



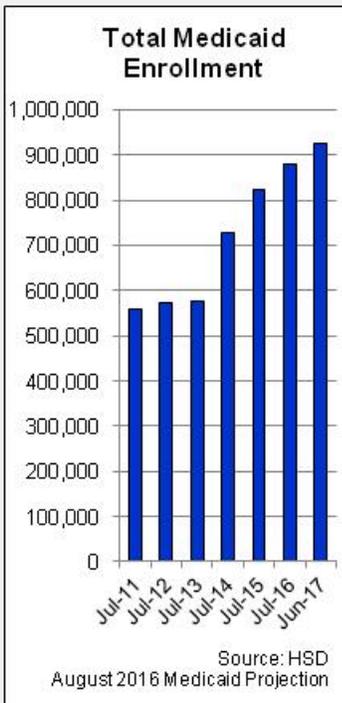
KEY ISSUES

Serious concerns remain within the Income Support Division; however, recent court actions over the summer resulted in detailed action plans and an independent monitor to evaluate department compliance with federal standards for Medicaid and SNAP benefits.

Initial cost containment efforts have begun to slow the growth of Medicaid; however, considerable pressures remain for the upcoming FY18 budget, particularly as federal support declines for the expansion population.

AGENCY IMPROVEMENT PLANS

Submitted by agency? Yes
Timeline assigned by agency? Yes
Responsibility assigned by agency? Yes



Fiscal year 2016 brought tremendous challenges for the agency in the form of how benefits are approved and renewed by Income Support Division workers and the adequacy of department efforts to comply with court orders stemming from a long-standing lawsuit. To assist with these issues, the department received a court recommendation for a special master to independently mediate between HSD and the Plaintiff and assist the court with determining HSD compliance with federal requirements. Equally challenging was the relentless pressure of declining state revenues that required the department to control the growth of Medicaid’s nearly \$6 billion dollar program. As the year came to a close, the department had adopted preliminary cost containment efforts to slow the growth of Medicaid.

Medical Assistance Division. In its most recent Medicaid projection, HSD reported a modest \$9.9 million increase in general fund need for FY17, putting the total projected shortfall for the year at \$34.3 million. Expenditure decreases due to cost containment efforts and increases in certain revenues such as certified public expenditures and intergovernmental transfers countered slight increases elsewhere in the budget. Looking forward, ongoing risks include new Centers for Medicare and Medicaid rules for managed care and mental health parity.

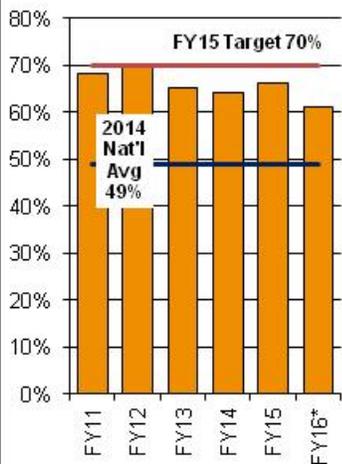
New Mexico performance for infants who had six or more well-child visits and newborns whose mothers received a prenatal care visit in the first trimester is quite low and the reasons complex. However, HSD incorporated infant well child visits into a recent managed care organization (MCO) contract amendment; beginning in FY17 MCOs are required to focus more on outcomes and to provide details about intervention steps taken to improve. As an incentive, HSD raised reimbursement rates for early and periodic screening, diagnostic and treatment (EPSDT) screens by five percent. However, some experts argue for more comprehensive screens, provider training, and referrals for children screening positive for one or multiple conditions.

Tracking performance for prenatal care is more complicated due to the implementation of a payment reform initiative, bundled payments, which links a single payment to multiple services beneficiaries receive during an “episode of care,” in this case pregnancy. HSD should work with MCOs to develop an alternative method of monitoring and reporting prenatal visits that can be isolated from the rest of the “bundle” which now includes services before, during, and after delivery.

