

MINUTES
of the
FOURTH MEETING
of the
LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE

October 15-17, 2008
Room 307, State Capitol
Santa Fe

The fourth meeting of the Legislative Health and Human Services Committee (LHHS) was called to order on October 15, 2008 at 9:20 a.m. by Senator Dede Feldman, chair.

Present

Sen. Dede Feldman, Chair
Rep. Danice Picraux, Vice Chair
Rep. Keith J. Gardner (10/15, 10/16)
Sen. Mary Kay Papen (10/16, 10/17)
Rep. Gloria C. Vaughn

Absent

Sen. Rod Adair
Rep. Joni Marie Gutierrez
Sen. Steve Komadina

Advisory Members

Sen. Sue Wilson Beffort (10/15)
Rep. Nathan P. Cote (10/15, 10/16)
Rep. Nora Espinoza (10/16, 10/17)
Rep. Miguel P. Garcia (10/16, 10/17)
Sen. Gay G. Kernan
Sen. Linda M. Lopez (10/15, 10/16)
Rep. Antonio Lujan
Rep. James Roger Madalena
Rep. Rick Miera
Sen. Gerald Ortiz y Pino
Sen. Nancy Rodriguez
Rep. Jeff Steinborn (10/16)

Rep. Ray Begaye
Rep. Jose A. Campos
Rep. Daniel R. Foley
Sen. Clinton D. Harden
Rep. John A. Heaton
Sen. Timothy Z. Jennings
Rep. Rodolpho "Rudy" S. Martinez
Rep. Edward C. Sandoval
Rep. Mimi Stewart
Sen. David Ulibarri

Other Legislative Members

Rep. Gail Chasey (10/17)
Rep. Jimmie C. Hall (10/17)
Sen. Lynda M. Lovejoy (10/17)
Sen. Richard C. Martinez (10/17)
Rep. Nick L. Salazar (10/17)

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Michael Hely, Legislative Council Service (LCS)
Karen Wells, LCS

Wednesday, October 15**Welcome and Introductions**

The LHHS committee members, staff and members of the audience introduced themselves.

Department Oversight — Human Services Department

Pamela S. Hyde, secretary, Human Services Department (HSD), presented an update on Medicaid, the State Children's Health Insurance Program (SCHIP) and the state coverage initiative (SCI) and identified the HSD's funding priorities for 2009. She began by discussing food stamps, now identified by a new name, the Supplemental Nutrition Assistance Program (SNAP), and the Low Income Home Energy Assistance Program (LIHEAP). Record high enrollment is seen in both programs. The Transition Bonus Program, a work incentive program for Temporary Assistance for Needy Families (TANF) recipients was described. Replacement of the ISD2 System, the data system for determining eligibility for HSD and Medicaid programs, is in critical need of replacement. The federal government will reimburse 45 percent of the anticipated \$100 million cost over a period of five to seven years. This is the department's number one priority. Increases in child support payments to TANF families and electronic fund transfers to auto-enroll-eligible families were highlighted. An update on the request for proposals (RFP) process for selecting the statewide entity for New Mexico's Behavioral Health Collaborative (BHC) was provided. An interagency housing initiative was mentioned.

Projections for the Medicaid budget for FY08 and FY09 were presented. Expected shortfalls will likely result in constraints on various programs, such as the personal care option, radiology rates, SCI and outreach. The budget request for FY10 is \$871.7 million in general funds and \$3,709,242 in combined state and federal funds just to maintain the current program. The increase in the budget is the result of a projected reduction in the federal match, growth in the number of enrollees and in utilization, Medicare premium increases and prior-year expenditures. Expected enrollment for FY08 is 478,378 people. Secretary Hyde reviewed the anticipated uses for the funds appropriated during the special session. She described outreach efforts to enroll more children in Medicaid.

SCHIP funding is in jeopardy due to changing federal priorities that limit the state's ability to use funds to cover adults. The HSD is working with the New Mexico congressional delegation to obtain additional federal funding. SCI status is affected by the federal priorities regarding SCHIP and the fact that the program operates under a federal waiver. The HSD is currently limiting new enrollment in SCI due to limited state and federal funding. Statistics were provided about the success of SCI to date.

Secretary Hyde identified the department's top 10 legislative priorities, which include information technology, coordination of long-term services (CoLTS), contracts for audits and data, mental health and substance abuse services, supportive housing and support for the behavioral health planning council. A matrix of HSD proposed legislation was provided as a handout.

