


HUMAN SERVICES
DEPARTMENT

Presentation to the
Revenue Stabilization and Tax Policy Committee

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July 26, 2018

New Mexico Human Services Department



HUMAN SERVICES
DEPARTMENT

Today's Topics

- Medicaid Financing Structure
- Medicaid Revenue and Expenditures
- Taxes and Assessments
 - The Premium Tax
 - NMMIP and HIX Assessments
 - The GRT
 - Medicaid Provider Taxes

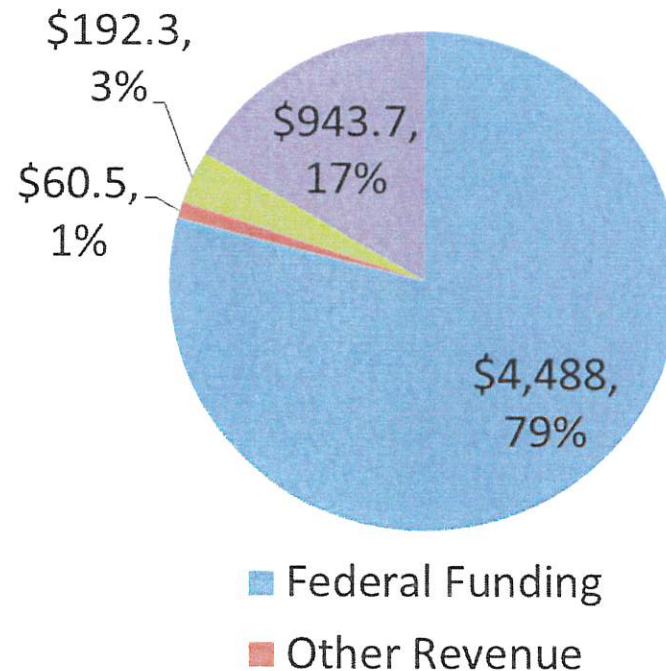
NOTE: Most figures in this presentation are general estimates for illustrative purposes.



