



**Presentation to the Legislative Finance Committee
FY19 Appropriation Request
Brent Earnest, Secretary
December 6, 2017**

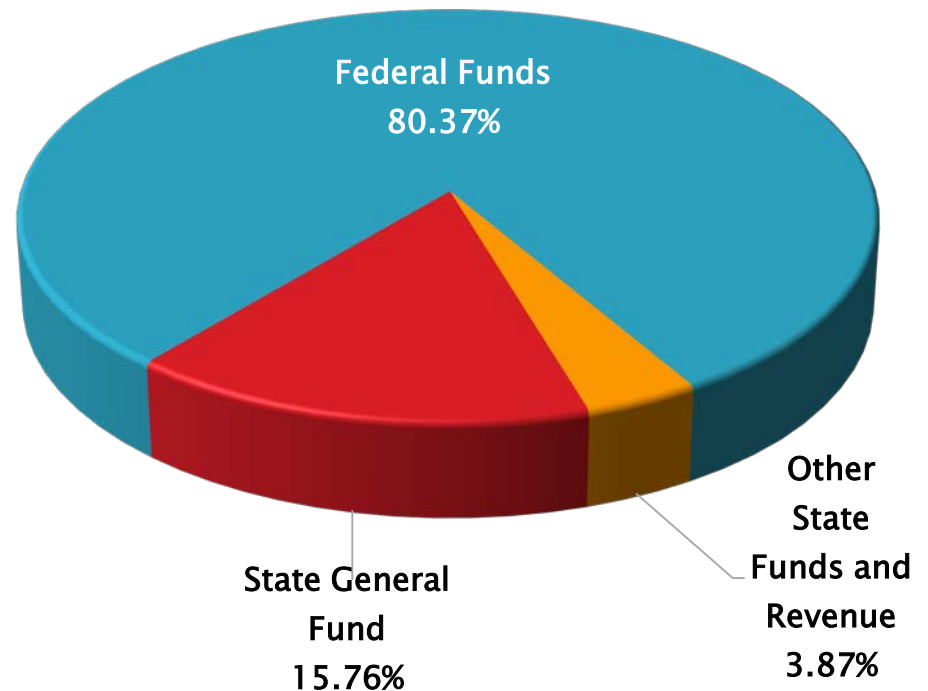
Today's Presentation

- ▶ HSD FY19 Appropriation Request Overview
- ▶ Medicaid Budget and Performance
 - Enrollment and Cost trends
- ▶ Behavioral Health Budget and Performance
- ▶ Centennial Care 2.0 Update
- ▶ Child Support Enforcement
- ▶ Income Support Division
- ▶ HHS 2020 and the Medicaid Management Information System (MMIS) replacement project

HSD FY 19 Appropriation Request

FY 19 Budget Request of \$7.085 billion

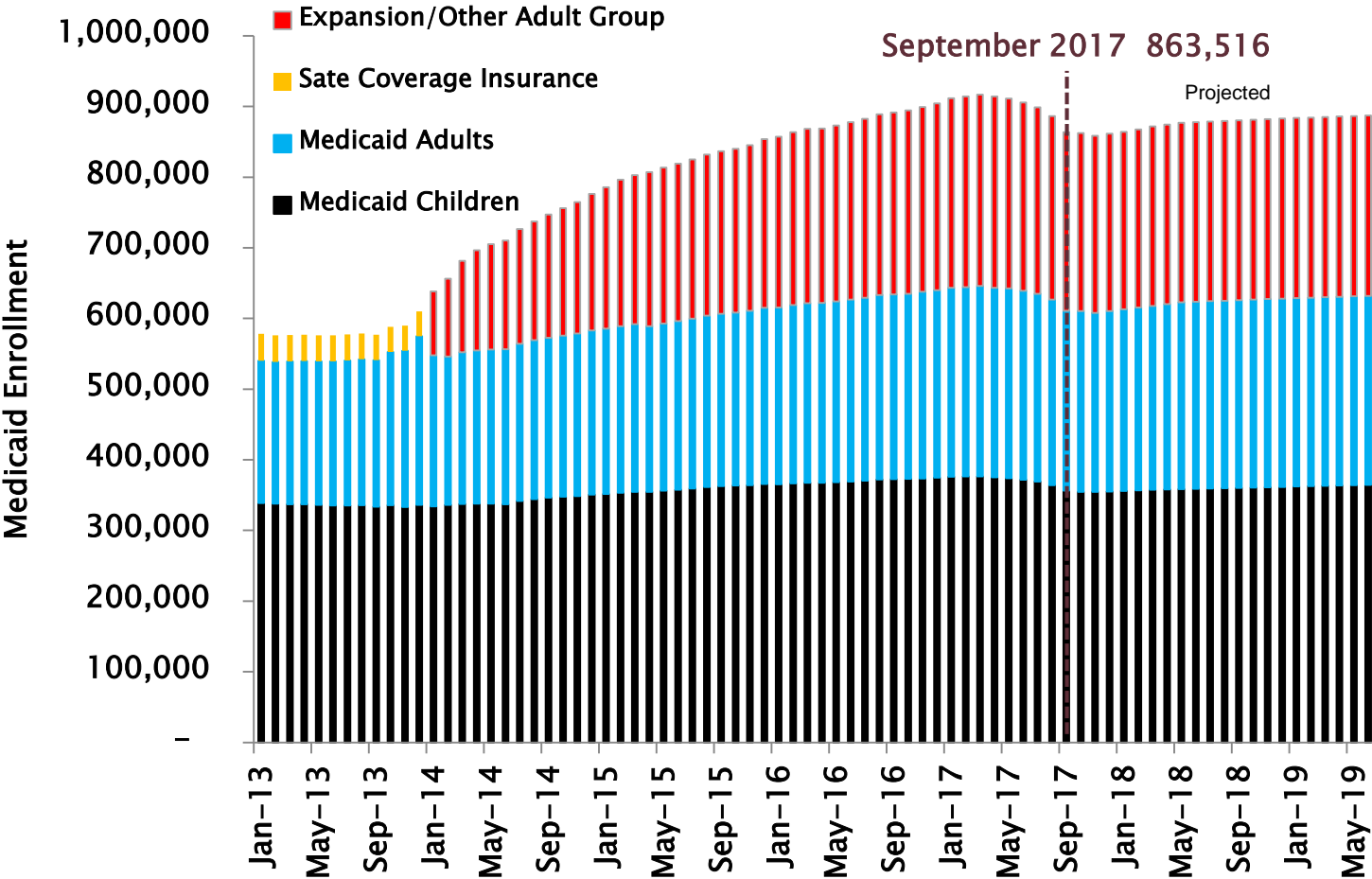
- ▶ 2.34% increase overall.
- ▶ \$1.116 billion from the general fund (increase of \$83.8 million or 8.12%).
 - Changes to the Medicaid Budget.
- ▶ \$5.694 billion in federal funds (increase of \$82.2 million or 1.46%).
- ▶ \$274.1 million in other state funds and other revenue.



