

Legislative Health and Human Services Committee

NM Health and Human Services Programs: FY13 Fiscal Overview and Outlook

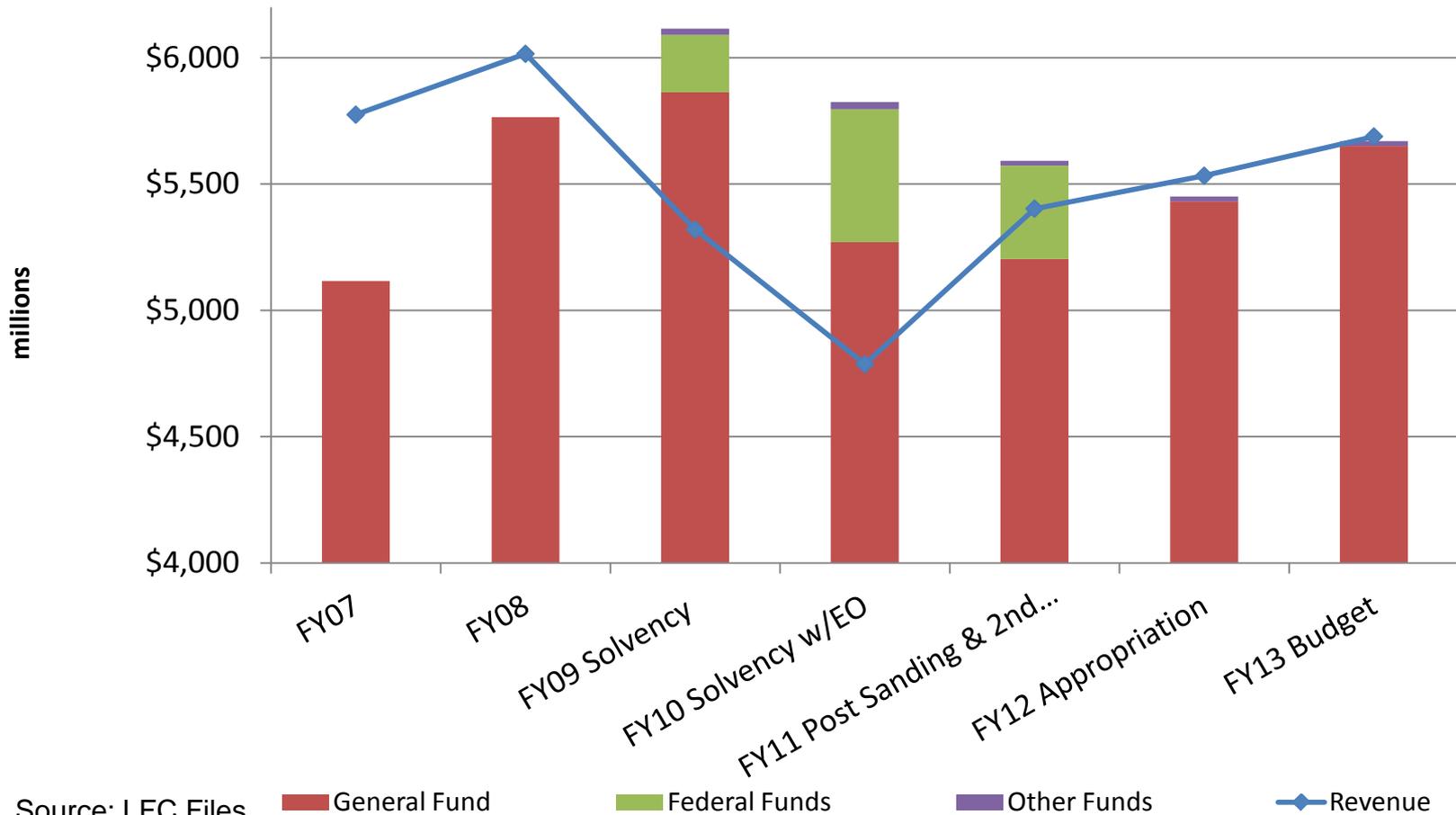
Ruby Ann Esquibel, Principal Analyst
Mimi Aledo-Sandoval, Senior Fiscal Analyst II
Greg Geisler, Principal Analyst
Legislative Finance Committee
June 25, 2012

