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Code 630

Brent Earnest, Secretary

ISSUES FOR HEARING
Human Services Department

- The Human Services Department's (HSD) FY18 budget request was $7.350 billion from all revenue sources, a $424.6 million, or 6 percent increase compared to the FY17 adjusted operating budget.
- The Medicaid program represents the vast majority of the total increase and included general fund of $1.034 billion, an increase of $120 million, or 13 percent, over the FY17 appropriation.
- Key factors impacting the FY18 request include:
    - Reduced federal matching funds for the Medicaid expansion population, an estimated $43.3 million impact to the general fund;
    - Increased enrollment, an estimated $42.2 million general fund impact;
    - The return of a federally-required health insurer provider fee which was waived in FY17. This will require an estimated $20.8 million to be built into managed care organization (MCO) rates as a cost of doing business.
- While FY18 included cost increases trending from FY17, it does not cover prior-year cost overruns, including a push-forward of $20.7 million from FY16 to FY17; consequently, the department will seek a supplemental appropriation for FY17 of $34.3 million for the Medicaid program.
- The department's request also assumed $16 million in additional cost containment savings for FY18 which could include cost-sharing initiatives, such as required copayments, benefit changes, and potential increases in federal support due to a new federal allowance for services provided to Native Americans. The request for Medicaid administration included a 5 percent reduction from the FY17 adjusted operating budget.
- The final federal match rate (FMAP) for the base Medicaid population released in October was higher than what the department estimated in its September budget request. While a higher FMAP reflects decreased per capita income for New Mexico compared with other states, the higher rate will save the state an estimated $31.5 million in general fund revenue.

- HSD's request for tobacco settlement program funds for Medicaid was a total of $27.8 million, $500 thousand over the FY17 appropriation. This includes $1.3 million for breast and cervical cancer treatment, $7.9 million for Medicaid in the base budget, and an additional $20.8 million which would require authorizing legislation in the 2017 legislative session.

- After FY17 solvency decreases, the general fund request for the Behavioral Health Services Division of $37.9 million reflects a $753.4 thousand, or 2 percent, increase over the FY17 adjusted operating budget. LFC staff requested additional information about programmatic priorities and detailed information about the department's plan to assume the administrative service functions from OptumHealth beginning in FY18.

- The Income Support Division (ISD) request reflects a 2.5 percent increase after FY17 solvency reductions. ISD implemented reductions in certain administrative expenses, such as potential field office consolidations, to offset increases in fixed and other costs.

- It is not clear how much the department may have to pay for the court-ordered Special Master (SM) appointed to objectively measure HSD progress meeting state and federal mandates for administering federal Medicaid and SNAP benefits; however, while the SM salary could be as little as $200 thousand, HSD will also be required to pay for staff, supplies, travel, and office space for the SM.

- The request from the recurring TANF block grant was $139.7 million, with a projected carryover balance of $39.8 million. New Mexico receives a recurring block grant of $110.6 million; the request would spend about $29.1 million of current carry forward balances. Due to concerns about diminishing carry-forward balances, the department did not request TANF funds for new initiatives and maintained funding for child care services, Pre-K, home visiting and supportive housing flat with FY17.

- The FY18 request for federal SNAP funds was $704 million, $22 million over the FY17 operating budget. While nationally SNAP caseload growth slowed -5.4 percent from 2013 to 2015, caseloads grew by 2.9 percent in New Mexico.

- The FY18 request for Program Support and Child Support Enforcement included an additional 2.5 percent reduction from the adjusted FY17 operating budget. The reductions will be implemented primarily through vacancy savings and projected savings in the other cost category.

AGENCY: Human Services Department

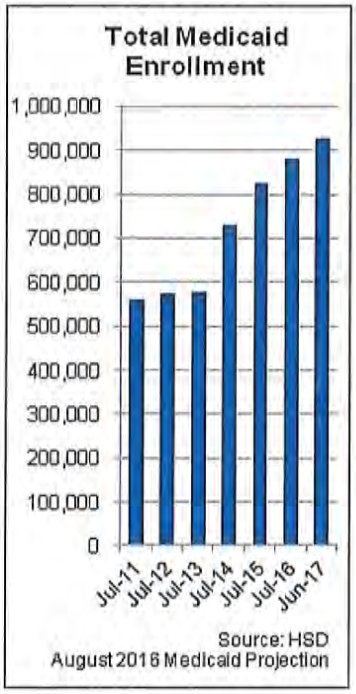
DATE: October 26, 2016

PURPOSE OF HEARING: Preview of FY18 Medicaid and TANF appropriation request

WITNESS: Brent Earnest, Cabinet Secretary; Sean Pearson, Deputy Secretary; Michael Nelson, Deputy Secretary; Nancy Smith-Leslie, Medical Assistance Director

PREPARED BY: Christine Boerner, LFC Senior Fiscal Analyst

EXPECTED OUTCOME: Informational



BACKGROUND INFORMATION

The Human Services Department's (HSD) FY18 budget request was $7.350 billion from all revenue sources, a $424.6 million, or 6 percent increase compared to the adjusted FY17 operating budget. The Medicaid program represents the vast majority of the increase and included general fund of $1.034 billion, an increase of $120 million, or 13 percent, compared to the adjusted FY17 appropriation (see Appendix 1).

2016 Legislative Session Solvency Impacts. After 2016 legislative session solvency reductions, the FY18 request included an additional 2.5 percent reduction from the adjusted FY17 operating budget for Program Support and Child Support Enforcement, and an additional 5 percent reduction for Medicaid Administration. The Income Support Division (ISD) request reflects a 2.5 percent increase after FY17 solvency reductions; ISD implemented reductions in certain administrative costs to offset other cost increases, but faces new expenses associated with a court-appointed Special Master charged with objectively measuring HSD progress on meeting federal requirements for benefit administration. Finally, after solvency reductions, the Behavioral Health Services Division request reflects a 2 percent increase over the FY17 adjusted operating budget.

Key Cost Drivers. Key factors impacting the FY18 request include reduced federal matching funds for the Medicaid expansion population, increased enrollment, and other impacts, such as the resumption of a federally-required health insurer provider fee. While FY18 includes cost increases trending from FY17, it does not cover prior-year cost overruns including a push-forward of $20.7 million from FY16 to FY17; consequently, the department may seek a supplemental appropriation for FY17 of about $34.3 million.

FY18 Cost Containment. The department's request also assumed $16 million in additional cost containment savings for FY18. However, the final FY18 federal match rate (FMAP) for the base Medicaid population was higher than what HSD assumed in its September budget request. The department may use some of the estimated $31.5 million in savings to reduce the amount of required containment.

Medicaid Overview

By the beginning of FY18, Medicaid is projected to provide comprehensive medical care, including hospitalization, doctor visits, pharmaceuticals, etc, vision services, and dental services to more than 928,000 New Mexicans – over a third of the state's population – primarily children, pregnant mothers, parents in the Temporary Assistance for Needy Families (TANF) program, and certain elderly and disabled individuals receiving Supplemental Security Income (SSI).

Medicaid Expansion Under the Affordable Care Act

Effective January 1, 2014, New Mexico began expanding Medicaid as allowed by the federal Affordable Care Act. For New Mexico, this means all adults with incomes up to 138 percent of the federal poverty level, about $16,242 for a single person, are eligible for Medicaid. Two years ago, HSD estimated approximately 215,721 individuals would enroll by FY16; however, fiscal year 2016 ultimately closed with a reported 248,612 individuals in the expansion population and is expected to grow to an estimated 263,626 people by the end of FY17.

The federal government covered 100 percent of the cost for these newly eligible adults in fiscal years 2014 through 2016. However, effective January 2017 the federal match will decline to 95 percent, resulting in an estimated $40.8 million general fund impact in state fiscal year 2017. In January 2018 the federal match will decline further to 94 percent, impacting general fund revenue an estimated $43.3 million in FY18. Federal funding will gradually decrease further, until reaching 90 percent in 2020 and beyond. Medicaid enrollment due to the Affordable Care Act beginning January 2015 included transfers from the State Coverage Initiative Insurance Program, and an unanticipated number of new applicants to the base Medicaid program for whom the state receives the standard federal match (72.16 percent in FY18). Enrollment is anticipated to eventually flatten as the majority of newly eligible people take advantage of the benefit. HSD is expected to provide an updated scenario for enrollment projections for FY17 through FY20 once it has incorporated the final FY18 FMAP.

FY18 Medicaid Appropriation Request

Total Medicaid expenditures, including Medicaid Behavioral Health and excluding administrative costs, are projected to reach $6.413 billion in FY18.

Major HSD Assumptions in the FY18 Budget Request Include:

Prior Year Shortfalls. HSD noted the FY18 request does not cover a projected $34.3 million general fund shortfall for FY17, $20.7 million of which is a deficit being pushed forward from FY16 to FY17. Consequently, the department indicated it will seek a supplemental appropriation for FY17 during the upcoming legislative session.

Federal Match. The federal match for the Medicaid expansion population dropped from 100 percent to 95 percent effective January 2017, expected to impact the general fund by about $42.2 million in FY17. In January 2018 the federal match drops further to 94 percent. HSD projects the impact to the general fund in FY18 will be about $43.3 million. The match continues at this more gradual decline through calendar year 2020 to 90 percent.

However, the state will benefit from higher Federal Medical Assistance Percentages (FMAP) for its base populations and enhanced rates (100 percent) for the Children's Health Insurance program (called EFMAP). The FY18 request (submitted September 1, 2016) is based on a preliminary

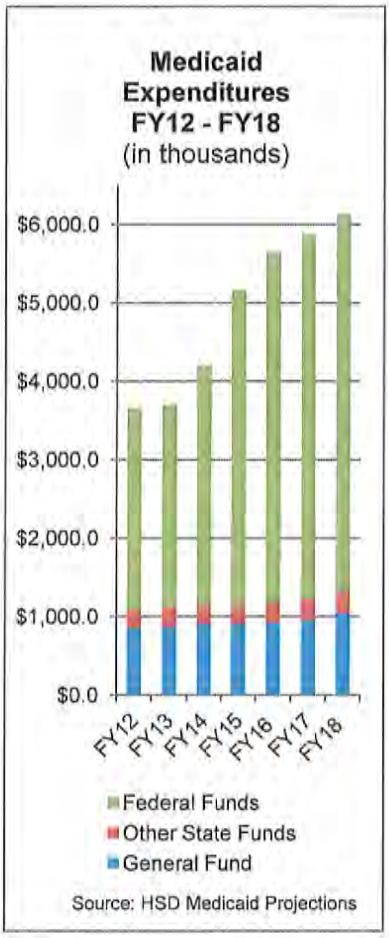
Centennial Care.

HSD received federal approval for a Section 1115 Medicaid waiver to implement Centennial Care beginning January 1, 2014. Key elements of the waiver include: 1) consolidate all 12 current waivers (except developmental disabilities) into a single waiver to reduce administrative complexity; 2) promote integrated care and improve case management; 3) integrate physical and behavioral healthcare (provided by fewer managed care organizations), and; 4) payment reform targeted toward paying for improved patient outcomes.

The current Centennial Care waiver expires December 31, 2018. Beginning October 2016, the 1115 Waiver Renewal Subcommittee to the Medicaid Advisory Committee begins its deliberations to develop recommendations for a waiver renewal concept paper to be shared with the public, Tribal entities, and the Centers for Medicare and Medicaid in the spring of 2017.

Centennial Care Contractors currently providing physical, behavioral, and long-term services:

Blue Cross Blue Shield
Presbyterian
Molina
United Health Care



FY18 FMAP of 71.06 percent released by the Federal Funds Information for States (FFIS) in March 2016. In October 2016, the FFIS reported a final higher FY17 FMAP of 72.16 percent. While a higher FMAP reflects decreased per capita income for New Mexico compared with other states, the higher rate will save the state an estimated $31.5 million in general fund revenue. HSD stated it will apply some of the savings against its projected $16 million in cost containment initiatives (see #4 below).

Enrollment. Increased enrollment across all member cohorts is one of the largest drivers of costs in FY18. HSD projects more than $42 million in general fund need for physical and behavioral health, LTSS and the expansion population. HSD's August 2016 projection indicated total Medicaid enrollment would increase to 877,028 by the end of FY16, slightly lower than its projection of 880,838 a year ago. The department expects total enrollment to grow to 927,547 by the end of FY17; of these 263,626 are in the newly eligible category and 400,313 are children enrolled in Medicaid.