FY19 Medicaid Budget Request Highlights

- ▶ Enrollment growth trends have slowed.
 - By June 2018, enrollment is projected to be 877,847, a decrease from June 2017.
 - FY19 growth of 1% projected, reaching more than 887,000.
- ▶ Cost trends in Centennial Care are significantly lower than regional and national health care inflation.
- ▶ Uncertainty at the federal level:
 - FMAP changes
 - Reauthorization of CHIP program
 - ACA “repeal and replace” legislation
 - Enrollment trends

Medicaid Enrollment



**June 2019
Projected
Enrollment**

**OAG:
255,192**

**Medicaid Adults:
267,229**

**Medicaid Children:
364,649***

*children 19-21 y.o. counted in OAG

Medicaid: FY 19 Appropriation Request

- ▶ Total Medicaid Program spending in FY 19 is projected to be \$5.817 billion.
 - \$983.9 million from the general fund, an increase of \$68.3 million. Major changes from current year projection include:

	(\$ in millions)
Expansion FMAP (drops to 94% in 2018 and 93% in 2019)	\$14.9
Medicare Buy Ins	\$4.7
CHIP FMAP Reduction (100% to 72.13%)	\$30.7
FMAP Change	(\$7.9)
County Support Medicaid and Tobacco Settlement Revenue (reduction)	\$5.3
Enrollment	\$12.9
Utilization and Price increases (less than 1% change)	\$12.5
Other Revenue changes	(\$4.8)
Total	\$68.3

Centennial Care: Managing Cost Growth

2. Total Centennial Care Dollars and Member Months by Program

Aggregate Member Months by Program			
Population	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	4,763,223	4,933,747	4%
Long Term Services and Supports	573,218	593,078	3%
Other Adult Group	535,904	2,771,677	9%
Total Member Months	872,345	8,298,502	5%

Aggregate Medical Costs by Program			
Programs	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	\$ 1,245,916,497	\$ 1,268,160,787	2%
Long Term Services and Supports	\$ 883,544,015	\$ 892,892,521	1%
Other Adult Group Physical Health	\$ 955,821,072	\$ 1,047,329,283	10%
Behavioral Health - All Members	\$ 319,852,064	\$ 338,134,929	6%
Total Medical Costs	\$ 3,404,933,649	\$ 3,546,517,520	4%

Per Capita Medical Costs by Program (PMPM)			
Programs	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	\$ 261.57	\$ 257.04	-2%
Long Term Services and Supports	\$ 1,541.38	\$ 1,505.52	-2%
Other Adult Group Physical Health	\$ 376.92	\$ 377.87	0%
Behavioral Health - All Members	\$ 40.60	\$ 40.75	0%
Total	\$ 432.52	\$ 427.37	-1%

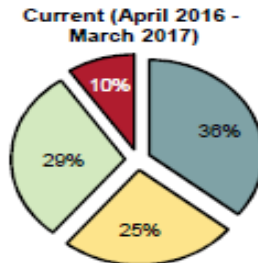
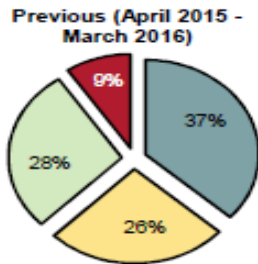
Aggregate Non-Medical Costs			
Programs	Previous (12 mon)	Current (12 mon)	% Change
Admin, care coordination, Centennial Rewards	\$ 371,292,953	\$ 352,538,974	-5%
NMMIP Assessment	\$ 53,676,377	\$ 61,941,886	15%
Premium Tax - Net of NIMMP Offset	\$ 133,873,146	\$ 142,126,353	6%
Total Non-Medical Costs	\$ 558,842,476	\$ 556,607,214	0%

Estimated Total Centennial Care Costs			
Programs	Previous (12 mon)	Current (12 mon)	% Change
Total	\$ 3,963,776,125	\$ 4,103,124,734	4%

Per Capita Medical Costs by Program (PMPM)			
Programs	Previous (12 mon)	Current (12 mon)	% Change
Total	\$ 70.99	\$ 67.07	-6%

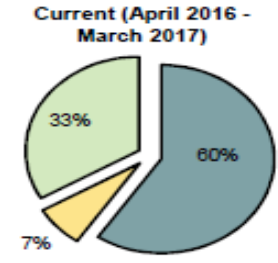
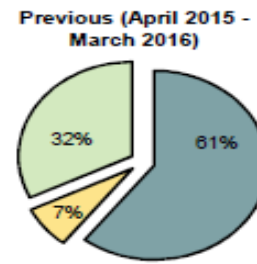
Enrollment up 5%;
Per capita costs down 2%

Centennial Care Medical



*See above for legend.

