers, which increased 51 percent, or $185 million. A large amount of that increase is due to additional federal reinvestment funds available from the American Rescue Plan Act (ARPA) last year through the Medicaid home- and community-based services waiver. Also, increased federal matching rates during the pandemic and federally-declared public health emergency (PHE) have lessened the need for general fund revenue to support spending increases.

Medicaid costs are generally driven by enrollment, clients' use of services, and rates paid to managed care organizations and providers. Some of the cost increases are attributable to legislatively authorized provider rate increases or service expansion, while others are a result of HSD rate increases with managed care organizations.

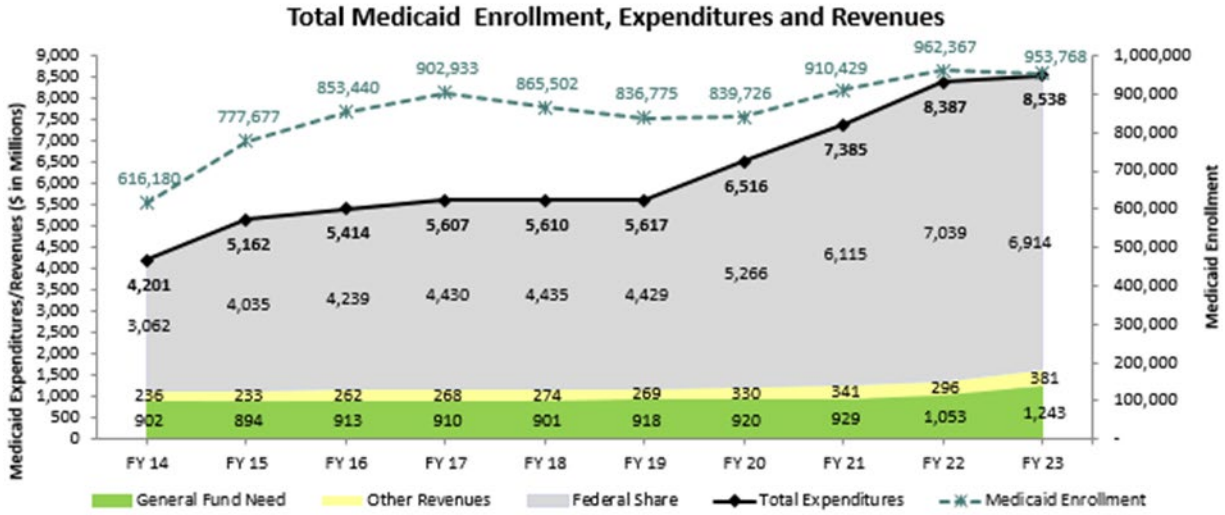
Medicaid Expenditures FY19 to FY23

From FY17 through FY19, Medicaid spending was fairly flat. Starting in FY19 Medicaid spending saw greater increases and the analysis of cost drivers focuses on FY19 through FY23.

Between FY19 and FY23, HSD projects Medicaid expenditures will increase by 52 percent. The Human Services Department's June 2022 Medicaid forecasts suggest expenditures will increase from $5.6 billion in FY19 to $8.6 billion in

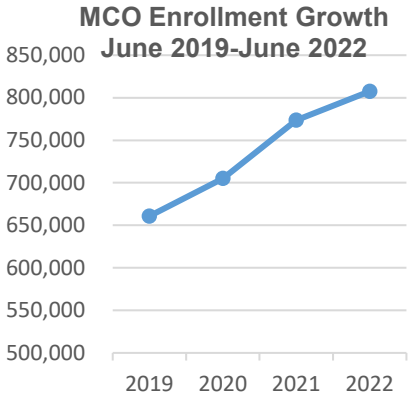
FY23, and total Medicaid enrollment is projected to grow from 837 thousand in FY19 to 954 thousand in FY23 (14 percent), after peaking in FY22.

The HSD graph below highlights the Medicaid enrollment, expenditures, and revenue from FY14 through FY23.



Medicaid Cost Drivers 2019 through 2022

Medicaid Enrollment. Between June 2019 and June 2022, MCOs reported managed care enrollment grew by nearly 147 thousand, from 660 thousand to 808 thousand (22 percent). Overall, the adult physical health (parents and caretakers), expansion adults, and children populations drove enrollment growth, while the adult physical health, pregnant women, and working disabled populations grew at the fastest rates. Also, 161 thousand New Mexicans were enrolled in fee-for-service.



Source: HSD MCO Monthly Enrollment

Per member per month costs. Managed care accounts for over 80 percent of Medicaid spending. The state's three managed care organizations, Presbyterian Health Plan, Blue Cross and Blue Shield, and Western Sky Community Care, receive monthly payments to provide care for enrollees. These MCO per member per month (PMPM) rates vary according to cohorts established by the federal Centers for Medicare and Medicaid Services (CMS), and rates are set through consultation between HSD and its contracted Medicaid actuarial firm, Mercer.

Between FY20 and FY22, monthly PMPM rates grew between 6 percent and 14 percent, with long term services and supports including nursing homes and personal care services receiving the largest monthly rate increases.

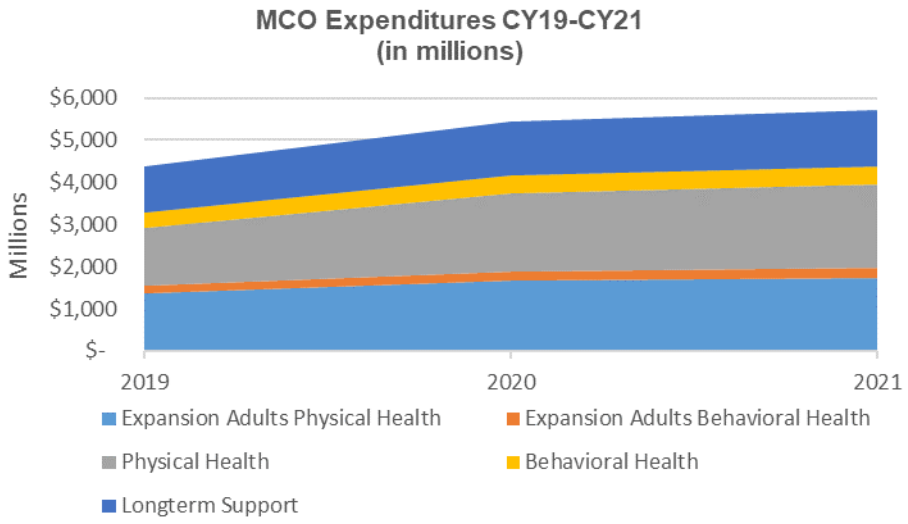
The table below shows the growth in PMPM rates from 2020 through 2022 based on a weighted rate by average members.

Medicaid MCO Per Member Per Month (PMPM) Rates

Program	State Fiscal Year	Average Members	Weighted PMPM	% Change FY20 to FY22
Physical Health	2020	392,613	$ 343	
	2021	438,912	$ 357	
	2022	475,634	$ 367	**7%**
Long Term Support Services (LTSS)	2020	48,603	$ 1,925	
	2021	50,164	$ 2,088	
	2022	51,320	$ 2,185	**14%**
Medicaid Expansion Population	2020	239,111	$ 494	
	2021	258,339	$ 526	
	2022	266,782	$ 538	**9%**
Behavioral Health	2020	680,328	$ 67	
	2021	747,415	$ 71	
	2022	793,736	$ 73	**9%**
Centennial Care	2020	680,328	$ 576	
	2021	747,415	$ 602	
	2022	793,736	$ 615	**6%**

Source: HSD, August 2022

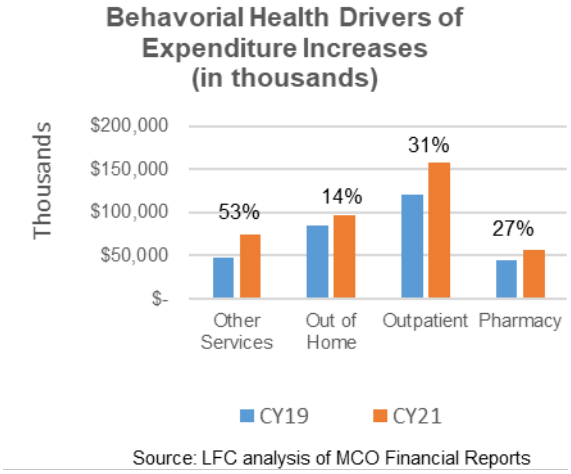
MCO Expenditures. MCOs receive a per member per month payment from the Human Services Department to provide services for all Medicaid managed care enrollees, regardless of the care a patient utilizes. MCOs then report actual expenditures for care provided to enrollees who utilized care. While this actual expenditure data lags and is most recently available for calendar year 2021 (CY21), the data provides a picture of the services that drove MCO expenditures.



