



**Presentation to Legislative Finance Committee
Preview of FY19 Appropriation Request
Brent Earnest, Secretary
October 25, 2017**

New Mexico Human Services Department

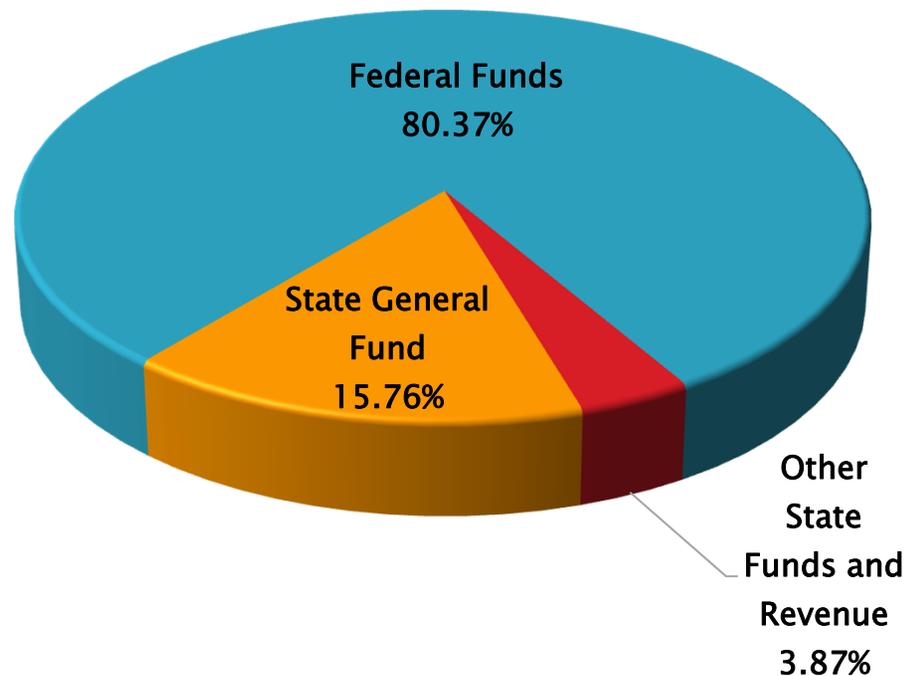
Today's Presentation

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

HSD FY 19 Appropriation Request

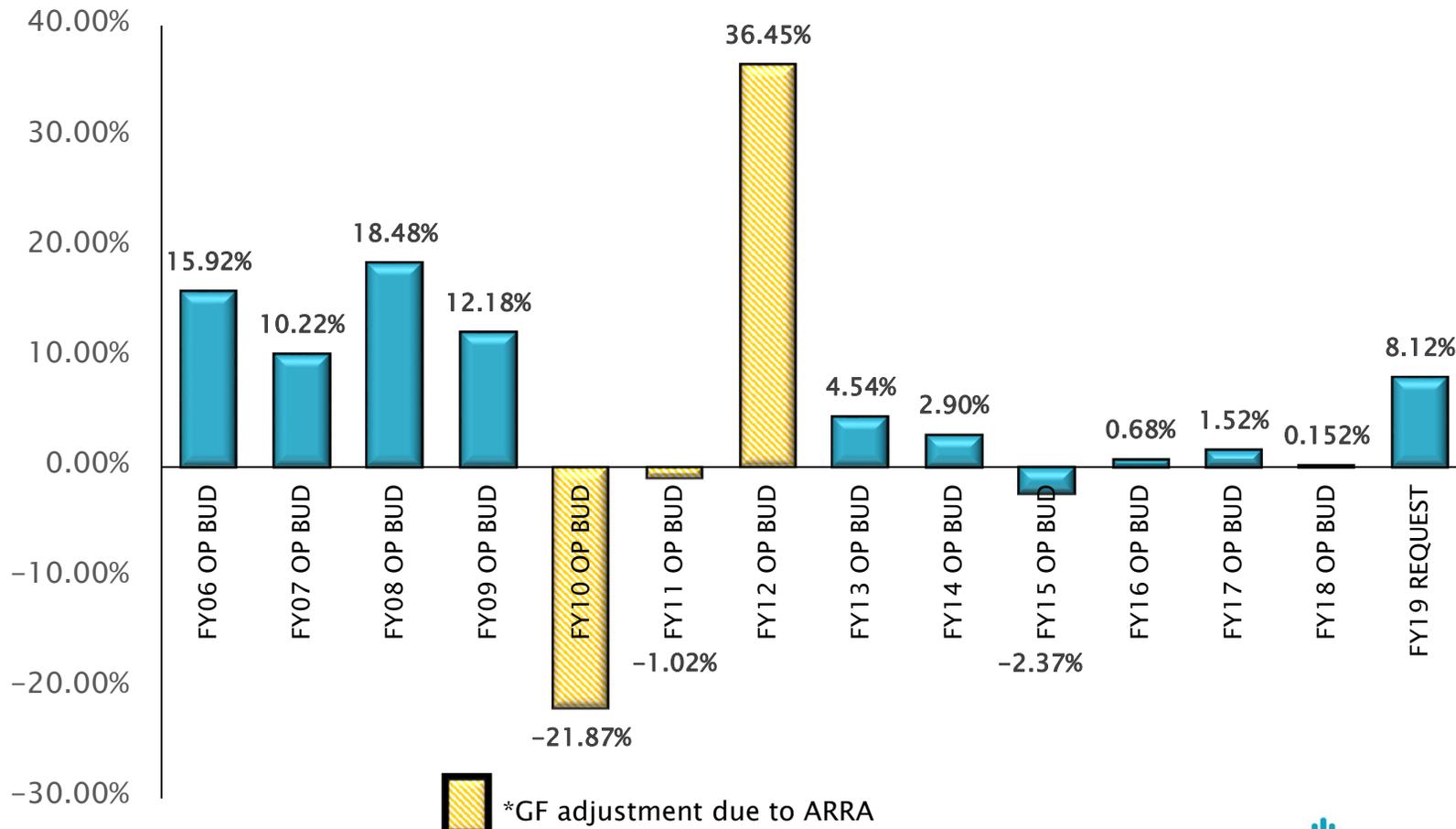
FY 19 Budget Request of \$7.085 billion

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



HSD General Fund Budget Change

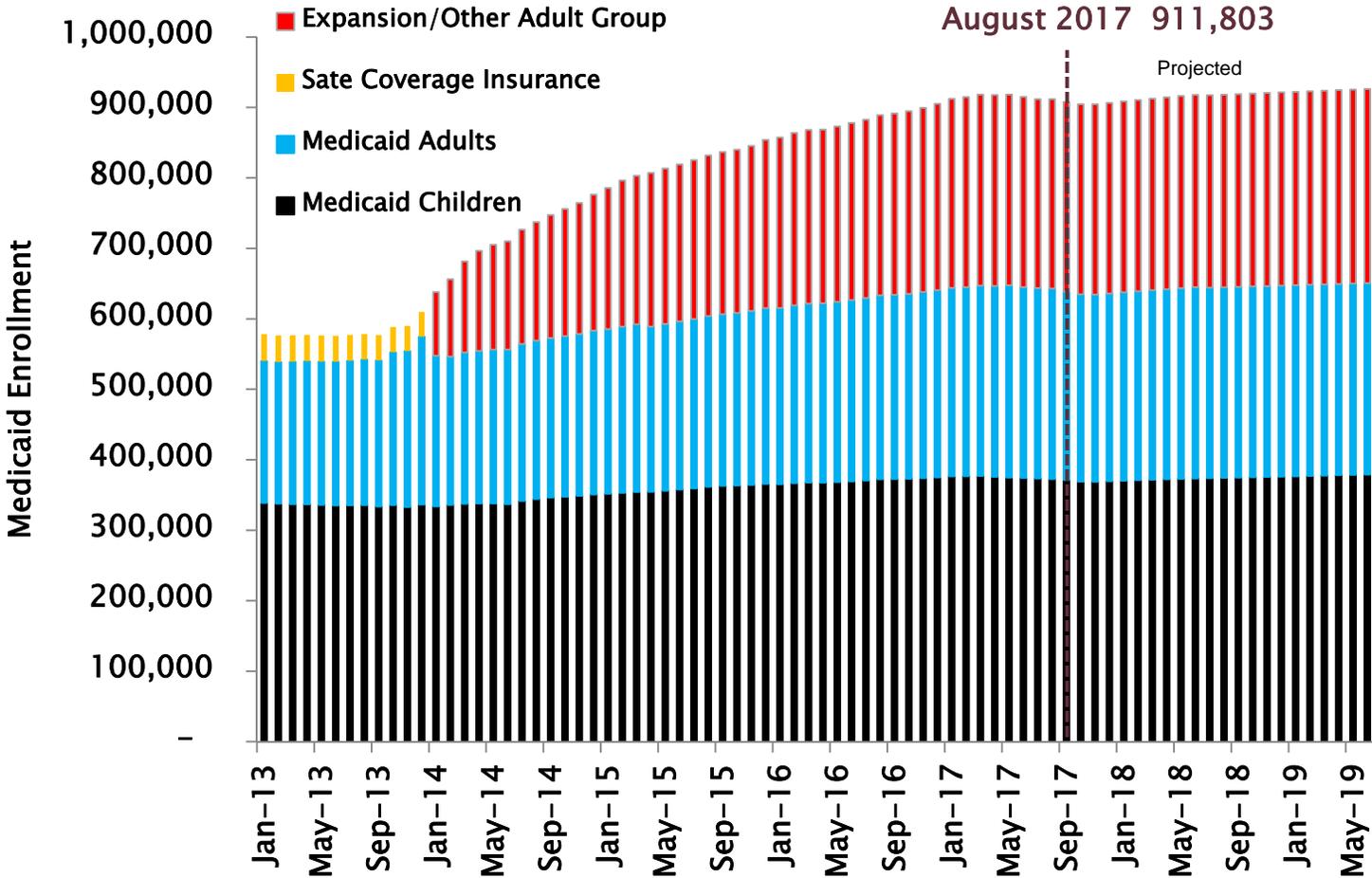
Percent Change in HSD General Fund Budget



FY19 Medicaid Budget Request Highlights

- ▶ Enrollment growth trends have slowed
 - By June 2018, enrollment projected to be 917,000, essentially flat from June 2017.
 - FY19 growth of 0.8% projected, reaching more than 922,000
- ▶ Cost trends in Centennial Care are significantly lower than regional and national health care inflation
- ▶ Uncertainty at the federal level
 - FMAP changes
 - Reauthorization of CHIP program
 - ACA “repeal and replace” legislation
