

New Mexico Human Services Department Overview

Presentation to the
Legislative Health and Human Services Committee

Kathryn Falls, Secretary HSD
July 8, 2010



New Mexico Human Services Department

Today's Discussion

- ◆ Impact of Budget Reductions on the Department – Looking at People, Services, Quality
 - Income Support Division
 - Child Support Enforcement Division
 - Behavioral Health Services Division
 - Program Support
 - Medical Assistance Division
- ◆ Pressures on the Medicaid Program
 - State Coverage Insurance (SCI)
 - Enhanced ARRA FMAP
 - Options for Containing Costs



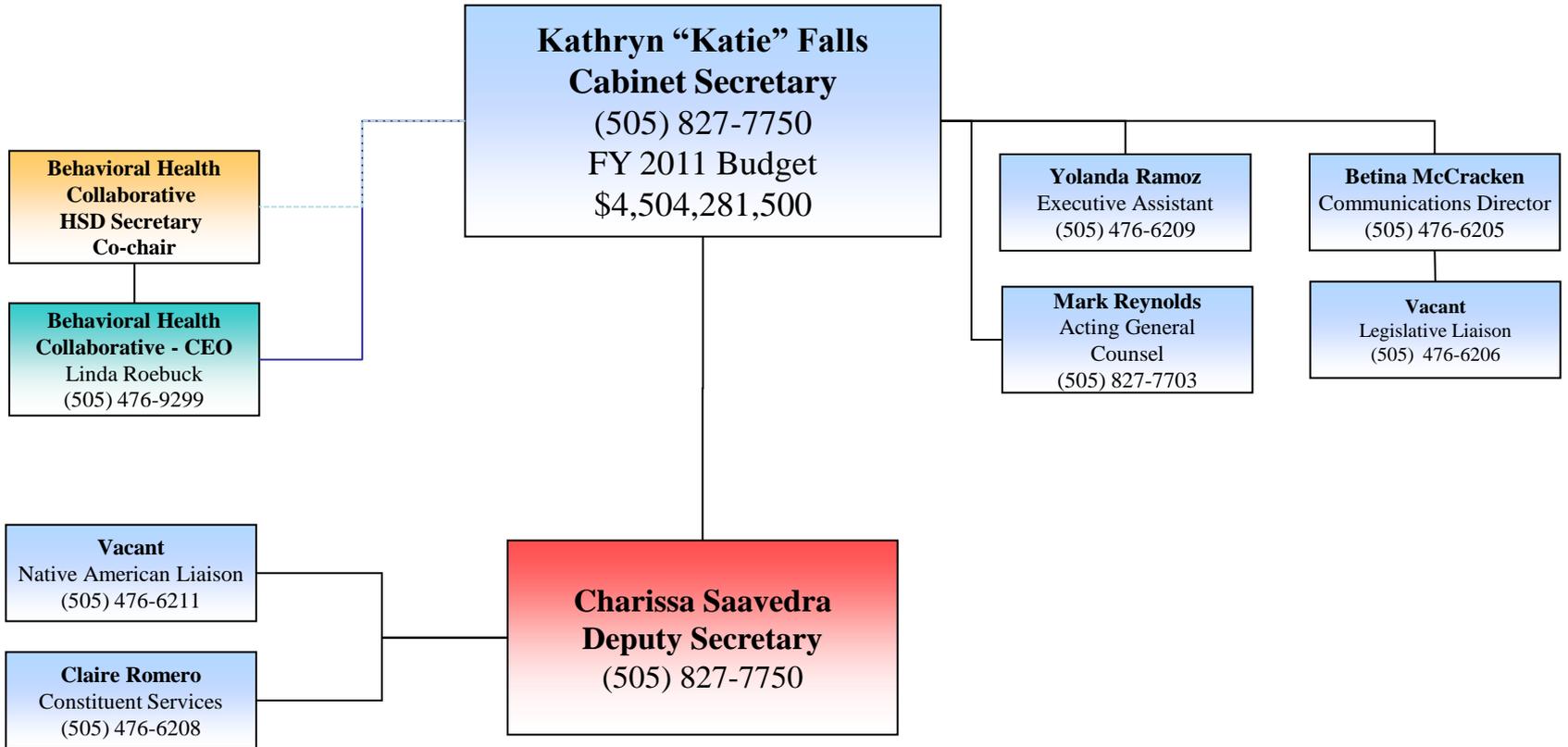
Restructuring

New Mexico Human Services Department

New Mexico Human Services Department
(\$ Represent Fiscal Year 2011 Operating Budget as of July 1, 2010)

June, 2010

Office of the Secretary



New Mexico Human Services Department

(\$ Represent Fiscal Year 2011 Operating Budget as of July 1, 2010)

June, 2010

HSD Programs

Kathryn "Katie" Falls
Cabinet Secretary
 (505) 827-7750
 FY 2011 Budget
 \$4,504,281,500

Charissa Saavedra
Deputy Secretary
 (505) 827-7750

Income Support Division
Fred Sandoval
 Director
 (505) 827-7245
 Total FTE – 1,133
 Admin. \$68,485,200
 Program \$652,579,600

- SNAP
- Temporary Assistance for Needy Families (TANF)
- General Assistance (GA)
- Low Income Home Energy Assistance Program (LIHEAP)
- The Emergency Food Assistance Program (TEFAP)
- Refugee Resettlement Program
- 30 total programs
- 35 Field Offices

Child Support Enforcement Division
Stephen Klump
 Acting Director
 (505) 827-7738
 Total FTE – 400
 Admin. \$33,520,600
 Projected Collections \$112 million

- Child Support –Establishment
- Child Support - Enforcement
 - Fresh Start* Program/ Arrears Management
 - Medical Support Notices
 - New Hires Reporting
- Paternity Establishment Services
 - 13 County Offices
 - 3 Satellite Offices
- Connect to Collect (Early Intervention)