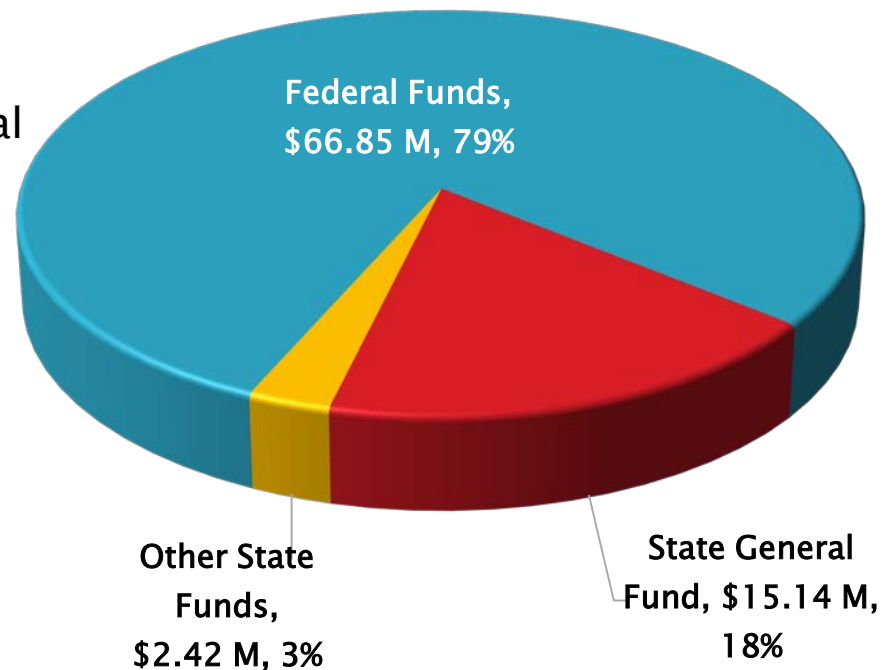
Centennial Care Member Months



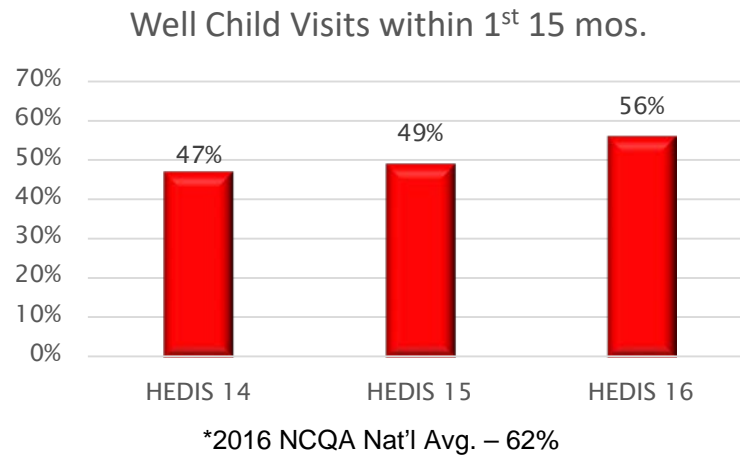
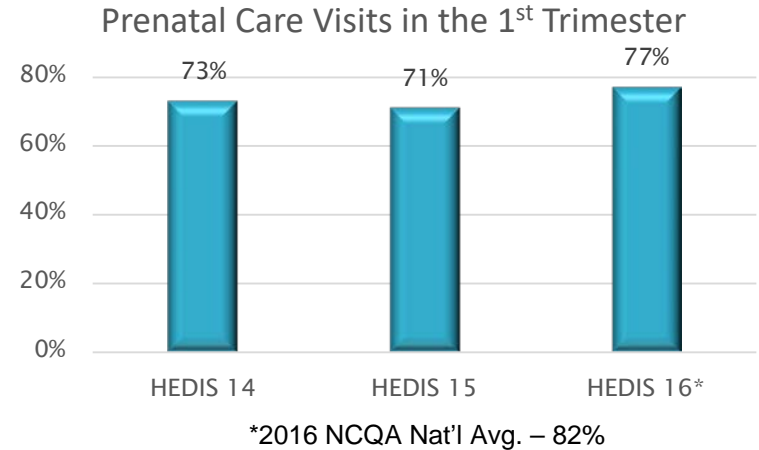
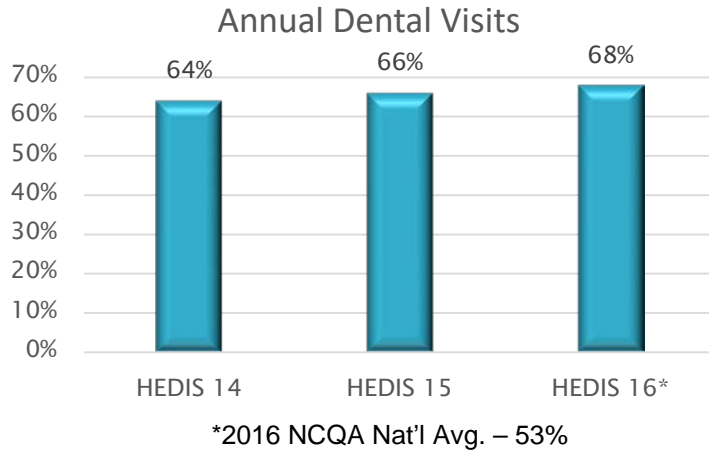
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Medicaid: Administration

- ▶ The total FY 19 budget request for administration of the Medicaid program is \$84.4 million.
 - \$4.864 million increase from FY18.
 - \$888.8 thousand increase in general fund need to support contractual services.
- ▶ Medical Assistance Division administrative spending is only 1.43% of the total program budget.
- ▶ Priorities for MAD staff in 2019 include:
 - Implementation of 1115 Waiver Renewal
 - Continued procurement and implementation of replacement MMIS

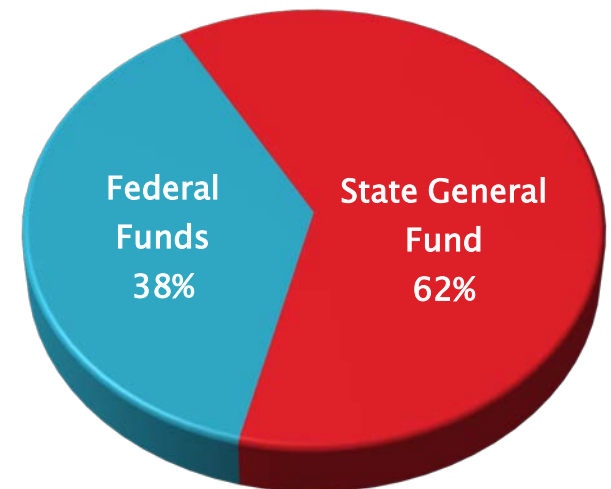


Medicaid: MCO HEDIS Performance Measures



Behavioral Health Services Division

- ▶ \$59.6 million overall budget.
 - \$37.0 million from the General Fund.
 - \$22.6 million in federal funds.
- ▶ Increased federal funding of \$4.6 million for combating opioid addiction and overdose crisis.
- ▶ NM overdose death rate improved relative to other states.
- ▶ Improvement in national rankings for New Mexico – From 44th in 2011 to 21st (2018 Mental Health America report).



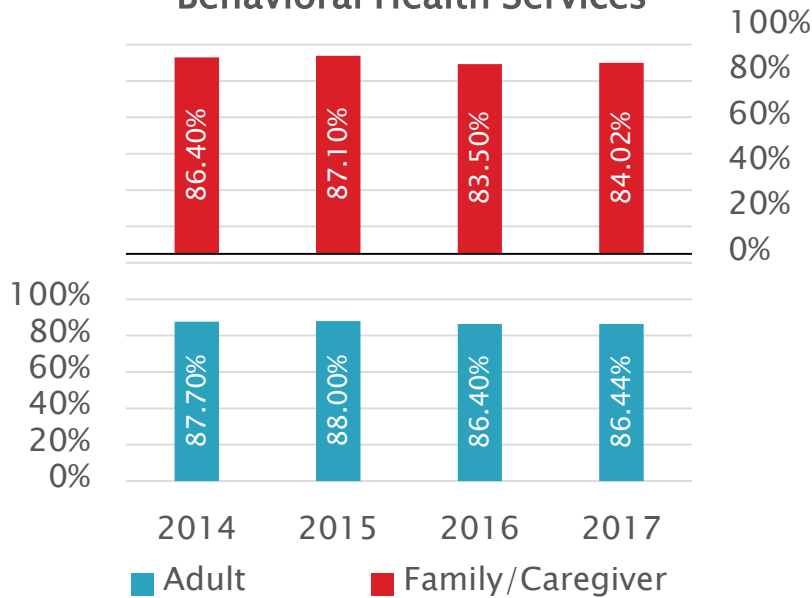
Behavioral Health Spending

Total HSD Behavioral Health Spending (excl. administration)

