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September 29, 2016

Brent Earnest, Secretary
NM Human Services Department
P.O. Box 2348
Santa Fe, NM 87504

Dear Secretary Earnest:

Thank you for appointing me as Chair of the Long Term Leveraging Medicaid Subcommittee of the Medicaid Advisory Committee (MAC). I appreciated the opportunity to work with the Members of the Subcommittee and Medicaid Director Nancy Smith-Leslie and staff with the Medical Assistance Division (MAD). The MAD staff provided support and was responsive to the requests of the Subcommittee throughout the process.

The Long Term Leveraging Medicaid Subcommittee (see attached list of membership) met five times between June 29 and August 31, 2016 alternating between Albuquerque and Santa Fe. The Subcommittee, at its first meeting, voted to hold open meetings and include public comment at the end of each meeting. The subcommittee also agreed to allow proxy members when appointed members were unable to attend.

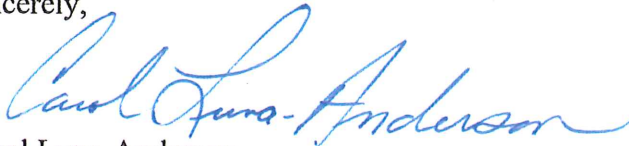
The Subcommittee agreed to work together with staff from MAD to share ideas, analyze research, receive and discuss input, then develop a set of recommendations regarding both leveraging Medicaid and long-term sustainability strategies for the Medicaid program, within the scope of HSD authority and state and federal parameters, as stated in the Subcommittee Charge. The Subcommittee requested various presentations and materials to assist members in making recommendations. Topics included the Legislative Finance Report on Leveraging Funding, leveraging federal funds through provider assessments and intergovernmental transfer programs, Rio Arriba county programs, New Mexico Children, Youth and Families Department's Home Visiting program, the New Mexico Medical Insurance Pool program and value-based purchasing arrangements.

As Chair of the Long Term Leveraging Medicaid Subcommittee to the MAC, I offer the Subcommittee's eight, formal recommendations below (only one was unanimous and all of the others had either opposing votes, abstentions or both):

- 1) The MAC LT Leveraging Subcommittee is pleased to recognize the actions implemented by the New Mexico Medical Insurance Pool (NMMIP) to transition its members to other coverage, including the Health Insurance Exchange and Medicaid. The subcommittee recommends that the NMMIP work with the State to develop a firm deadline to transition remaining members eligible for other coverage and enrolled in the Pool with the exception of two identified categories that total approximately 1,000 NMMIP members who are unable to obtain other coverage. Additionally, NMMIP and the State will explore the possibility of setting the NMMIP assessment at a fixed rate so that when losses are diminished, the differential between the fixed assessment and lower losses will be directed by the insurance carriers to the State General Fund, contingent upon the resulting rates remaining actuarially sound.
- 2) The New Mexico Association of Counties and HSD will work together to determine whether opportunities to leverage federal dollars from county expenditures through waivers, IGTs and Medicare pilots exist and are mutually beneficial.
- 3) HSD should leverage provider assessments to obtain federal matching funds from CMS and explore ways of restructuring gross receipts taxes for health care providers to generate additional revenue that may be leveraged by HSD to obtain federal Medicaid funds from CMS.
- 4) HSD and the Managed Care Organizations (MCOs) shall formalize value-based purchasing arrangements as a Delivery System Performance Target in their contractual agreement to improve value, quality, and cost over the remaining years of the current MCO procurement.
- 5) The State should implement one or more provider fees (or similar revenue enhancement measures) in order to maximize federal Medicaid funds and benefit health care in New Mexico, consistent with federal statutes and regulations. As part of this implementation, the state shall engage with affected provider groups. The measure shall be at least revenue neutral as to any provider class.
- 6) The State should explore a full range of options to enhance revenue and maximize federal match while maintaining adequate provider care and access to care.
- 7) HSD will collaborate with CFYD to explore Medicaid coverage of certain home visiting benefits for children in order to leverage the state appropriation for home visiting as a match for additional federal dollars.
- 8) HSD and the MCOs will continue to explore strategies to better manage the high need, high cost population, including ways to address the social determinants of health and reduce costs to the healthcare system such as the Accountable Health Communities model.

I look forward to continued discussions with your staff and my colleagues as we work to achieve savings related to leveraging state and federal funds for the Medicaid program. If you need further clarification regarding the eight recommendations, please feel free to contact me.

Sincerely,



Carol Luna-Anderson
Chair

Cc: Nancy Smith-Leslie, Director, Medical Assistance Division

**Medicaid Advisory Committee
Long Term Strategies Cost-Containment Subcommittee
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