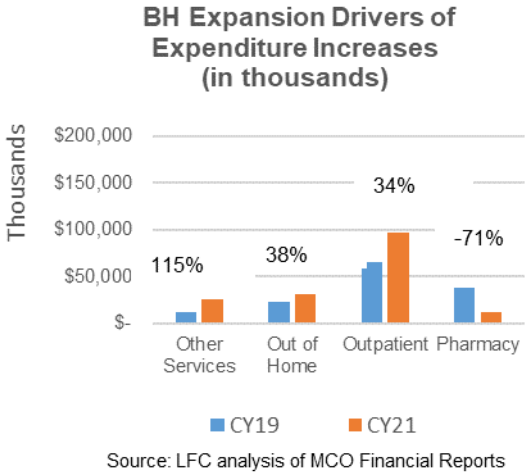
Source: LFC analysis of MCO Financials (Report 1)

Between CY19 and CY21, MCOs reported expenditures increased from $4.4 billion to $5.7 billion, or 31 percent. These estimates of total expenditures are likely low because two MCOs did not provide complete administrative cost reports in CY19 and CY21. The behavioral health and expansion adult physical health programs exhibited the largest expenditure growth, increasing 44 percent.

Within the behavioral health and behavioral health expansion programs, the primary drivers of expenditures included other services, which includes care coordination and core service agencies, outpatient programs, inpatient programs (out of home), and pharmacy costs.

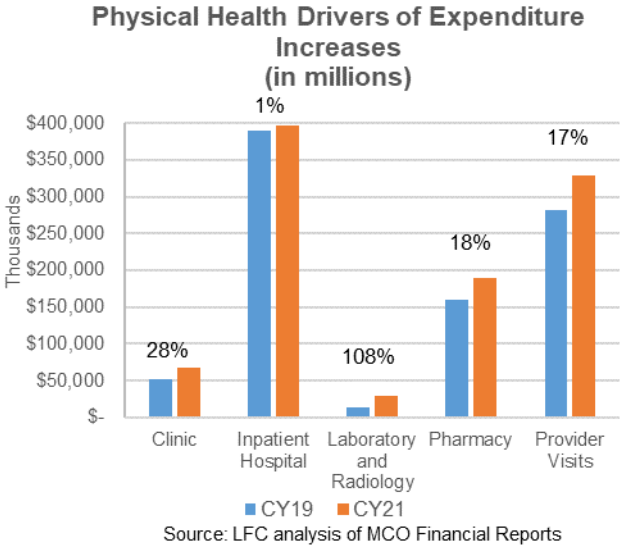


Source: LFC analysis of MCO Financial Reports

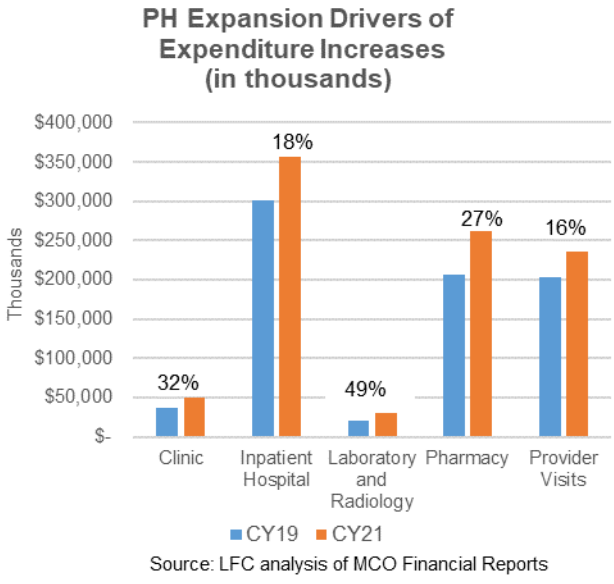


Source: LFC analysis of MCO Financial Reports

Within the physical health program and physical health expansion programs, the primary drivers of expenditures included clinical, inpatient hospital, laboratory.



Source: LFC analysis of MCO Financial Reports



Source: LFC analysis of MCO Financial Reports

Provider Reimbursement Rate Increases. The Medicaid program added provider reimbursement rate increases to the PMPM rates which the MCOs then passed on to providers. Several of these rates included "short-term" rate increases to help providers during the pandemic and federally declared public health emergency (PHE). A summary of rate increases for 2021 and 2022 are provided below.

Program Changes included in 2021 included items such as:

- Community Hospital - Native Americans Rate Increase
- For-Profit & Government-Owned Hospital Rate Increase
- LARC increase effective January 1, 2020
- Adult Residential Treatment Center
- HCQS and NF MBI Adjustments
- PCS Minimum Wage effective 1/1/2021
- COVID-19 Testing, Treatment, and Delayed Costs
- COVID-19 BH Service Utilization Acuity Adjustment

Program Changes included in 2022 included items such as:

- Community Hospital - Native Americans Rate Increase
- Health Care Quality Surcharge (HCQS) Per Diem
- Nursing Facility Market Basket Index (NF MBI)
- Proposal W.2 Temporary Economic Recovery Payment
- COVID-19 Temporary Fee Increase - FQHC
- COVID-19 Temporary Fee Increase - Nursing Facility
- COVID-19 Temporary Fee Increase - NEMT

Inflation Increases. Prior to FY19, the Medicaid program did not include regular inflationary increases in its program costs. From FY19 forward, the program has built in an approximate 3 percent increase associated with medical inflation and the market basket index (MBI).

Summary of Factors Contributing to Increased Medicaid Spending from 2019 to 2022. The table below compiled by HSD summarizes the costs associated with multiple Medicaid program and rate changes between 2019 and 2022. These costs are built into the program and compound as enrollment increases during the public health emergency which continues through FY23.

Factor	Cost Increase $ (000s)	Cost Share	Comment
MCO PMPM Growth	$968,197	37%	$132 PMPM change, 22% growth. Includes demography/ trending; SB317 premium tax (6% of growth); HCQS; temporary COVID-19 provider rates; minimum wage; expanded benefits.
MCO Membership Growth	$780,494	30%	18% growth; 130,200 new members.
MCO Lump-Sum Payment Growth	$479,647	19%	Includes demography/trending; minimum wage; provider payments; expanded benefits.
FFS, HCBW, Medicare, Other Growth	$353,661	14%	9% growth; Includes Directed Payments to providers & hospitals, IHS, other.
Total Changes	**$2,582,000**	**100%**	

Source: HSD

HSD FY24 Budget Request

The Human Services Department reports it requested an increase of $165.2 million in general fund revenue over FY23 for its FY24 base budget, an increase of 11.6 percent. The department is also requesting $7.4 million in general fund revenue for expansion items in FY24.

HSD reports the base budget increase includes $143.9 million for the Medicaid program and $19.9 million for the Medicaid behavioral health program.

The requested expansion items include $5.2 million for 988/Crisis Now mobile crisis response units, $1.2 million for non-Medicaid eligible behavioral health provider rates to increase to 100 percent of the Medicaid rate, $558 thousand for 5 FTE to implement Certified Community Behavioral Health Clinics, $100 thousand for local behavioral health collaboratives, and $350 thousand for inflation within the Information Technology Division of Program Support.

HSD's FY24 request includes a base increase of $245.2 million from the general fund, or 18 percent, and with the program change, a total increase of $252.6 million, or 18.7 percent.

HSD's FY24 Medicaid request does not include funding to implement its Provider Rate Study recommendations which range from $20 million to $83 million.

The Medicaid FY24 budget request primarily supports backfilling federal PHE funds, some program expansions, and an increase in MCOs' per member per month rates while covering a smaller population.

HSD's Request Overstates FY23 Operating Budget by $80 Million from the General Fund. Notably, HSD's FY24 request does not remove from the FY23 operating budget the $80 million in general fund revenue that was clawed back per HB2 language when HSD received two additional quarters of the 6.2 percent federal medical assistance percentage (FMAP) awarded as long as the federally declared public health emergency is in place. HSD receives an additional approximate $80 million in federal funds per quarter associated with the enhanced 6.2 percent FMAP.

Use of Health Care Affordability Fund Transferred to General Fund. HSD submitted its FY24 Medicaid request the same as FY23 using $34.3 million in health care affordability fund revenue. The Department of Finance and Administration in reviewing the budget request reports it may change the revenue code to general fund citing the use of the health care affordability fund (HCAF) as an error. The result is the general fund request for the Medicaid program could increase by $34.3 million and other state funds decrease by the same amount.