Medicaid Financing

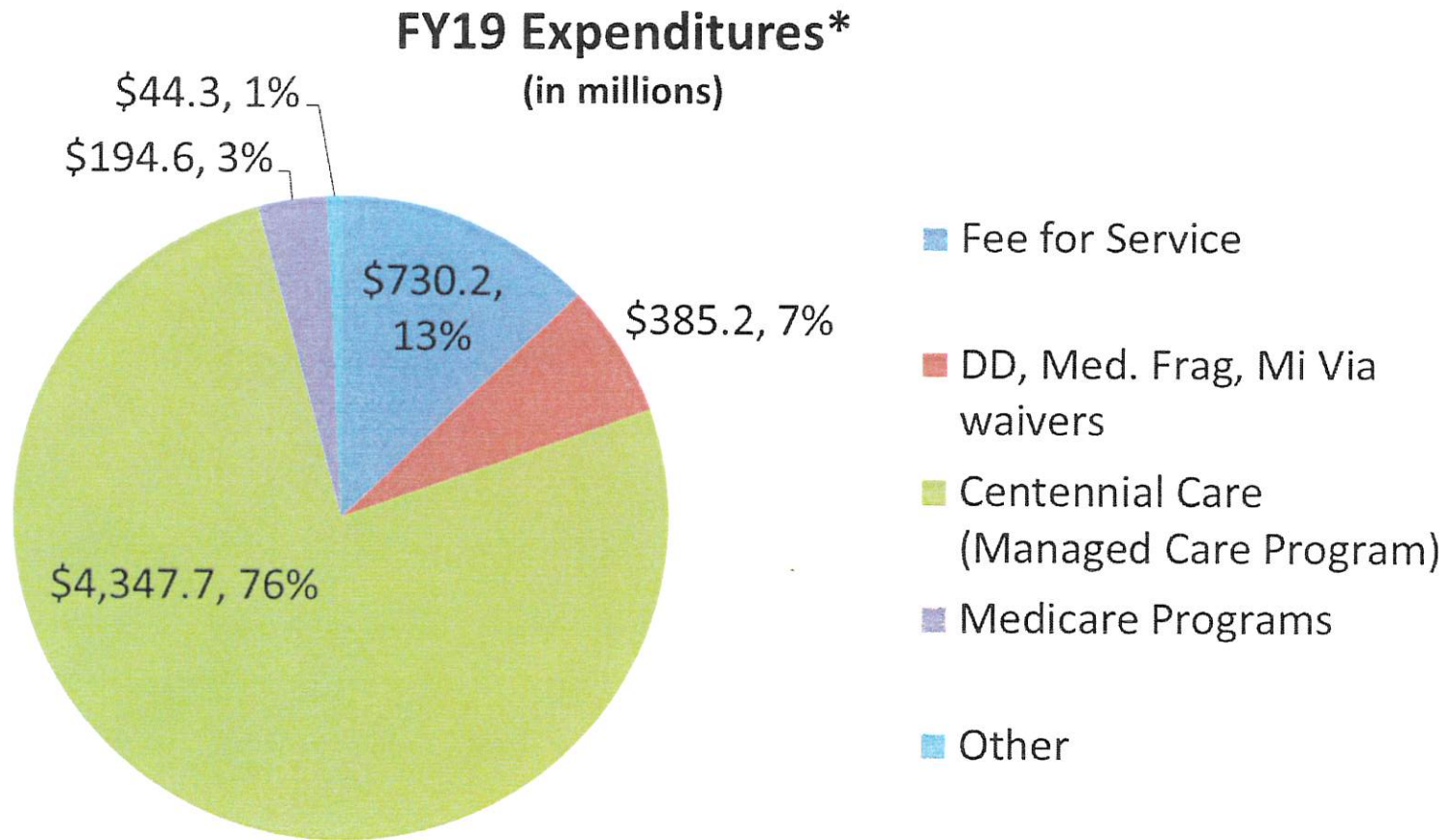
- Jointly financed and state and federal government
 - Multiple Federal Medical Assistance Percentages (FMAP)
 - Title XIX FMAP is ~71% federal, 29% state
 - Expansion FMAP is 94% in CY2018, stepping down to 90% by CY2020
 - Aggregate is ~78% federal, 22% state
- Federal funding received through reimbursement to the state.
 - E.g., State spends \$100, submits claim for federal funds of \$71.
- Expenditures must be for federally allowable purpose
 - the Medicaid State Plan
 - Waiver agreement, e.g., NM's 1115 waiver, Centennial Care

FY19 Medicaid Revenue*
(in millions)



*Projected, 4/2018

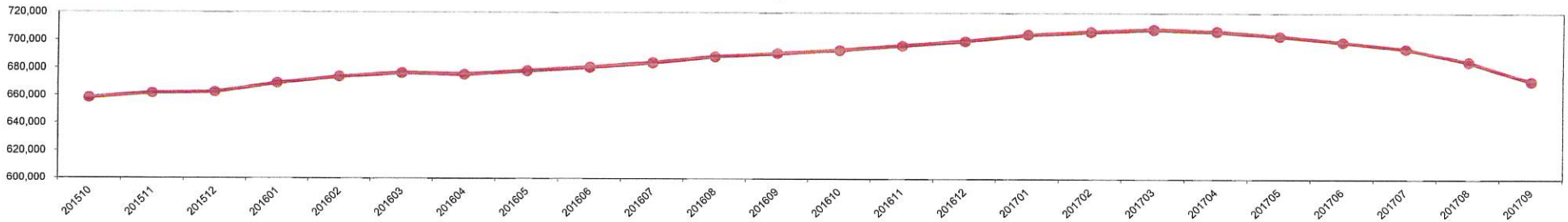
Medicaid Spending



*Projected, 4/2018

1. Total Centennial Care Monthly Enrollment

Centennial Care Managed Care Enrollment



2. Total Centennial Care Dollars and Member Months by Program

Population	Aggregate Member Months by Program		
	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	4,849,767	4,942,490	2%
Long Term Services and Supports	587,197	594,753	1%
Other Adult Group	2,663,852	2,832,882	6%
Total Member Months	8,100,816	8,370,125	3%