Presentation Outline

- FY07-FY13 General Fund Appropriations
- Medicaid and HSD Fiscal Overview & Outlook
- CYFD Overview & Outlook
- WSD Overview & Outlook
- DOH Overview & Outlook
- ALTSD Overview & Outlook
- Agency report cards included

General Fund Appropriations and One-Time Supplanting

Appropriations: General Fund and Temporary Funds



Source: LFC Files

General Fund

Federal Funds

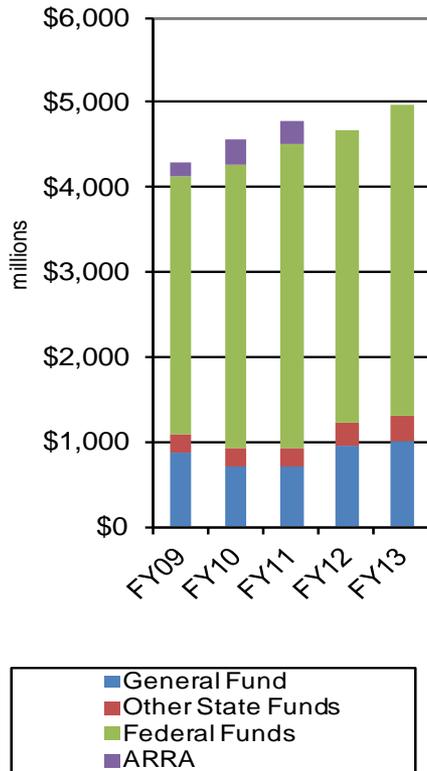
Other Funds

Revenue

Medicaid and Human Services Department (HSD) Fiscal Overview & Outlook

HSD Appropriations FY09-FY13

HSD Appropriations

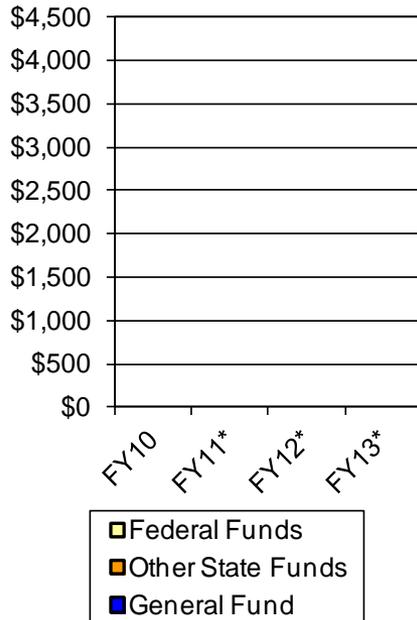


Source: LFC Files

- The HSD requested \$1.2 billion from the general fund, a \$50.1 million increase, or 5.1 percent, compared with FY12.
- Almost all of the increase, approximately \$48.9 million, was requested for the Medicaid program, where the HSD is projecting modest growth in enrollment (2 percent) and utilization (1 percent).
- Final legislative action provided total funding of \$4.7 billion, an increase of 5.8 percent. Total general fund revenue for the HSD was approximately \$1 billion, which represented an increase of 4.1 percent over FY12.
- For FY14, key issues include replacement of tobacco funds for Medicaid (\$19.4 million, due to expiration of transfer language in statute) and funding first six months of health care reform increased enrollment (\$10.6 million to \$16.6 million).

Medicaid Appropriations

Medicaid Program Projections
(in millions)



*January 2012 projection; excludes administration.

Source: LFC Files

- Medicaid’s general fund appropriation for FY13 totals \$905 million
- General fund for Medicaid is increased by 4.4% over FY12, or \$38 million
- Major components of budget increase include \$19.3 million for utilization & enrollment growth, \$11.1 million for a decline in the FMAP rate from 69.36% to 69.07% and \$8.1 million for a nursing home rate increase
- Total FY13 appropriation (all funds) for Medicaid is \$3.95 billion
- General appropriation Act provided HSD \$35 million general fund to cover a cash deficiency due to Medicaid billing issues