Concerns Raised about Health Care Affordability Funds Leveraging Federal Matching Funds. In FY23, $34 million from the HCAF was used to support the Medicaid program. There is concern that since Medicaid is the largest payer of the health insurance premium surtax which generates the revenue from the HCAF, the program cannot then use the revenue from that fund to leverage federal matching funds. An increasing portion of the revenue from the tax is diverted to the general fund which does not have limitations on its use to leverage federal Medicaid matching funds. However, states may use provider taxes up to a certain limit allowed by the federal government, and the surtax is a broad-based tax not just targeted to Medicaid.

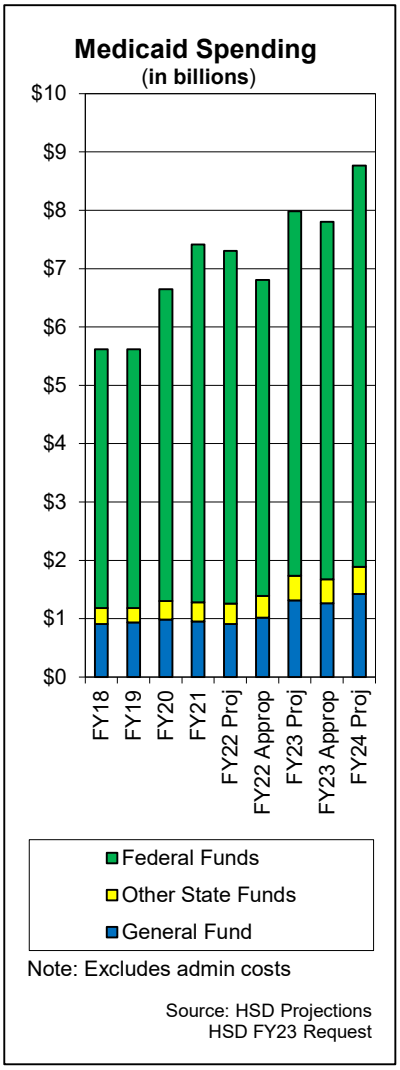
Medicaid FY24 Budget Request Summary

The Medicaid program is requesting a general fund increase over FY23 of $143.86 million plus $19.9 million for Medicaid behavioral health, for a total of $163.8 million from the general fund. However, per language in the 2022 General Appropriation Act, when the $80 million in general fund revenue is reduced from the Medicaid budget in FY23 because of offsetting PHE federal funds, the FY24 increase for Medicaid and Medicaid behavioral health totals $243.8 million.

For FY24, HSD is requesting an additional $283.6 thousand in general fund revenue in Medicaid administration for 14 FTE, $7.6 million in general fund revenue for Medicaid administrative contracts, and $181 thousand for computer licenses.

HSD reports the additional federal funding under the federally declared public health emergency (PHE) led to a commensurate reduction in Medicaid's base appropriation in FY21, FY22 and FY23, which HSD is now requesting be replaced or backfilled in FY24 once the 6.2 percent FMAP expires at the end of the PHE. However, the FY23 base included an additional $176 million to backfill expected declines in federal FMAP.

Consequently, the factors associated with the increased FY24 Medicaid program costs include the reduction in the 6.2 percent FMAP enhancement received during the PHE, the Medicaid-CHIP enrollment under managed care, provider reimbursements, increased medical service unit costs, and increased utilization of services in the aftermath of the PHE.



Note: Excludes admin costs

Source: HSD Projections
HSD FY23 Request

Medicaid FY24 Projection

HSD reports the FY24 Medicaid projection includes a general fund need of $1.4 billion, or $1,421,636. This represents an increase of $163.9 million in general fund revenue over FY23. The FY24 Medicaid request also includes funding for the following.

MCO Per Member Per Month Cost Increases. The FY23 and FY24 budget projections reflect a higher per member per month (PMPM) cost due to provider rate increases implemented since FY20 as well as higher medical utilization during the public health emergency compared to utilization levels before FY20, according to HSD. The FY24 budget projection applies a 4 percent trend to the FY23 PMPM to reflect higher medical cost trends and anticipated acuity adjustments following the MOE population roll-off. By comparison, the FY23 request applied a 2.4 percent PMPM trend.

Medicaid Provider Rate Increases. In FY 2020, HSD implemented a series of rate increases for Medicaid providers. Provider reimbursement rates are a main component to rebuild, strengthen and protect New Mexico's health care provider network. Effective provider reimbursements improve access to care for Medicaid members while relieving cost burdens posed by consistently rising premiums and cost-sharing. By implementing Medicaid payment rate increases, New Mexico is able to address gaps in the health care delivery system, particularly in behavioral health and rural primary care, while also maximizing federal Medicaid matching funds.

HSD postponed the FY21 planned rate increases and instead implemented temporary rate increases to support providers during the Covid-19 PHE, as their utilization declined and some costs increased. Temporary rate increases were implemented in the last quarter of FY20, the first quarter of FY21, and again in the last 2 quarters of FY22. In FY22, HSD implemented telehealth options, and temporary provider rate increases for hospitals, nursing facilities, nonemergency medical transportation (NEMT), and federally qualified health centers (FQHCs). HSD also made changes to maternal codes in FY22 and extended eligibility for pregnant women to 12 months. HSD also implemented rate increases for home and community-based services (HCBS) providers under the American Rescue Plan Act (ARPA) HCBS spending plan as approved by CMS.

6.2 Percent Additional FMAP Not Included for FY24. HSD has benefited from an FMAP increase of 6.2 percent in 2020, 2021, and 2022. The 6.2 percent additional FMAP is not included in 2023 or 2024 due to the assumed expiration of the PHE at the end of the current extension that runs through October 13, 2022. If the PHE is extended, Medicaid would benefit from additional federal funds and be required to maintain the maintenance of effort (MOE) full enrollment requirements. Each quarter of the increased federal match reduces the general fund need by about $45 million. In FY23, the projected shortfall is $57.3 million. Receiving an additional quarter of FMAP would reduce this shortfall.

Medicaid Physical Health. According to HSD, the growth in physical health managed care is projected to increase the FY24 general fund need by $88.3 million, including $78 million due to expiration of the 6.2 percent FMAP, and $10.3 million due to lower member months and higher medical costs from changes in acuity as the MOE population rolls off. However, the request already includes $80 million to backfill for expiring federal FMAP.

The Medicaid caseload in June 2022 was 968,763 individuals, a 4.2 percent increase over a year ago. The count of Medicaid recipients increased by 1,765, or 0.2 percent, over May.

In June 2022, 385,538 children were on Medicaid, an increase of 4,851 children, or 1.3 percent, over June 2021. However, the number of children on Medicaid decreased by 549 members, down 0.1 percent, from May to June.

Long Term Services and Supports (LTSS). Growth in LTSS managed care is projected to increase the FY24 general fund need by $79.9 million, with $56.5 million due to the expiration of the 6.2 percent FMAP and $23.3 million due to program growth. The PHE did not have the same impact on enrollment in the LTSS population as in the physical health and expansion populations. The LTSS population has maintained a stable historical trend growth during the PHE.

Medicaid Expansion Population. The growth in the Medicaid expansion managed care category of eligibility is projected to decrease the general fund need by $4.6 million. Expenditures for this population are funded with 90 percent federal financial participation (FFP) since 2020.

FY24 Medicaid Expansion Items. HSD's Medicaid program budget request includes $49.1 million in general fund support for items proposed in the newly submitted 1115 waiver. The expansion items include continuous enrollment for children up to age 6, expanded HCBS community benefit opportunities through additional slots, a closed-loop referral network, home delivered meals for pregnant women with gestational diabetes, and community benefits for enrollees residing independently. Preliminary costs of $10 million for evidenced-based behavioral health services are also included in HSD's FY24 Medicaid budget request, with the general fund match coming from CYFD pending finalization of the Kevin S. settlement implementation plan.

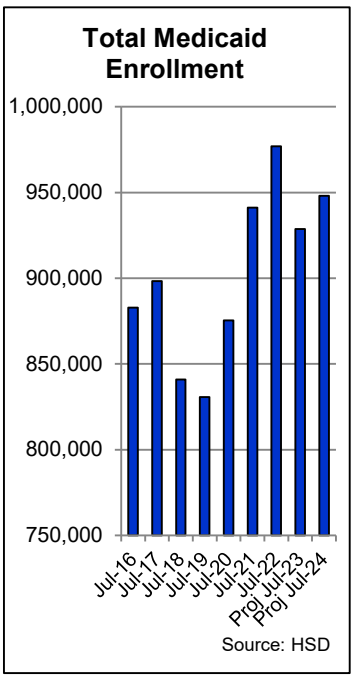
Medicaid Request Includes Additional Tobacco Funds and County-Supported Medicaid Funds. HSD's request for Medicaid in FY24 includes an additional $22.2 million in nonrecurring funds from the tobacco settlement. This scenario would use all of the tobacco fund balance to support the regular funding, and would then use all of the projected FY24 incoming revenue to support Medicaid. The request also includes use of an additional $10.2 million in county-supported Medicaid funds.