With the expansion of Medicaid to adults with incomes up to 138 percent of the federal poverty level beginning in calendar year 2014, enrollment growth increased to nearly 32 percent over FY14. Enrollment remained high at nearly 13 percent in FY15 as the first full year of expansion closed. By FY16 and FY17, enrollment rates decreased to about 6 percent and 5 percent respectively, as the remaining pool of eligible applicants shrank. While still a major cost driver, overall enrollment is expected to taper further in FY18.

Federally-Required Provider Fee. The fee, established by the federal government to generate revenue to support the Affordable Care Act, will require an estimated $20.8 million be built into managed care organization (MCO) rates as a cost of doing business. The fee was waived for FY17, but states are required to administer the fee in FY18.

Cost Containment. The FY18 request included an additional $16 million of general fund in cost containment initiatives, or about $55.3 million with all funds included. However, absent additional rate reductions, the range of options for finding savings is more limited. Cost containment items may include cost sharing initiatives, such as copayments, Medicaid benefit changes, and additional federal revenue from implementation of new federal rules that allow for 100 percent federal support for Medicaid services to Native Americans under a broader set of circumstances.

Long Term Care Services and Supports (LTSS). Late in FY15, HSD noticed an "unprecedented" shift of clients from the physical health cohort, with an average monthly cost $850 - $1,200, to a long-term care cohort with average monthly cost $3,600 - $4,000. HSD contracted with a firm to audit a sample of these cases to determine if the moves were appropriate and found they were generally clinically justified. While rate reductions have slowed the growth in costs somewhat, increases in enrollment, utilization, and prices result in a projected general fund impact of $26.3 million, larger than any other member category.

Medicaid Behavioral Health. HSD requested nearly $10 million in additional general fund revenue for the Medicaid Behavioral Health

program. This represents about a 9 percent increase over the FY17 operating budget.

Safety Net Care Pool. For FY17, the HSD budget maintained $9 million in general fund revenues for the pool which supplemented the 1/12 increment GRT tax contributed by counties. However, for FY18 HSD reduced a prior hospital Medicaid rate increase for hospitals; the department elected to reduce SNCP enhanced rates to the level of matching funds available from counties and the $9 million general fund appropriation.

Administrative Costs. The requested Medicaid administrative budget was reduced by 5 percent.

Projected Medicaid Expenditures
(in thousands)

Major Categories	FY16 Preliminary Aug 2016 Projection	FY17 Projection Aug 2016 Projection	FY18 Request Sept 2016 Request	FY17-FY18 Change
1) Fee for Service	$676,415	$727,693	$742,707	2.1%
2) Waiver Programs including Developmental Disabilities	$351,511	$360,557	$358,006	-0.7%
3) Managed Care				
Physical Health	$1,536,712	$1,565,435	$1,631,836	4.2%
Long Term Services	$1,055,443	$1,110,522	$1,200,951	8.1%
Behavioral Health	$345,664	$378,810	$394,395	4.1%
4) Medicaid Costs for Medicare Patients	$147,911	$180,051	$192,051	6.7%
5) Rate Increase for Primary Care Services	$11,252			--
6) Insurer's Fee	$95,281		$101,483	100%
7) Newly Eligibles				
Physical Health	$1,280,077	$1,372,609	$1,450,800	5.7%
Behavioral Health	$98,413	$109,140	$115,414	5.7%
8) Other Costs/Adjustments	$13,566	$13,000	$11,000	-15.4%
9) Prior Year Charged to Current Year	$113,467	$69,756		-100%
10) Current Year Charged to Future Year	$-69,756			--
11) Cost Containment		$-161,000	$-55,325	
Grand Total	**$5,157,816**	**$5,887,573**	**$6,143,317**	4.3%
Change from Prior Year	9.6%	4.1%	4.3%	

While in August 2016 HSD reported a 10 percent increase in aggregate costs across all service categories from the previous 12 months, it also noted a decrease in per-person medical and administrative costs for the same period.

For the measurement period of April 1, 2015 to March 31, 2016, cost increases appeared to be associated almost entirely with enrollment growth.

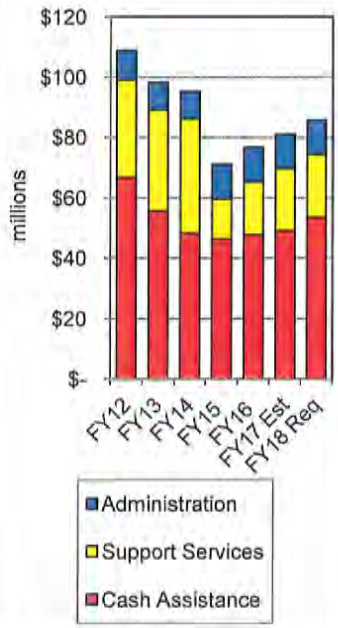
Tobacco Funding. HSD's request for tobacco settlement program funds for Medicaid was $27.8 million, $500 thousand over the FY17 appropriation. This includes $1.3 million for breast and cervical cancer treatment, $7.9 million for Medicaid in the base budget, and an additional $20.8 million which would require authorizing legislation in the 2017 legislative session. In the 2015 and 2016 legislative sessions, the Legislature passed and the governor signed a bill allowing the total amount of money distributed to the tobacco settlement permanent fund to be distributed to the tobacco settlement program fund for FY16 and FY17.

State Funded Behavioral Health Services

The Behavioral Health Services Division (BHSD) request was $57.2 million from all sources. After FY17 solvency decreases, the general fund request of $37.9 million reflects a $753.4 thousand, or 2 percent, increase over the FY17 adjusted operating budget. HSD notes $200 thousand in general fund savings is anticipated by cost allocating the New Mexico Crisis and Access line to Medicaid for those clients enrolled in the Medicaid program.

As part of the move to Centennial Care in January 2014, HSD required managed care organizations to provide behavioral health services. Most of BHSD funding for behavioral health services has been managed by OptumHealth as an administrative services organization (ASO). However, in FY18 HSD is expected to begin hiring and training staff and augmenting computer systems to begin taking over the ASO functions from OptumHealth. The program will realize some cost savings as more clients rely on Medicaid for their behavioral health services, as opposed to relying on state-funded services through BHSD, as well as expected savings from winding down the OptumHealth contract. However, the department will assume new costs as it gears up to assume ASO functions. LFC looks forward to more detailed cost estimates and expected benefits as the program assumes the ASO functions.

Temporary Assistance for Needy Families Expenditures



Note: Excludes TANF transfers to other agencies.

Source: LFC Files

Temporary Assistance for Needy Families (TANF)

Overall, the request from the recurring TANF block grant was $139.7 million, including a projected carryover balance of $39.8 million. Due to concerns about diminishing carry-forward balances, the department did not request TANF funds for any new initiatives and maintained transfers to the Children, Youth, and Families Department and other agencies for child care services, Pre-K, home visiting and supportive housing flat with FY17 (see Appendix 2).

Background

Under the TANF program, states receive a federal block grant to provide cash assistance and work support programs to low-income families. States have broad discretion to meet the program's four stated goals, but are required to report on work participation rates of TANF clients. Failure to meet federally established work rates could trigger penalties.

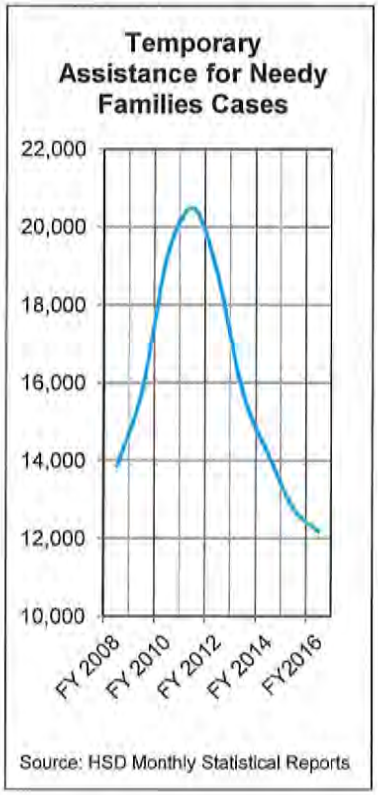
The TANF caseload saw significant increases during the economic recession, peaking at 21,514 cases, or about 54,802 recipients, in December 2010, an increase of 57 percent. However, since the beginning of 2011 the number of cases has dropped. Nationally, the average monthly number of TANF recipients declined 24 percent from CY13 to CY16; in New Mexico the decline was 19.8 percent. The New Mexico TANF caseload was 12,174 in June 2016, a decrease of 4.5 percent from June 2015, about 31,969 individuals: 8,446 adults and 23,523 children.

HSD has speculated in the past that implementation of a 15 percent reduction in benefits in FY11, as well as changes in eligibility criteria including stricter job search requirements, the ease of obtaining Supplemental Nutritional Assistance program (SNAP) benefits, and the increase in clients with Social Security disability coverage have also impacted program participation. In FY16, the department implemented a 7.5 percent increase in the cash benefit amount; however, the change had little impact on enrollment and the year ended about $6 million under budget, contributing to carry-over balances going forward.

FY18 TANF Appropriation Detail. The requested transfer to CYFD and PED for child care services, Pre-K, Home Visiting and Supportive Housing remain at the FY17 levels.

For FY18, the department maintained the following workforce initiatives intended to help TANF recipients move into the workforce:

- $50 million for TANF cash assistance benefits;
- $2.75 million for twice-per-year clothing allowances;
- $9.7 million for the TANF NM Works program;
- $2 million for a work subsidy program;
- $1 million to assist clients with obtaining vocational training;
- $500 thousand to assist clients with obtaining a high school equivalency;
- $6.75 million for the TANF NMW Career Links to provide services for-job seeking TANF participants



Other Income Support Programs

HSD requested an increase of $25 million in federal funds for other social support programs.

Supplemental Nutritional Assistance Program (SNAP)

The FY18 request for federal SNAP funds was $704 million, $22 million over the FY17 operating budget. While nationally SNAP caseload growth slowed -5.4 percent from 2013 to 2015, caseloads grew in a few states, including a 2.9 percent increase in New Mexico. The SNAP caseload in June 2016 was 256,301, a 10.4 percent increase from one year ago. This translates to 531,628 individuals, including 306,517 adults and 225,111 children; the increase was largely attributable to adults.

Studies of the economy and SNAP caseloads at the state and local level found the state of the economy explained 70 percent to 90 percent of the increase in caseloads; it also found lags of up to two years between changes in the economy and changes in SNAP participation. Additionally, studies show even in states with improving economies, SNAP is reaching a larger share of eligible people, especially working families.

Low Income Home Energy Assistance Program (LIHEAP)

The department requested an additional $2.86 million in federal LIHEAP funds, for a total of $19.8 million. New Mexico received the third largest increase in LIHEAP from FY15 to FY16, at 5.2 percent, Louisiana received a 10 percent increase while Mississippi received a 7.6 percent increase. New Mexico's total FY16 share was $17.8 million. The Low Income Home Energy Assistance Program (LIHEAP) helps keep families safe and healthy through initiatives that assist families with energy costs.

The General Assistance Program provides cash assistance to dependent needy children and disabled adults. As of August 2016, the caseload for General Assistance was 3,365, an increase of 1.4 percent from one year ago and an increase of 138 cases from the prior month.

The expenditure projection for General Assistance in FY17 is $10.3 million, up 3.1 percent from FY16 actual expenditures. The projection for FY18 is also $10.3 million.

The department's overall general fund request for the Income Support Program remained flat for FY18; however, due to anticipated administrative and fixed cost increases, the department had to reduce in other areas, including the potential consolidation of some field offices.

Program Support

After FY17 solvency reductions, the FY18 request for Program Support included an additional 2.5 percent reduction from the adjusted FY17 operating budget for Program Support. HSD states the reduction would be implemented primarily through vacancy savings and some projected savings in the other cost category.

Questions:

1) Provide an update regarding HSD planned efforts to assume the administrative services functions from OptumHealth within the BHSD.
2) What are the estimated savings from the department's planned proposal to the Centers for Medicare and Medicaid for implementation of selected copayments?
3) Provide an update regarding expected costs associated with appointment of a Special Master and potential mediator.
4) Provide enrollment and projections for FY18 to FY20 if available.