Medicaid Enrollment

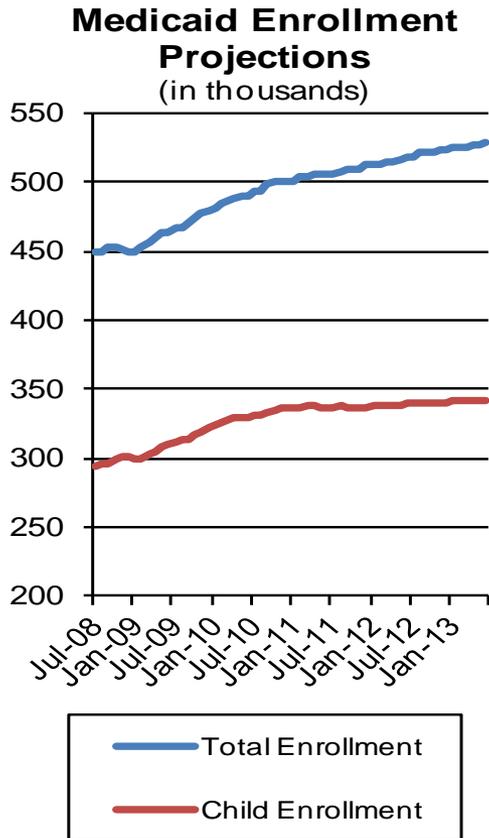
- HSD is projecting moderate growth in Medicaid enrollment of slightly over 2 percent for FY12 and FY13

- Total Medicaid enrollment is projected to approach 527 thousand by the end of June 2013. Of concern, children enrollment has declined to 336 thousand since a peak of 338 thousand in March 2011.

- Total enrollment in all HSD healthcare programs (including the State Coverage Initiative) is projected to approach 582 thousand at the end of FY13 (just before enrollment increases due to healthcare reform begin).

- Enrollment due to healthcare reform during FY14 is projected to range from 106,000 to 137,000 individuals

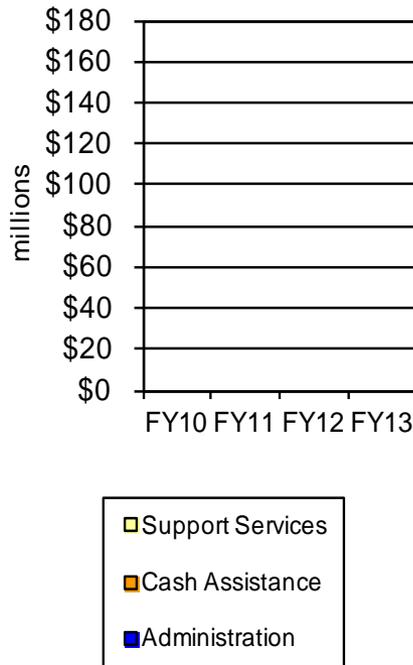
- Federal match rate is 100% initially for newly eligible; Full 7 year cost for the increased enrollment is \$7.2 billion. Federal share of this total is \$6.7 billion and state general fund is \$580 million.



