Input from Health and Human Services Agencies Regarding Restructuring

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Authority

- Section 2-13-2 NMSA 1978 requires the Legislative Health and Human Services Committee (LHHS) to "conduct a continuing study of the programs, agencies, policies, issues and needs relating to health and human services…".

- These health and human services agencies include the:
  - Human Services Department;
  - Department of Health;
  - Aging and Long-Term Services Department;
  - Children, Youth and Families Department; and
  - Workforce Solutions Department.

Input Requested in July

- At the July LHHS meeting, each agency was requested to provide information in two areas:
  - How has your agency dealt with budget cuts?
  - What ideas do you have for restructuring, consolidation or greater efficiency of management?

General Responses – Effect of Budget Cuts

- All agencies:
  - Maintain vacancy rates;
  - Limit travel;
  - Have increased the use of technology;
  - Have tried to make cuts across all programs; and
  - Have prioritized areas to cut based on highest needs and most vulnerable populations served.

General Responses – Effect of Budget Cuts (cont.)

- All Agencies:
  - Have lost other funds in addition to general funds:
    - Federal Funds; and
    - Grant Funds; and
  - Report increased enrollment in the programs and services they offer.

Opportunities for Restructuring

- All Agencies:
  - Urge caution in pursuing major changes;
  - Desire more time for an in-depth look at options; and
  - Expect further alignment and consolidation efforts to occur as budget cuts continue.

Children, Youth and Families Department

- Has renegotiated contracts to save money;
- Has established a waiting list for child care assistance;
- Has applied for a federal grant to fund expansion of home visiting:
  - Current federal funds were reduced; however, the governor applied discretionary funds to keep the program whole; and

Children, Youth and Families Department (cont.)

- Declined to offer any concrete restructuring proposals at this time:
  - Believes the department is properly organized;
  - Has been commended by other states as a "model";
  - Would like to meet with the other HHS secretaries to explore ideas; and
  - Is identifying contingency plans for when/if TANF and ARRA funds for child care are discontinued.

Department of Health

- Has a "triage" system for determining where to cut in order to protect those individuals with the most urgent needs:
  - Has cut programs resulting in the least immediate impact;
  - Prevention programs have been reduced the most; and
  - Has (for the most part) held the inpatient facilities harmless;

Department of Health (cont.)

- Declined to offer any concrete restructuring proposals at this time:
  - Believes the organizational chart is already flat enough; and
  - Believes reorganization would be costly in terms of its services and financial burden.

Department of Health (cont.)

- Recognized that the reauthorization of the DD waiver offers opportunities for redesign of that program; and
- Is considering regionalizing public health offices.

Aging and Long-Term Services Department

- Will lose additional federal funds that support the meals program:
  - Is looking at potential new partnerships to achieve economics of scale in meals programs;
- Has established a cost-savings task force;
- Is gearing up for an anticipated huge growth in the aging population in the next decade;

Aging and Long-Term Services Department (cont.)

- Is looking at ways to establish a business model of operations for federal Older Americans Act services (HM 43);
- Is working with others to integrate information technology services across departments;
- Would be willing to look at consolidating all waiver programs within one department; and
- Would resist absorbing ALTSD into HSD at this time.

Workforce Solutions Department

- Noted ARRA funds have helped offset the impact of general fund cuts;
- Has redesigned some forms to enhance efficiency through online use;
- Is pursuing administrative simplification and program reduction;
- Established a state competitive grant team;

Workforce Solutions Department (cont.)

- Is developing a matrix of restructuring and consolidation ideas that include:
  - Co-location of support services at one-stop shops;
  - Consolidation of Workers' Compensation Administration and Vocational Rehabilitation Division of the Public Education Department into WSD;
  - Transfer WSD tax operations to Taxation and Revenue Department;

Workforce Solutions Department (cont.)

- Creating a universal call center;
- Consolidating inspector general and audit activities for the state;
- Increased internet use; and
- Procurement Code adjustments to allow expedited hiring and purchasing.

Human Services Department

- Notes that enrollment increases have occurred in virtually all HSD programs;
- Numerous grants are ending;
- Enhanced ARRA Medicaid match expected to end;
- Many cost-containment measures have already been implemented in Medicaid;

Human Services Department (cont.)

- Medicaid cost-containment measures under consideration include:
  - Provider taxes;
  - Limiting pharmacy benefits to mail order;
  - Limiting emergency room visits; and
  - Revamping long-term care services and programs;

Human Services Department (cont.)

- The anticipated shortfall is so large, HSD anticipates elimination of programs and services will be necessary;
- Working with advocates, Native Americans and providers to restructure Medicaid; and
- Looking at models in the federal health reform law for system redesign.

Summary and Conclusion

- All agencies are struggling with reduced staff, increased program and service needs and loss of state and federal funds.
- Staff meetings with agencies have begun and will continue.
- LHHS will devote a full day to further exploration of this topic on August 2.