CB/al

Human Services Department
(in thousands)

Medical Assistance		
FY17 OpBud	**806,149.0**	**191.5**
FY17 Projected shortfall (build into FY18 base)	13,621.0	
Enrollment growth	42,203.0	
Utilization and price increase	8,835.0	
Fee-for-service lines	3,738.0	
Medicare Parts A, B, & D	8,197.0	
Health insurers' provider fee	20,771.0	
Cost containment	(15,998.9)	
Revenue changes		
Reduced federal support for expansion population	43,332.0	
FY18 FMAP	(4,407.0)	
Medicaid school-based services CPE	(264.0)	
County supported Medicaid fund	3,750.0	
Tobacco settlement revenue	(500.0)	
County supported hospital payments	(844.0)	
Additional UNM Hospital IGT	(415.0)	
Drug rebates	(2,002.0)	
Pull out Medicaid behavioral health	(9,866.1)	
Subtotal FY18	**916,299.0**	**191.5**
% Change from FY17 OpBud	**13.7%**	**0.0%**
Medicaid Behavioral Health		
FY17 OpBud	**107,487.9**	**-**
Enrollment, utilization, CMS-required mental health parity	9,866.1	
Subtotal FY18 Base	**117,354.0**	**-**
% Change from FY17 OpBud	**9.2%**	**0.0%**
TOTAL MEDICAID (HSD FY18 projection "GF Need")	**1,033,653.0**	
Change from FY17 Unadjusted Opbud (HSD projected GF need over FY17 unadjusted base)	120,016.1	
% change from FY17 Adj Opbud	13.1%	
Medicaid Administration		
FY17 OpBud	**14,996.3**	**-**
Personal services and employee benefits	(129.1)	
Contracts (audits, outreach and data analytics)	(620.7)	
Subtotal FY18 Base	**14,246.5**	**-**
% Change from OpBud	**-5.0%**	**0.0%**
Income Support		
FY17 Base	44,070.1	
FY17 Solvency Reductions	(1,101.8)	
FY17 Adj OpBud	**42,968.3**	**-**
% Change from FY17 Base	**-2.5%**	**0.0%**
Office closures/consolidations and other administrative savings	(191.1)	
Increases in fixed costs: rent, postage, DoIT services, etc.	502.2	
Contracts	(311.1)	
Restore FY17 solvency reduction	1,101.8	
Subtotal FY18 Base	**44,070.1**	**-**
% Change from FY17 Adj OpBud	**2.6%**	**0.0%**

Human Services Department
(in thousands)

Child Support Enforcement		
FY17 Base	7,468.4	1,175.0
FY17 Solvency Reductions	(186.7)	
FY17 Adjusted OpBud	**7,281.7**	**1,175.0**
% Change from FY17 Base	**-0.2%**	**0.0%**
Maintain 18 percent vacancy rate	(126.6)	
Contracts	(36.5)	
Other	(23.7)	
Subtotal FY18 Base	**7,095.0**	**1,175.0**
% Change from Adj FY17 OpBud	**-2.6%**	**0.0%**
Behavioral Health Services Division		
FY17 Base	38,137.0	383.0
FY17 Solvency Reductions	(953.4)	
FY17 OpBud	**37,183.6**	**40.0**
% Change from FY17 Base	**-2.5%**	**0.0%**
Personal services and employee benefits to support takeover of OptumHealth administrative services functions	720.2	
State funded contracts: mental health, substance abuse, and indirect services	(31.1)	
Taxes	(347.3)	
State funded regional crisis stabilization centers	500.0	
Other	(88.4)	
Subtotal FY18 Base	**37,937.0**	**40.0**
% Change from FY17 OpBud	**2.0%**	**0.0%**
Program Support		
FY17 Base	16,115.4	40.0
FY17 Solvency Reductions	(402.9)	
FY16 OpBud	**15,712.5**	**40.0**
% Change from FY12 Base	**-2.5%**	**0.0%**
Personal services and employee benefits - reorganization to prioritize only critical positions	(184.0)	
Personal services and employee benefits - additional IT positions held vacant	(154.7)	
Contracts-IT	(485.3)	
Other-IT Incr software/less maintenance & support	421.2	
Subtotal FY17 Base	**15,309.6**	**40.0**
% Change from OpBud	**-2.6%**	**0.0%**
Total		
FY17 Total Base	1,034,424.1	1,789.5
FY17 Solvency Reductions	(2,644.8)	-
FY17 Adjusted OpBud	**1,031,779.3**	**1,789.5**
% Change from OpBud	**-0.3%**	**0.0%**
FY18 Base Recommendation:	**120,531.9**	**-**
Total FY18 Base	**1,152,311.2**	**1,789.5**
% Change from FY17 Unadjusted OpBud	**11.4%**	**0.0%**

INCOME SUPPORT DIVISION-TANF

FY18 Request

(in thousands)

	FY16 Actuals			FY17 OPBUD			FY17 Projection			FY18 Request		
TANF Revenues	General Fund	Federal Funds	TOTAL	General Fund	Federal Funds	TOTAL	General Fund	Federal Funds	TOTAL	General Fund	Federal Funds	TOTAL
General Funds in HSD for TANF-MOE	87.1		87.1	87.1		87.1	78.1		78.1	87.1		87.1
Prior Year Balances		72,459.8	72,459.8		64,262.0	64,262.0		64,251.3	64,251.3		39,808.3	39,808.3
TANF Block Grant		110,578.1	110,578.1		110,578.1	110,578.1		110,578.1	110,578.1		110,578.1	110,578.1
TANF Contingency Funds		10,859.7	10,859.7			-			-			-
TOTAL REVENUE SOURCES	**87.1**	**193,897.6**	**193,984.7**	**87.1**	**174,840.1**	**174,927.2**	**78.1**	**174,829.4**	**174,907.5**	**87.1**	**150,386.4**	**150,473.5**
STATE EXPENDITURES - USES	General Fund	Federal Funds	TOTAL	General Fund	Federal Funds	TOTAL	General Fund	Federal Funds	TOTAL	General Fund	Federal Funds	TOTAL
TANF Program Support Admin		2,528.0	2,528.0	-	2,528.0	2,528.0	-	2,528.0	2,528.0	-	2,528.0	2,528.0
TANF Income Support Admin (ISD)		8,979.7	8,979.7	-	8,979.7	8,979.7	-	8,979.7	8,979.7	-	8,979.7	8,979.7
TOTAL - ADMIN	-	**11,507.7**	**11,507.7**	-	**11,507.7**	**11,507.7**	-	**11,507.7**	**11,507.7**	-	**11,507.7**	**11,507.7**
TANF Cash Assistance												
Cash Assistance		45,259.1	45,259.1		50,000.0	50,000.0		46,252.4	46,252.4		50,000.0	50,000.0
Clothing Allowance for School Age Kids		1,439.1	1,439.1		2,750.0	2,750.0		2,206.0	2,206.0		2,750.0	2,750.0
Diversion Payments		467.9	467.9		750.0	750.0		479.5	479.5		750.0	750.0
Wage Subsidy Program – 100%		544.1	544.1		-	-		97.0	97.0		-	-
State Funded Legal Alien - MOE	76.4		76.4	87.1	200.0	287.1	78.1		78.1	87.1		87.1
SUBTOTAL, CASH ASSISTANCE	**76.4**	**47,710.2**	**47,786.6**	**87.1**	**53,700.0**	**53,787.1**	**78.1**	**49,034.9**	**49,113.0**	**87.1**	**53,500.0**	**53,587.1**
TANF Support Services												
NMW Workforce Program		9,700.0	9,700.0		9,700.0	9,700.0		9,700.0	9,700.0		9,700.0	9,700.0
Wage Subsidy Program – 100%		1,300.0	1,300.0		1,800.0	1,800.0		1,800.0	1,800.0		2,000.0	2,000.0
Vocational Training			-		1,000.0	1,000.0		1,000.0	1,000.0		1,000.0	1,000.0
High School Equivalancy			-		500.0	500.0		500.0	500.0		500.0	500.0
NMW Substance Abuse Services		1,750.0	1,750.0		-	-		-	-		-	-
NMW Career Links		3,951.0	3,951.0		6,751.0	6,751.0		6,751.0	6,751.0		6,751.0	6,751.0
CSED Alternative Pilot Project		-			-	-		-	-		-	-
TANF Employment Related Costs		700.0	700.0		700.0	700.0		700.0	700.0		700.0	700.0
SUBTOTAL, SUPPORT SERVICES		**17,401.0**	**17,401.0**	-	**20,451.0**	**20,451.0**	-	**20,451.0**	**20,451.0**	-	**20,651.0**	**20,651.0**
CYFD Prekindergarten		13,600.0	13,600.0		14,100.0	14,100.0		14,100.0	14,100.0		14,100.0	14,100.0
CYFD Childcare		30,527.5	30,527.5		30,527.5	30,527.5		30,527.5	30,527.5		30,527.5	30,527.5
CYFD Home Visiting		4,500.0	4,500.0		5,000.0	5,000.0		5,000.0	5,000.0		5,000.0	5,000.0
CYFD Pilot Supportive Housing Project		900.0	900.0		900.0	900.0		900.0	900.0		900.0	900.0
PED Prekindergarten		3,500.0	3,500.0		3,500.0	3,500.0		3,500.0	3,500.0		3,500.0	3,500.0
SUBTOTAL, OTHER AGENCIES		**53,027.5**	**53,027.5**	-	**54,027.5**	**54,027.5**	-	**54,027.5**	**54,027.5**	-	**54,027.5**	**54,027.5**
Suport Svcs/Other Agencies Total		70,428.5	70,428.5		74,478.5	74,478.5		74,478.5	74,478.5		74,678.5	74,678.5
TOTAL ISD Program - TANF	76.4	118,138.7	118,215.1	87.1	128,178.5	128,265.6	78.1	123,513.4	123,591.5	87.1	128,178.5	128,265.6
PROGRAM SUPPORT ADMIN - TANF	-	2,528.0	2,528.0	-	2,528.0	2,528.0	-	2,528.0	2,528.0	-	2,528.0	2,528.0
ISD ADMIN -TANF	-	8,979.7	8,979.7	-	8,979.7	8,979.7	-	8,979.7	8,979.7	-	8,979.7	8,979.7
TOTAL HSD Expenditures		129,646.4	129,722.8		139,686.2	139,773.3		135,021.1	135,099.2		139,686.2	139,773.3
Prior Year Adjustments												
TOTAL HSD -TANF	76.4	129,646.4	129,722.8	87.1	139,686.2	139,773.3	78.1	135,021.1	135,099.2	87.1	139,686.2	139,773.3
FF Surplus (Deficit)	**10.7**	**64,251.9**			**35,153.9**			**39,808.3**			**10,700.2**	

Tobacco Settlement Fund Revenue
FY18 Requests

(in thousands of dollars)		FY16	FY17	FY18 Agency Requests
Estimated Tobacco Revenues				
Beginning Balance Permanent Fund		216,400.0	219,500.0	231,500.0
Estimated Tobacco Revenue		39,600.0	37,000.0	37,000.0
Appropriation to Program Fund		(18,500.0)	(18,500.0)	(18,500.0)
Gains/Losses		3,600.0	12,000.0	13,000.0
Additional Transfer to Program Fund		(21,600.0)	(18,500.0)	(18,500.0)
Total Program Fund Appropriations		**40,100.0**	**37,000.0**	**37,000.0**
Ending Balance Permanent Fund		219,500.0	231,500.0	244,500.0
Tobacco Fund Appropriations				
Agency	**Purpose**			
609 Indian Affairs	Tobacco Cessation Programs	249.3	249.3	249.3
630 Human Services Department	Medicaid -- Breast and Cervical Cancer Treatment	1,312.4	1,255.4	1,312.4
630 Human Services Department	Medicaid	7,907.3	7,563.9	7,907.3
630 Human Services Department	Medicaid, Contingent on Legislation	20,800.0	18,500.0	18,599.3
665 Department of Health	Tobacco Cessation and Prevention	5,682.0	5,435.2	5,435.2
665 Department of Health	Diabetes Prevention and Control	748.0	715.5	715.5
665 Department of Health	HIV/AIDS Services	293.0	293.0	293.0
665 Department of Health	Breast and Cervical Cancer Screening	128.6	128.6	128.6
952 University of New Mexico HSC	Instruction and General Purposes	607.9	581.5	581.5
952 University of New Mexico HSC	Research in Genomics and Environmental Health	979.8	937.2	937.2
952 University of New Mexico HSC	Poison Control Center	590.2	590.2	590.2
952 University of New Mexico HSC	Pediatric Oncology Program	261.4	250.0	250.0
952 University of New Mexico HSC	Specialty Education in Trauma	261.4	250.0	250.0
952 University of New Mexico HSC	Specialty Education in Pediatrics	261.4	250.0	250.0
Sub-total University of New Mexico HSC		**2,962.1**	**2,859.1**	**2,859.1**
Total Appropriations		**40,082.7**	**37,000.0**	**37,499.7**