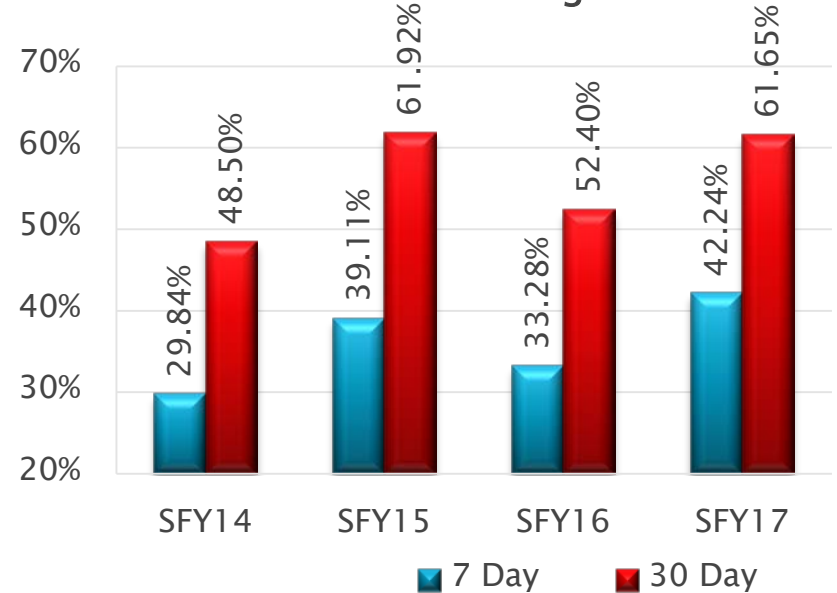
(\$ in millions)	FY17 Actuals			FY18 Projection			FY19 Projection		
	GF	FF	Total	GF	FF	Total	GF	FF	Total
Medicaid Behavioral Health	\$102.85	\$396.90	\$499.75	\$100.71	\$384.74	\$485.45	\$108.24	\$389.43	\$497.67
Behavioral Health Services Division	\$37.40	\$21.05	\$58.45	\$37.04	\$20.60	\$57.64	\$37.04	\$22.57	\$59.61
Total	\$140.25	\$417.95	\$558.20	\$137.75	\$405.34	\$543.09	\$145.28	\$412.00	\$557.28
Percent change from prior year	0.47%	5.07%	3.87%	-1.78%	-3.02%	-2.71%	5.47%	1.64%	2.61%

Behavioral Health Performance

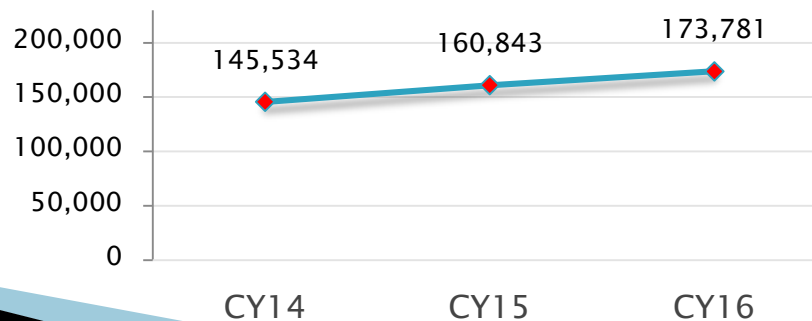
Satisfaction with Behavioral Health Services



Improving Follow-Up Services after Discharge



Individuals served by BH Collaborative programs



Centennial Care 2.0 Update

Centennial Care 2.0 builds on successes achieved during the past four years. Improvements and reforms will ensure sustainability of the program while preserving comprehensive services.

Areas of focus

- Care coordination
- Behavioral health integration
- Long-Term Services and Supports (LTSS)
- Payment reform
- Member engagement and personal responsibility
- Administrative simplification through refinements to benefits and eligibility

Centennial Care 2.0 Update

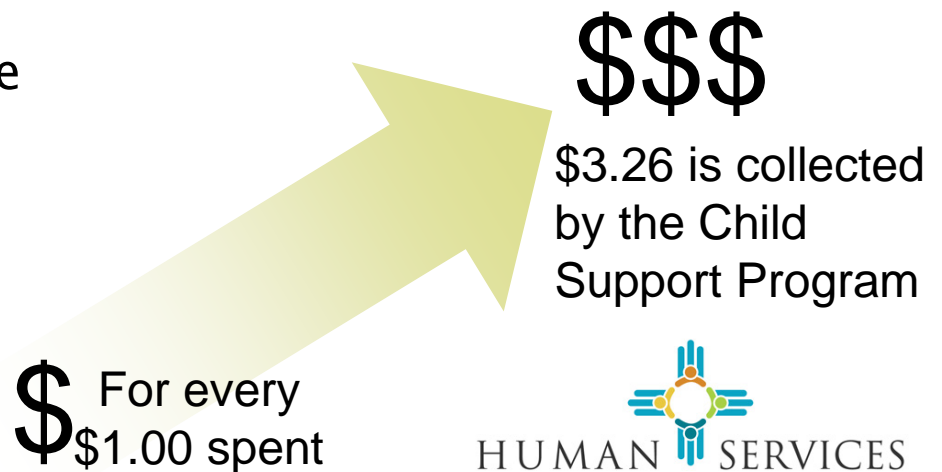
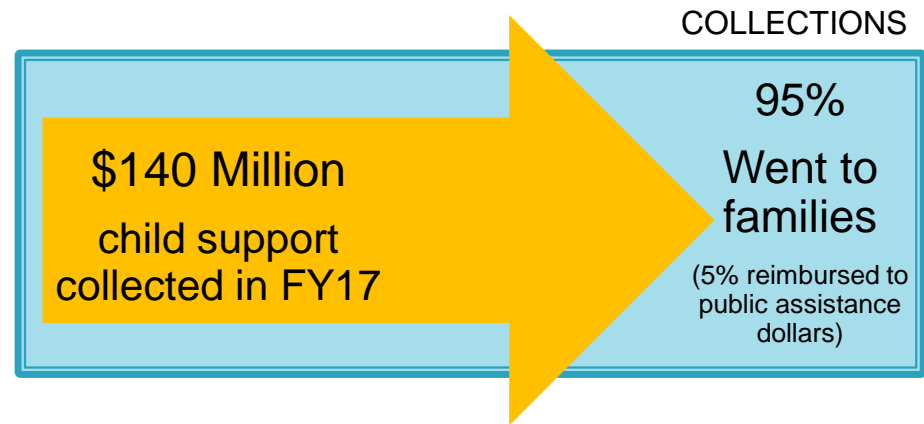
- ▶ The final 1115 waiver renewal application is being submitted this week.
- ▶ It will be available at: <http://www.hsd.state.nm.us/centennial-care-2-0.aspx>
- ▶ Key Changes from the draft application include:
 - Expanded services for substance use disorder: Screening, Brief Intervention and Referral to Treatment (SBIRT) and adult residential treatment
 - Premiums only for higher income adults in the Adult Expansion group (\$10/month);
 - Restructures copayments for two services—non emergent use of ER and use of non-preferred drug when a preferred drug is available
 - Phases out retroactive coverage by 2020, instead of eliminating in 2019.