 - Enrollment trends

Medicaid Enrollment



**June 2019
Projected
Enrollment**

**OAG:
275,685***

**Medicaid Adults:
271,512**

**Medicaid Children:
379,107***

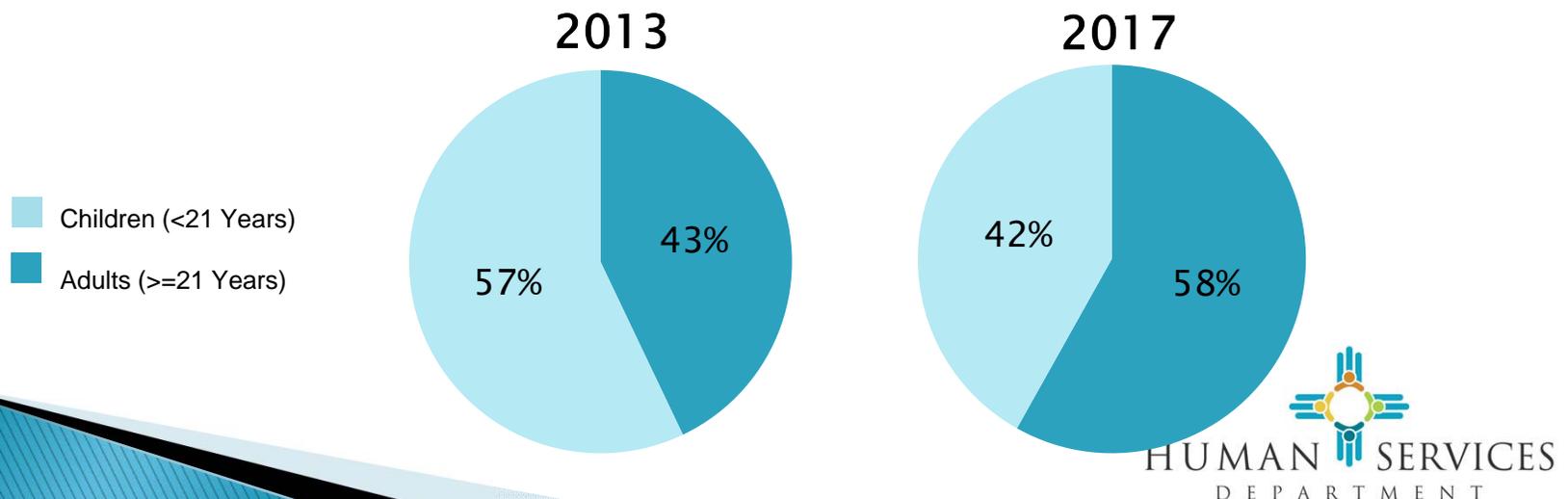
*children 19-21 y.o. counted in OAG



Medicaid Enrollment Transformation

- ▶ January 2014 also launched adult expansion of Medicaid—Alternative Benefit Package
- ▶ Significant enrollment growth in 4 years:

Medicaid Category	Enrollment June 2013	Enrollment August 2017	Percentage Increase
Parents/Caretaker Adults (0-47% FPL)	40,776	77,734	91%
Other Adults (48% - 138% FPL)	36,812 (SCI)	268,723 (Adult Expansion)	629%
All Medicaid	575,908	911,803	58%



Centennial Care: Managing Cost Growth

2. Total Centennial Care Dollars and Member Months by Program

Aggregate Member Months by Program			
Population	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	4,763,223	4,923,747	4%
Long Term Services and Supports	573,216	593,078	3%
Other Adult Group	535,904	2,771,877	9%
Total Member Months	5,872,345	8,298,502	5%