Source: LFC Files

TANF Appropriations

Temporary Assistance for Needy Families Appropriations



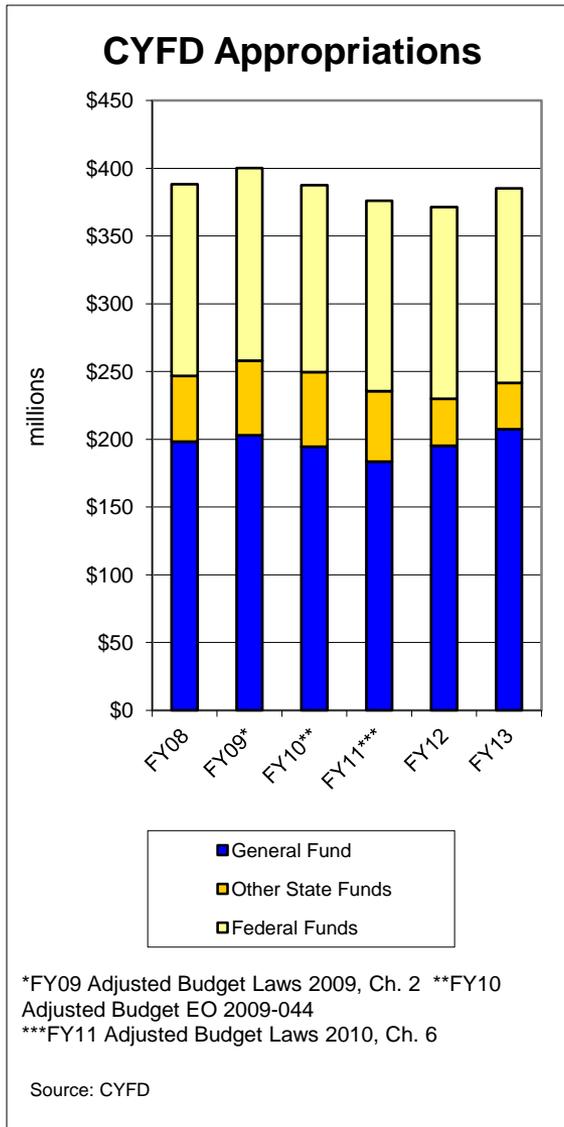
Source: LFC Files

- The FY13 appropriation for direct TANF programs is \$104 million, slightly less than the FY12 operating budget of \$107 million, mostly due to lower projections in TANF cash assistance cases
- The number of TANF cases has declined from approximately 21,328 in January 2011 to 19,144 in January 2012, a decline of 10.2 percent.
- HSD speculates this decline is due to the slightly improving employment picture while advocates counter that a 15 percent reduction in benefits implemented in FY11 and changes in eligibility criteria have also been a factor.
- The FY13 funding includes \$34.1 million in federal funding for TANF-related support, including \$23.7 million for childcare, \$9.2 million for the NM Works contract for employment support, \$700 thousand for job-related expenses for TANF clients, and \$500 thousand for transportation expenses.

Children, Youth and Families Department (CYFD)

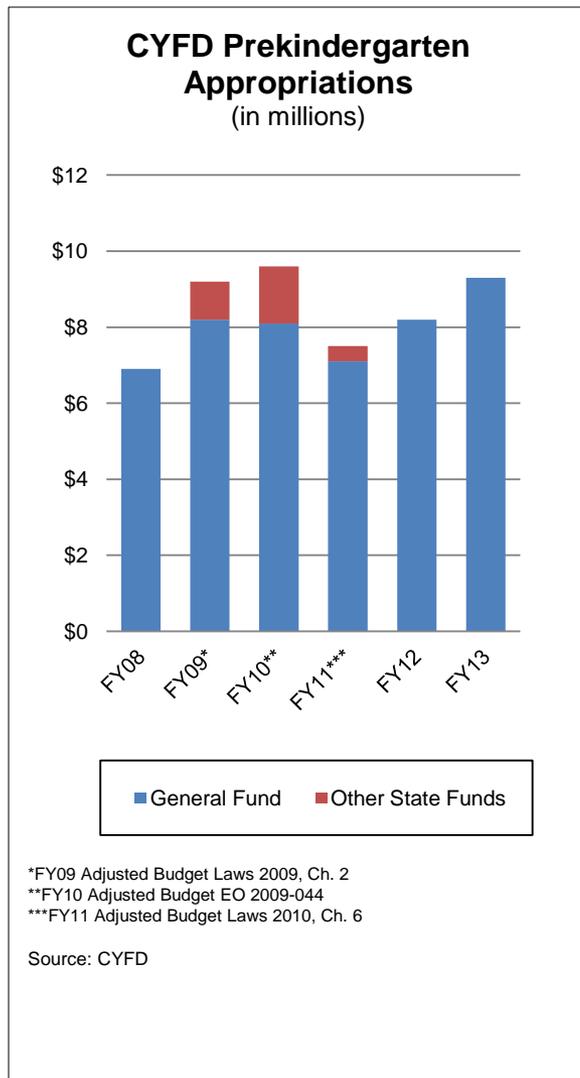
Fiscal Overview & Outlook

CYFD Appropriations FY08-FY13



- FY13 general fund appropriation of \$207.8 million is a 6.5% increase, or \$12.6 million higher than FY12
 - \$3 million to lower average vacancy rate to 6% and fund vacant positions at mid-range
- \$1 million in general fund added for domestic violence program to replace nonrecurring fund balance from the domestic violence offender treatment and intervention fund.
- FY13 general fund grew by \$4.9 million for Early Childhood Services Program including:
 - \$3 million for childcare
 - \$1 million for prekindergarten
 - \$900,000 for home visiting