Programs	Aggregate Medical Costs by Program			Per Capita Medical Costs by Program (PMPM)		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	\$ 1,267,457,482	\$ 1,273,876,100	1%	\$ 261.34	\$ 257.74	-1%
Long Term Services and Supports	\$ 902,395,324	\$ 888,165,627	-2%	\$ 1,536.78	\$ 1,493.34	-3%
Other Adult Group Physical Health	\$ 1,023,220,261	\$ 1,062,072,935	4%	\$ 384.11	\$ 374.91	-2%
Behavioral Health - All Members	\$ 327,439,490	\$ 354,484,096	8%	\$ 40.42	\$ 42.35	5%
Total Medical Costs	\$ 3,520,512,557	\$ 3,578,598,757	2%	\$ 434.59	\$ 427.54	-2%

Aggregate Non-Medical Costs	Previous (12 mon)			Current (12 mon)			% Change
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change	
Admin. care coordination, Centennial Rewards	\$ 371,761,396	\$ 362,167,729	-3%	\$ 45.89	\$ 43.27	-6%	
NMMP Assessment	\$ 54,111,675	\$ 63,516,589	17%	\$ 6.68	\$ 7.59	14%	
Premium Tax - Net of NMMP Offset	\$ 148,322,403	\$ 131,246,264	-12%	\$ 18.31	\$ 15.68	-14%	
Total Non-Medical Costs	\$ 574,195,473	\$ 556,930,582	-3%	\$ 70.88	\$ 66.54	-6%	

Estimated Total Centennial Care Costs	Previous (12 mon)	Current (12 mon)	% Change
	\$ 4,094,708,031	\$ 4,135,529,340	1%

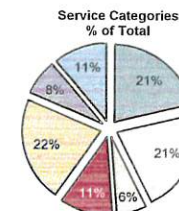
3. Total Program Medical/Pharmacy Dollars

Medical Pharmacy	Aggregate Costs by Service Categories			Per Capita Medical Costs by Program (PMPM)		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
	\$ 3,133,307,895	\$ 3,173,482,819	1%	\$ 386.79	\$ 379.14	-2%
	\$ 387,204,662	\$ 405,115,938	5%	\$ 47.80	\$ 48.40	1%
Total	\$ 3,520,512,557	\$ 3,578,598,757	2%	\$ 434.59	\$ 427.54	-2%

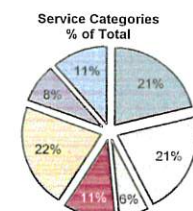
Service Categories	Aggregate Costs by Service Categories			Per Capita Medical Costs by Program (PMPM)		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
Acute Inpatient	\$ 748,419,342	\$ 756,782,321	1%	\$ 92.39	\$ 90.41	-2%
Acute Outp/Phy	\$ 752,888,000	\$ 760,832,397	1%	\$ 92.94	\$ 90.90	-2%
Nursing Facility	\$ 216,119,167	\$ 214,652,148	-1%	\$ 26.68	\$ 25.65	-4%
Community Benefit/PCO	\$ 383,849,560	\$ 376,959,701	-2%	\$ 47.38	\$ 45.04	-5%
Other Services	\$ 767,257,865	\$ 775,172,362	1%	\$ 94.71	\$ 92.61	-2%
Behavioral Health	\$ 264,773,962	\$ 289,083,891	9%	\$ 32.68	\$ 34.54	6%
Pharmacy (All)	\$ 387,204,662	\$ 405,115,938	5%	\$ 47.80	\$ 48.40	1%
Total Costs	\$ 3,520,512,557	\$ 3,578,598,757	2%	\$ 434.59	\$ 427.54	-2%