For asthma management, New Mexico is performing about 2 percent below the national average of 91 percent. For dental visits, while missing the FY16 target of 70 percent, New Mexico exceeded the national average of 49 percent by a significant 12 percent. MCOs have begun implementing interventions for both measures through quality improvement projects.

Measure	FY14* Actual	FY15* Actual	FY16 Target	FY16** Actual	Rating
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during the first fifteen months	47%	49%	70%	43%	R

Medicaid Children Receiving Annual Dental Visit



Source: HSD Quarterly Report
 *FY16 reported by calendar year; therefore, fiscal year data is incomplete.

The SNAP caseload in June 2016 was 256,301, a 10.4 percent increase from one year ago. The SNAP caseload has risen by 2,749 cases or 1.1 percent, since May.

The TANF caseload was 12,174 in June 2016, a decrease of 4.5 percent from June 2015. The TANF caseload in June 2016 had 150 cases more than May 2016, an increase of 1.2 percent over the previous month.

Children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year	88%	84%	92%	71%	R
Children ages two to twenty-one enrolled in Medicaid managed care who had at least one dental visit during the measurement year	64%	66%	70%	61%	Y
Children in managed care with persistent asthma who were appropriately prescribed medication	92%	91%	94%	89%	Y
Hospital readmissions for children ages two to seventeen within thirty days of discharge	6%	7%	10%	8%	G
Hospital readmissions for adults eighteen and over, within thirty days of discharge	11%	13%	9%	13%	R
Emergency room visits per one thousand Medicaid member months	49	51	40	47	Y
Individuals in Medicaid managed care ages eighteen through seventy-five with diabetes (type 1 or type 2) who had a HbA1c test during the measurement year	85%	84%	86%	58%	Y
Newborns with Medicaid coverage whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization	73%	71%	85%	No Data	R

Program Rating **R**

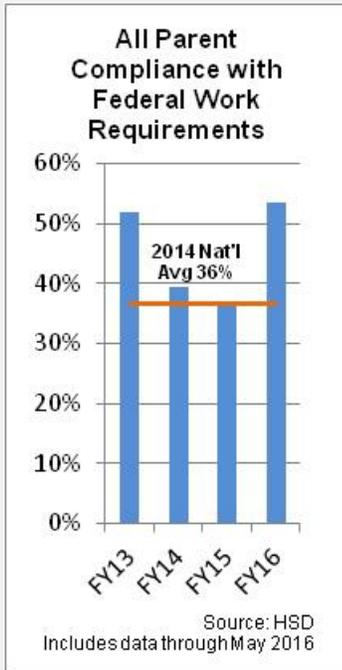
*Final calendar year 2014 and 2015 data audited by National Committee for Quality Assurance (NCQA) using administrative claims data and medical records. National averages for calendar year 2015 will be available October 2016.

**HSD uses a rolling average; the most recent unaudited data available includes the last two quarters of FY15 and the first two quarters of FY16.

Income Support Division. The future remains uncertain for the program following revelations about how benefits are approved and renewed by ISD workers and the department's efforts to comply with court orders stemming from a long-standing lawsuit. Nevertheless, while significant risks remain, court actions over the summer resulted in a critical change that provides the agency with an opportunity to correct course and avoid the imposition of an outside entity to take over operations to enforce compliance (referred to as a receivership).

In July 2016, a federal court ordered the appointment of a special master to objectively review and determine HSD's compliance with court orders and federal law governing how the department processes SNAP and Medicaid benefits. The special master will be accountable only to the court and will not be supervised by plaintiffs or the HSD secretary. This is an important change because until now there has not been an independent mediator between HSD and the plaintiff who can assist the court with determining HSD compliance.

In July 2016 HSD received notice from the federal Administration for Children and Families that New Mexico successfully met both its overall and two-parent work participation rates for fiscal year 2014 (the latest information available) under the TANF program. However, the federal partners noted New Mexico could do more to provide work activities that will lead to better employment outcomes and foster long-term economic stability for TANF families including subsidized employment and career pathway training in high demand occupations. The Center on Budget and Policy Priorities (CBPP) makes a similar argument, noting states should consider using more of their TANF funds to help TANF recipients and other low-income parents gain the education and skills they need to qualify for jobs that will help them escape poverty.