The committee asked questions and made comments regarding:

- the ability of Medicaid to include alternative service modalities and their potential for cost savings;
- other ways to ensure coverage of childless adults under Medicaid without jeopardizing funding for uncompensated care at hospitals;
- whether the new eligibility system will be contracted out to the private sector;
- whether the congressional economic recovery measure benefits the HSD;
- the status of the vacant position for a Native American liaison;
- threats to funding for food and nutrition programs;
- issues of child support for single parents living on tribal lands;
- the nature of oversight of the statewide behavioral health entity;
- limits of cash assistance available through electronic benefits transfer (EBT) cards;
- concerns about budget increases and expansion requests in Medicaid;
- the percent of people covered under SCI who are under 100 percent of the federal poverty level;
- whether co-payments under Medicaid are matchable;
- strong concerns about limits to enrollment in SCI;
- the pros and cons of using TANF money to fund child care and pre-kindergarten;
- limits on administrative overhead in managed care contracts in Medicaid;
- how funding appropriated during the special session is being used, especially regarding behavioral health services for children;
- the effect of the governor's line-item veto restricting administrative costs; and
- whether SCI enrollees will be disenrolled if they do not recertify on an annual basis.

A quorum being present, the chair entertained a motion to approve the minutes of the September meeting of the LHHS. Motions were duly made, seconded and passed.

Coordination of Long-Term Services (CoLTS) (HM16/SM17)

Cindy Padilla, secretary, Aging and Long-Term Services Department (ALTSD), and Carolyn Ingram, director, Medical Assistance Division (MAD), HSD, provided the committee with a status report on the progress to implement CoLTS. Secretary Padilla covered background information and the process of developing the program. Currently, 12,063 persons have been enrolled in CoLTS; another 24,500 are expected to be enrolled in subsequent phases. A formal subcommittee of the Medicaid Advisory Committee of the HSD has been formed to hear continued stakeholder input.

Ms. Ingram identified lessons learned in phase one of the enrollment process and changes that have been made as a result of these lessons. She described oversight roles and

responsibilities of both departments, federal and state regulatory safeguards that are in place, quality and outcome measures and ways in which CoLTS will be evaluated for success.

Committee members asked questions and made comments regarding:

- why behavioral health is not included in CoLTS and whether this is generating coordination problems;
- how this program is expected to save the projected amount of money;
- contractual limits of profits and administrative costs;
- why the state cannot manage the program itself instead of using managed care companies;
- the number of actual enrollees versus the expected number of enrollees;
- whether providers in the community will be reimbursed less under this program;
- the interface between Medicare and Medicaid, particularly regarding payment responsibilities;
- how providers become CoLTS providers; and
- whether Amerigroup and Evercare are using the existing New Mexico 24-hour nurse advice line.

Department Oversight — Aging and Long-Term Services

Secretary Padilla and Michael Spanier, deputy secretary of the ALTSD, presented an overview of ALTSD issues and concerns. Secretary Padilla provided a brief overview of the organization and structure of the department. She provided information in more detail regarding the aging and disability resource center, adult protective services and the aging network services provided by area agencies on aging. Future trends and changing demographics were presented. Special characteristics and needs of caregivers were discussed. As the need for caregivers increases, the number of available caregivers decreases dramatically. The impact of the economy on retirement, financial security, health care needs and protection in the future was identified. All these trends help inform planning for a continuum of programs and services in the department. She ended her presentation with a description of Engage New Mexico, an initiative that is utilizing the strengths and abilities of seniors to solve community problems by remaining engaged in employment, volunteerism and lifelong learning.

Committee members had questions and comments regarding:

- how the department has changed in partnering with managed care organizations to implement the CoLTS program;
- oversight of CoLTS and program modifications should the outcomes not meet established standards;
- how the department assists people with the high cost of prescription drugs;
- whether the department has any plans to offer "lifeline" services;
- a request for Secretary Padilla to present information on the Medbank program at a future meeting; and
- a request to obtain a copy of the issue papers referenced in the presentation.

Senator Rodriguez announced that Representative Begaye, a member of the committee, tragically lost his grandson the previous day in a freak accident. She asked for a moment of silence to consider his loss. Senator Feldman asked that a large spray of flowers be sent to the funeral home from the committee in time for the services to be held the next day.

Public Comment

Doris Husted, public policy director, ARC of New Mexico, noted that the needs of people with developmental disabilities who are not aged or ill need more attention.

Jim Jackson, director, Protection and Advocacy (P&A), said P&A supports full funding for Medicaid; continuing to pay SCI premiums for people below 100 percent of the federal poverty level; and holding the HSD accountable for spending the appropriations made during the special session, according to legislative intent. He spoke in support of the goals of the CoLTS program, identifying key areas that bear continued attention from the committee and from others. He remains concerned that the CoLTS waiver program has requested an inadequate number of slots to serve the needs in the community. He encouraged legislative support to support the CoLTS program financially.