Aggregate Medical Costs by Program			
Programs	Previous (12 mon)	Current (12 mon)	% Change
Physical Health	\$ 1,245,916,497	\$ 1,268,160,787	2%
Long Term Services and Supports	\$ 883,544,015	\$ 892,892,521	1%
Other Adult Group Physical Health	\$ 955,821,072	\$ 1,047,329,283	10%
Behavioral Health - All Members	\$ 319,652,064	\$ 338,134,929	6%
Total Medical Costs	\$ 3,404,933,649	\$ 3,546,517,520	4%

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

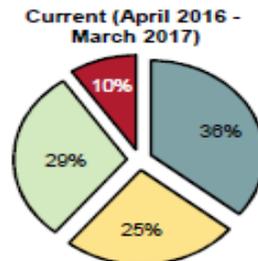
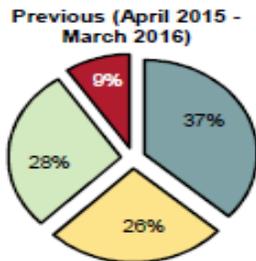
Aggregate Non-Medical Costs			
Programs	Previous (12 mon)	Current (12 mon)	% Change
Admin, care coordination, Centennial Rewards	\$ 371,292,953	\$ 352,538,974	-5%
NMMIP Assessment	\$ 53,676,377	\$ 61,941,886	15%
Premium Tax - Net of NIMMP Offset	\$ 133,873,146	\$ 142,126,353	6%
Total Non-Medical Costs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

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

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

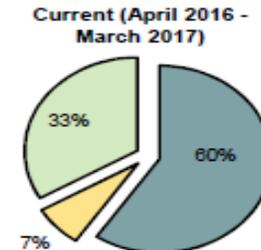
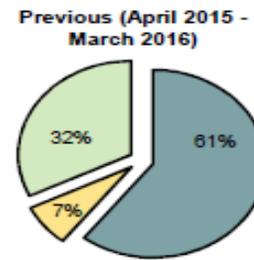
Enrollment up 5%;
Per capita costs down 2%

Centennial Care Medical



*See above for legend.

Centennial Care Member Months



*See above for legend.

Medicaid: FY 19 Appropriation Request (as of Sept. 1)

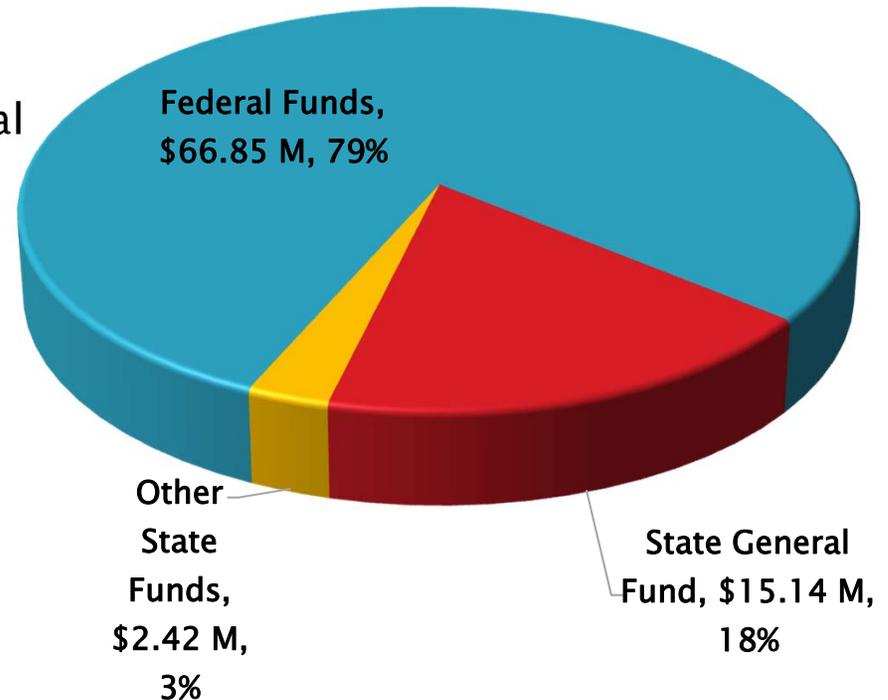
- ▶ Total Medicaid Program spending in FY 19 is projected to be \$5.892 billion.
 - \$997.2 million from the general fund, an \$81.5 million increase. Major changes from FY18 include:

(\$ in millions)

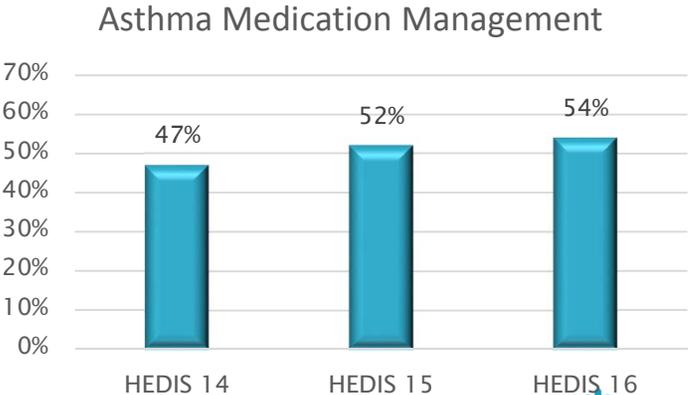
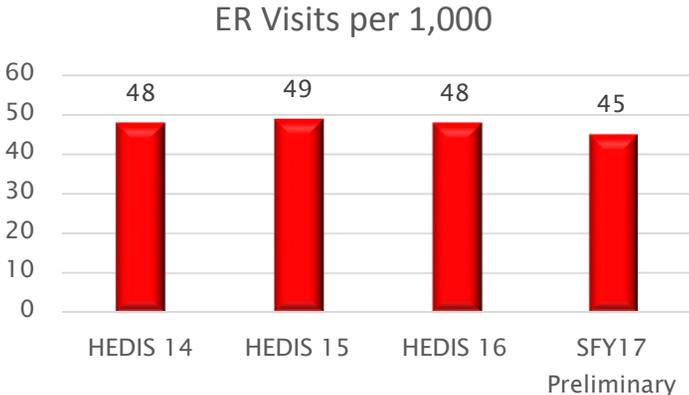
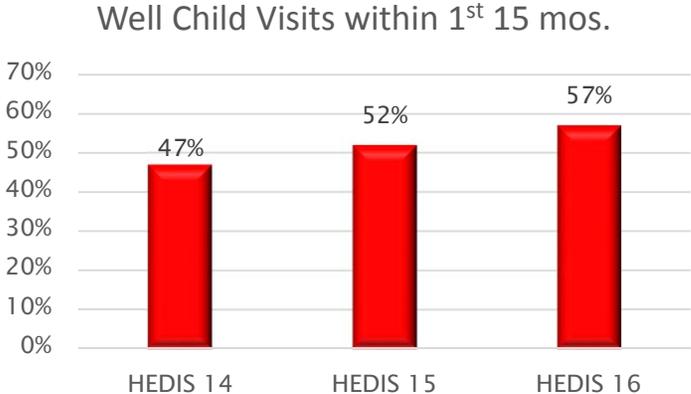
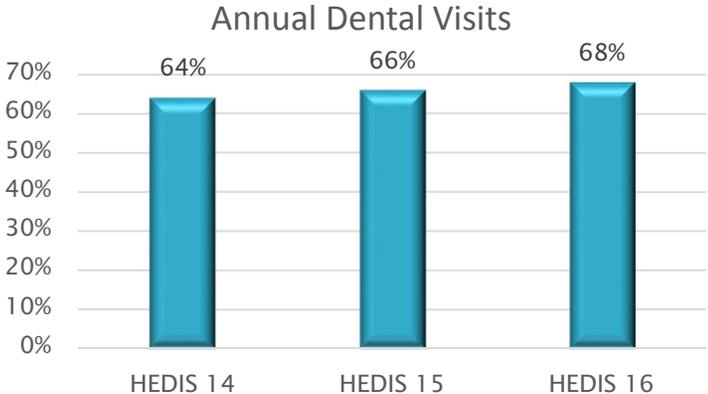
FY19 base – additional general fund above FY18 appropriation	\$15.82
Expansion FMAP (drops to 94% in 2018 and 93% in 2019)	\$14.70
Enrollment	\$11.73
Utilization and Price increases (less than 1% change)	\$11.66
Medicare Part B	\$2.62
CHIP FMAP Reduction (100% to 72.13%)	\$31.23
FMAP Change (71.90 to 72.13)	(\$7.18)
County Support Medicaid and Tobacco Settlement Revenue (reduction)	\$5.34
Other Revenue changes	(\$4.38)
Total	\$81.54