CYFD PreK Appropriations FY08-FY13



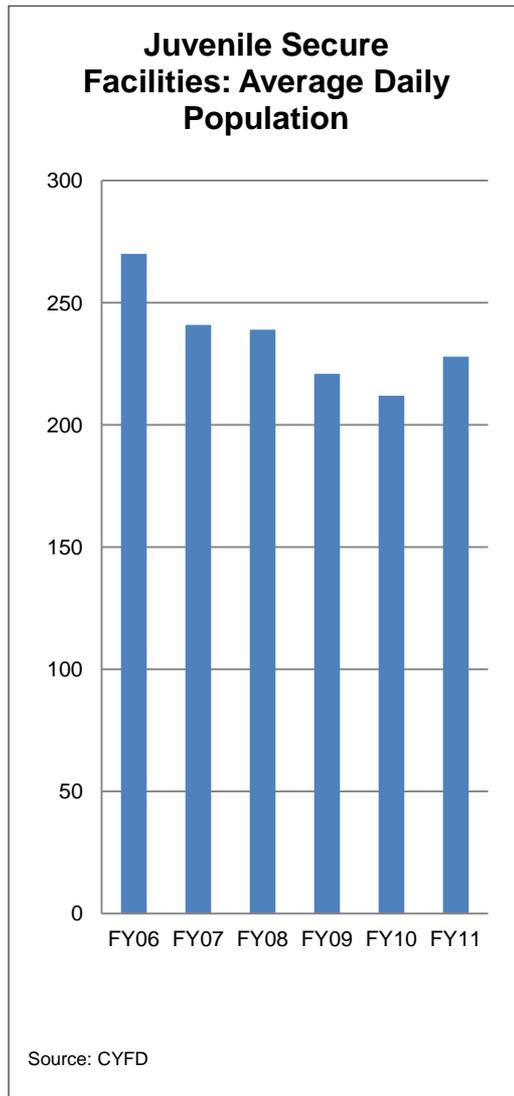
- FY13 CYFD PreK general fund appropriation - \$9.2 million

- NOTE: PED received \$10 million in for FY13, an increase of \$3.7 million over FY12 general fund support for PED PreK.

Prenatal to Age 3

- Healthy development from prenatal to age 3 is linked to more successful school outcomes, adults who are productive contributors to the economy, and individuals who lead healthier, longer lives. Developmental and biological interferences during the prenatal and earliest years of life can result in weakened physiology and altered brain architecture.
- A U.S. Department of Health and Human Services study found that the more risk factors children from birth to 3 years old experienced, the greater their chance of experiencing cognitive, emotional, social, and physical development problems.
- Numerous early childhood prevention and intervention programs exist in New Mexico to reduce health and developmental risks, but opportunities exist to improve performance and leverage additional federal funding, particularly using Medicaid funding for home visiting.
- Medicaid plays a major role in the health outcomes for many New Mexico children. In 2010, Medicaid covered 19,863 births, or roughly 71 percent of the 27,795 births in New Mexico.
- Medicaid pays for six well-child doctor visits during the first 15 months of life. For the almost 20,000 infants annually enrolled in Medicaid, these visits are crucial after birth to track developmental progress and to aggressively treat any health issues that could impair proper development. FY12 performance is currently lagging with an overall rate of 29 percent of children receiving all six well-child visits.

Juvenile Facilities' Population FY06-FY11



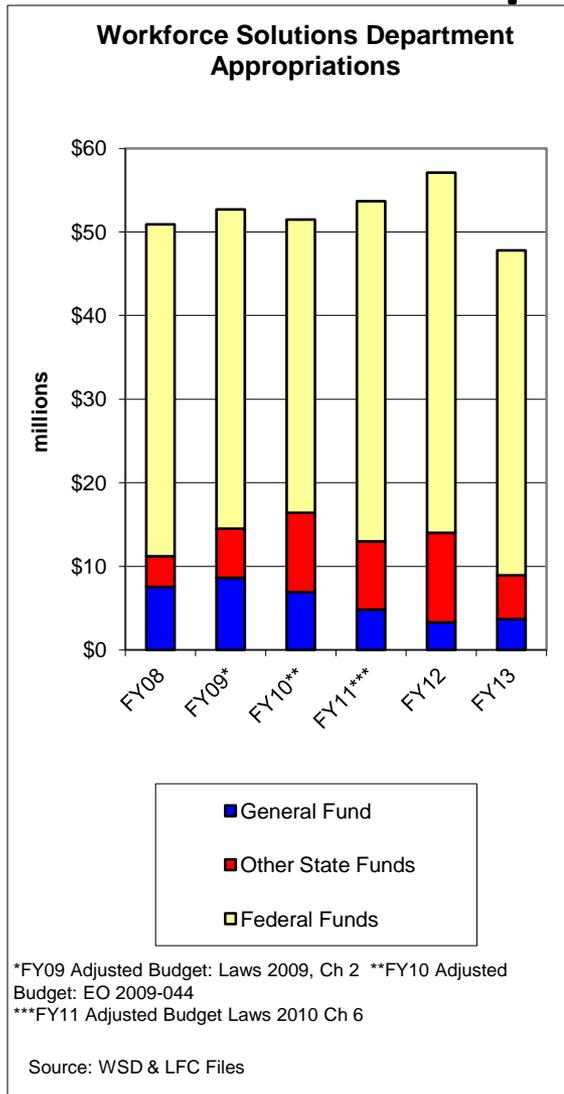
- CYFD's FY13 Juvenile Justice Program budget reflects the realignment of Youth and Family Service Program's probation and parole services into Juvenile Justice