Preliminary Estimates of Costs and Savings of Changes (Part of Budget Neutrality)

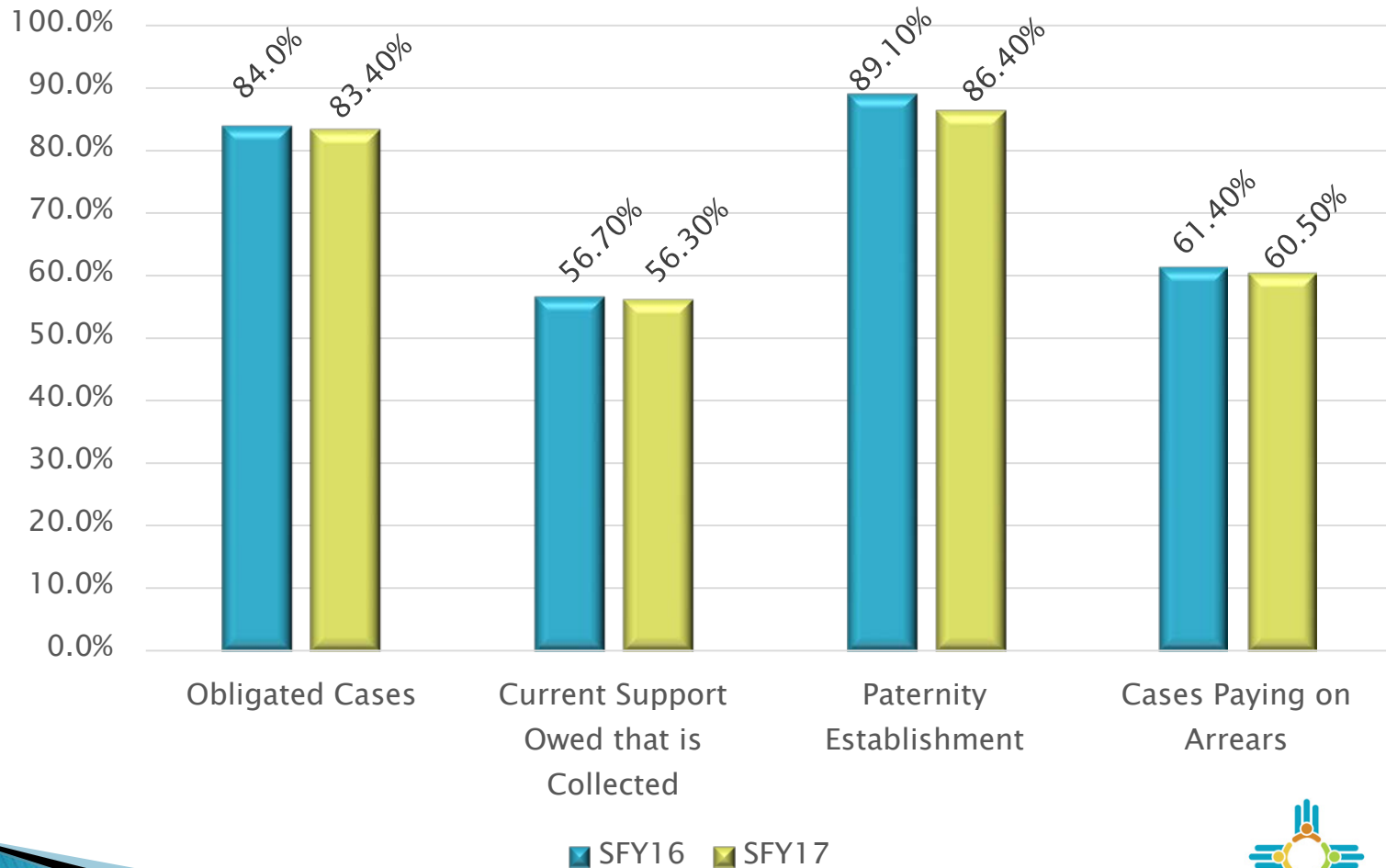
	One Year Average		5 Year	
	Total	General Fund	Total	General Fund
Increases	\$57,829,643	\$8,178,064	\$86,049,672	\$19,002,006
Decreases	\$(22,437,783)	\$(20,990,776)	\$(101,196,120)	\$(109,097,834)
Net	\$35,391,860	\$(12,812,712)	\$(15,146,448)	\$(90,095,828)

Child Support Enforcement Division

- ▶ \$30.97 million total budget request
 - \$7.64 million from the general fund, \$545k more for FY19
 - Reduce the vacancy rate
 - Replace other revenue
 - \$20.31 million from federal funding
 - \$3 million from other revenue
- ▶ 70,273 child support cases = 102,662 children