HSD Provider Rate Study. HSD completed a Medicaid provider rate study with Phase 1 for providers and a Phase 2 for facilities, with a range of options. Data shows that Medicaid pays for 83 percent of the deliveries of babies in New Mexico, and to increase the provider rates for maternal child health, behavioral health and primary care up 120 percent would cost $83 million.

To increase all provider rates up to 100 percent of the Medicare rates would cost $50 million. And to increase providers who are outliers with the lowest rates and bring them up to 70 percent of Medicare rates would cost $20 million. None of these Medicaid rate increases are included in HSD's FY24 request.

Medicaid Enrollment Outlook

ln FY24, the New Mexico Medicaid program is projected to cover more than 948,000 New Mexicans, over 45 percent of the state's population.



Public Health Emergency, Federal Funds, and Maintenance of Effort

Under the Families First Coronavirus Response Act, states are required to maintain continuous enrollment of Medicaid enrollees through the last day of the month in which the public health emergency (PHE) ends in order to receive a temporary 6.2 percentage point federal medical assistance percentage (FMAP) increase. When the PHE eventually ends, it will be critical to ensure that renewals are completed in a manner that minimizes enrollee burden and promotes enrollment.

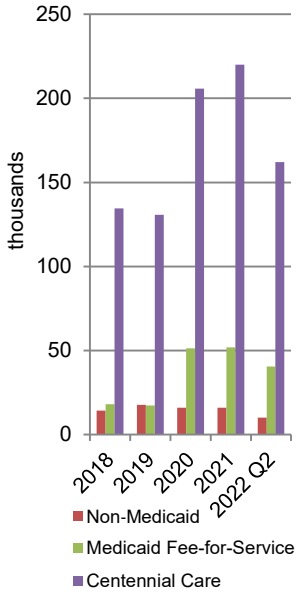
While the public health emergency (PHE) has been in effect since January 2020, HSD has been under a maintenance of effort (MOE) enrollment requirement, allowing HSD to receive 6.2 percent additional FMAP for almost 3 years. This additional FMAP allowed Medicaid to experience a surplus in FY20 and FY21. In FY23, the 2022 General Appropriation Act (HB2) required $80 million in funding was contingent on the PHE not being extended. To date, the PHE 6.2 percent additional FMAP was extended into the first 2 quarters of FY23 resulting in the claw back of the $80 million in state general fund. The Medical Assistance Division is currently projecting a $57.3 million shortfall in FY23. However, if the PHE is extended for one more quarter, which appears likely, the projected FY23 shortfall will be significantly reduced.

Medicaid Enrollment

Medicaid enrollment has increased significantly since February 2020 resulting from the policy responses to the public health emergency and its economic consequences. The Medicaid program served 835,440 individuals in February 2020. It has grown by 141,452 or 16.9 percent as of June 2022 and is estimated to grow to 990,528 individuals by October 2022. This represents an additional 13,636 relative to June 2022, or 18.6 percent since the start of the PHE. Unless the federally declared public health emergency is extended for another quarter, November 2022 marks the beginning of a 4-month roll-off of financially ineligible maintenance of effort (MOE) individuals.

The FY24 Medicaid enrollment is projected to average 938,621 members per month, 1.6 percent below FY23 and 2.5 percent below FY22, while remaining 11.8 percent above pre-PHE FY20. This compares to an average of 953,768 members per month in FY23 and 839,729 members per month in FY20. As noted, the growth in membership during the PHE was supported by the 6.2 percent additional FMAP, which expires at the end of the PHE. Projected enrollment levels are based on the assumption that the U.S. Department of Health and Human Services will not renew the public health emergency (PHE) into FY24, marking the end of the additional federal financial relief, along with the maintenance of effort (MOE) requirements. Accordingly, a gradual disenrollment of individuals from the Medicaid program is projected in FY23, followed by slow growth in FY24. These enrollment trends assume modest economic recovery in the aftermath of the PHE.

Individuals Served Annually in State-Funded Substance Abuse or Mental Health Programs



Source: HSD

The FY24 average monthly enrollment in managed care is projected to be 763,242. This includes 467,890 members in the physical health program (1.8 percent below FY23); 241,277 members in the other adult group (5.1 percent below FY23); and 54,076 members in the long term services and supports (LTSS) program (2.5 percent above FY23). Despite the downward enrollment trend from FY23 to FY24 due to ending the PHE and MOE requirements, the projected enrollment for June 2024 remains 94,610 (13.9 percent) members above the pre-PHE February 2020 level of 678,215.

Medicaid Enrollment Change from 2019 to 2022. Approximately 47 percent of New Mexico's population is enrolled in Medicaid. The enrollment in June 2022 was over 976 thousand, almost 8 percent higher than June 2017 of 905 thousand.

Medicaid MCO Enrollment Change by Population
June 2019 – June 2022

	2019	2022	Enrollment Change	% Change 19-22
Parents and Caretakers (Not Expansion)	58,990	107,756	48,766	83%
Pregnant Women	5,121	8,304	3,183	62%
SSI Related	59,290	58,589	(701)	-1%
CYFD Children	5,889	6,341	452	8%
Transitional Medicaid	2,487	1,006	(1,481)	-60%
Breast and Cervical Cancer	121	123	2	2%
Working Disabled	2,024	3,725	1,701	84%
Institutional Care	3,238	2,691	(547)	-17%
Home & Community-Based Waiver	4,543	6,328	1,785	39%
Developmentally Disabled	4,540	5,794	1,254	28%
Other Adult Group (Expansion)	229,022	269,446	40,424	18%
Children, Including CHIP	285,565	337,397	51,832	18%
	660,830	**807,500**	**146,670**	**22%**

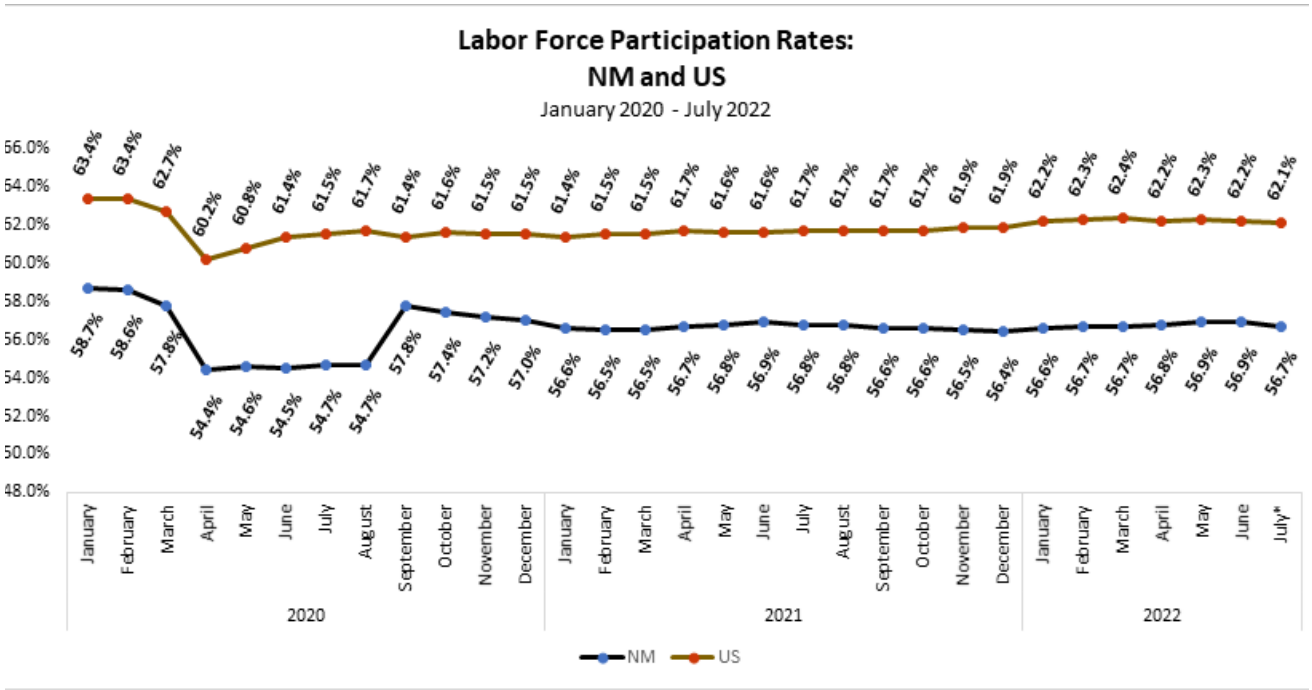
Source: HSD MCO Monthly Enrollment Report data

Enrolling on the New Mexico Health Insurance Exchange. At the end of the PHE the MOE will expire and Medicaid will begin its enrollment unwinding. Medicaid projects more than 80 thousand people will be ineligible for Medicaid. It is projected approximately 40 thousand of those individuals will be eligible for enrollment on the New Mexico health insurance exchange (NMHIX), beWellnm.