- Employer Medical Insurance Outreach

Behavioral Health Services Division
Linda Roebuck
 Director
 (505) 476-9299
 Total FTE – 34
 Admin.\$2,036,500
 Program \$54,374,800

- Substance Abuse & Mental Health block grant
- Prevention & treatment services
- Co-occurring disorder services
- Sexual assault services
- Specialized women's services
- Office of Consumer Affairs
- Staffs the Behavioral Health Planning Council
- EBP Training & Technical Assistance

Medical Assistance Division
Carolyn Ingram
 Director
 (505) 827-3106
 Total FTE – 160.5
 Admin. \$55,216,900
 Program \$3,594,280,500

- Medicaid- Managed Care & Fee For Service
- 54 total Medicaid categories
- Insure New Mexico!* Solutions (SCI & Premium Assistance)
- School Based Health Services
- Working Disabled Individual Program (WDI)
 - Home & Community Based Services
- Breast and Cervical Cancer Program

New Mexico Human Services Department

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June, 2010

HSD Finance & Administration

Kathryn “Katie” Falls
Cabinet Secretary
 (505) 827-7750
 FY 2009 Budget
 \$ 4,504,281,500

Charissa Saavedra
Deputy Secretary
 (505) 827-7750

Office of Human Resources
Corinne Jameson
 Manager
 (505) 476-6238
 Total FTE – 20
 \$1,240,100

Office of Inspector General
Randy Scott
 Inspector General
 (505) 827-8143
 Total FTE – 48
 \$2,811,100

Administrative Services Division
Elaine Olah
 Director
 (505) 827-9408
 Total FTE - 107
 \$10,443,200
**Includes ASD, OOS and OGC*

Information Technology Division
Brian Pietrewicz
 Acting CIO
 (505) 476-3939
 Total FTE – 76.5
 \$29,316,500

- Employee Classification & Compensation
- Employee Insurance Benefits
- Employee Relations
- Staff Development/ Training

- Conducts audits, investigations and financial recovery operations
- Conducts Fair Hearings for more than 17 different categories of benefits offered through HSD
- Processes over 2,500 hearing requests a year