HUMAN SERVICES
DEPARTMENT

Presentation to the Legislative Finance Committee
Medicaid & TANF: Preview of FY18 Appropriation Request
Brent Earnest, Secretary, HSD
October 26, 2016

HSD Presentation Overview

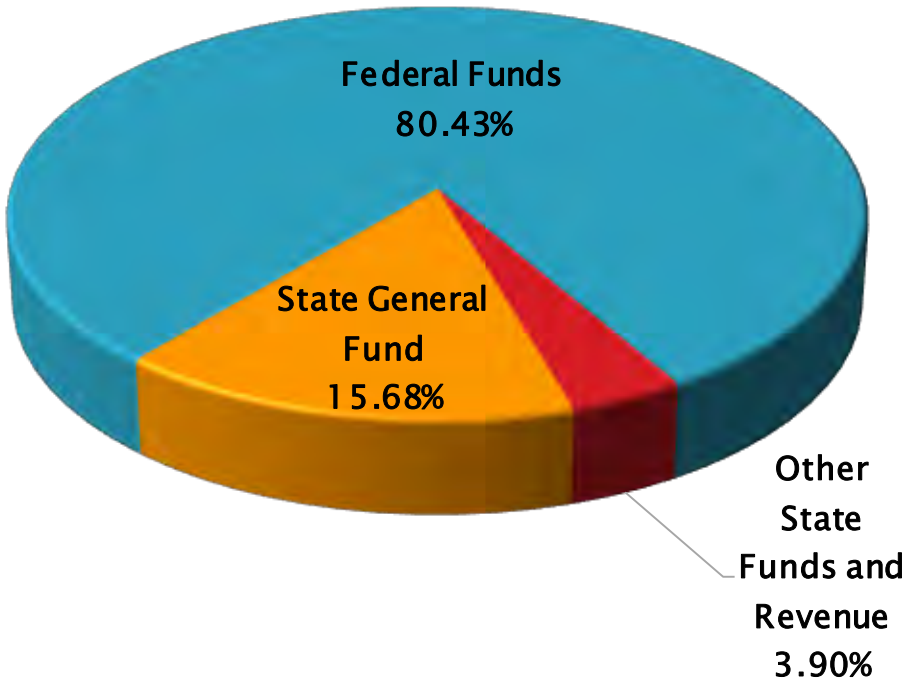
- HSD FY18 Budget Request
- FY17 Budget Update
- Medicaid Enrollment and Cost Trends
- Cost Containment Update
- Centennial Care Update
- Behavioral Health Spending and Performance Report
- Temporary Assistance For Needy Families Budget Request

HUMAN SERVICES DEPARTMENT

HSD FY 18 Appropriation Request

FY 18 Budget Request of $7.35 billion

- 6.1% increase overall
- $1.152 billion from the general fund (increase of $117.9 million or 11.4%)
- $5.912 billion in federal funds (increase of $292.9 million or 5.21%)
- $286.4 million in other state funds and other revenue



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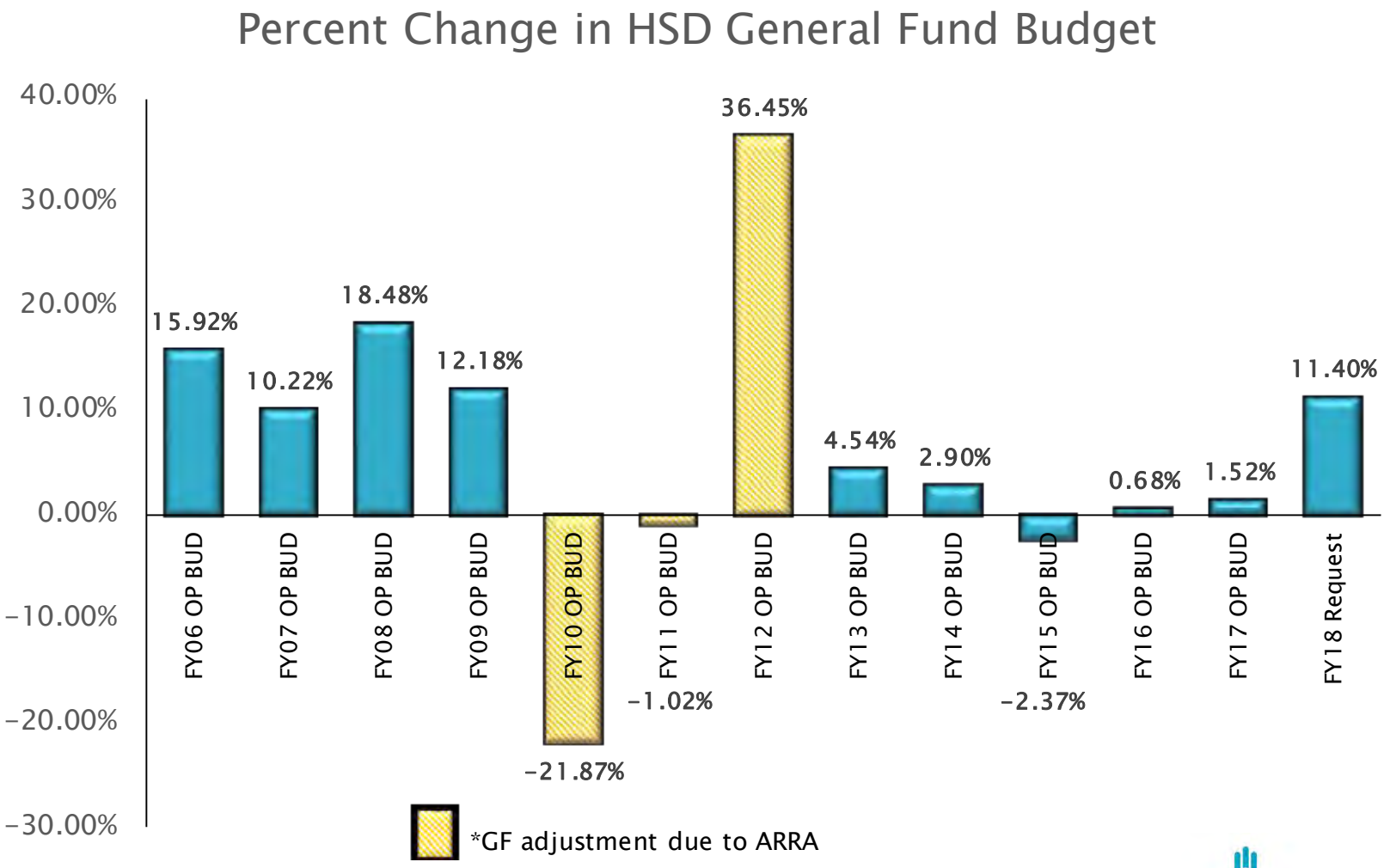
HSD General Fund Budget Change



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SFY17 General Fund Appropriation Reduction

- Reducing spending in non-Medicaid and administrative functions by 2 to 5 percent:
  - Active oversight of hiring activities;
    - The Department has developed a hiring plan to closely monitor FTE levels and ensure only mission-critical positions are filled.
  - Contract expenditure management;
    - Delaying or deferring discretionary purchases under existing contracts such as PC refresh, Xerox and optional/non-critical activities.
  - Operation efficiency focus.
    - Reduce administrative costs in non-Medicaid program ASO contract.
  - Maximizing federal funding, where possible

HUMAN SERVICES DEPARTMENT

FY18 Medicaid Budget Request Highlights

- Enrollment continues to grow but at a slower pace
- Cost trends in Centennial Care are significantly lower than regional and national health care inflation
- Upcoming federal rule changes may impact the budget need
- Overall, update to FY18 projection will reduce general fund appropriation request

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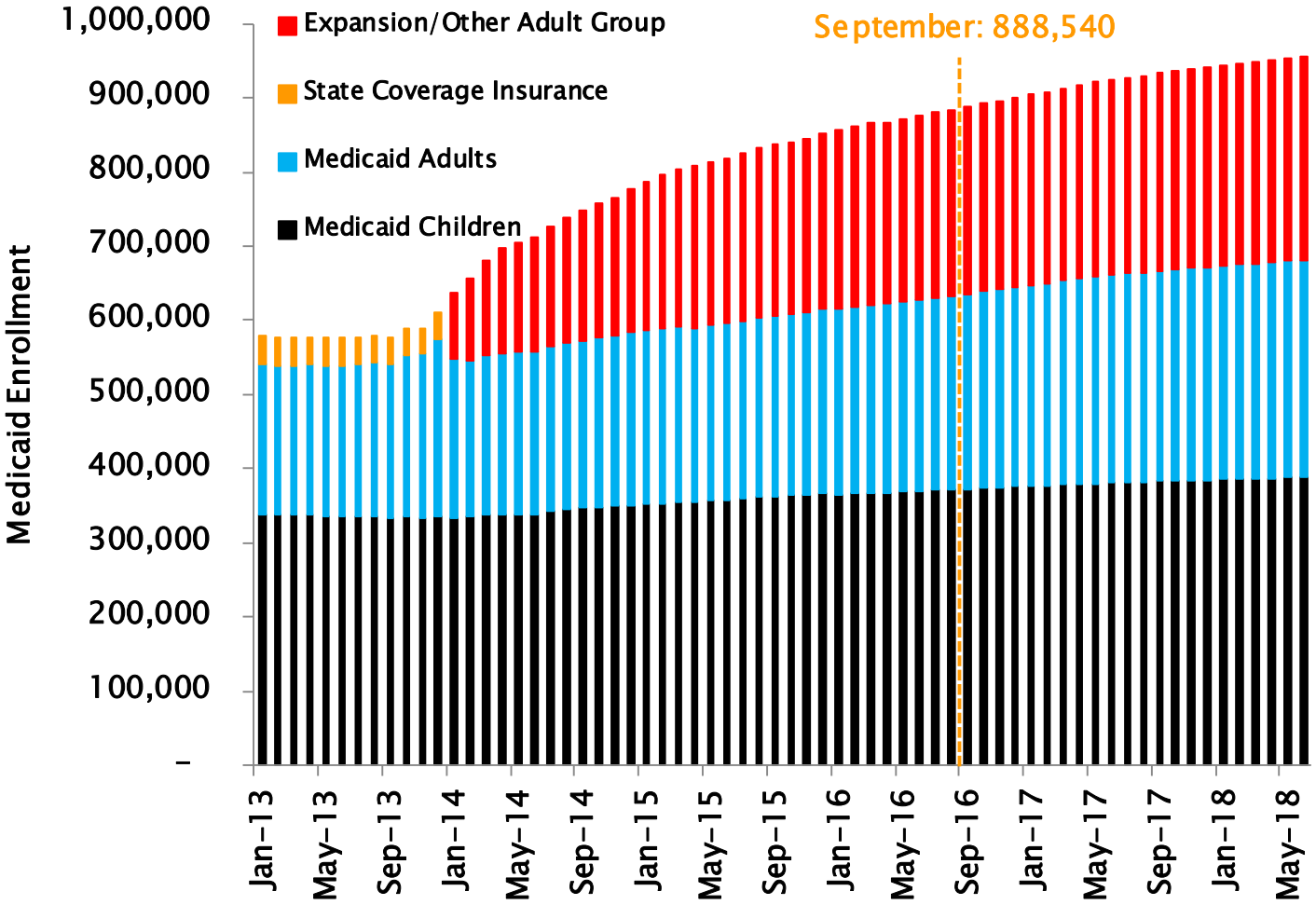
Medicaid Enrollment



June 2018
Projected Enrollment

OAG:
274,075

Medicaid Adults:
293,027

Medicaid Children:
388,298

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Medicaid Enrollment Transformation

- January 2014 also launched adult expansion of Medicaid—Alternative Benefit Package
- Significant enrollment growth in 3 years:

Medicaid Category	Enrollment June 2013	Enrollment June 2016	Percentage Increase
Parents/Caretaker Adults (0-47% FPL)	40,776	76,187	87%
Other Adults (48% - 138% FPL)	36,812 (SCI)	250,571 (Adult Expansion)	581%
All Medicaid	**575,908**	**874,985**	**52%**

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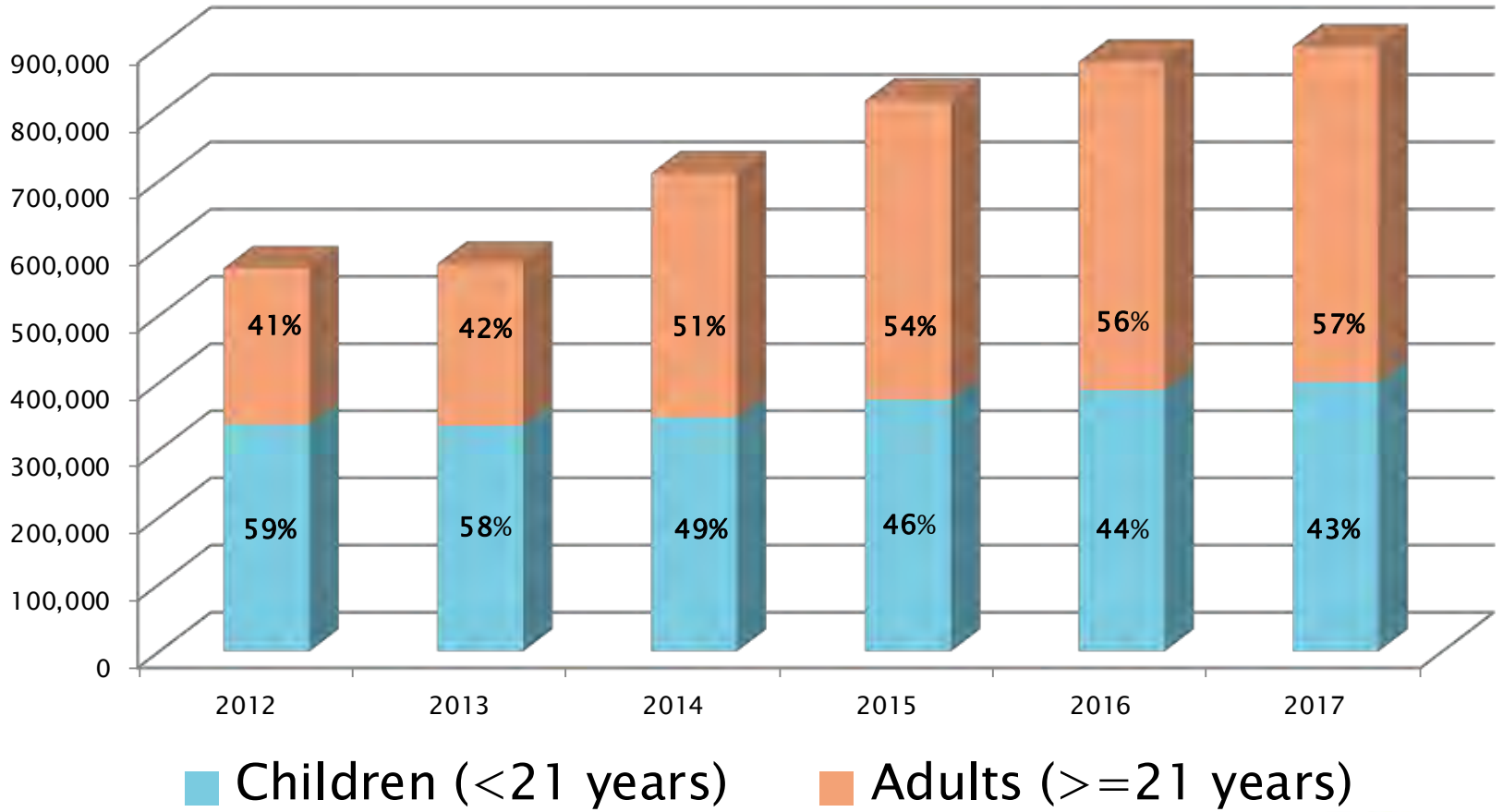
Medicaid Enrollment Transformation



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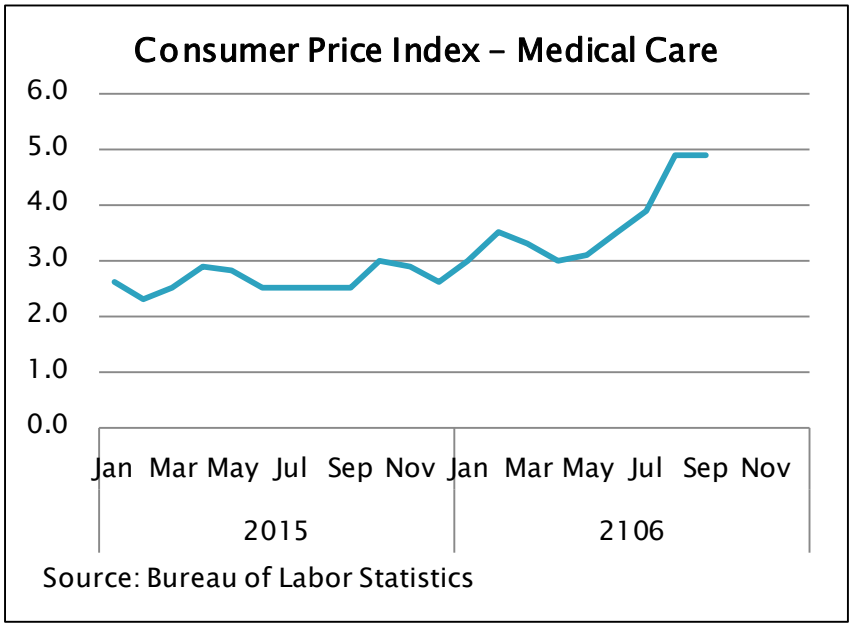
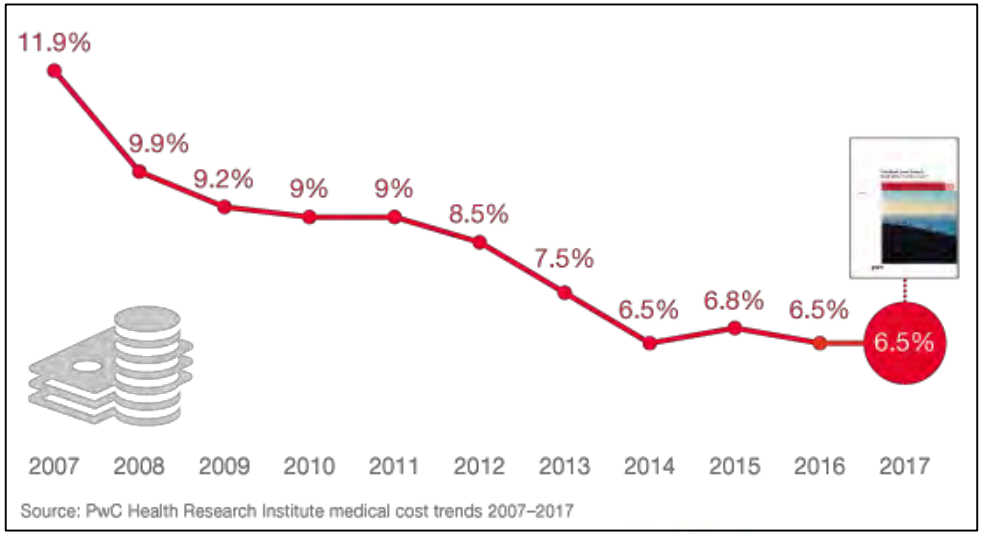
Managing Cost Growth

- Consumer Price Index (CPI-U) for medical care grew an average of 2.7% in 2015 and growth is averaging 3.2% in 2016
- Other national studies estimate medical cost inflation (price and utilization) at 6.5%





HUMAN SERVICES DEPARTMENT

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	4,676,813	4,763,276	2%
Long Term Services and Supports	549,081	568,627	4%
Other Adult Group	1,915,582	2,531,109	32%
Total Member Months	**7,141,476**	**7,863,012**	**10%**

Enrollment up 10%;
Per capita costs down 1%

Aggregate Medical Costs by Program

Programs	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	$ 1,223,760,964	$ 1,218,428,592	0%
Long Term Services and Supports	$ 834,372,993	$ 915,548,053	10%
Other Adult Group Physical Health	$ 745,107,755	$ 948,902,919	27%
Behavioral Health - All Members	$ 299,764,570	$ 322,736,937	8%
Total Medical Costs	**$ 3,103,006,282**	**$ 3,405,616,501**	**10%**

Per Capita Medical Costs by Program (PMPM)

Programs	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	$ 261.67	$ 255.80	-2%
Long Term Services and Supports	$ 1,519.58	$ 1,610.10	6%
Other Adult Group Physical Health	$ 388.97	$ 374.90	-4%
Behavioral Health - All Members	$ 41.98	$ 41.04	-2%
Total Medical Costs	**$ 434.50**	**$ 433.12**	**0%**

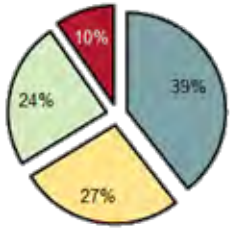
Aggregate Non-Medical Costs	Previous (12 mon)	Current (12 mon)	% Change
Admin, care coordination, Centennial Rewards	$ 343,688,418	$ 375,825,561	9%
NMMIP Assessment	$ 63,674,492	$ 52,783,952	-17%
Premium Tax - Net of NIMMP Offset	$ 120,597,706	$ 134,135,433	11%
Total Non-Medical Costs	**$ 527,960,616**	**$ 562,744,946**	**7%**

	Previous (12 mon)	Current (12 mon)	% Change
Admin, care coordination, Centennial Rewards	$ 48.13	$ 47.80	-1%
NMMIP Assessment	$ 8.92	$ 6.71	-25%
Premium Tax - Net of NIMMP Offset	$ 16.89	$ 17.06	1%
Total Non-Medical Costs	**$ 73.93**	**$ 71.57**	**-3%**

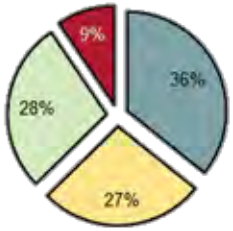
Estimated Total Centennial Care Costs			
	$ 3,630,966,898	**$ 3,968,361,447**	**9%**
	$ 508.43	**$ 504.69**	**-1%**

Centennial Care Medical Expenditures

Previous (April 2014 - March 2015)



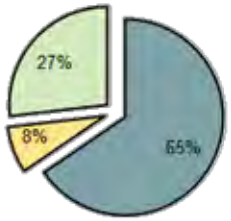
Current (April 2015 - March 2016)



*See above for legend.

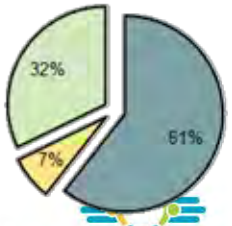
Centennial Care Member Months

Previous (April 2014 - March 2015)



*See above for legend.