The Office of Superintendent of Insurance (OSI) indicates it plans to use funding from the health care affordability fund to waive former Medicaid enrollees first month of premiums on the NMHIX. Also, the health care affordability fund is used to subsidize premiums for people enrolled in the NMHIX with incomes up to 400 percent and 10 percent of the health insurance premium costs for small businesses offering coverage through the NMHIX.

Medicaid and Labor Workforce Participation

Questions remain why enrollment in Medicaid is projected to remain fairly sustained. There are employment incentives in the state even though workforce participation in New Mexico remains lower when compared with the national average.



Source: HSD

Update on 1115 Waiver Submission and MCO RFP

In 2022, the Medicaid program is both submitting a renewal of its 1115 demonstration waiver to the federal Centers for Medicare and Medicaid Services (CMS) and issuing a request for proposals (RFP) for managed care organizations (MCOs) to apply to run the Medicaid managed care program.

Medicaid 1115 Waiver Timeline

The state of New Mexico primarily operates its Medicaid and Children's Health Insurance Program (CHIP) under a federal 1115 demonstration waiver authorized by the U.S. Centers for Medicare and Medicaid Services (CMS). Referred to as Centennial Care since 2014, the demonstration authorizes the comprehensive managed care delivery system, the home and community-based services (HCBS) community benefit program, and several other initiatives. The current demonstration approved by CMS is referred to as Centennial Care 2.0, which expires on December 31, 2023.

HSD will submit a 5-year waiver renewal application to CMS in 2022 for an anticipated effective date of January 1, 2024. The new 1115 demonstration waiver will be effective through December 31, 2028. The new Medicaid 1115 waiver, called Turquoise Care, is available for public comment September 6 through October 31, 2022.

Summary of Submitted Waiver. The Medicaid 1115 demonstration waiver authorizes New Mexico's Medicaid managed care delivery system. All current

programs within the Centennial Care 2.0 waiver will continue or expand under the renewal.

In addition, several new programs will be launched under the renewal:

- Medicaid services for high-need justice-involved populations 30 days before release;
- Chiropractic services pilot;
- Member-directed traditional healing benefits for Native Americans;
- Enhanced services and supports for members in need of long-term care;
- Environmental modifications benefit limit increase;
- Transitional services benefit limit increase;
- Two home-delivered meals pilot programs;
- Addition of a closed-loop referral system;
- Medical respite for members experiencing homelessness;
- Graduate Medical Education funding and technical assistance for new and expanded primary care residency programs; and
- Additional support for rural hospitals.

Medicaid MCO Request for Proposals

The contracts for the Medicaid managed care organizations (MCOs) expire January 1, 2024. HSD will submit a request for proposals (RFP) in September 2022 for MCOs interested in administering the Medicaid managed care program. The submission of proposals and review by HSD will occur through the end of 2022. HSD will select MCOs by the beginning of 2023 and will begin onboarding the new MCOs throughout 2023. The new MCOs contracts will be in full effect January 1, 2024 and will be effective for at least four years with extensions possible.

Medicaid Managed Care Organizations (MCOs)

Three managed care organizations (MCOs) current manage the state's Medicaid managed care program. The three MCOs are Presbyterian Health Plan, Blue Cross Blue Shield of New Mexico, and Western Sky Community Care.

Share of Medicaid Enrollees. Presbyterian Health Plan has the largest share of Medicaid clients at 53 percent, Blue Cross Blue Shield is next at 36 percent, and Western Sky has 11 percent. The Medicaid program has issued a letter of direction (LOD) to require any MCO have at least 11 percent of the share of Medicaid clients. To ensure this occurs, auto enrollments go to the MCO with the lowest market share. The table below show Medicaid MCO market share from 2018 through 2022.

NM Medicaid Marketshare	2018 Jan		2019 Jan		2020 Jan		2021 Jan		2022 Jan	
BlueCross BlueShield of NM	146,911	22.1%	220,472	33.4%	238,515	35.5%	271,158	36.0%	295,926	36.5%
Molina Healthcare of NM	211,436	31.8%								
Presbyterian Health Plan	220,498	33.1%	374,008	56.6%	374,027	55.6%	403,575	53.5%	426,491	52.7%
United Healthcare	86,405	13.0%								
Western Sky Community Care			66,003	10.0%	60,116	8.9%	79,337	10.5%	87,574	10.8%
Total	665,250		660,483		672,658		754,070		809,991	

Source: Western Sky Community Care

Recoupments. HSD reports Medicaid utilization by members fell below required rates during the pandemic. As a result, for FY20 and FY21, Medicaid is recouping from $30 million to $50 million in both federal and state funds from the Medicaid

MCOs. The majority of these funds, approximately 75 percent, will be returned to the federal government. The remainder will be returned to the state and booked to the fiscal year in which the expenditures occurred. This raises a question regarding increasing MCO PMPM rates when enrollment and utilization decline.

Medicaid MCO Issues. In general, the main issues with Medicaid MCOs regarding transparency and disclosing financial and other information, ensuring real access to care and adequate workforce, and meeting metrics to ensure good health outcomes.

Access to Care. The Office of Superintendent of Insurance (OSI) implemented network adequacy compliance reporting requirements for commercial health insurance beginning January 1, 2022. OSI also implemented more rigorous standards for existing network adequacy compliance reporting. These OSI requirements were modeled after Medicaid requirements. Medicaid MCOs should be monitored for compliance with OSI and Medicaid regulations for network adequacy and reporting.

Passing on Rates to Providers. Medicaid MCOs need to be transparent in showing that rate increases are passed on to their provider networks. Also, work can be done to ease the burden on providers in becoming part of Medicaid MCOs networks.

The following is a summary of Medicaid MCO policy issues and possible recommendations to address the issues.

1. Workforce – Health and Social Services
    - Scholarships, loans, loan forgiveness, tax incentives, and service requirements
    - Elementary and secondary education pipelines
    - Licensing and certification streamlining
    - Ease-of-business solutions
    - Medical malpractice review
2. Provider Reimbursement
    - HSD Rate Reimbursement Study
    - Reimbursement aligned with quality and health outcomes
    - Value-based purchasing and alternative payment models
    - Provider administrative simplification
3. Medical and Behavioral Health Integration
    - Provider integration and collaboration
    - Community integration to address social determinants of health
    - In-person and telehealth solutions
4. Care-Coordination and Utilization Management Enhancement
    - Care coordination focused on health outcomes
    - Leverage data analysis and predictive modeling
    - Enhance cultural effectiveness
5. Access, Continuity of Care, and Engagement
    - Telehealth, telemedicine, teleconsulting, Project Echo
    - Leverage regional and national network resources
    - Utilize other professionals to the fullest extent of their licensure

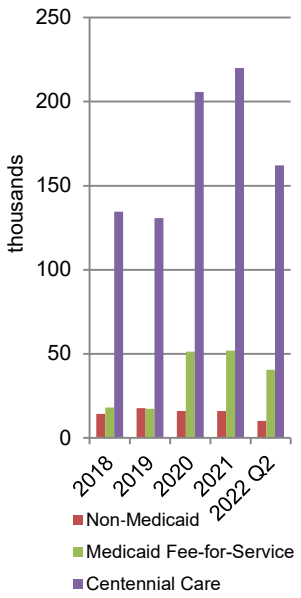
Source: Western Sky Community Care

RAE/al

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Individuals Served Annually in State-Funded Substance Abuse or Mental Health Programs



Source: HSD

LFC Progress Report: Addressing Substance Use Disorders

In August 2021, an LFC progress report recommended the state
- Improve prevention and early intervention programs to address the underlying causes of substance abuse, including poverty and childhood trauma; and
- Improve the quality of behavioral healthcare, boost access, increase financial incentives, and build a workforce that better represents the state's cultural and racial demographics.