- Office of the Secretary
- Office of the General Counsel
 - Budget
 - Procurement & Contract Accounting
- Accounts Payable and Payroll
- Grants/Accounts Receivable General Services
- Financial System Administration
- Internal Control/Compliance Monitoring
- Child Support State Disbursement Unit

- IT System Services
- IT Program Support

Income Support Division

Enrollment Increases from June 2009 to June 2010

- **SNAP**- 30,000 more cases than last year, 24 % increase; recipients increased by almost 62,000 persons, a 20 % increase.
- **TANF** - Increased by 2,373 cases, or 13.6%. Participants increased by 5,805, a 13.2% increase.
- **General Assistance** - Increased by 884 cases, or 50.4 %; number of participants increased by 932 persons, or 49.2%. Monthly benefit reduced from \$266 to \$245.
- **Medicaid & Medical Assistance** – Total enrollment across all programs is 548,050
 - Total Children 0 – 21 is 328,256
 - SCI has 52,681 enrolled with wait list of 19,514
- **ISD's Current Vacancy Rate** – Almost 19% as of June 2010. The statewide average number of cases that an FAA manages is 930.
- **Quality** – NM ranks 39th in payment accuracy rate for the SNAP program and 10th overall for negative error rate (FFY 2009).



Pressures on the TANF Program

- ◆ *TANF is federal block grant of \$110.5 million per year*
- ◆ *Carry forward balance at the end of 6/30/2009 is \$64,017.6*
- ◆ Recurring Cash Assistance payments have increased more than \$20 million in FY 2009-2010 with continuing increases in 2011
- ◆ TANF used to fund support services
- ◆ Carry Forward will be nearly exhausted in FY 2011 (\$258.6 balance)
- ◆ Current projections indicate need for supplemental appropriation of \$1.1 to \$ 5.7 Million (GF & balance of Carry Forward)
- ◆ Insufficient TANF to fund FY 2012 by \$42.7 to \$49.4 Million
- ◆ **First quarter FY 2012 shortfall will be \$10.8 - \$12.4 million** (Supplemental not reauthorized)



Child Support Enforcement Division

- ◆ ARRA Funding
- ◆ Budget impact on Child Support “Pass-Through”
 - Purpose is to increase the “Pass-Through” child support payments to active TANF families from \$50 per CSED case/month to up to \$100 for per case/month in cases for which CSED has collected payments that month, and disregard Pass-Through amounts in calculating TANF eligibility.
 - Shift of \$435,000 funding from ISD to CSED to implement and increase match
 - Watching budget to assure funds are there
- ◆ \$115.4 million in Child Support Collections this year – record number
- ◆ Vacancy Rate – 17%



Behavioral Health Services Division

- ◆ GF not available to replace grant funding end
 - Co-Occurring State Incentive Grant (Co-SIG) - \$500,000
 - Access To Recovery (ATR) - \$4,800,000
 - (ATR II grant has been submitted)
 - Transformation State Incentive Grant (T-SIG)– \$2,546,000
 - (some carry over funds)
 - Data Infrastructure Grant (DIG) - \$150,000
 - (may be renewed)
- ◆ Office of Substance Abuse Prevention (OSAP) GF and grant cuts
 - FY10 \$6,927,262
 - FY11 \$1,647,322
- ◆ Vacancy rate 33%
 - 26 perms with 6 vacancies
 - 17 terms with 8 vacancies plus 8 filled positions ending 9/30/2010



New Mexico Human Services Department

Program Support

Administrative Services Division

- ◆ 15% Vacancy Rate; 13 vacancies
- ◆ ARRA increased reporting requirements with no additional administrative support
- ◆ Federal reporting accuracy and timeliness are affected by hiring freezes and limitations
- ◆ Contract processing suffered due to inability to fill vacancies
- ◆ Volume of procurement and payments have decreased
- ◆ Annual Financial and Single Audit – Unqualified opinions in the past 3 years and improved findings; more findings likely



