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SUGGESTIONS FOR

NEW MEXICO LEGISLATIVE HEALTH & HUMAN SERVICES COMMITTEE & DISABILITY CONCERNS SUBCOMMITTEE 2017 WORK PLAN

Submitted by New Mexico Health Care Association & Association of Developmental Disability Community Providers

Linda Sechovec, Executive Director, NMHCA

Please consider the challenges and funding needs for our most dependent populations - those who require ICF/IDD, nursing facility or developmental disability waiver services:

1. Intermediate Care Facilities for Individuals with Developmental Disabilities

- Last increase was 2.68% for rates that took effect September 1, 2014 to cover care provided between 9/1/14-9/1/15. No rate increases have been paid since that time.
- Maintaining service levels while operational costs (heating, food, transportation, staff salaries, etc.) have escalated the past 3 years.
- Rates should be rebased this year according to the schedule included in Medicaid payment rules.

Challenges & Funding Needs (cont.)

2. Nursing Facilities

- No increase since 6/1/15 resulting in increased regulatory compliance challenges, dramatic increase in penalties, performance below national averages where in the past, NM was consistently above those averages.
- Workforce shortages impact all areas of operations from nursing, direct caregivers, and support staff.
- New CMS mandates for staffing reporting, emergency preparedness, infection control direction, pharmacy review, etc. will continue to impact operational costs over the next three years imposing unsustainable.

Medicaid Nursing Facility (NF) **Payment History Since 2007**

July 1, 2007 fee for service NF rates were based on actual costs in 2005-2006; allowable costs were subject to operating & capital cost ceilings.

July 1, 2012 11.27% rate increase was based on \$8 million budget appropriation. This increase was necessitated by Medicare cuts to the SNF prospective payment system.

January 1, 2014 Medicaid changed NF medical criteria to classify patients into the lower paid category resulting in an estimated \$30 million annual revenue reduction to NF providers.

September 1, 2014 Medicaid changed NF medical criteria to classify some patients back into the higher paid category of care, restoring approximately \$5-7 million annual revenue impact to NF providers.

November, 2015 projected losses for all NFs (State operated and private facilities) are based on 2014 Medicaid cost report expenses inflated forward by 2.3%. Results show 2015 shortfall of \$41 million total dollars (\$11 million general fund). When cost center ceilings are applied and expected provider cost restraint is factored, the loss is mitigated to \$9 million general fund annual shortfall.



















Late 2008-early 2009 CoLTS managed care "negotiated rates" were typically the same as fee for service rates. Rate transparency ends with managed care contracting.

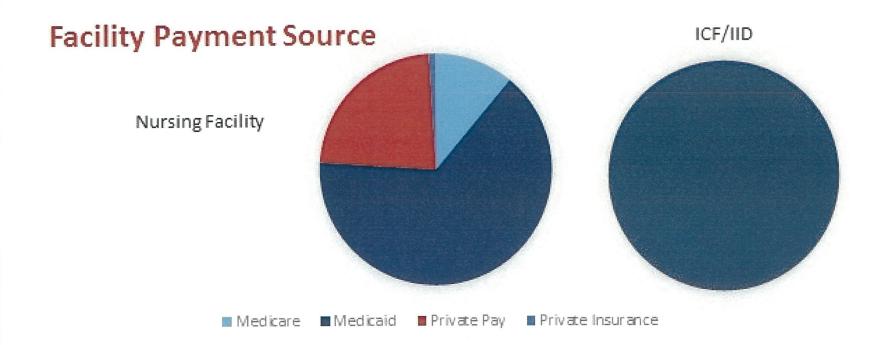
January 1, 2014 Centennial Care "negotiated rates" were typically the same as fee for service rates.

July 1, 2014 managed care "Negotiated Rates" were Increased by 3.65% based on \$2 million of State budget appropriation.

July 1, 2015 4% increase in low NF rates included in FY 16 budget. HSD's budget also included funding for development of a new payment system for nursing facilities based on patient needs or acuity. That project has been dropped.

NMHCA's ask for a \$9 million general fund appropriation for a new case mix payment was lost as state budget revenue shortfalls increased before and during the 2016 legislative session. Specifically, underestimating the # of individuals that would enroll in Medicaid & the ACA state share of cost that is soon to take effect represents a 5% state cost for Medicaid.

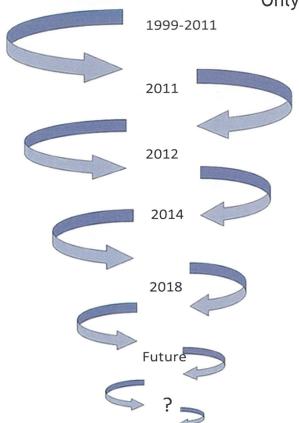
New Mexico Health Care Association, Updated March, 2016 For more information, please contact Linda Sechovec, Executive Director Isechovec@nmhca.org or phone 505-880-1088.



Challenges & Funding Needs (cont.)

3. Developmental Disabilities Waiver Providers

Only Significant Cuts in Rates Since 1999



Between 1999 and 2011, rates lost approximately 17% of their value versus inflation.

In 2011, there was a 5% across-the-board reduction in waiver rates which resulted in loss of \$19 million in funding for waiver services.

In 2012, due to the Burns Rate Survey, there was an additional \$17 million reduction in overall funding.

Since 2014, at least 15 providers have left the provider network, compromising the assurance of quality services to some individuals with developmental disabilities.

The Standards for Waiver Services has increased from 70 pages to over 250 pages of requirements and regulations. Providers are being told that the new standards that will become effective in January 2018 will number almost 500 pages.

The Jackson lawsuit continues to burden the system and providers. To disengage, the State must accomplish approximately 125 "Evaluative Components." To do this, the State passes the actual work onto the provider system without any funding available to accomplish those tasks.

Provided by NMHCA/ADDCP

Our sincere thanks to the Committee for their past support and concern about the New Mexicans we serve!

For More Information, contact:

Linda Sechovec

New Mexico Health Care Association

4600A Montgomery NE, Suite 205

Albuquerque, NM 87109

505-880-1088

lsechovec@nmhca.org