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

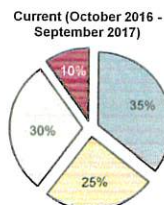
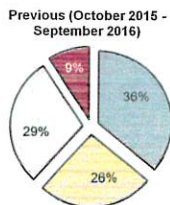
Previous (12 mon) service distribution



Current (12 mon) service distribution

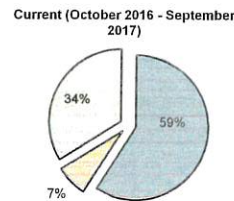
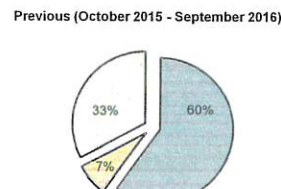


Centennial Care Medical



*See above for legend.

Centennial Care Member Months



*See above for legend.

4. Notes

1. Data reflects medical and pharmacy expenditures only. The data relies on financial statements submitted by the managed care organizations. The expenditures exclude Indian Health Services, Tribal 638 and non-state plan services. Values are based on information currently available and subject to change as new information becomes available.
2. Other Adult Group continues to see enrollment growth. Dollar comparisons between previous and current periods reflect this significant change in enrollment.
3. Other Services includes, but is not limited to, the following services: emergency department utilization, emergency transportation, non-emergency transportation, vision, and dental.

Medicaid Spending

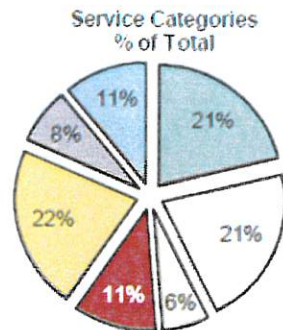
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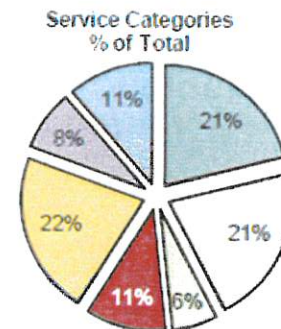
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Previous (12 mon) service distribution



Current (12 mon) service distribution



Medicaid Spending: Taxes and Assessments

- Premium Tax: Health insurance plans, including Medicaid managed care organization pay a tax on premium revenue, in lieu of all other taxes, at a rate of 4.003%
 - 3.003%, plus 1% surcharge on health insurance premiums
- Assessments: Operating and other costs ('losses') assessed to health insurance plans by the NM Medical Insurance Pool and the NM Health Insurance Exchange
- Gross Receipts Tax: receipts from Medicaid and Medicaid managed organizations are taxable. These costs impact the rates that providers are paid.
- Medicaid Provider Taxes: taxes levied on providers, usually within specific federal rules and regulations, often to produce state share of Medicaid spending and/or increase provider rates.

Medicaid and the Premium Tax

- Rates HSD sets with MCOs must include costs of doing business
- In 2017, ~\$130 million added to MCO rates for cost of the premium tax (~\$101M federal funds; \$29M state funds)
- Premium tax “add on” is reduced by the premium tax credit received by health plans for NMMIP assessment
- Federal Health Insurance Provider Fee
 - Federal tax on insurers