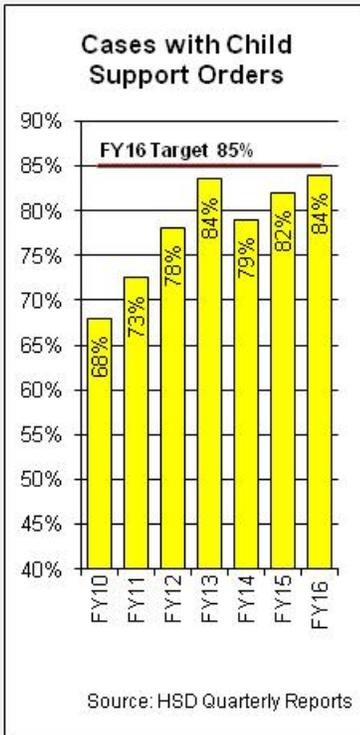
To this end, the department has been providing subsidized employment and has recently taken steps to expand services to TANF clients, including establishing a memorandum of understanding with the Department of Workforce Solutions to provide vocational training and working with the Higher Education Department to assist clients with achieving a high school equivalency.

Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Regular supplemental nutrition assistance program cases meeting the federally required measure of timeliness within 30 days	74.9%	95.4%	99.0%	98.0%	Y
Expedited supplemental nutrition assistance program cases meeting federally required measure of timeliness within seven days.	67.1%	95.5%	99.0%	98.7%	Y
Temporary assistance for needy families clients who obtain a job during the fiscal year (FY16 Q3 is most recent data available from Dept of Workforce Solutions)	56.2%	58.3%	52.0%	53.5%	G
Children eligible for supplemental nutritional assistance program participating in the program at 130 percent of poverty level	81.7%	90.3%	88.0%	93.0%	G
Temporary assistance for needy families two-parent recipients meeting federally-required work requirements	44.3%	38.6%	60.0%	62.0%	G
Temporary assistance for needy families recipients (all families) meeting federally-required work requirements	39.5%	36.3%	55.0%	51.8%	G
Program Rating					G

Child Support Enforcement Division. The Child Support Enforcement Division can help establish paternity, child support obligations, collect child support and enforce child support court orders. To ensure compliance with child support orders, HSD can employ wage withholding, income tax refund intercepts, driver and professional license suspension, game and fish license

suspension and passport denials.

CSED has been successful in meeting total child support enforcement collection targets largely due to automated wage garnishments; in FY16 the program exceeded its target by about \$800 thousand. For FY16, the department increased its target for cases with support orders by 1.5 percent; despite just missing the target, there was significant improvement over the previous fiscal year.



Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Children with paternity acknowledged or adjudicated (reported in federal fiscal year)	110.7%	98.2%	100%		Y
Total child support enforcement collections, in millions	\$137	\$140	\$140	\$140.8	G
Child support owed that is collected	57.0%	57.5%	62.0%	56.8%	Y
Cases with support orders	79%	82%	85%	84%	G
Program Rating					G

Program Support. Program support measures are largely output oriented, focusing on timeliness of invoice payments and compliance with federal grant and reporting requirements.

Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Federal grant reimbursements completed that minimize the use of state cash reserves in accordance with established cash management plans	95%	100%	100%	100%	G
Intentional violations in the supplemental nutrition assistance program investigated by the office of inspector general completed and referred for an administrative disqualification hearing within ninety days from date of assignment.	100%	86%	90%	No data*	G
Rate of administrative cost used to collect total claims in all programs administered by the Restitution Services Bureau.	32%	17%	12%	12%	G
Program Rating					G

* During the 4th quarter of FY16 staff and resources of the Office of Inspector General were committed to an ongoing investigation, preventing collection of data for this measure until further notice.