- The FY13 budget includes \$250,000 in general fund revenue for a contract with Missouri Youth Services Institute for continued training and support for the Cambiar New Mexico model

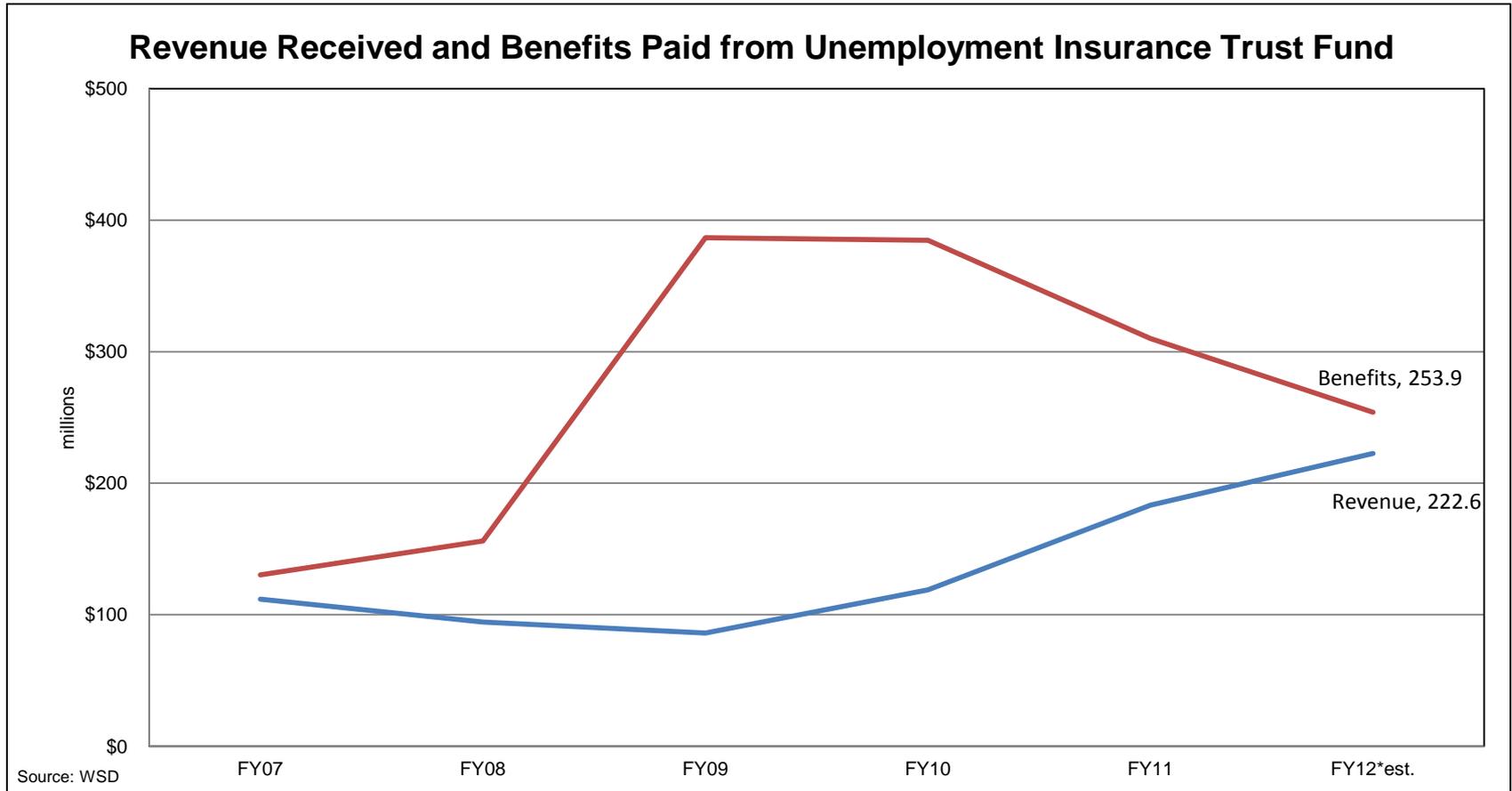
Workforce Solutions Department (WSD) Fiscal Overview & Outlook