Despite a substantial investment, behavioral health performance outcomes remain poor in New Mexico and the state continues to have some of the worst behavioral health outcomes in the country. In recent years, state and federal funding for behavioral health has notably increased in both the Medicaid Program and the Behavioral Health Services Division. Several initiatives have been implemented; however, these efforts may not yet be fully reflected in the behavioral health performance outcomes.

The Behavioral Health Collaborative (BHC) needs to enhance its role coordinating overarching behavioral health services across state agencies, including Medicaid. Performance data across agencies would provide a comprehensive overview of the coordination of behavioral health services in the state system, access to services, and systemic outcomes. Currently, the BHC report card primarily consists of performance measures and data from the Behavioral Health Services Division (BHSD) of the Human Services Department representing only a portion of the state's behavioral health system and service dollars.

Existing Problem

New Mexico had some of the poorest substance use and behavioral health outcomes in the country even before the Covid-19 pandemic further exacerbated anxiety, depression, and substance use. In New Mexico, 19 percent of adults experience mental illness, and as of 2020, New Mexico had the second highest suicide rate in the nation, a rate of 24.8 per 100 thousand people BHSD reports in the past year over 60 percent of adults with moderate mental illness and 30 percent of adults with serious mental illness did not receive treatment.

The U.S. Centers for Disease Control and Prevention reports in 2020 New Mexico had the 11th highest drug overdose death rate in the United States. New Mexico's drug overdose death rate was 39 per 100 thousand population. New Mexico's alcohol-related death rate, 86.6 per 100 thousand population, was over twice the U.S. rate of 41.5. About two out of three drug overdose deaths in New Mexico in 2020 involved an opioid, and the methamphetamine death rate grew 2.8 times higher than in 2015. The fentanyl-involved death rate in 2020 was seven times greater than in 2016.

Behavioral Health System of Care

Access to Behavioral Health Services. In 2021, BHSD reported there were 6,295 prescribing and 4,057 non-prescribing Medicaid behavioral health providers in New Mexico. Total behavioral health practitioners increased from approximately 500 providers. Behavioral health organizations grew from 368 in 2020 to 388 in 2021. The total number of behavioral health encounters provided by a behavioral health professional or non-behavioral professional increased from 2,498,234 in 2020 to 2,985,516 encounters in 2021.

A dedicated crisis line was also created for healthcare practitioners. Priorities are to train and provide ongoing coaching to providers on evidence-based practices that can be delivered via telehealth; enhance the statewide crisis and access line; screen, assess, and serve the health workforce; implement peer recovery supports; and support the network of crisis response, including telepsychiatry.

Provision of Behavioral Health Services. During the pandemic, New Mexico Medicaid managed care organization (MCOs) and non-Medicaid programs allowed behavioral

Alcohol Abuse, Opioids, and Overdoses

The Department of Health's, *New Mexico Substance Use Epidemiology Profile, 2021*, indicates New Mexico had the highest alcohol-related death rate in the U.S. since 1997. New Mexicans die of alcohol-related causes at nearly three times the national average, higher than any other state. Alcohol is involved in more deaths than fentanyl, heroin, and methamphetamine combined. Negative consequences of using excessive alcohol also affect domestic violence, crime, poverty, unemployment, and exacerbates mental illness, all of which are social determinants of health.

According to the federal Substance Abuse and Mental Health Services Administration, 75 percent of people addicted to opioids began taking the drugs with a prescription.

Unintentional drug overdoses accounted for almost 86 percent of drug overdose deaths from 2015 to 2019 in New Mexico, according to the Department of Health. Forty-five percent of those accidental overdoses were caused by prescription opioids, and 33 percent by heroin. Of those preventable deaths, nearly 40 percent were of Hispanic males and 18 percent were Hispanic females.

One of the most cited barriers to prevention, treatment and recovery from opioid abuse in Hispanic and Latino communities has been the lack of effective bilingual educational resources. The Human Services Department's YouTube series "¡El Opio Drama!" emphasizes opioid overdose prevention tactics. Since the Spanish-language video series launched, it has received over 700 thousand views.

health providers to bill for telephone visits using the same rates as in-person visits. In FY20, 22,575 unduplicated members were served through telehealth services. However, in FY22 the use of telehealth and telephone services to provide behavioral health services are declining. In the fourth quarter, 35,062 unduplicated persons were served in rural and frontier areas through telemedicine as compared with 38,096 persons served last year, representing an 8 percent decrease. The decline is attributed to the lag in claims reporting and decreased utilization as the pandemic declines and people return to office visits.

Notably, health providers who do not specialize in behavioral health are providing an increasing number of behavioral health services. This would indicate more people are reaching out to primary care providers for easier access to behavioral health services. HSD's Primary Care Council is intent on incorporating behavioral health into primary to bolster support for a behavioral health workforce that is not large enough to meet the needs of state's residents.

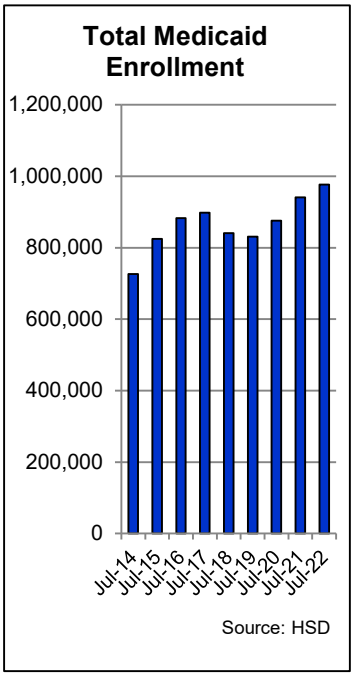
BHC Budget: $756,044.1 **FTE: 53**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Adult Medicaid members diagnosed with major depression who received continuous treatment with an antidepressant medication	40.6%	38.3%	35%	40%	G
Medicaid members ages 6 to 17 discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	43.2%	53.7%	51%	50.8%	G
Medicaid members ages 18 and older discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	43.2%	53.7%	51%	31.8%	R
Increase in the number of persons served through telehealth in rural and frontier counties*	308%	68.8%	N/A	-8%	Y
Readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	8.9%	10.8%	5%	8.1%	R
Individuals served annually in substance use or mental health programs administered by the Behavioral Health Collaborative and Medicaid	273,198	200,932	172,000	212,486	G
Emergency department visits for Medicaid members ages 13 and older with a principal diagnosis of alcohol or drug dependence who receive follow-up visit within seven days and 30 days	14.3% 7day; 21.8% 30 day	13.3% 7 day; 19.7% 30 day	25%	12.6% 7 day; 19.6% 30 day	R
Persons receiving telephone behavioral health services in Medicaid and non-Medicaid programs	NEW	NEW	60,000	62,439	G
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

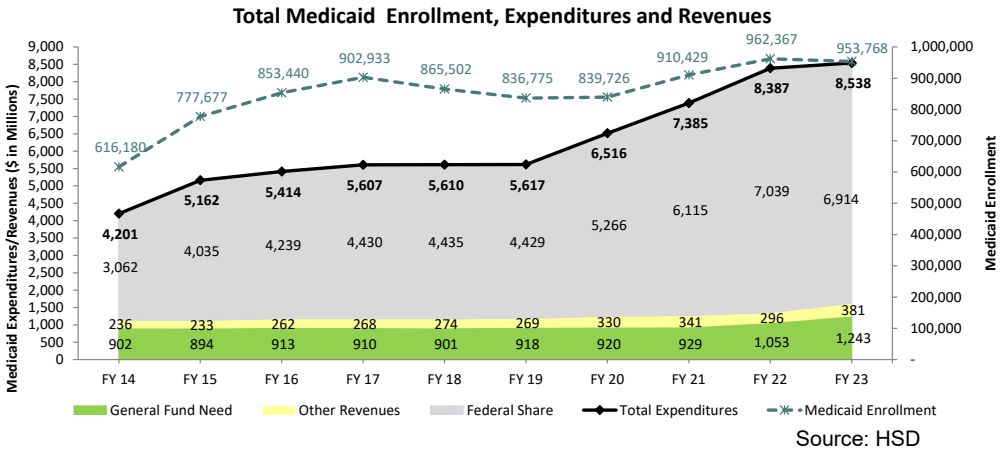


The Office of Superintendent of Insurance (OSI) implemented network adequacy compliance reporting requirements for commercial health insurance beginning January 1, 2022. OSI also implemented more rigorous standards for existing network adequacy compliance reporting.

Medicaid MCOs should be required to comply with OSI regulations for network adequacy and reporting.