Program Support

Office of Inspector General (OIG)

- ◆ 28% Vacancy rate; 11 positions vacant
 - Office of Fair Hearings – 20% vacancy rate
- ◆ More time spent on required investigations of fraud, waste and abuse
- ◆ Unable to purchase technological advancements in both audits and investigative techniques
- ◆ Unable to pursue collections without sufficient staff or contractual resources

Office of the General Counsel

- ◆ 17% Vacancy Rate
- ◆ Impedes timeliness of legal review and advice to divisions

Fair Hearings backlogged



New Mexico Human Services Department

Program Support

Information Technology

- ◆ 28% vacancy rate; 25 positions vacant
- ◆ Virtually eliminated IT refresh for the past two years; restoring to appropriate levels costly (25%/year)
- ◆ Impedes maintenance and operations, including improvements, to existing systems that process eligibility and benefits

Office of Human Resources

- ◆ Eliminated tuition reimbursement program for HSD staff – affects employee growth and succession planning



Medical Assistance Division- Current Medicaid Projection – FY 10 and FY 11 *(in thousands)*

◆ FY10 Total Projection	\$3,821,705 - \$3,832,630
◆ FY 10 Shortfall (pushed forward to FY 11)	\$22,000 - \$23,000
◆ FY 11 Total Projection	\$3,986,883 - \$4,040,368*
◆ FY 11 Shortfall	\$36,000 – \$196,000 (Full ARRA - no ARRA extension)

**includes FY10 push forward*



Current Status of SCI funding

1. Childless adults moved into a separate waiver and enhanced ARRA FMAP requested for this population - 80.49% instead of 71.35%. Working with CMS to resolve this.
2. The Childless Adult Waiver has a budget cap of \$132,481,581.
 - If we get the enhanced FMAP, we will need less state funds to support the program - \$37.1 million vs. \$54.6 million. We will also receive a larger share of federal funding - \$153.4 million vs \$136 million.
 - However, this increase in funding for the program will put us over our federal budget cap in August and in total exceed the budget cap by up to \$20.9 million, depending on how many people are on the program.
 - New Mexico will work with CMS to remedy this issue.



Current Status of Enhanced ARRA FMAP

- ◆ Due to expire December 31, 2010
- ◆ Most states assumed that it would be extended until June 30, 2011
- ◆ “Step-Down” now being proposed

Base FMAP	1 st quarter Oct – Dec 2010 (enhanced ARRA FMAP)	Proposed 2 nd quarter- 3.2% Jan – Mar 2011	Proposed 3 rd quarter -1.2% Apr – June 2011
69.78	80.49	77.66	75.78



Impact of loss of enhanced ARRA FMAP

FMAP Extension	GF Shortfall	Overall reduction to program
No Extension	\$160 million	Over \$600 million
Partial as currently proposed	\$56 million	\$245 million
Impact of partial extension <i>plus current program base shortfall</i>	Between \$80 and \$90 million	Likely over \$400 million



Major Cost Containment Implemented in FY 10

- ◆ Tightened utilization of benefits – vision, orthodontics, adult dental
- ◆ Eliminated bariatric surgery, Reduced nursing home bed hold days, Reduced home environmental modification benefit, Reduced long term care respite benefit by half, Eliminated installation fee for Emergency Response systems
- ◆ Reduce MCO profit cap to 3%, Cut provider rates by 3%, Shifted radiology rates for outpatient hospitals to equal Medicare rates, Stopped paying for background checks
- ◆ Waiting list for SCI – individuals and employer-groups
- ◆ Reduced pharmacy dispensing fee when generic drugs are not substituted per state statute, lowered rates to ensure that MCOs paid the state maximum allowable cost price for pharmacy drugs
- ◆ Required use of in-state facilities (exception for specific medical cases) & decreasing out-of-network payment reimbursement rate
- ◆ Increased third-party liability (TPL) activities and PARIS project