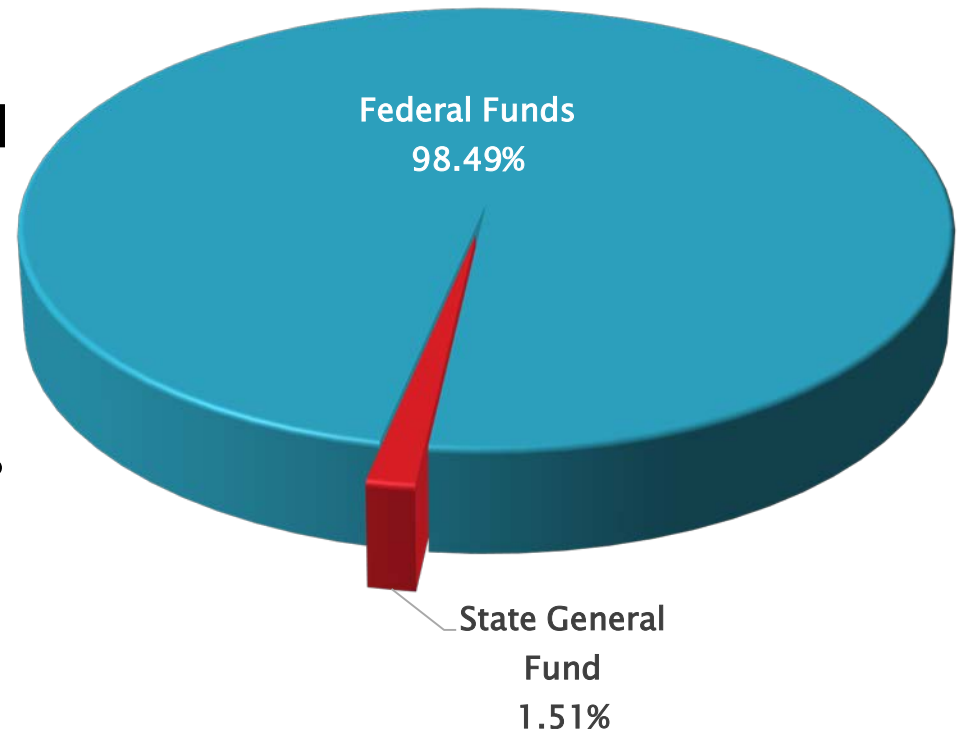


Child Support Enforcement Performance



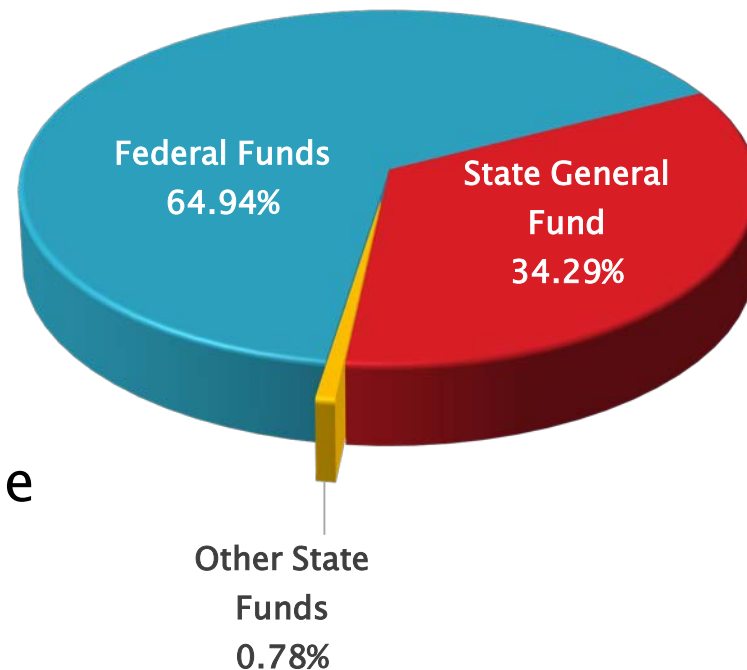
Income Support Division – Program

- ▶ \$875.6 million overall budget
 - Mostly federal funding for SNAP benefits
- ▶ Increase of \$398.5 thousand in General Fund needed to maintain State SNAP Supplement (\$25 per month).
- ▶ ISD programs also includes funding for homeless (meals and shelters), food banks, school lunches, energy assistance, and cash assistance.

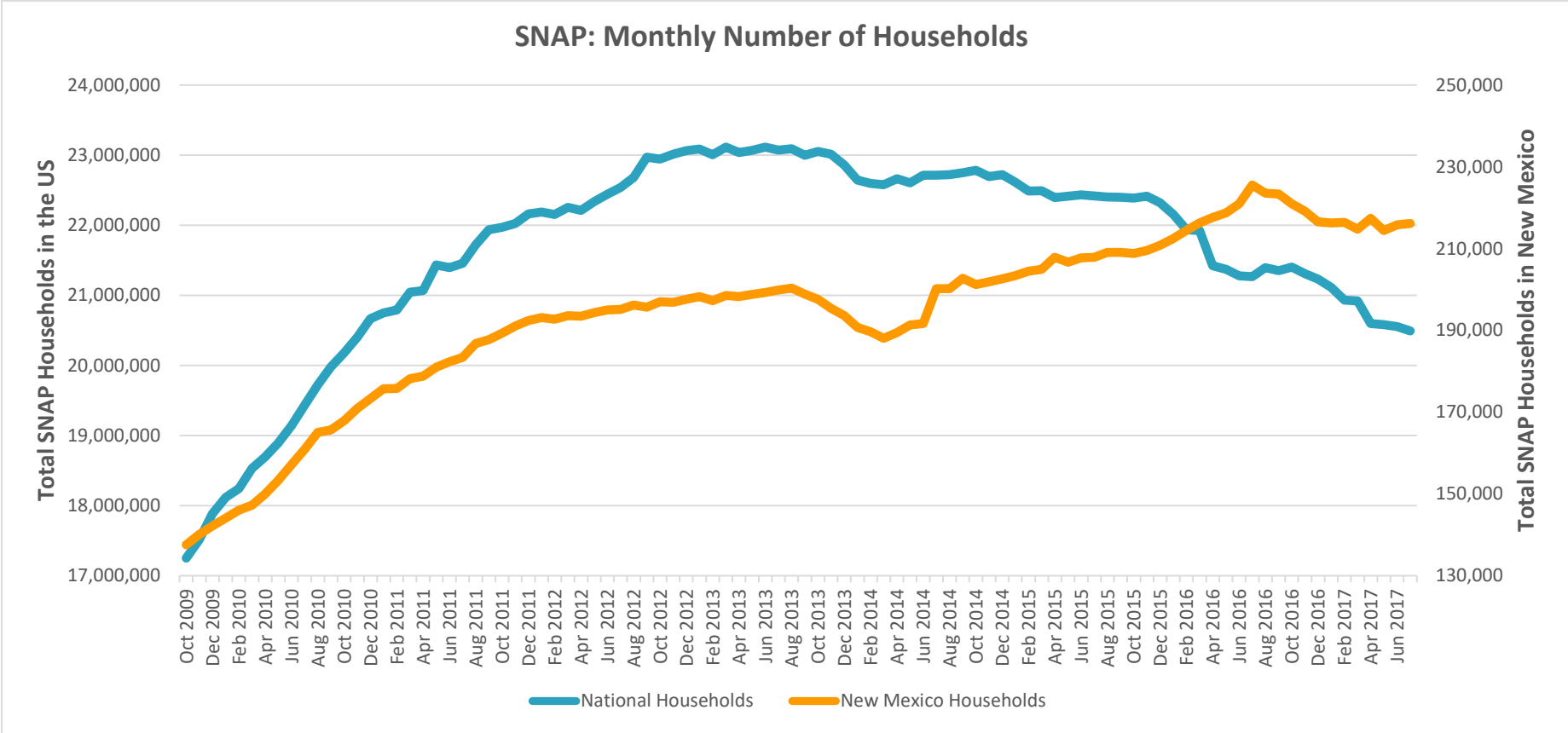


Income Support Division – Administration

- ▶ \$89.4 million overall budget.
- ▶ General Fund remains flat to FY18 Op Bud.
- ▶ Secured additional federal funding to support the workforce and customer service improvements.
- ▶ ISD Admin cost allocation changes which increased the overall blended rate for ISD eligibility determination from 60% to 67%.