Medicaid: Administration

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

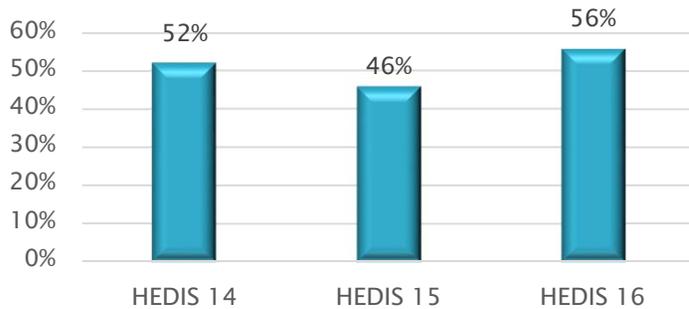


Medicaid: MCO HEDIS Performance Measures

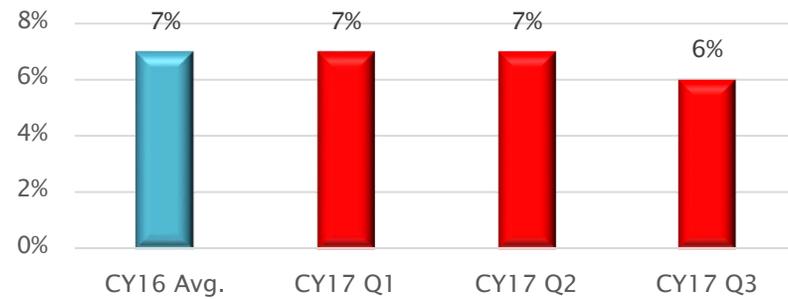


Medicaid: MCO HEDIS Performance Measures

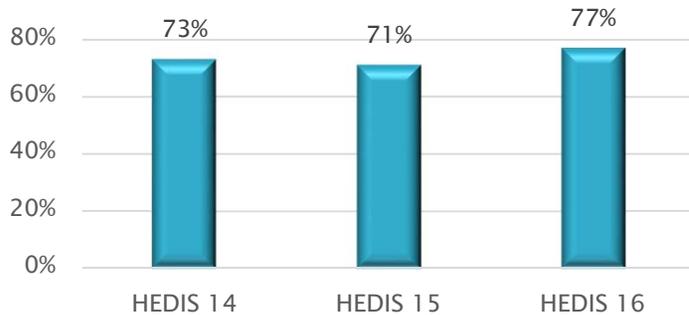
Received greater than 81% of expected prenatal visits



Reduction in hospital readmissions for children within 30 days of discharge



Prenatal Care Visits in the 1st Trimester



Reduction in hospital readmissions for adults within 30 days of discharge



Behavioral Health Spending

Total HSD Behavioral Health Spending (excl. administration)

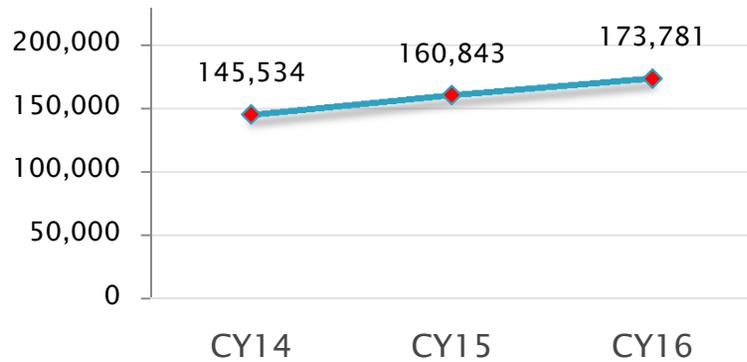
(\$ in millions)	FY17 Actuals			FY18 Op Bud*			FY19 Request		
	GF	FF	Total	GF	FF	Total	GF	FF	Total
Medicaid Behavioral Health	\$107.49	\$393.62	\$501.11	\$115.58	\$424.3	\$539.87	\$107.48	\$394.36	\$501.83
Behavioral Health Services Division	\$37.4	\$21.05	\$58.45	\$37.04	\$20.6	\$57.64	\$37.04	\$22.57	\$59.61
Total	\$144.89	\$414.67	\$559.56	\$152.62	\$444.9	\$597.52	\$144.52	\$416.93	\$561.44
Percent change from prior year	-1.24%	3.40%	2.15%	5.33%	7.29%	6.78%	-5.31%	-6.29%	-6.04%

Note: *FY18 Operating Budget for MAD BH is overstated. Adjustments to the Medicaid appropriation were not included in the MAD BH program appropriation.