WSD Appropriations FY08-FY13

- HB2 appropriation for FY13 - \$47.8 million
- FY13 operating budget of \$62.4 million
 - includes additional \$11.2 million in federal funds
- FY13 general fund appropriation of \$3.68 million is 14% higher than the FY12 budget



Unemployment Insurance



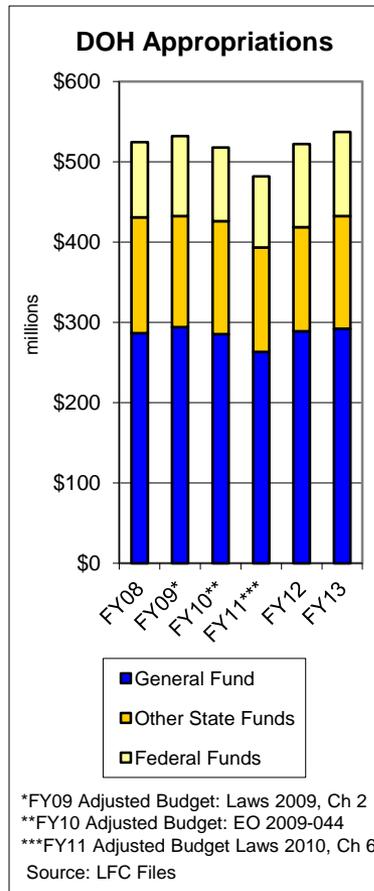
Unemployment Insurance

- As of June 20, 2012, the UI Trust fund balance was \$72.4 million
- The Ad Hoc Unemployment Advisory Council has met on a monthly basis since April to review numerous issues including, overpayments, adequate fund balance, employer contribution rates and tables, criteria for suitable work, and partial benefits and partial wages.
- Roughly 78 percent of ineffective charges against the UI trust fund in FY2010 were from employers in the top 5.4 percent bracket. (Ineffective charges include charges where benefits paid out on behalf of an employer exceed the contributions made by that particular employer.)
- Employers with the most claims have limited incentive to control unemployment costs and are being subsidized by employers at lower rates.
- The department also reported that under current law schedule 6 would likely be implemented in 2014.

Department of Health (DOH)