Evaluation of Medicaid Expenditures

◆ Percentage of Medical Expenses by Major Category (SCI)

➤ Outpatient hospital (facility only)	34.0%
➤ Specialist Physicians	18.8%
➤ Inpatient Hospitals (facility only)	16.9%
➤ Pharmacy	16.9%
➤ Emergency room (facility only)	<u>9.4%</u>
	96%

Other 4% is primary care physicians, home health, behavioral health

◆ Long Term Care Services

- Personal Care Option (PCO) has seen large growth in enrollees and expenditures

◆ SCI program

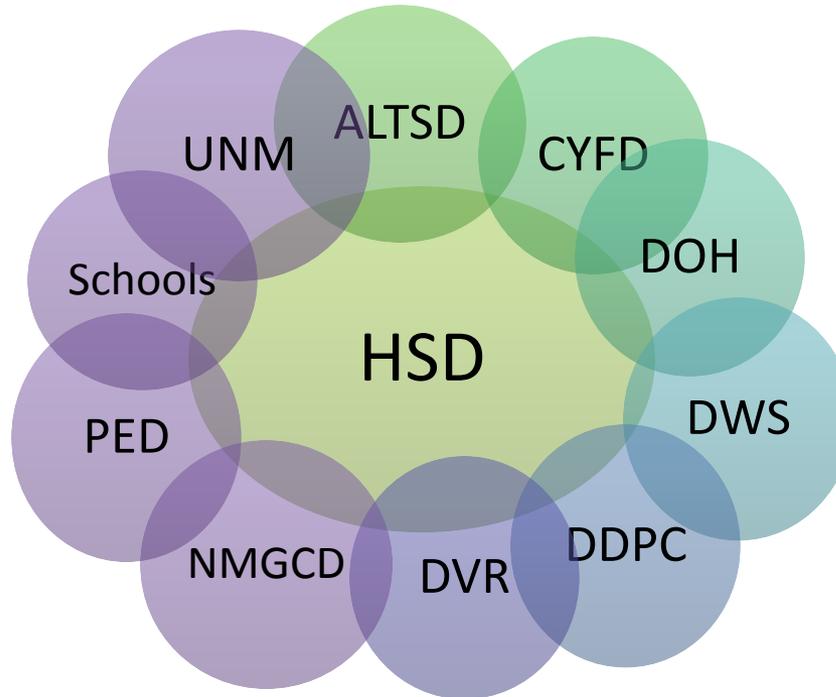


Cost Containment under Consideration

- ◆ Hospital rates
- ◆ Pharmacy
 - Prescription Limits
 - Mail order
- ◆ Limit coverage of ER visits and inpatient hospital stays
- ◆ Durable Medical Equipment and Supplies
- ◆ Long Term Care Services
 - Revamp programs to contain costs
- ◆ SCI program
 - Benefit reductions
 - Increased Premiums for some individuals
- ◆ Additional benefit reductions for adults (e.g., Physical Therapy (PT), Occupational Therapy (OT), Speech Language Pathologist (SLP))



HSD's Programs Overlap Across Multiple Agencies



New Mexico Human Services Department

Agencies Overlap

- ◆ **Aging & Long-Term Services Department (ALTSD)**

- ◆ Traumatic Brain Injury (TBI) waiver
- ◆ Program of All-Inclusive Care for the Elderly (PACE)
- ◆ Disabled & Elderly (D&E) waiver (with DOH)
- ◆ *Mi Via* (with DOH)
- ◆ Coordination of Long-Term Services (CoLTS) (with DOH)

- ◆ **Children, Youth & Families Department (CYFD)**

- ◆ Determine and update eligibility for children or adolescents in child protective services
- ◆ Behavioral health for children and adolescents

- ◆ **Department of Workforce Solutions (DWS)**

- ◆ WDI (with DVR, DOH, NMGCD and UNM)

- ◆ **Division of Vocational Rehabilitation (DVR)**

- ◆ Disability determinations
- ◆ WDI (with DOH, DWS, NMGCD and UNM)