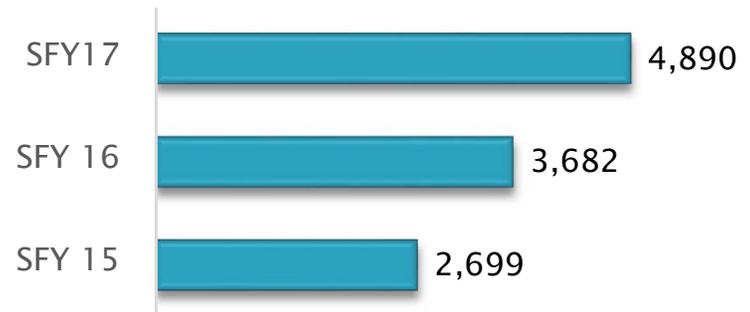
- ▶ FY19 request for BHSD is \$59.6 million, \$37.0 million from the General Fund.
 - Increased federal funding for combating opioid addiction and overdose crisis

Behavioral Health Performance

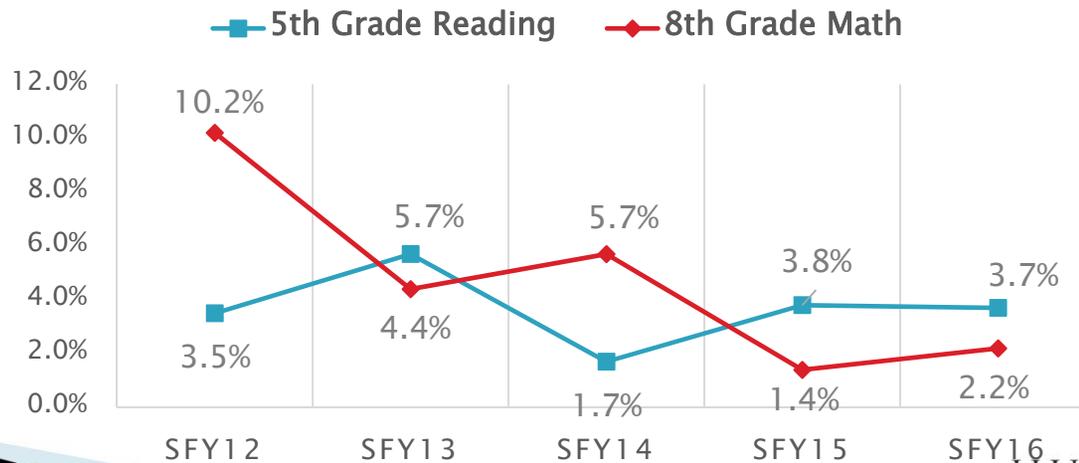
Individuals served by BH Collaborative programs