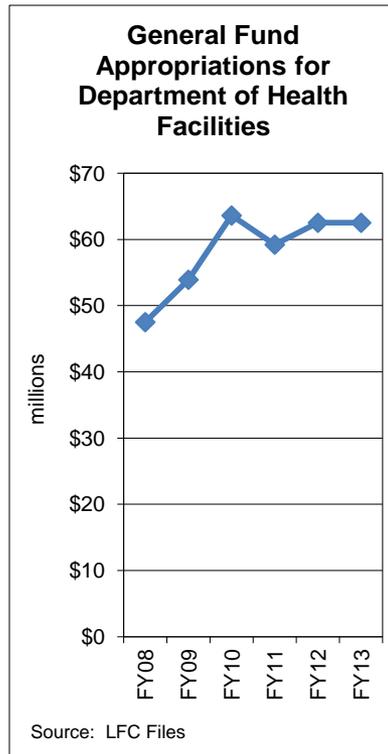
Fiscal Overview & Outlook

DOH Appropriations FY08-FY13



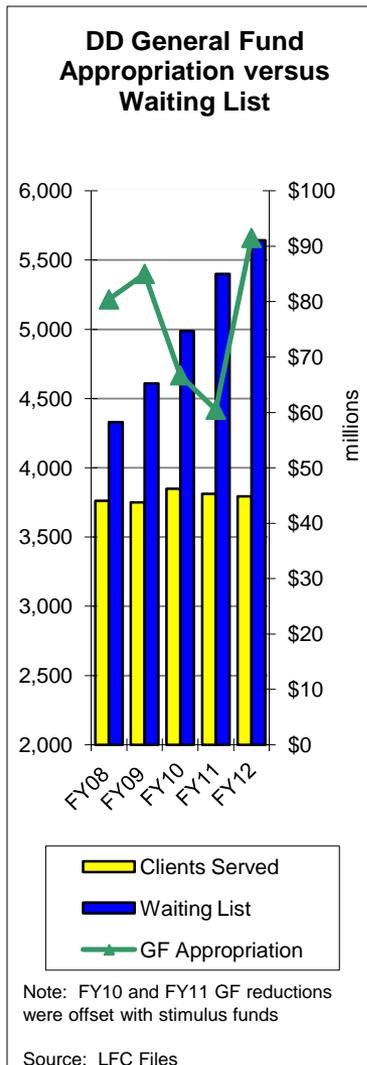
- FY13 general fund totals \$292 million for DOH
- DOH received a general fund increase of \$3.3 million, or 1.1% over FY12
- Additional funding was appropriated above the DOH request including:
 - \$818,000 for rural primary care services contracts (RPHCA)
 - \$200,000 for sexual assault programs
 - \$100,000 healthcare workforce training (LHHS initiative)
 - \$29,000 for nurse advice
- Governor vetoed FY13 performance measures related to preventing HIV/AIDS; conducting health emergency exercises; analyzing public health threat samples; substantiating cases of abuse, neglect and exploitation in state facilities; and conducting compliance surveys of the state's private adult residential care and daycare facilities.

DOH Facilities' GF FY08-FY13



- FY13 general fund revenue for DOH health facilities stayed flat with FY12 operating levels
- Increased funding for personnel, but not seeing vacancy rate decline from current 20%
- The FY13 total appropriation for facilities provides sufficient funding for:
 - Maintaining direct patient care staffing levels
 - Maintaining programmatic healthcare services
 - Providing full funding for the Fort Bayard Medical Center debt payment at \$4 million

DD GF vs Waiting List FY08-FY12



- The FY13 general fund appropriation totals \$95.9 million for the developmental disabilities (DD) Medicaid waiver

- DD waiver received an FY13 increase in general fund revenue of \$2.7 million or 3% over FY12

- FY13 appropriation includes \$2.7 million to enroll an estimated 150 additional clients from the DD waiver waiting list

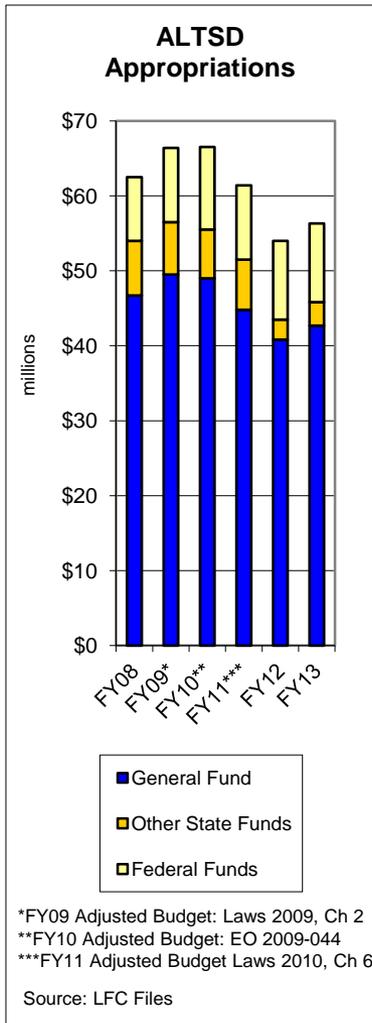
- 3,600 individuals receive DD waiver services
- 5,600 individuals are on the DD waiting list
- 227 individuals receive Medically Fragile waiver services

- On Friday, new DD waiver standards, rates, service package proposed by DOH. Concerns raised by family and other providers, clients, etc.

Aging and Long-Term Services Department (ALTSD)

Fiscal Overview & Outlook

ALTSD Appropriations FY08-FY13



- FY13 general fund appropriation for ALTSD totals \$42.7 million
- ALTSD received a general fund increase of \$2 million, or 5% over FY12, with the following additions:
 - \$1.7 million for home-delivered meals and other Aging Network programs (congregate meals, senior employment, etc)
 - \$537,000 for the Aging and Disability Resource Center
- FY13 general fund support for the Aging Network and Area Agencies on Aging totals \$27.1 million, an increase of 6.6% over FY12
- Governor vetoed language specifying the general fund appropriation to the Aging Network expand home-delivered meals.