Medicaid and Assessments

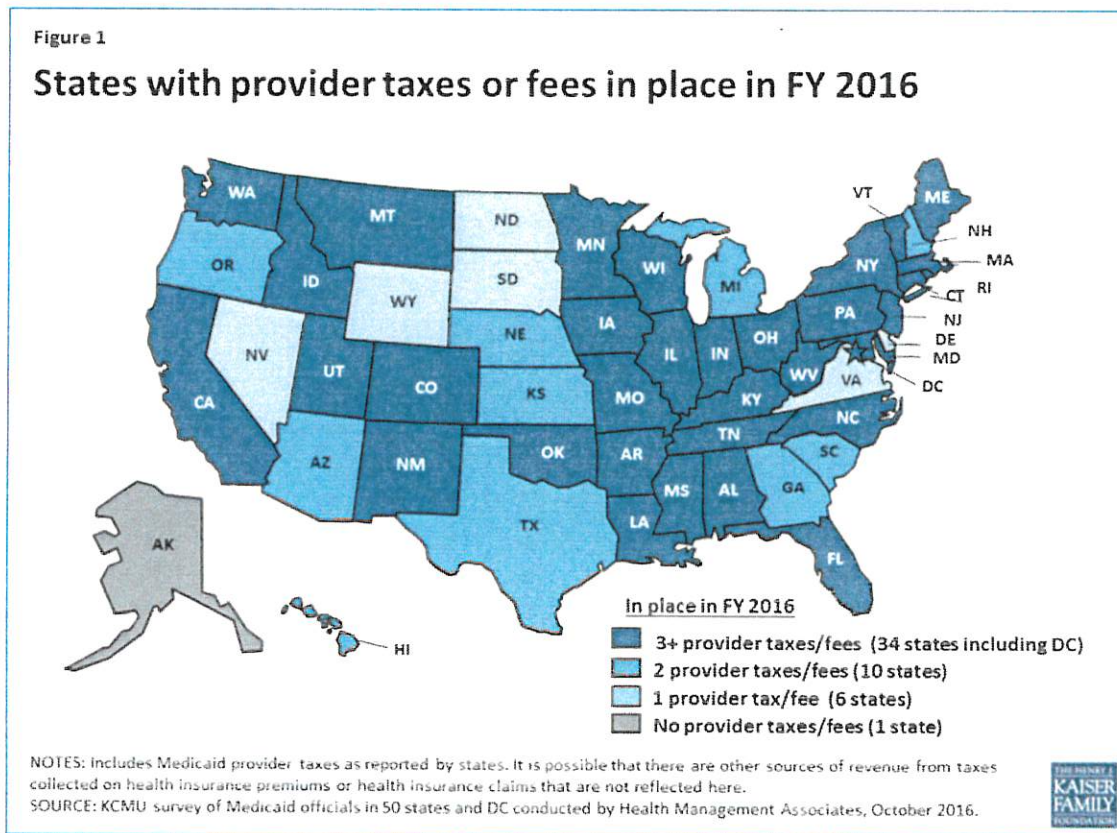
- The NM Medical Insurance Pool
 - ~\$63 million added to MCO rates for the cost of the assessment (\$49M federal; \$14 million state)
 - MCO and health insurers receive a premium tax credit (~55%) of the assessment amount
 - Credit reduces the premium tax add-on by about .5%-1%.
- NM Health Insurance Exchange (HIX)
 - Operating budget of the HIX assessed to insurers; about 80% is assessed to MCOs
 - 2017 cost of ~\$9 million (\$7M Federal; \$2M state)

Medicaid and the GRT

- Medicaid receipts, from managed care and fee-for-service, are subject to GRT
- This GRT cost is not specifically identified in the actuarial rate structure of the MCO payments (but is part of the MCO “experience”). That is, the cost is built into Medicaid health care expenditures.
- Increases to the GRT rate for health care providers will be realized as additional costs for the Medicaid program
- Conversely, reductions to the GRT should lower Medicaid expenditures.

Medicaid Provider Taxes

- Fee, assessment or mandatory payment where 85% of burden is on health care providers.
- Federal law and regulation prohibits use of provider tax revenue for state share of Medicaid spending, unless the tax is:
 - broad-based
 - uniformly imposed
 - and does not hold providers harmless from the tax burden
- But, hold harmless is met under two prong test:
 - Less than 6% of patient revenue
 - 75/75 rule (more than 75% of taxpayers don't receive more than 75% of costs from higher payments)



Questions?

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