The Human Services Department's Medicaid Program enrolls almost 50 percent of New Mexicans, making it the largest per capita Medicaid Program in the country. The Medicaid Program also represents approximately 14 percent of the state's general fund spending. Quarterly data for Medicaid is not consistently reported because of a lag in data from the reporting period, making it difficult to monitor performance outcomes. For the fourth quarter, several of the Medicaid Program's performance measures are pending data because the program receives reporting on June 30 for annual Healthcare Effectiveness Data and Information Set (HEDIS) data. Where data is available, Medicaid's performance appears to be lagging behind the targets, concerning for a program of this size and import. HSD reports performance is improving on certain Medicaid performance measures when compared with the same time period last year.

Medicaid managed care organizations (MCOs) receive per member per month (PMPM) payments for most Medicaid enrollees regardless if they access services. Notably, utilization rates appear well below the projected levels on which the PMPM rates were built, resulting in the Medical Assistance Division capturing financial recoupments from the MCOs. Network adequacy must be ensured to enable Medicaid clients to have access to services funded through the MCOs.



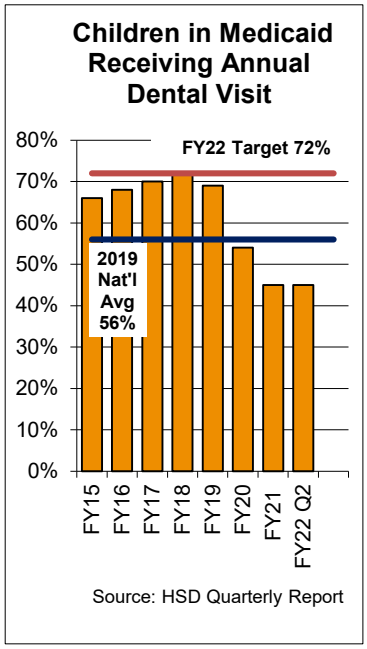
Labor force participation is needed at all levels in the state. However, the Income Support Division's (ISD) Temporary Assistance for Needy Families (TANF) Program reported 0.8 percent out of a targeted 37 percent of TANF recipients were ineligible for cash assistance due to work-related income. The Workforce Solutions Department is tasked with assisting TANF participants with workforce and educational opportunities. ISD and the Child Support Enforcement Division's performance both lagged behind targeted levels for FY22.

Pandemic-Related Enrollment and Funds. The public health emergency (PHE), federal policy, and workforce participation greatly impact the Medicaid program's enrollment, utilization, costs, and outcomes. In 2020, the Families First Coronavirus Response Act included a 6.2 percent increase in the federal Medicaid matching rate. States receiving the increase are required to continue Medicaid eligibility for any individuals enrolled during the public health emergency which extends through December 2022, unless the individual voluntarily terminates eligibility or is no longer

a resident of the state. During the PHE between March 2020 and March 2022, Medicaid enrolled over 160 thousand new members, for a total approaching 970 thousand.

The Medicaid caseload in June 2022 was 968,763 individuals, a 4.2 percent increase over a year ago. The count of Medicaid recipients increased by 1,765, or 0.2 percent, over May 2022.

In June 2022, 385,538 children were on Medicaid, an increase of 4,851 children, or 1.3 percent, over June 2021. However, the number of children on Medicaid decreased by 549 members, down 0.1 percent, from May 2022 to June 2022.



Medical Assistance Division

The Medicaid Program received a red rating for the fourth quarter based on reported performance not meeting targeted levels on multiple measures, including infant and maternal health. The program did not report fourth quarter data for HEDIS performance measures highlighted in the report card and is expected to report annual HEDIS performance measure data in the first quarter of FY23. The Medical Assistance Division (MAD) reports it is working with MCOs to ensure every qualified New Mexican receives timely and accurate benefits.

For the third quarter, a reported 7.6 percent out of a targeted 88 percent of children received one or more well-child primary care visits. HSD reports this rate is based on HEDIS technical specifications which applies a member's continuous enrollment specification for the measurement year and does not align with the state fiscal year quarterly reporting. No data was reported for this HEDIS performance measure for the fourth quarter, but with almost 8,000 children added to Medicaid during the federally declared public health emergency, it is critical to have quarterly performance data that monitors the health outcomes for children on Medicaid.

The performance measure, "infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months" is a measure HSD uses to track performance and issue penalties for noncompliance. However, fourth quarter data was not provided for this measure. HSD added the well-child measure as a Medicaid MCO tracking measure in FY22 and requested MCOs provide detailed action plans with their quarterly performance measures. MCO strategies to improve well-child visits include increasing outreach calls; instituting value-based contracts with providers; creating a reward program for well-child visit compliance; offering assistance with scheduling appointments and transportation; and implementing a member texting campaign.

Home Visiting. Participation in the Centennial Home Visiting Program (CHV) remains low despite federal and Medicaid funding for the program. CHV was established in 2020, provides in-home services to young children, children with special health care needs, and to the parents and primary caregivers of those children. The CHV's goals are to improve maternal and child health, promote child development and school readiness, encourage positive parenting, and connect families to support in their communities. MAD requires the prenatal and postpartum performance measures and each MCO is expected to meet the target of 64.8 percent.

Budget: $6,351,758.6 **FTE: 215.5**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months*	52%	51%	N/A	No Report	R
Children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year*	33%	39.5%	88%	No Report	R

Children ages 2 to 21 enrolled in Medicaid managed care who had at least one dental visit during the measurement year	54%	56%	72%	No Report	R
Hospital readmissions for children ages 2 to 17 within 30 days of discharge	4.9%	6.7%	<5%	6.8%	R
Hospital readmissions for adults 18 and over within 30 days of discharge	9.3%	8.9%	<8%	8.9%	R
Emergency room use categorized as non-emergent per one thousand Medicaid member months	61%	50%	50%	53%	R
Newborns with Medicaid whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization*	72%	70%	83%	No Report	R
Medicaid managed care members ages 18 through 75 with diabetes, types 1 and 2, whose HbA1c was >9 percent during the measurement year*	54%	53%	86%	No Report	R
Program Rating	Y	Y			R

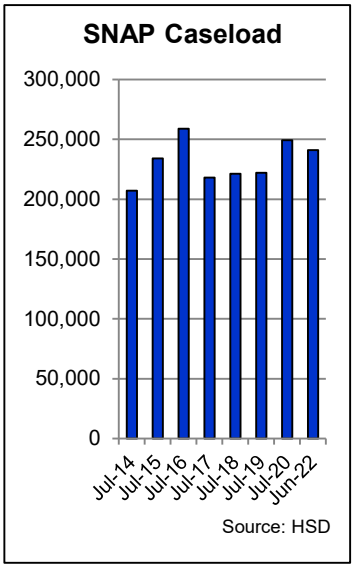
*Measures are Healthcare Effectiveness Data and Information Set (HEDIS) measures, which represent a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service. The most recent unaudited data available includes the last quarters of FY21 and the first quarters of FY22. The data for HEDIS measures is preliminary and will be finalized in June 2022.

The Supplemental Nutrition Assistance Program (SNAP) caseload in June 2022 was 240,950, an 11.3 percent decrease from a year ago, and a decrease of 6,156 cases, or 2.5 percent, below May.

The Temporary Assistance for Needy Families (TANF) caseload was 10,735 in June 2022, a decrease of 11 percent from a year ago, and a decrease of 205 cases, or 1.9 percent, below May.

Income Support Division

The Income Support Division's (ISD) Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) caseloads rose over the previous year but began declining at the end of FY22. The performance measure, "TANF recipient's ineligible for cash assistance due to work-related income," reflects adults whose new employment income exceeded TANF guidelines. Despite unemployment substantially declining in New Mexico, less than 1 percent of TANF recipients were ineligible for cash assistance due to work-related income.



The Workforce Solutions Department (WSD) is partnering with ISD to establish employment placements for TANF Career Link Program and Wage Subsidy Program participants. WSD started a campaign called "Ready NM" with access to training, education and employment resources that c.an assist TANF participants.

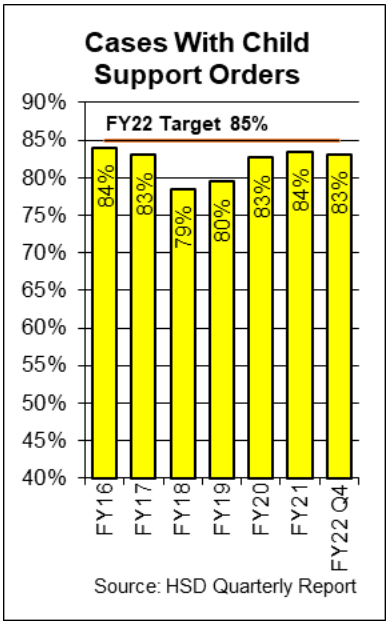
HSD reports WSD implemented an internal case management process to utilize its employment services staff and workforce connection online system (WCOS) to directly connect TANF participants to available employment and training opportunities throughout the state. TANF participants identified as job ready are referred to employment services staff who assist in WCOS registration, resume writing, interview preparation and applying for jobs via WCOS. TANF participants who are working with WSD also have direct access to programs offered by other partners such as the Division of Vocational Rehabilitation, Higher Education Department, and other local community partners enhancing opportunities for employment and education for TANF participants.