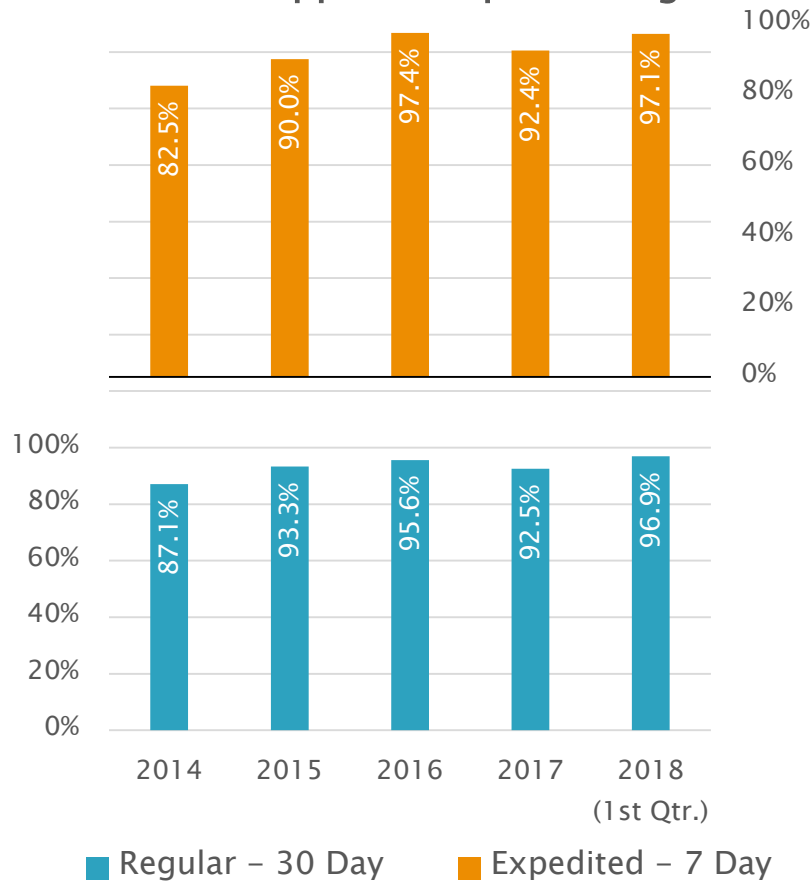


SNAP Participation

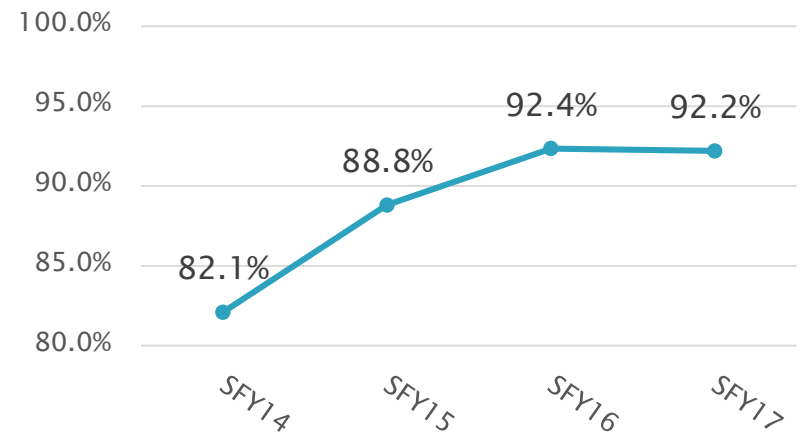


Supplemental Nutrition Assistance Program

Timeliness of application processing

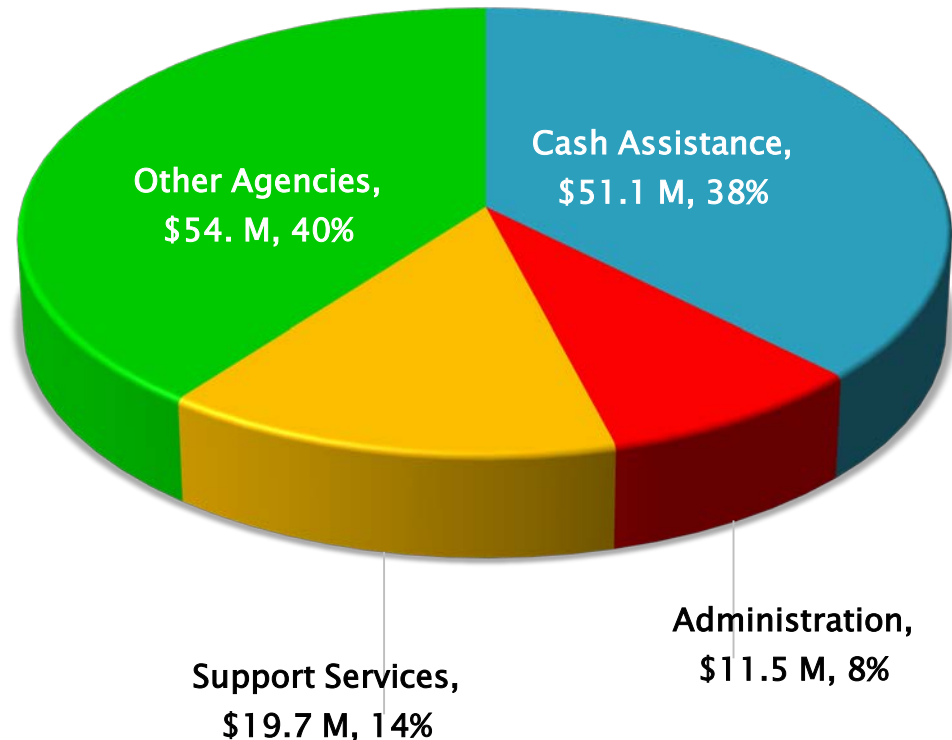


Percent of eligible children participating in SNAP



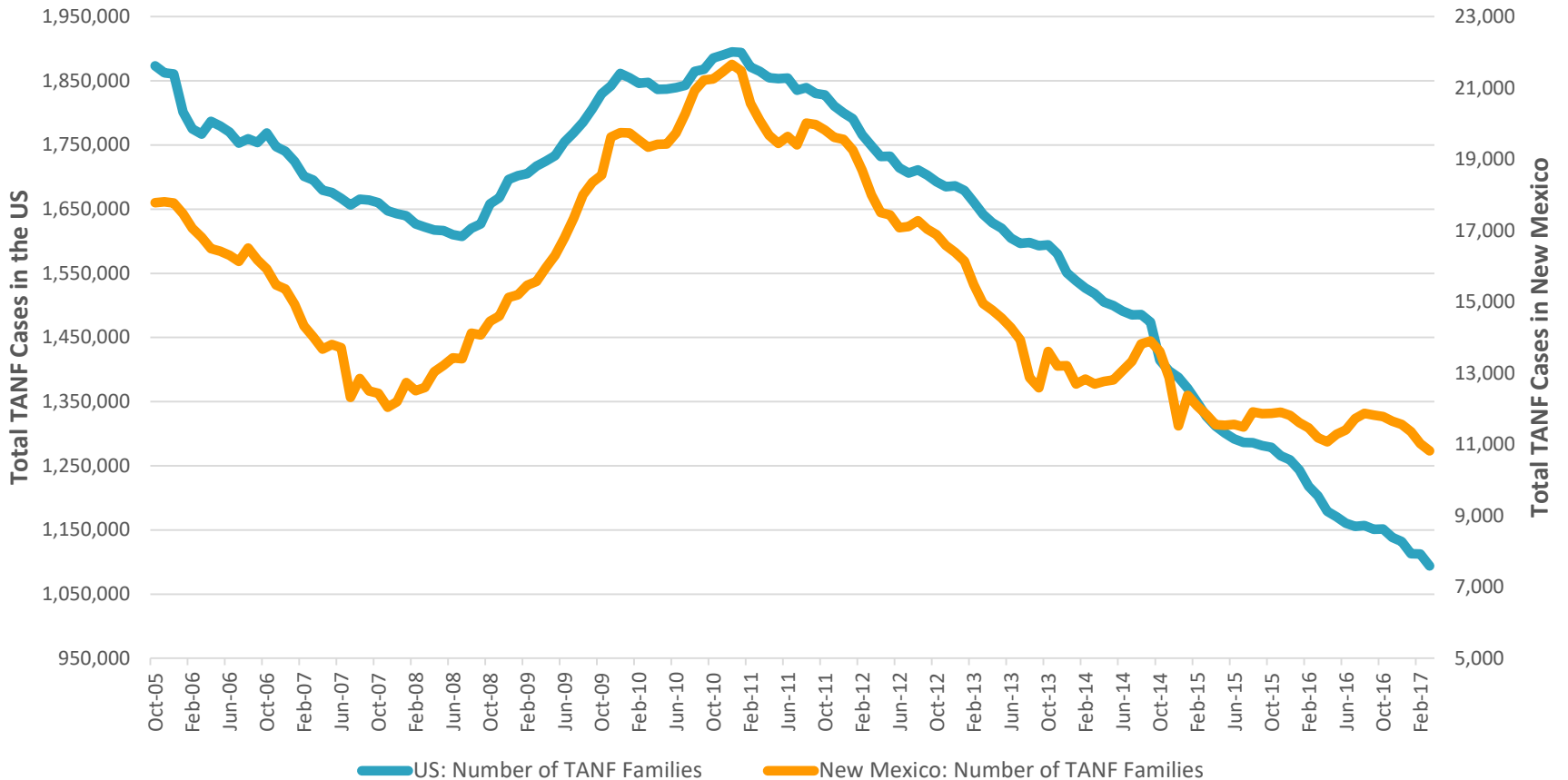
Temporary Assistance for Needy Families – (TANF)

- ▶ FY19 TANF appropriation request of \$136.3 million:
 - TANF block grant of \$109.9 million and \$25.5 million of current carry over balances.
 - Cash assistance, flat with FY18 OpBud.
 - Includes restoring (increasing) monthly cash assistance grant by 7.5%
 - Maintains support of programs at other agencies
 - Continues support services programs, such as attaining high school equivalency and employment programs.



TANF Participation

TANF: Monthly Number of Families



Temporary Assistance for Needy Families – (TANF)

- ▶ ISD remains focused on helping TANF recipients prepare for and find employment.
 - CareerLinks
 - At the end of SFY17, 596 individuals were placed in employment.
 - One-half of those individuals were transitioned to unsubsidized employment
 - Wage Subsidy
 - Approximately one-fourth of the total served were transitioned to unsubsidized employment at the end of SFY17.
 - High School Equivalency Credential Program
 - In SFY17, 231 individuals were referred by SL Start, of which one-third completed the program.
 - Vocational Training Program
 - 169 Individuals participated in the program in SFY17.
 - 98 participants completed the training at the end of SFY17.
 - Partnership with the Department of Workforce Solutions.

Temporary Assistance for Needy Families - (TANF)

PROGRAM (\$ in millions)	FY18 OP BUD			FY19 REQUEST		
	GF	FF	TOTAL	GF	FF	TOTAL
General Funds in HSD for TANF	0.09	-	0.09	0.09	-	0.09
Unspent balances from prior periods	-	69.7	69.7	-	48.3	48.3
TANF Block Grant	-	109.9	109.9	-	109.9	109.9
TANF Contingency	-	-	-	-	-	-
TOTAL REVENUE	0.09	179.6	179.7	0.09	158.2	158.3
ADMIN TOTAL	-	11.5	11.5	-	11.5	11.5
Cash Assistance	0.09	51.2	51.3	0.09	51.0	51.1
Support Services	-	20.7	20.7	-	19.7	19.7
Other Agencies	-	54.0	54.0	-	54.0	54.0
TOTAL	0.09	137.4	137.5	0.09	136.2	136.3
Calculated Carryover Balance		42.3			21.9	

- ▶ Admin Includes: Income Support Administration and Program Support Administration
- ▶ Cash Assistance Includes: Cash Assistance, Clothing Allowance, Diversion Payments, Wage Subsidy and State Funded Legal Aliens