Current (April 2015 - March 2016)



HUMAN SERVICES DEPARTMENT

Centennial Care: Managing Cost Growth

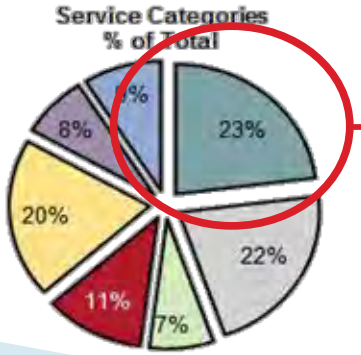
3. Total Program Medical/Pharmacy Dollars

	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
Medical	$ 2,823,523,324	$ 3,049,901,663	8%	$ 395.37	$ 387.88	-1.9%
Pharmacy	$ 279,482,958	$ 355,714,838	27%	$ 39.14	$ 45.24	15.6%
Total	**$ 3,103,006,282**	**$ 3,405,616,501**	**10%**	**$ 434.50**	**$ 433.12**	**-0.3%**

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	$ 714,005,570	$ 680,427,311	-5%	$ 99.98	$ 86.54	-13.4%
Acute Outp/Phy	$ 671,593,855	$ 755,467,535	12%	$ 94.04	$ 96.08	2.2%
Nursing Facility	$ 228,445,499	$ 227,007,301	-1%	$ 31.99	$ 28.87	-9.7%
Community Benefit/PCO	$ 356,689,826	$ 389,278,234	9%	$ 49.95	$ 49.51	-0.9%
Other Services	$ 614,299,624	$ 733,754,085	19%	$ 86.02	$ 93.32	8.5%
Behavioral Health	$ 238,488,950	$ 263,967,198	11%	$ 33.39	$ 33.57	0.5%
Pharmacy (All)	$ 279,482,958	$ 355,714,838	27%	$ 39.14	$ 45.24	15.6%
Total Costs	**$ 3,103,006,282**	**$ 3,405,616,501**	**10%**	**$ 434.50**	**$ 433.12**	**-0.3%**

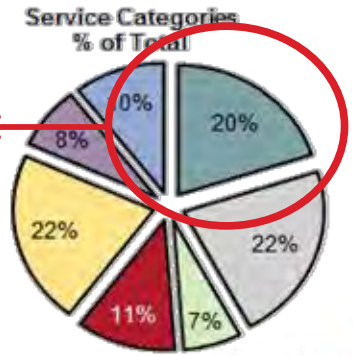
** Per capita not normalized for case mix changes between periods.*

Previous (12 mo.) service distribution



- Inpatient spending down
- BH and physician services up

Current (12 mo) service distribution



HUMAN SERVICES DEPARTMENT

Medicaid: FY 18 Appropriation Request (as of Sept. 1)

- Total Medicaid Program spending in FY 18 is projected to be $6.143 billion.
  - $1.034 billion from the general fund, a $120.02 million increase. Major changes from FY17 include:

($ in thousands)

FY17 base – additional general fund above FY17 appropriation	$13,621
Expansion FMAP (drops to 95% in 2017 and 94% in 2018)	$43,332
Enrollment	$42,203
Utilization and Price increases (1.5% growth)	$8,835
Medicare Part B and D impact	$8,197
Other revenue changes	($4,682)
Cost Containment	($16,000)
Health Insurance Provider Fee	$20,771
Other changes	$3,738
Total	**$120,015**

HUMAN SERVICES DEPARTMENT

Medicaid: FY 18 Projection Updates (Pressure on the General Fund)

- ⇩ Recently updated FMAP rates reduce the overall need from the general fund by $31.5 million.
- ⇩ Pursuing additional cost containment, as required by 2016 H.B. 2
- ⇩ Additional federal funding for services for Native Americans, through IHS referrals
- ⇔ Enrollment trends holding steady, but may slow over the next year
- ⇔ Additional revenue from inter-governmental transfers with UNMH

HUMAN SERVICES DEPARTMENT

Medicaid: FY 18 Projection Updates (Pressure on the General Fund)

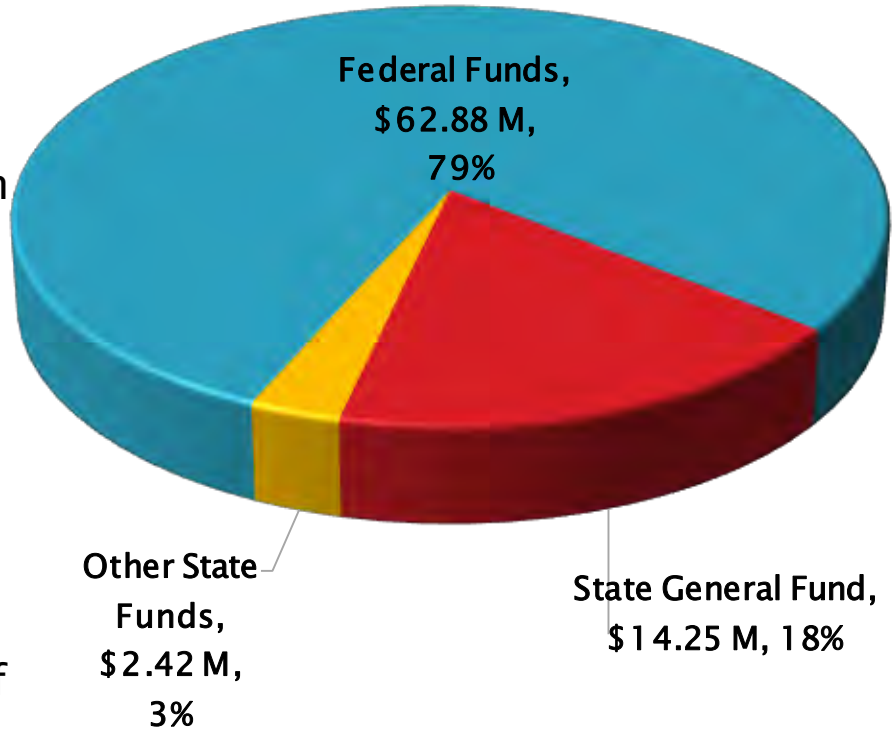
- General fund need for FY18 likely to **drop by $40 to $45 million** in the upcoming projection, but…

- ⇧ Federal rule changes for behavioral health services (Mental Health Parity and changes to the IMD exclusion)
- ⇧ Federal rule changes for managed care may require rate increases
- ⇧ NM Medical Insurance Pool assessments on the rise again
- ⇧ Health care inflation trending up

HUMAN SERVICES DEPARTMENT

Medicaid: Administration

- The total FY 18 budget request for administration of the Medicaid program is $79.54 million
  - $1.019 million decrease from FY17.
  - $749.8 thousand decrease in general fund need achieved through FTE and contract reductions.
- Medical Assistance Division administrative spending is only 1.29% of the total program budget.
- Priorities for MAD staff in 2018 include:
  - 1115 Waiver Renewal
  - Procurement and implementation of replacement MMIS



HUMAN SERVICES DEPARTMENT

Update: Cost Containment

Medicaid Advisory Cost Containment Subcommittees		
Provider Payment Subcommittee	Benefit and Cost Sharing Subcommittee	Long Term Leveraging Subcommittee
• 4 Meetings • Recommended rate reductions, in line with HB2 • Rate reductions phasing in July, August and Jan. • Est. up to$122M total savings • Est. up to $26M general fund savings	• 5 meetings • Reviewed benefit and cost sharing • Recommended no changes • HSD considering new copayments • Align current copays and add co-pays for Expansion adults	• 5 meetings • Considered a wide range of financing and payment reforms • 8 general recommendations for HSD/State consideration

HUMAN SERVICES DEPARTMENT

Update: Cost Containment Long-term Leveraging Medicaid Subcommittee

- Submitted its final recommendations to the Department on September 29th
- Eight recommendations, including:
  - Work with the New Mexico Medical Insurance Pool to establish a firm deadline to transition remaining members;
  - Work with Association of Counties to leverage federal dollars;
  - Leverage provider assessments to obtain federal matching funds and explore ways to restructure the gross receipts tax for health care providers; and
  - Continue to advance value-based purchasing arrangements.
- Recommendations on HSD website: http://www.hsd.state.nm.us/uploads/files/LTS%20Recommendations.pdf

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Additional Cost Containment Activities

- HSD plans to submit a draft State Plan Amendment to CMS and for public input before end of calendar year to implement copayments;
  - Nominal copays for certain populations with higher income for outpatient visits and inpatient stays.
- Copays for non-preferred drugs for all populations;
  - Certain exemptions will apply to Native Americans, pregnant women and children.
- Copays for non-emergent use of the emergency room for all populations, unless exempt.

HUMAN SERVICES DEPARTMENT

Centennial Care Update

- Completing its third year, Centennial Care has established a statewide care coordination infrastructure and launched numerous delivery system reforms to achieve the goals of its four guiding principles:
  - Create a single, comprehensive system of care that integrates physical, behavioral and long-term services;
  - Encourage members to take a more active and conscious role in their own health;
  - Implement payment reforms that reward providers for performance on quality and outcomes that improve members' health; and
  - Create a coordinated delivery system that increases accountability for a more limited number of MCOs and reduces administrative burden for both providers and members.

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Centennial Care Program Successes

Principle 1

Creating a comprehensive delivery system

Build a care coordination infrastructure for members with more complex needs that coordinates the full array of services in an integrated, person-centered model of care

- Care coordination
  - 950 care coordinators
  - 60,000 in care coordination L2 and L3
  - Focus on high cost/high need members
- Health risk assessment
  - Standardized HRA across MCOs
  - 610,000 HRAs
- Increased use of community health workers
  - +100 employed by MCOs
- Increase in members served by PCMH
  - 200k to 250k between 2014 and 2015
- Telemedicine – 45% increase over 2014
- Health Home – Implemented Clovis and San Juan (SMI/SED)
- Expanding HCBS – 85.5% in community and increasing community benefit services
- Electronic visit verification
- Reduction in the use of ED for non-emergent conditions

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Program Successes

Principle 2

Encouraging Personal Responsibility

Offer a member rewards program to incentivize members to engage in healthy behaviors

- Centennial Rewards
  - health risk assessments
  - dental visits
  - bone density screenings
  - refilling asthma inhalers
  - diabetic screenings
  - refilling medications for bipolar disorder and schizophrenia

- 70% participation in rewards program
- Majority participate via mobile devices
- Estimated cost savings in 2015: $23 million
  - Reduced IP admissions
  - 43% higher asthma controller refill adherence
  - 40% higher HbA1c test compliance
  - 76% higher medication adherence for individuals with schizophrenia
- 70k members participating in step-up challenge

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Program Successes

Principle 3

Increasing Emphasis on Payment Reforms

Create an incentive payment program that rewards providers for performance on quality and outcome measures that improve members health

- July 2015, 10 pilot projects approved
  - ACO-like models
  - Bundled payments
  - Shared savings

- Developed quarterly reporting templates and agreed-upon set of metrics that included process measures and efficiency metrics

- Sub capitated Payment for Defined Population
- Three-tiered Reimbursement for PCMHs
- Bundled Payments for Episodes of Care
- PCMH Shared Savings
- Obstetrics Gain Sharing

- Implemented minimum payment reform thresholds for provider payments in CY2017 in MCO contracts

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Program Successes

Principle 4

Simplify Administration

Create a coordinated delivery system that focuses on integrated care and improved health outcomes; increases accountability for more limited number of MCOs and reduces administrative burden for both providers and members

- Consolidation of 11 different federal waivers that siloed care by category of eligibility; reduce number of MCOs and require each MCO to deliver the full array of benefits; streamline application and enrollment processes for members; and develop strategies with MCOs to reduce provider administrative burden
- One application for Medicaid and subsidized coverage through the Marketplace
- Streamlined enrollment and re-certifications
- MCO provider billing training around the State for all BH providers and Nursing Facilities
- Standardized the BH Prior Authorization Form for Managed Care and FFS
- Standardized the BH Level of Care Guidelines
- Standardized the Facility/Organization Credentialing Application
- Standardized the Single Ownership and Controlling Interest Disclosure Form for credentialing.
- Created FAQs for Credentialing and BH Provider Billing

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2014 Evaluation Results

- Independent evaluator required for 1115 waiver. Reported following outcomes for CY 2014:
  - Increases in EPSDT screening ratios over 2013 levels;
  - Increases in monitoring rates of BMI and weight problems;
  - Declines in both short-term and long-term admission rates for diabetes complications, asthma, chronic pulmonary disease and hypertension;
  - Declines in inpatient admissions for psychiatric hospital stays and residential treatment facilities; and
  - CAHPs survey results indicate members were generally satisfied with their providers and health care.