Agency Overlap

◆ Department of Health (DOH)

- ◆ D&E waiver (with ALTSD)
- ◆ Long-term care
- ◆ Intermediate Care Facilities for the Mentally Retarded (ICF-MR)
- ◆ PASRR Level I & II
- ◆ MR assessments
- ◆ Early intervention
- ◆ AIDS waiver
- ◆ Developmental Disabilities (DD) waiver
- ◆ Medically fragile waiver
- ◆ Federally-Qualified Health Centers (FQHCs)
- ◆ Families First
- ◆ Nurse aide training
- ◆ County maternal child health
- ◆ Emergency contraceptive services / Plan B
- ◆ Early & periodic screening
- ◆ Maternal child health initiatives
- ◆ Families Infants & Toddlers (FIT)
- ◆ *Mi Via* (with ALTSD)
- ◆ CoLTS (with ALTSD)
- ◆ School-Based Health Centers
- ◆ Working Disabled Individuals (WDI) (with DVR, DWS, NMGCD and UNM)
- ◆ Bureau of Vital Statistics



Agencies Overlap

- ◆ **Public Education Department (PED)**
- ◆ **School health;**
- ◆ **Medicaid School-Based Services (with school districts)**
- ◆ **School Districts**
- ◆ **Medicaid School-Based Services**
- ◆ **University of New Mexico (UNM)**
- ◆ **Envision**
- ◆ **WDI (with DOH, DWS, NMGCD and UNM)**
- ◆ **State Coverage Insurance (SCI)**
- ◆ **Developmental Disabilities Planning Council (DDPC)**
- ◆ **Operation of Information Center for New Mexicans with disabilities and Baby Net**



Glossary of Acronyms

- ◆ **ATR** – Access to Recovery
- ◆ **ARRA** – American Recovery and Reinvestment Act
- ◆ **ASD** – Administrative Services Division
- ◆ **BHSD** – Behavioral Health Services Division
- ◆ **CSED** – Child Support Enforcement Division
- ◆ **CMS** – Centers for Medicare and Medicaid Services
- ◆ **CoLTS** – Coordination of Long-Term Services
- ◆ **Co-SIG** – Co-Occurring State Incentive Grant
- ◆ **DD** – Developmental Disabilities
- ◆ **D & E** – Developmental and Elderly
- ◆ **DIG** - Data Infrastructure Grant
- ◆ **EBP** – Evidence Based Practices
- ◆ **ER** – Emergency Room
- ◆ **FAA** – Family Assistance Analyst
- ◆ **FMAP** – Federal Medical Assistance Percentage
- ◆ **FQHCs** – Federally Qualified Health Centers
- ◆ **GA** - General Assistance
- ◆ **HSD** – Human Services Department
- ◆ **ICFMRs** – Intermediate Care Facilities/Mentally Retarded
- ◆ **ISD** – Income Support Division
- ◆ **ITD** – Information Technology Division
- ◆ **LIHEAP** – Low-Income Home Energy Assistance Program
- ◆ **MAD** –Medical Assistance Division
- ◆ **MCO** – Managed Care Organization
- ◆ **OIG** – Office of Inspector General
- ◆ **OT** – Occupational Therapy
- ◆ **OSAP** – Office of Substance Abuse Prevention
- ◆ **PARIS** – Public Assistance Reporting Information System
- ◆ **PASRR** – Pre-Admissions Screening & Resident Review
- ◆ **PCO** – Personal Care Option
- ◆ **PT** – Physical Therapy
- ◆ **SCI** – State Coverage Insurance
- ◆ **SLP** – Speech Language Pathologist
- ◆ **SNAP** – Supplemental Nutrition Assistance Program
- ◆ **TANF** – Temporary Assistance for Needy Families
- ◆ **TEFAP** – The Emergency Food Assistance Program
- ◆ **TPL** – Third-Party Liability
- ◆ **T-SIG** – Transformation Systems Information Grant
- ◆ **WDI** – Working Disabled Individuals