Number of persons served through Telehealth in rural and frontier counties

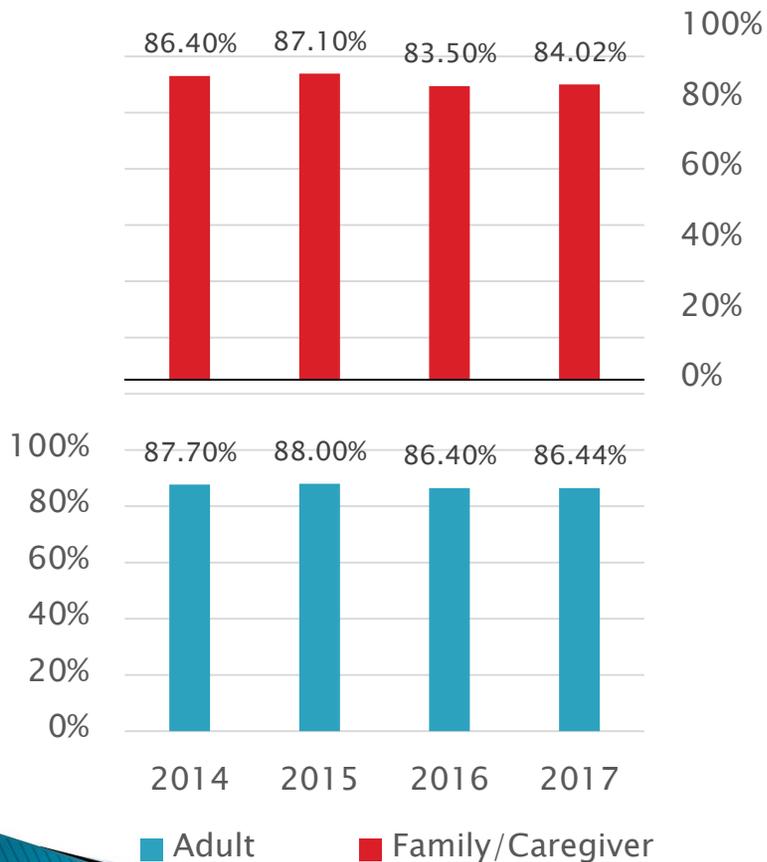


Reduction in Proficiency Gaps

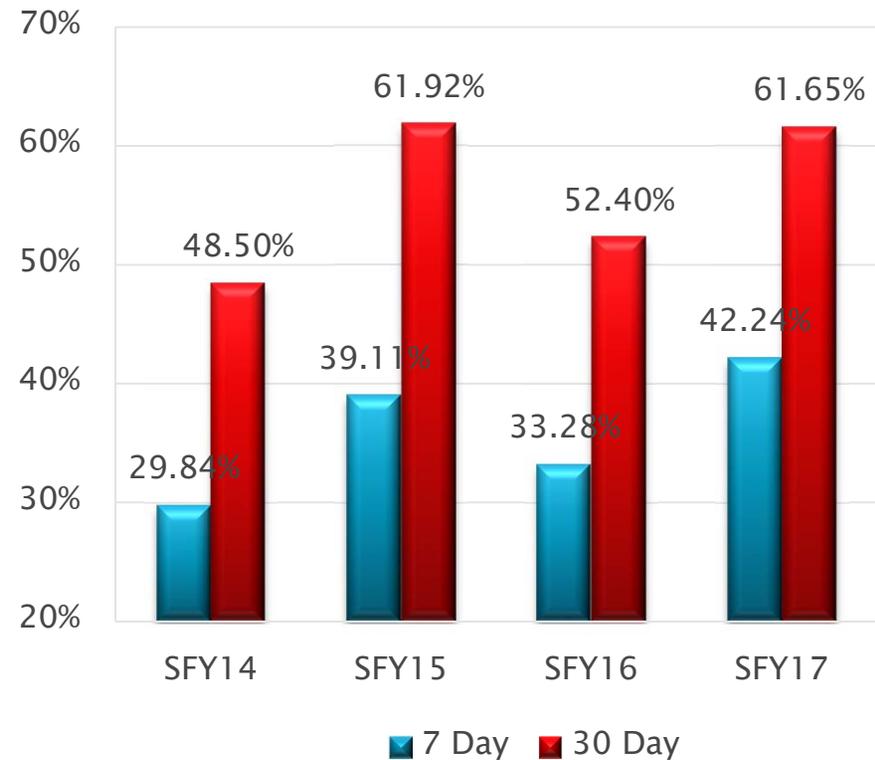


Behavioral Health Performance

Satisfaction with Behavioral Health Services



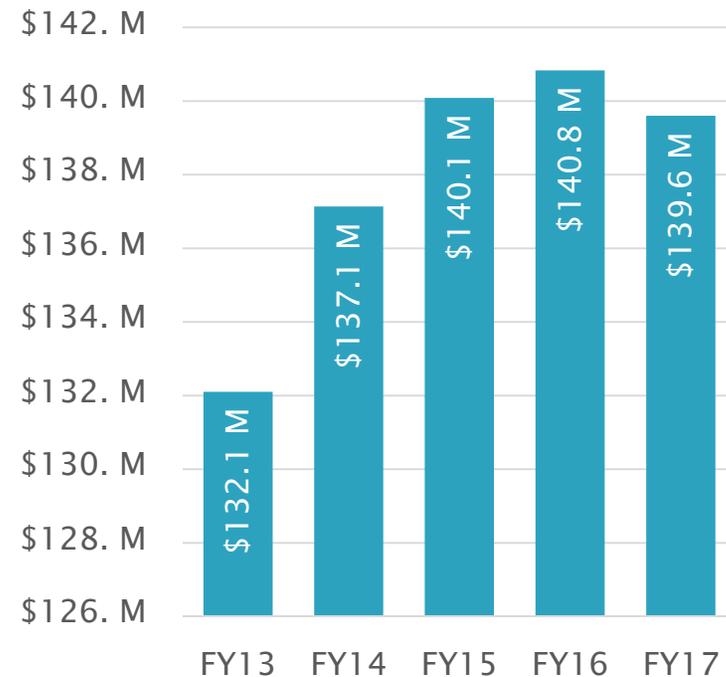
Improving Follow-Up Services after Discharge



Child Support Enforcement Division

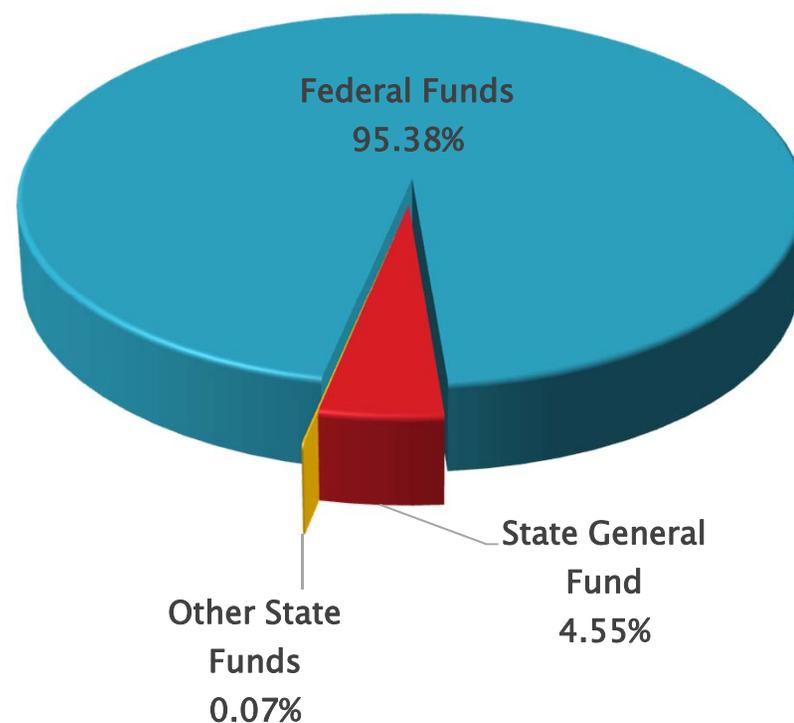
- ▶ \$30.97 million total budget request
 - \$7.64 million from the general fund
 - Reduce the vacancy rate
 - Replace other revenue
 - \$20.31 million from federal funding
 - \$3 million from other revenue
- ▶ 69,127 child support cases in FY17
- ▶ Key priorities
 - Implement Business process model to ensure more efficient and effective service
 - Replacement of the old Child Support Enforcement IT system

Child Support Collections
(in millions)

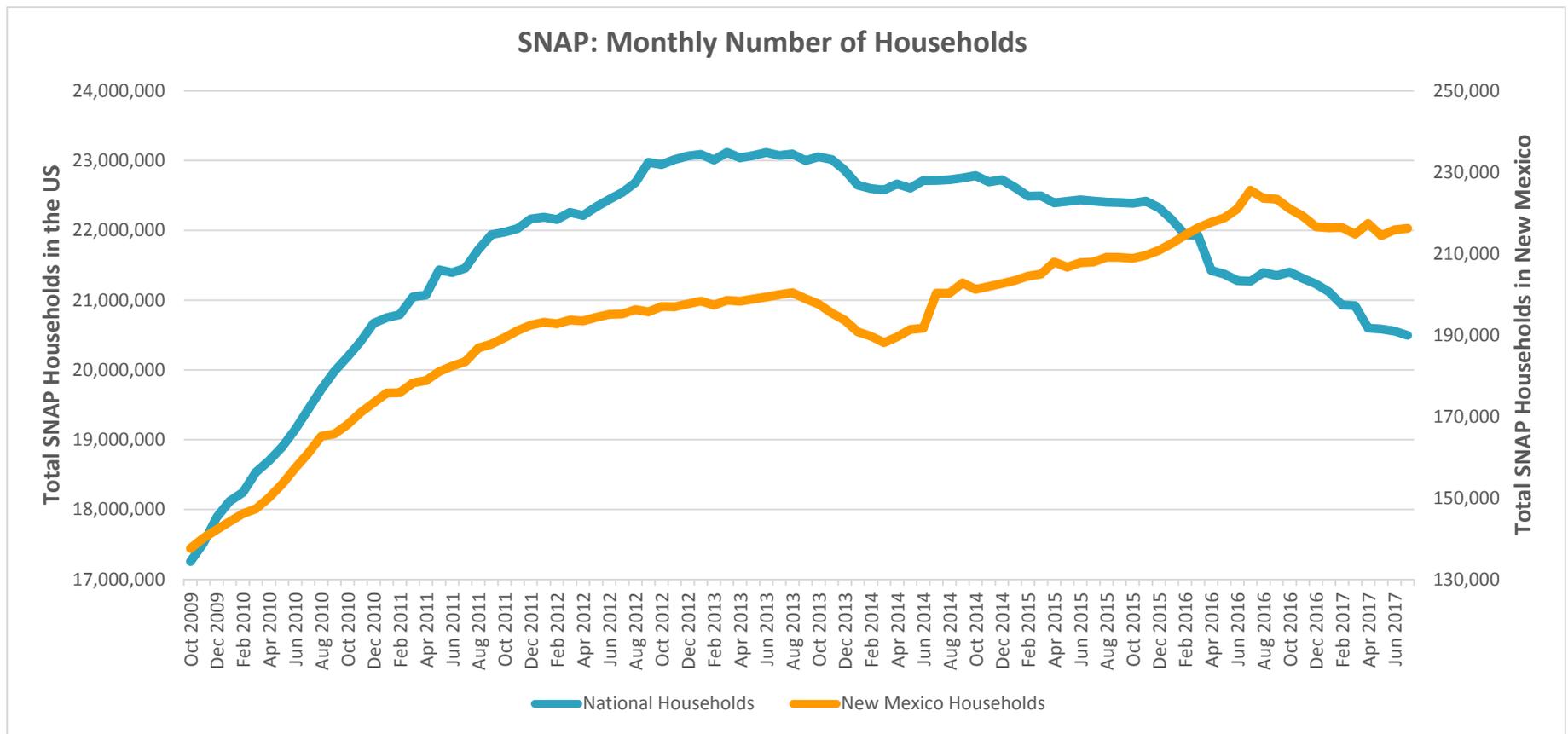


Income Support Division

- ▶ \$965.0 million overall budget
- ▶ Increase of \$398.5 thousand in General Fund needed to maintain Senior SNAP Supplement (\$25 per month).
- ▶ 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.