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Evaluation Results

- Performance on HEDIS measures- MCOs met or exceeded 2015 national benchmarks:
  - Annual dental visits
  - Behavioral health members with a follow up visit after an inpatient stay
  - Child immunization status
  - Well-child visits: 0-5 visits in first 15 months of life
  - Alcohol and other drug dependency treatment

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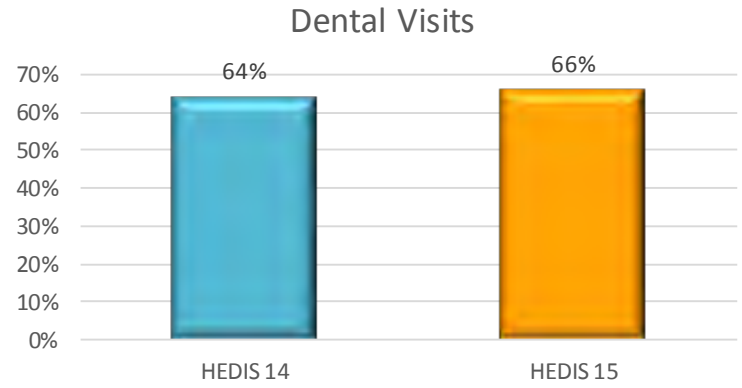
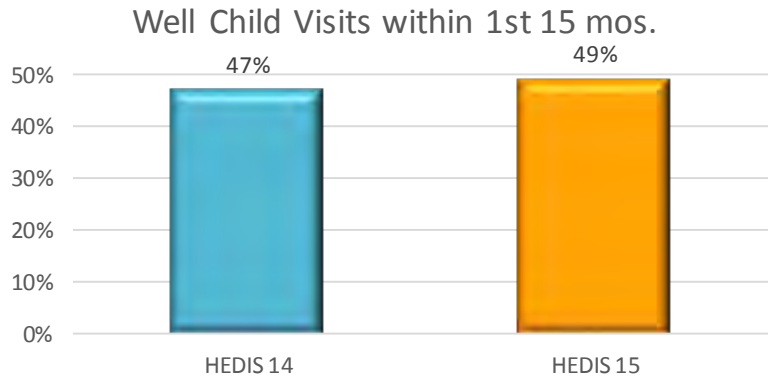
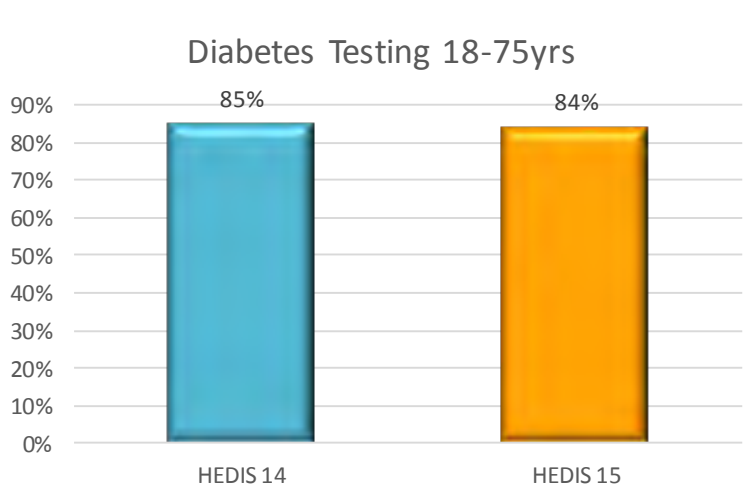
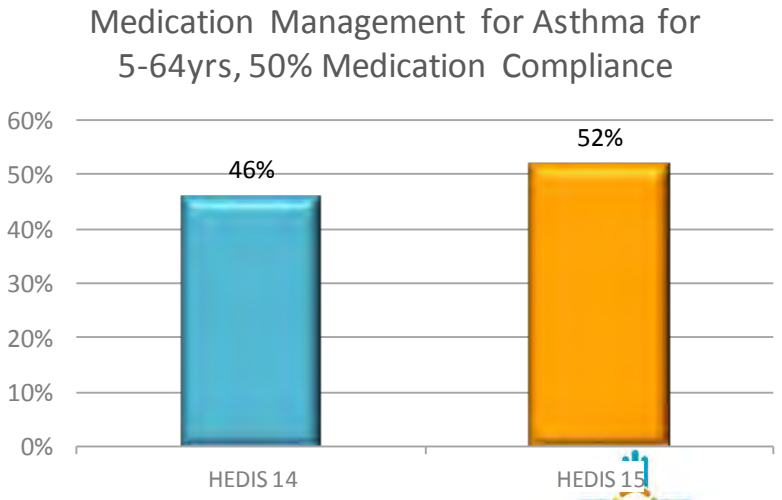
Medicaid: MCO HEDIS Performance Measures









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Behavioral Health Spending

Total HSD Behavioral Health Spending (excl. administration)

($ in millions)	FY16 Actuals			FY17 Op Bud			FY18 Request		
	GF	FF	Total	GF	FF	Total	GF	FF	Total
Medicaid Behavioral Health	$101.5	$379.1	$480.6	$107.5	$400.7	$508.2	$117.4	$430.7	$548.0
Behavioral Health Services Division	$38.1	$18.8	$56.9	$35.7	$16.8	$52.5	$35.0	$18.1	$53.1
Total	$139.6	$397.9	$537.5	$143.2	$417.5	$560.7	$152.4	$448.8	$601.2
Percent change from prior year				2.58%	4.93%	4.32%	6.42%	7.50%	7.21%

- 2018 Base Budget request for BHSD is $53.1million, $35.0 million from the General Fund.

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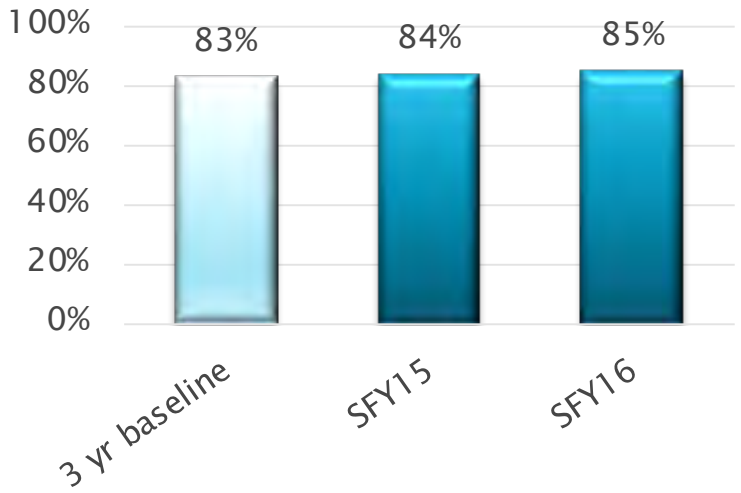
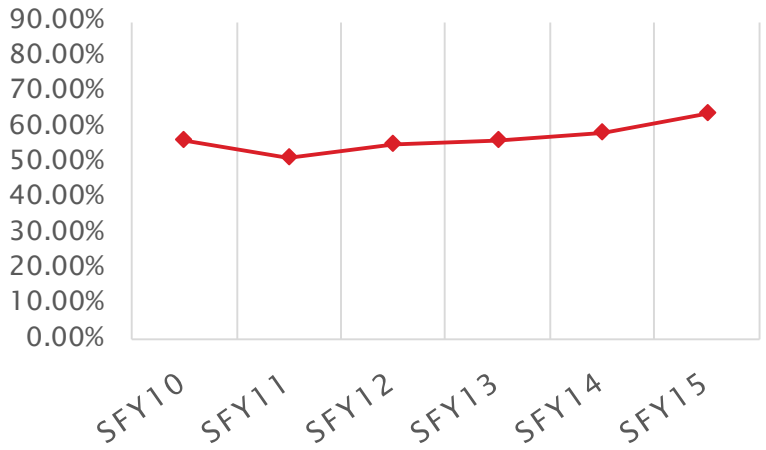
Behavioral Health Performance

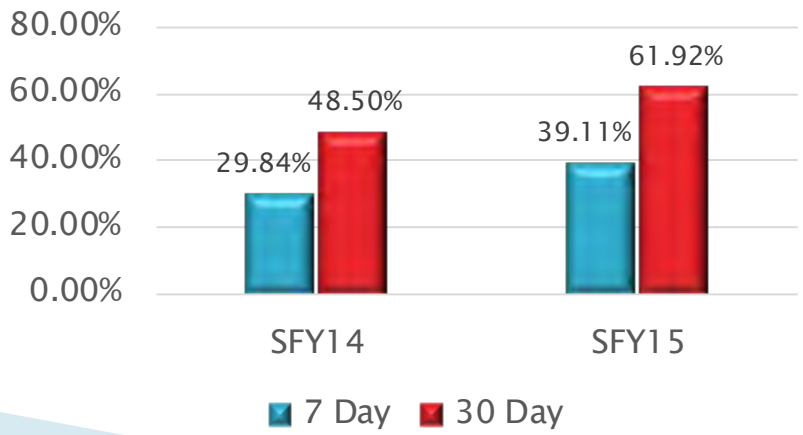
Increased satisfaction with BH services



Serving more youth on probation



Improving follow-up services after discharge



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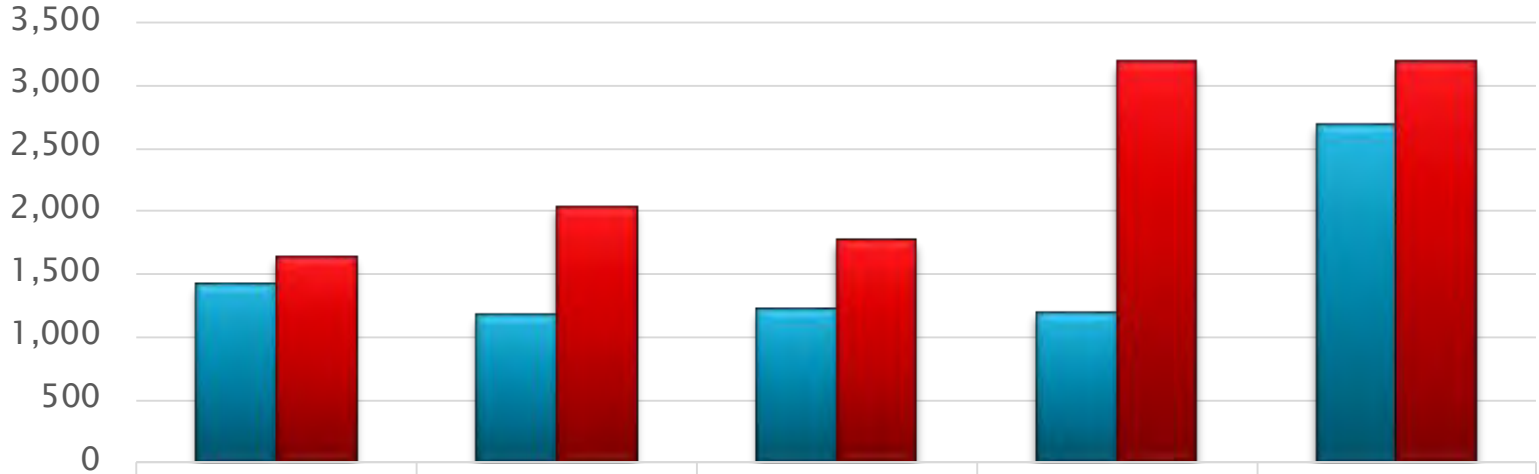
Behavioral Health Performance

Number of persons served through Telehealth in rural and frontier counties



	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual unduplicated
SFY 15	1,421	1,182	1,223	1,204	2,699
SFY 16	1,647	2,039	1,774	3,192	3,192

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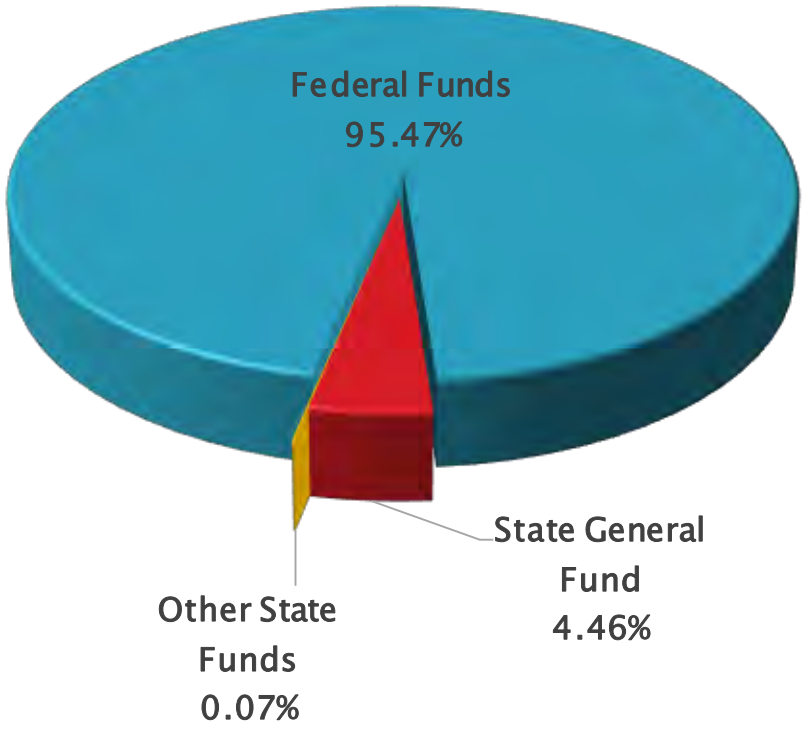
Income Support Division

- Budget increase of $25.5 million from Federal funds.