Budget: $1,080,047.7 **FTE: 1,133**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Regular Supplemental Nutrition Assistance Program cases meeting the federally required measure of timeliness of 30 days	98.8%	98.6%	96%	89%	R

Expedited Supplemental Nutrition Assistance Program cases meeting federally required measure of timeliness of seven days	98.8%	98.5%	98%	75.5%	R
Temporary Assistance for Needy Families recipients ineligible for cash assistance due to work-related income	14.1%	7.6%	37%	0.8%	R
Two-parent recipients of Temporary Assistance for Needy Families meeting federally required work requirements	28.2%	3.5%	52%	2.9%	R
All families receiving Temporary Assistance for Needy Families meeting federally required work requirements	24.3%	4.2%	37%	2.8%	R
Program Rating	Y	R			R

Child Support Enforcement Division



The Child Support Enforcement Division (CSED) is engaged in modernizing the program to set accurate child support obligations based on the noncustodial parent's ability to pay; increasing consistent, on-time payments to families; moving nonpaying cases to paying status; improving child support collections; and incorporating technological advances and evidence-based standards that support good customer service and cost-effective management practices. These modernization efforts were tested in pilot offices and have since been implemented statewide beginning in February 2022. CSED expected performance to improve with these efforts; however, performance for all FY22 CSED performance metrics fell somewhat short of targeted levels.

CSED reported child support collections totaled $130.3 million and did not meet the FY22 target of $145 million for the year. The decrease in collections began in September 2021 when many non-custodial parents lost unemployment benefits, which were being collected as part of wage withholding payments. The shortfall continued despite an increase in payments due to federal and state tax interceptions in the third quarter. During the 2021 Legislature, statutory changes were made to assist CSED with setting orders based on new guidelines and reviewing cases for possible modifications for right-sized court orders that the non-custodial parents can pay on a more consistent basis. Implementation of those changes began in July 2021 and early data is showing promise for FY23 performance.

Total dollars collected per dollars expended is a federal fiscal year performance measure and no data was yet reported at the close of FY22. CSED expected to see a drop in this measure due to several IT expenditures for modernization projects, the largest of which is the Child Support Enforcement System mainframe platform project, which was implemented in February 2022.

Budget: $32,794.2 **FTE: 370**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Noncustodial parents paying support per total cases with support orders	51.7%	55.7%	58%	52.4%	R
Total child support enforcement collections, in millions	$156.1	$147.4	$145	$130.3	R

Child support owed that is collected	58.7%	60.9%	60%	57.6%	R
Cases with support orders	83.2%	83.5%	85%	83.1%	R
Total dollars collected per dollars expended	$3.44	$2.90	$4.00	No Report	R
Average child support collected per child	NEW	NEW	N/A	$127.92	Y
Program Rating	R	Y			R

Note: Children with paternity acknowledged or adjudicated are reported in the federal fiscal year.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

HUMAN SERVICES DEPARTMENT
General Fund Highlevel
(in thousands)

	Program	HSD FY24 Request
1	**Medical Assistance**	
2	**FY23 OpBud (adjusted for $80M contingency)**	**1,042,115.4**
3	Expansion population enrollment	(4,600.0)
4	Managed care PMPM rates, utilization, 4% inflation	2,014.6
5	Provider rate increases (HSD rate study est $20M-$83M)	0.0
6	Offset mgd care physical health 6.2% FMAP expiration	67,773.3
7	Mgd care physical health higher utilization & acuity	10,300.0
8	Offset LTSS 6.2% FMAP expiration	48,500.0
9	LTSS enrollment	23,300.0
10	Expansion: Continuous enrollment children 0-6; HCBS community benefit; closed-loop referral network; home meals for pregnant women with gestational; community benefit for seniors residing independently	13,240.0
11	Fee-for-service	9,580.0
12	Medicare Part A, B, D	18,163.0
13	***Revenue changes***	
14	FMAP (reduction in federal matching rate)	
15	Kevin S behavioral health services $10M from CYFD	0.0
16	County-supported Medicaid fund, **HSD=$46,378.0, DFA=$47,138.0**, **GF savings=$10,160-$10,920.0**	(10,160.0)
17	**Health Care Affordability Fund Backfill DFA=$34,300.0**	0.0
18	Tobacco program fund Medicad/breast/cervical trtmt, **HSD=$31,040.9, DFA=$31,040.5 LFC=$8,846.3**	(22,194.6)
19	Backfill PHE nonexpiration contingency language	80,000.0
20		
21	***Pull out Medicaid behavioral health increase***	(19,904.0)
22		
23	**Total FY24**	**1,258,127.7**
24	**% Change from OpBud**	**20.7%**
25		
26	**Medicaid Behavioral Health**	
27	**FY23 OpBud**	**143,787.0**
28		
29	Enrollment and extended unwinding of MOE population, PHE FMAP backfill	19,904.0
30		
31	**Total FY24**	**163,691.0**
32	**% Change from OpBud**	**13.8%**
33		
34	**MEDICAID FY24 PROGRAM** (Medicaid+Behavioral Health)	**1,421,818.7**
35	**TOTAL FY24 MEDICAID** (Medicaid+Behavioral Health+Administration)	**1,447,895.5**
36	**Medicaid Program Change from OpBud** (HSD projected $258M GF need over FY23 base with $80M out of opbud)	**235,916.3**
37	**% Change from OpBud**	19.9%
38	**Medicaid Administration**	
39	**FY23 OpBud**	**18,226.7**
40		
41	Vacancy savings adjustment, fill 14 vacancies	283.6
42	Actuarial, audit, call center contracts	7,383.4
43	Software licenses renewals	183.1
44		
45	**Total FY24**	**26,076.8**
46	**% Change from OpBud**	**43.1%**
47		

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

HUMAN SERVICES DEPARTMENT
General Fund Highlevel
(in thousands)

	Program	HSD FY24 Request
48	**Income Support**	**HSD FY24 Request**
49	**FY23 OpBud**	**58,312.0**
50		-
51	No requested change in GF from FY23 operating levels	-
52		
53	**Total FY24**	**58,312.0**
54	**% Change from OpBud**	**0.0%**
55		
56	**Child Support Enforcement**	
57	**FY23 OpBud**	**10,924.9**
58		
59	Replace a decrease in revenue from fees charged to TANF or Medicaid families	234.8
60		
61	**Total FY24**	**11,159.7**
62	**% Change from OpBud**	**2.1%**
63		
64	**Behavioral Health Services Division**	
65	**FY23 OpBud**	**52,524.4**
66		
67	Vacancy savings, offset federal funds, other costs	968.1
68	Enhancement of the NMConnect app	140.0
69	Expansion: 5 FTE to implement certified community BH clinics	557.5
70	Expansion: Provider rate increase for non-Medicaid BH services	1,200.0
71	Expansion: 988 Crisis Now mobile crisis response units	5,200.0
72	Expansion: Expand capacity of local BH Collaboratives	100.0
73		
74	**Total FY24**	**60,690.0**
75	**% Change from OpBud**	**15.5%**
76		
77	**Program Support**	
78	**FY23 OpBud**	**21,628.0**
79		
80	Office of Human Resources vacancy adjustment	90.1
81	Expansion: Employee cost index inflationary factor for contract staff in ITD	175.0
82	Expansion: Consumer price/producer price indeces inflationary factor for IT hardware and software	175.0
83		
84	**Total FY24**	**22,068.1**
85	**% Change from OpBud**	**2.0%**
86		
87	**Total**	
88	**FY23 OpBud**	**1,347,518.4**
89	**FY24 General Fund over FY23**	**252,606.9**
90		
91	**TOTAL HSD FY24**	**1,600,125.3**
92	**% Change from OpBud**	**18.7%**
93	FY24 Breakout:	
94	Medicaid Program	1,258,127.7
95	Medicaid Behavioral Health	163,691.0
96	Medicaid Administration	26,076.8
97	TOTAL MEDICAID	1,447,895.5
98	TOTAL OTHER HSD	152,229.8
99	**TOTAL HSD**	**1,600,125.3**