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FISCAL IMPACT REPORT

SPONSOR Papen **ORIGINAL DATE** 01/30/10
LAST UPDATED 02/15/10 **HB** _____

SHORT TITLE Medicaid Importance and Task Force **SM** 27/aSRC/aSPAC

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	None		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Aging and Long Term Services Department (ALTSD)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment further changes the membership of the taskforce by removing the chair of House Health and Government Affairs Committee and the chair of the Senate Public Affairs Committee. Legislative members will be appointed by the New Mexico Legislative Council. The amendment also changes the starting date of the taskforce to “as soon as possible” from July 2010.

Synopsis of SRC Amendment

The Senate Rules Committee amendment changes the membership of the taskforce by replacing the Chair and Vice Chair of the interim Legislative Health and Human Services Committee with “appointees determined by the New Mexico legislative council.”

Synopsis of Original Bill

Senate Memorial 27 resolves that the importance of the Medicaid program be recognized, that drastic reductions in Medicaid eligibility and benefits be opposed and that the New Mexico legislative council be requested to create a task force to develop recommendations to improve the Medicaid program consistent with available resources and federal health care reform requirements.

SM 27 further resolves that:

- the task force review the Medicaid and state coverage insurance programs and make recommendations for improving these programs, including the implications of proposed federal health care reform legislation, current and anticipated changes to Medicaid eligibility and benefits, state budget needs, the needs of currently eligible populations, access to and use of medical services, costs to health care consumers, providers and to the state and the impact on the health care delivery system statewide, particularly in rural areas;
- the human services department be requested not to proceed with significant changes to Medicaid or submit any waivers, state plan amendments or other proposals to the federal government that would significantly alter the Medicaid program, including personal care option services, until the recommendations of the task force are considered and upon further recommendation of the New Mexico legislature; and
- the task force be composed of the secretary of human services, the director of the medical assistance division of the human services department, the chair and vice chair of the interim legislative health and human services committee, the chair of the house health and government affairs committee, the chair of the senate public affairs committee, experts on health policy, community advocates for Medicaid recipients, health care providers or their representatives and other state agency staff as determined by the chair and vice chair of the interim legislative health and human services committee; and
- at least one-third of the membership of the task force be composed of community advocates for Medicaid recipients, including advocates for the poor, people with disabilities, the elderly and children; and
- the human services department be requested to provide the task force with agency staff, data and reports as necessary to evaluate the effectiveness of current programs and the impact of any proposals to alter Medicaid eligibility and benefit levels; and
- the task force begin meeting on a regular basis from July 2010 through October 2011 and that a time line be set for the work plan of the task force at the first meeting; and
- the task force report its preliminary findings and recommendations to the legislative finance committee and the interim legislative health and human services committee in October 2010 and issue a final report of its findings and recommendations in October 2011; and
- copies of this memorial be transmitted to the governor, the co-chairs of the New Mexico legislative council, the secretary of human services, the director of the medical assistance division of the human services department, the chair and vice chair of the interim legislative health and human services committee, the chair and vice chair of the legislative finance committee, the chair of the house health and government affairs committee and the chair of the senate public affairs committee.

FISCAL IMPLICATIONS

The direct fiscal implications would be limited to the staff resources of the Human Services Department, Legislative Council Services and other agencies, as necessary, that may be dedicated to the work of the task force.

HSD finds significant fiscal implications from the memorial's request that HSD not "proceed with significant changes to Medicaid or submit any waivers, state plan amendments or other proposals to the federal government that would significantly alter the Medicaid program,

including personal care option services, until the recommendations of the task force are considered and upon further recommendation of the New Mexico Legislature.

HSD projects an FY10 budget shortfall in the Medicaid program budget of \$23 million in general fund revenue. To eliminate the current shortfall, those FY10 expenditures will be “pushed forward” into FY11. Depending on the FY11 appropriation adopted by the Legislature, the department is projecting a \$12 to \$30 million general fund shortfall in FY11. This includes the assumption that Congress enacts a six-month extension of enhanced federal matching rates for Medicaid. Continued enrollment growth due to the recession will put further pressure on the program, and cost containment around benefits and provider rates will continue in FY11. HSD states that the department will have to seek changes to the program “that will ensure its long-range affordability, stability and sustainability for New Mexico”

SIGNIFICANT ISSUES

The Human Services Department released a concept paper in December 2009 for restructuring Medicaid programs to address budget shortfalls and potential federal health care reform. This memorial seeks to ensure a significant role for the Legislature in that process.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Memorial 27 duplicates House Memorial 28 and relates to Senate Joint Memorial 1.

OTHER SUBSTANTIVE ISSUES

Given that the budget and financing for state health care programs drive policy decisions, the chair of the Legislative Finance Committee should be included as a member of the taskforce.

The Aging and Long Term Services Department (ALTSD) notes that memorial does assign a role for the department on the taskforce. According to ALTSD, “Due to the significant role of ALTSD in the provision and administration of Medicaid and non-Medicaid long-term community-based services and supports programs, ALTSD should be specifically named as a member of the task force.”

The memorial proposes the taskforce begin meeting in July 2010. HSD will be making decisions about Medicaid programs to address budget needs well before the start of the fiscal year. It may be prudent for the taskforce to begin meeting before July 2010.

BE/svb:mew:mt