- FY18 General Fund request is flat from the FY2017 operating budget. Although the request is flat, there are several factors impacting the request including:
  - Reviewing office consolidation
  - Fixed cost increases such as rent, postage, DoIT telecommunications and utilities
  - Other misc. costs and Federal Funds replacement in the FANS Bureau

- The increase in Federal funds is primarily due to an increase in SNAP caseload and higher projected spending in the LIHEAP Program- 100% Federal funding.



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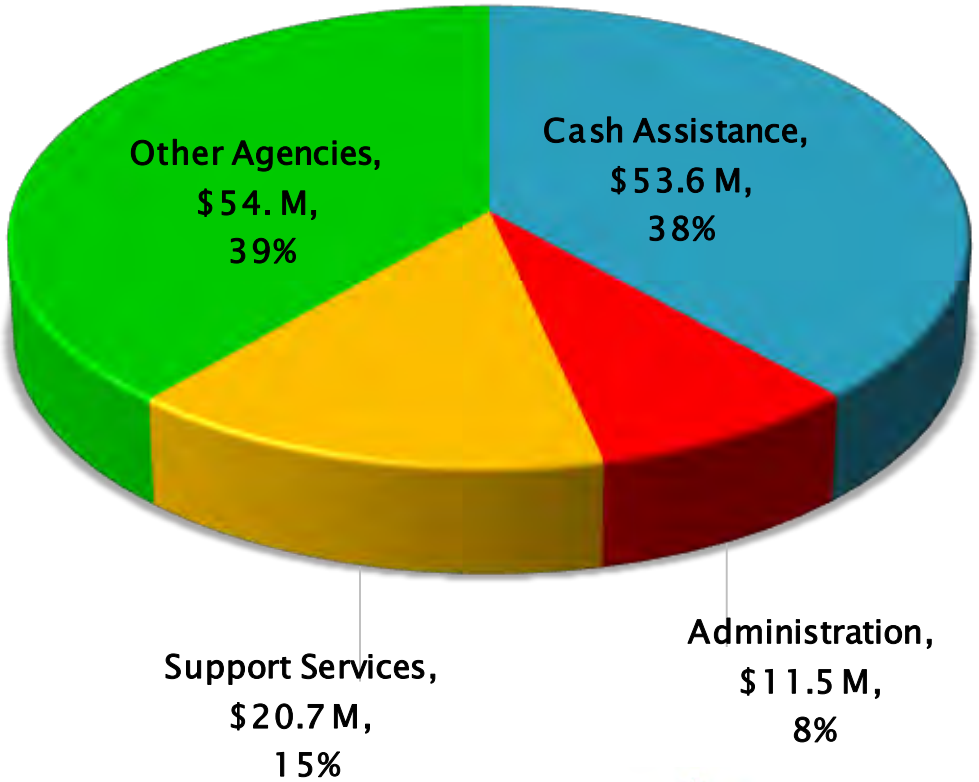
Temporary Assistance for Needy Families – (TANF)

- FY18 TANF appropriation request of $139.6 million, including:
  - TANF block grant of $110.6 million and $29 million of current carry over balances.
  - About 12 thousand participating in TANF, which is a 10% decrease compared to the previous year.
  - ISD projects to spend $53.6 million in FY18 for cash assistance, about $5.8 million more than the FY16 spend and equivalent to the FY17 Operating Budget.
  - The FY18 overall TANF request is the same as the FY17 Operating Budget.



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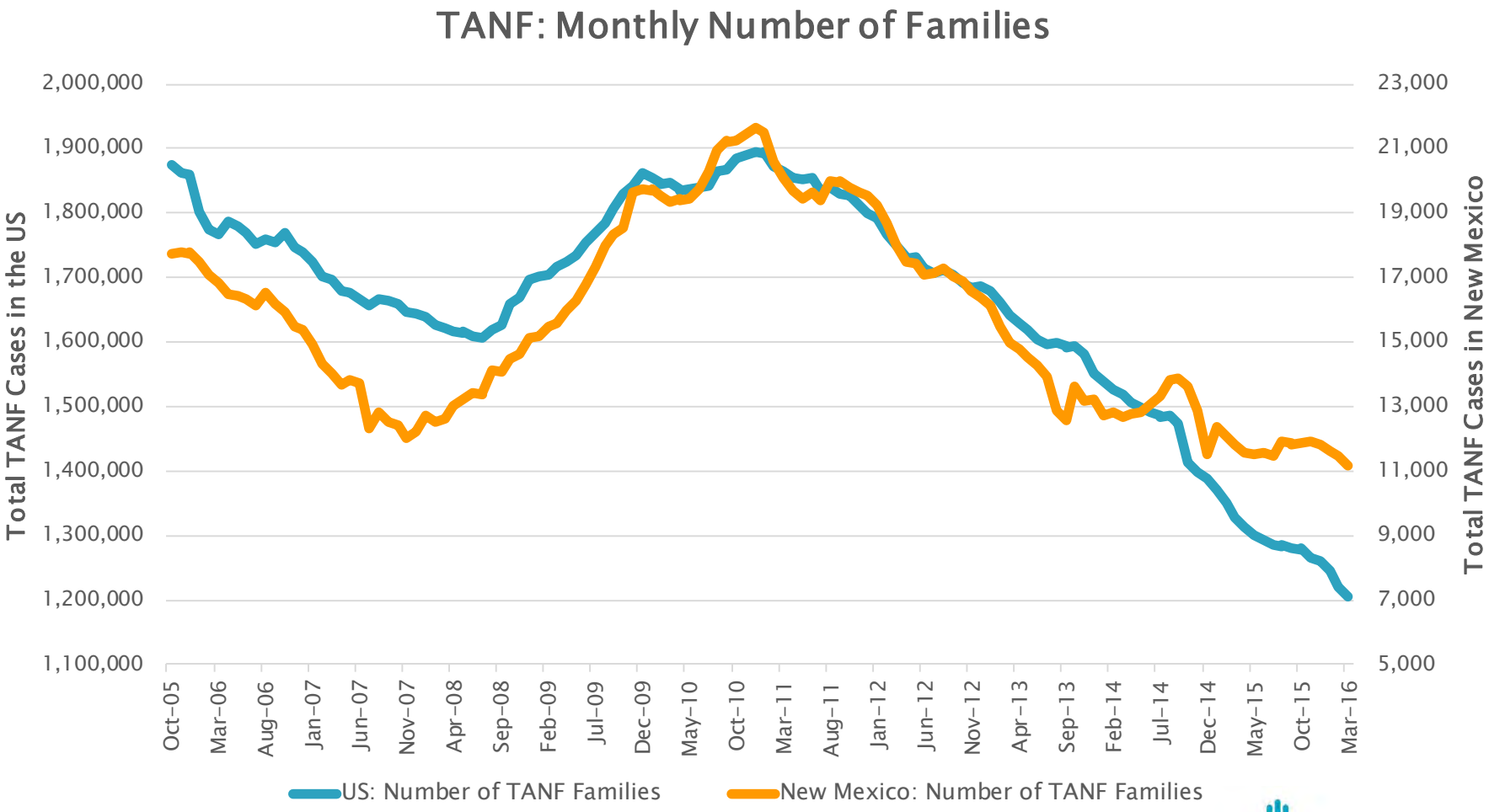
NM TANF Participation vs. U.S.



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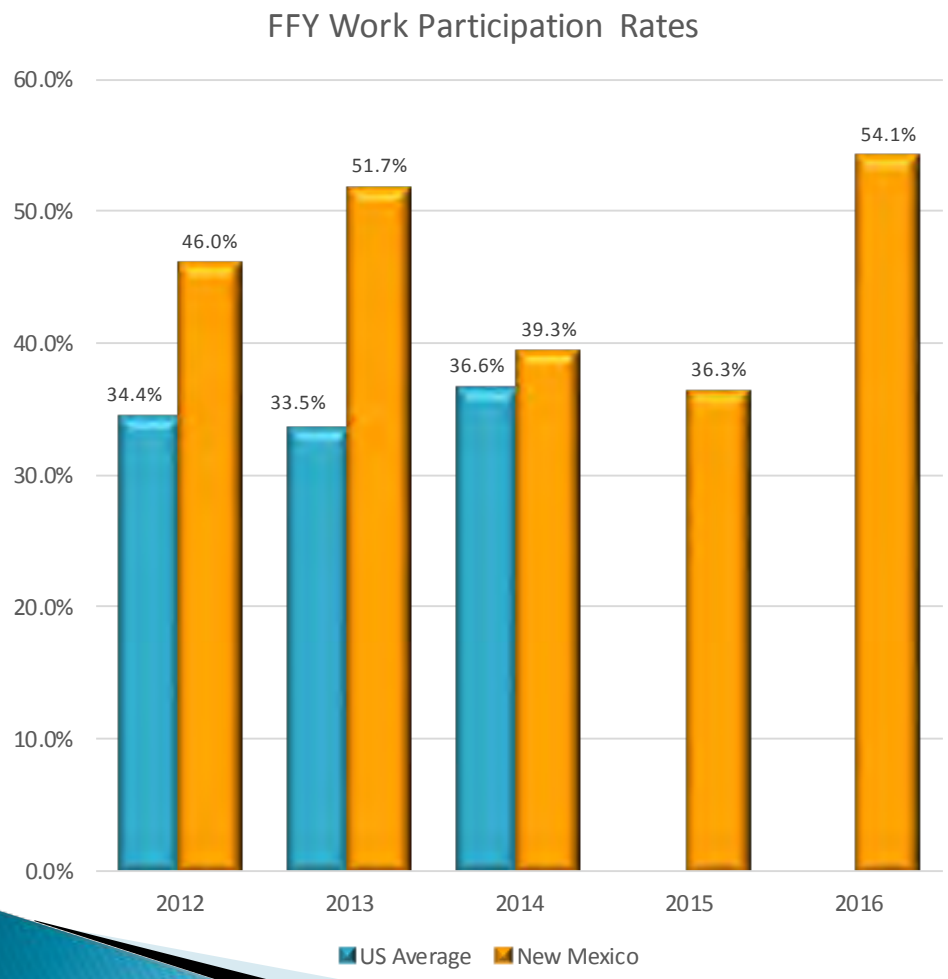
New Mexico's Work Participation Rate



- Caseload has decreased
  - In 2012 HSD had an average caseload of 18,201
  - In 2016 the average was 11,586
- Increase of child only cases
  - In 2012, the average child only cases was 37.1% of average caseload.
  - In 2016, the average child only cases was 44.3% of average caseload.
- 1 parent household has decreased
  - In 2012, the average number of one parent households was 56.2% of the caseload.
  - In 2016, the average number of one parent households had dropped to 47.8% of the caseload.

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Temporary Assistance for Needy Families – (TANF)

Job Readiness Activities

- ISD remains focused on helping TANF recipients prepare for and find employment
  - CareerLinks
  - Wage Subsidy
  - High School Equivalency Credential Program
  - Vocational Training Program
- Partnership with the Department of Workforce Solutions

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Temporary Assistance for Needy Families – (TANF)

PROGRAM ($ in millions)	FY17 OP BUD			FY18 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	–	64.3	64.3	–	35.1	46.7
TANF Block Grant	–	110.6	110.6	–	110.6	110.6
TANF Contingency	–	–	–	–	–	–
TOTAL REVENUE	0.09	174.9	174.9	0.09	145.7	157.3
ADMIN TOTAL	–	11.5	11.5	–	11.5	11.5
Cash Assistance	0.09	53.7	53.7	0.09	53.5	53.6
Support Services	–	20.5	20.5	–	20.7	20.7
Other Agencies	–	54.0	54.0	–	54.0	54.0
TOTAL	0.09	139.7	139.8	0.09	139.7	139.8
Calculated Carryover Balance		35.1		–	10.7	

- 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, Substance Abuse Services, Career Links, CSED Alternative Pilot Program and Employment Related Costs
- Other Agencies Include: CYFD Pre K, CYFD Child Care, CYFD Home Visiting, CYFD Supportive Housing and PED Pre K

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Questions?

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