- ▶ Support Services Include: NM Works Program, Transportation, Career Links, High School Equivalency program, Vocational Training Program and Employment Related Costs
- ▶ Other Agencies Include: CYFD Pre K, CYFD Child Care, CYFD Home Visiting, CYFD Supportive Housing and PED Pre K

Program Support and Information Technology

- ▶ Program Support provides administrative support to the program divisions of HSD.
- ▶ The FY19 budget request for Program Support is \$53.3 million, with \$15.8 million requested from the General Fund.
- ▶ Key projects and results:
 - ASD: Unqualified opinion from independent auditors (FY16); FY17 submitted on time.
 - ITD: Maintain and support critical and large-scale, statewide IT systems.
 - ITD: MMIS and CSES replacement projects in progress.

Medicaid Management Information System Replacement (MMISR)

- ▶ System processes 10 million transactions, totaling \$6 billion in medical care for 900,000 New Mexicans through 27,675 providers and 4 MCOs.
- ▶ Aligns with federal requirements
 - Risk of reduced federal funding for non-compliant system
- ▶ 90% Federal - 10% State funding
- ▶ Creates a client-centric business solution and is the foundation for additional development within New Mexico's Health & Human Services (HHS) enterprise.
 - Connecting existing services in HSD with DOH, CYFD, and ALTSD to deliver a customer-centric focus through shared technology
 - Unified Portal and Consolidated Customer Service Center and Data Services

MMISR Costs and Budget

- ▶ Undertaking five procurements to implement MMISR
 - System Integrator (SI) -- in contract negotiation
 - Data Services (DS) -- finalizing vendor selection
 - Quality Assurance (QA) -- release RFP in November 2017
 - Benefit Management Services (BMS) -- release RFP in February 2018
 - Financial Services (FS) -- release RFP in May 2018
- ▶ HSD requests \$6.8 million in State General Fund to support the continuation of the \$175.6 million MMISR project.
 - The legislature has appropriated \$87.09 million (Federal and State share) in project funds to date.
 - The project received approval of an Advanced Planning Document Update Budget from CMS in June 2017.

Category or Account Description	FY17 & Prev Actual	FY18 Budgeted	FY19 Request	FY20 Estimate	FY21 Estimate	Total
General Fund	\$1,699.0	\$7,010.0	\$6,801.9	\$2,033.4	\$3.6	\$17,845.9
Federal Funds	\$15,636.2	\$62,744.7	\$64,445.3	\$14,838.3	\$33.1	\$157,758.3
Total	\$17,335.2	\$69,754.7	\$71,605.9	\$16,871.7	\$36.7	\$175,604.2

Questions?