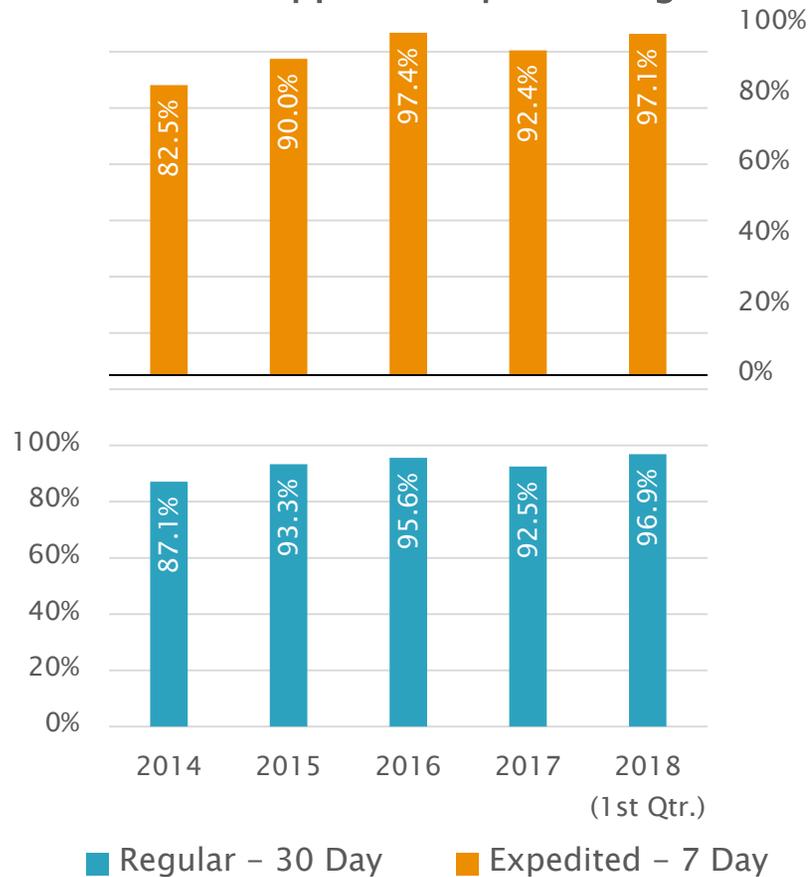


SNAP Participation

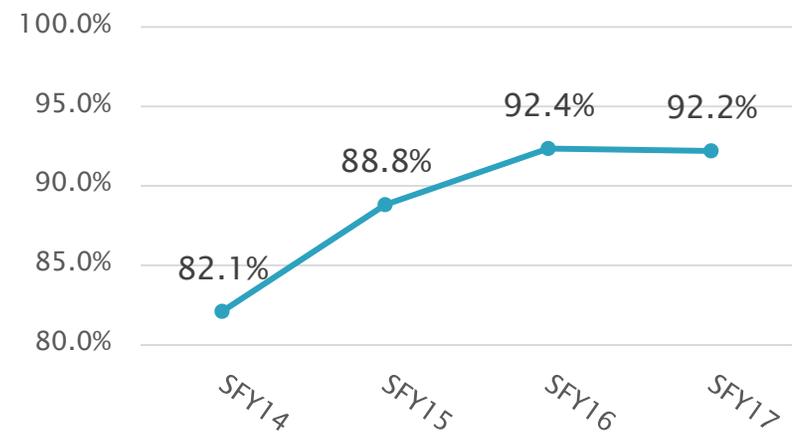


Supplemental Nutrition Assistance Program

Timeliness of application processing

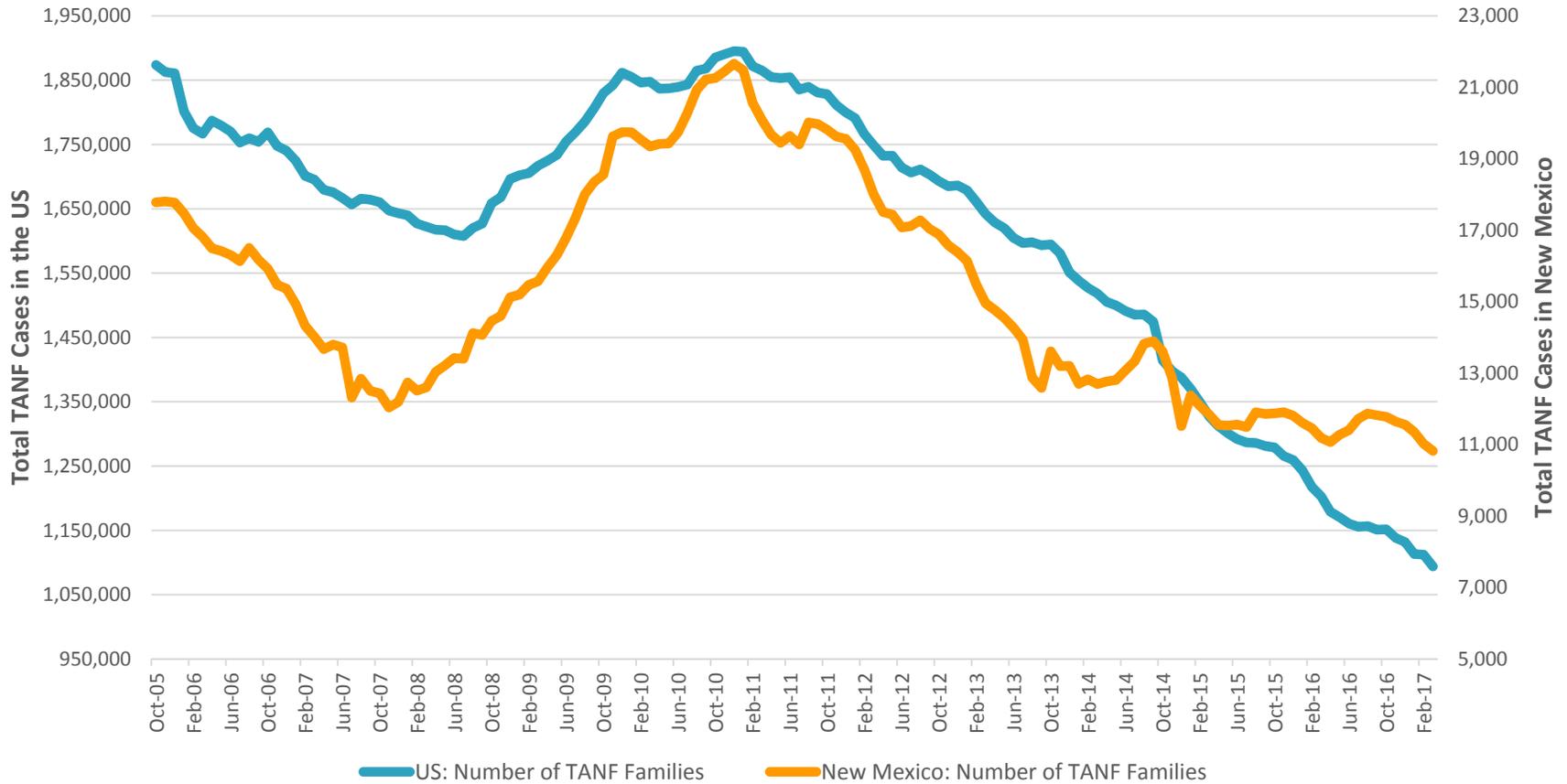


Percent of eligible children participating in SNAP



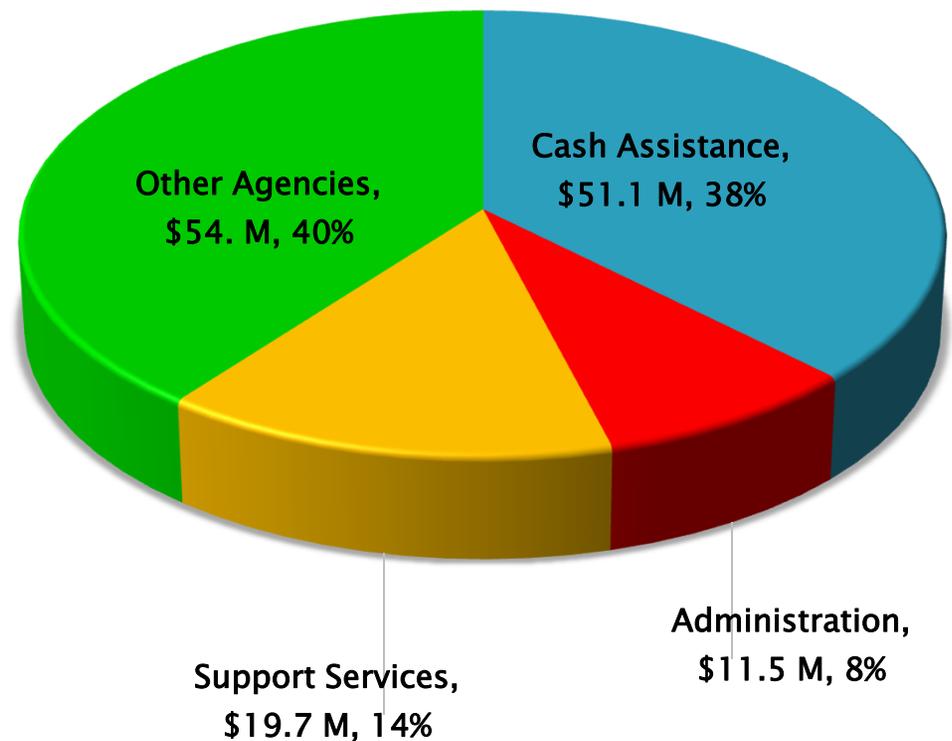
TANF Participation

TANF: Monthly Number of Families

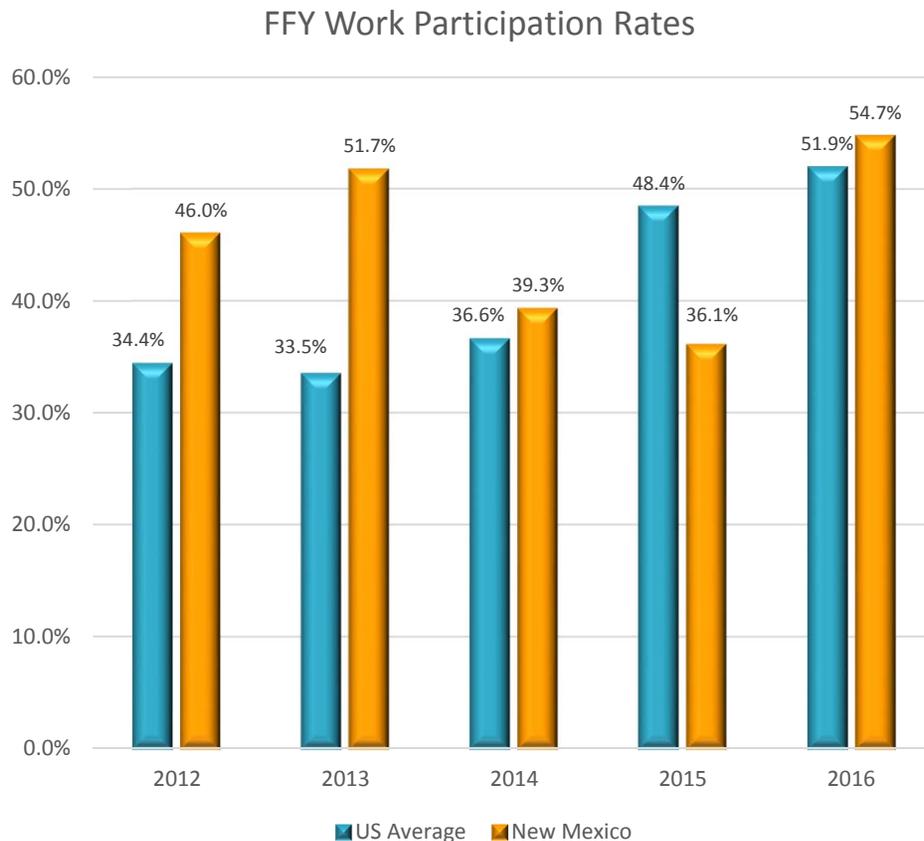


Temporary Assistance for Needy Families – (TANF)

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



TANF Work Participation Rate



- ▶ Caseload has decreased
 - In 2012, HSD had an average caseload of 18,201
 - In 2017, the average was 11,055
- ▶ Increase of child only cases
 - In 2012, the average child only cases was 37.1% of the caseload.
 - In 2017, the average child only cases was 45.3% of the caseload.
- ▶ 1 parent household has decreased
 - In 2012, the average number of one parent households was 56.2% of the caseload.
 - In 2017, the average number of one parent households had dropped to 47.2% of the caseload.

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

Temporary Assistance for Needy Families – (TANF)

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

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

Program Support and Information Technology

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

Medicaid Management Information System Replacement (MMISR)

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

MMISR Costs and Budget

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

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

Centennial Care 2.0 Information

- ▶ **Next Public Meeting: Albuquerque – Monday, October 30, 2017, 5:30 to 7:30 pm**
 - National Hispanic Cultural Center
 - By phone: 1-888-757-2790, participant code 991379#

- ▶ **Additional info:**
 - <http://www.hsd.state.nm.us/centennial-care-2-0.aspx>

- ▶ **To submit comments:**
 - Email to HSD-PublicComment@state.nm.us
 - Mail to Human Services Department, ATTN: HSD Public Comments, PO Box 2348, Santa Fe, NM 87504-2348

- ▶ **Comments will be accepted until 5:00pm MST on Monday, November 6, 2017**

Questions?