Committee members raised the following points following Mr. Jackson's testimony:

- There is a problem with funds to expand Medicaid coverage for certain children that were identified as nonrecurring dollars.
- They would like clarification by an LFC staff member that the HSD and the Department of Health (DOH) have been directed to treat the funds as if they are recurring dollars.
- What are the policy implications of how these funds are treated?

Alan Fleg, M.D., raised a concern that access to health care services should be a right and that systematic reforms currently being pursued are not adequately addressing the problem. He urged the committee to consider the moral implications of reform measures and not merely apply Band-Aids to the problem.

Interagency Housing Initiative

Marti Knisley, consultant, Technical Assistant Collaborative, explained what supportive housing is and how it can serve to reduce health care costs, homelessness, institutionalization, incarceration and residential treatment for many behavioral health issues. Supportive housing initiatives are cost effective and save public social services dollars. She described a supportive housing intervention being developed by the BHC. Success comes as a result of partnerships between the housing industry and community social services providers. Money allocated to this initiative is being used for pre-development grants and to operate two pilot projects, building capacity in the state. New federal laws and funding opportunities are creating a favorable environment to develop supportive housing in New Mexico further.

Secretary Hyde emphasized that this initiative is part of the good work being accomplished by the BHC. Dorian Dodson, secretary, Children, Youth and Families Department

(CYFD), stressed the value and importance of this initiative in addressing the needs of families and the disabled in New Mexico.

The committee asked questions and made comments regarding:

- the extent to which New Mexico is poised to take advantage of these opportunities;
- clarification that the \$2.9 million for this initiative is part of the HSD budget request;
- the percent of housing that is rental versus permanent housing;
- who the target group is for housing;
- the need to ensure that populations helped by this program, such as those recently incarcerated, do not endanger neighborhoods; and
- an expression of support from Ruth Hoffman and the Lutheran Advocacy Ministry.

Department Oversight — Children, Youth and Families Department

Secretary Dodson began by describing the structure and organization of the CYFD, including a new division focusing on early childhood services. She described Cambiar New Mexico, a model for juvenile justice based on the "best practice" Missouri model. Critical program elements of this model include operational capacity, smaller regional facilities and both front-end and aftercare services. The CYFD has been working on developing this model for two years and will be ready to spread the model statewide by 2013. Characteristics of the youth being served by this model were presented. The department's itemized expansion request for juvenile justice was presented. They are requesting \$900,000 to operate a 36-bed facility in northeast New Mexico and \$744,000 for staff to continue to implement the model.

Secretary Dodson next presented information on child care assistance, a high priority of the CYFD. She thanked the legislature for raising the poverty level at which families can qualify for child care assistance to 200 percent of the federal poverty level. She provided a snapshot of clients being served by this assistance. The program serves predominantly very young children and the poorest of the poor in the state. The CYFD has worked for several years to improve the quality of child care programs in New Mexico through accreditation programs such as STARS/AIM HIGH. A positive trend is that many pre-K programs are embedded in child programs, which improves the quality of both types of programs. She reviewed the funding that passed in the special session and how it is being used.

Finally, Secretary Dodson described the department's efforts with regard to domestic violence. The New Mexico Domestic Violence Leadership Commission, established by executive order in 2007, recognizes domestic violence as a complex problem that needs a multidisciplinary response. A commission report published in July 2008 contains many recommendations and resulted in another executive order asking state agencies to adopt workplace policies to address domestic violence. Secretary Dodson concluded by highlighting the CYFD's FY10 budget request.

Committee members asked questions and made comments regarding:

- ways to retain the best-qualified teachers in child care programs;
- clarifying levels of STARS accreditation;

- truancy as a predecessor to incarceration;
- plans to build more juvenile facilities, especially in rural locations;
- whether children in private facilities have to qualify for free lunch and whether those facilities are still required by executive order to provide free lunches to all enrolled children;
- concerns about CYFD caseworkers interrupting foster parents during working hours; and
- the demise of a reintegration facility in Alamogordo.

Graduate Student Child Care

Dick Minzner, lobbyist, University of New Mexico (UNM), and Lindsey Knudsen, president, Graduate and Professional Students Association, described a problem in CYFD regulations regarding child care benefits. Child care benefits are paid only for families with parents who are working or who are in undergraduate school and not for parents who are attending graduate school. Mr. Minzner has requested \$375,000 to fund child care support for these parents. Ms. Knudsen described the need for, and the consequences of not, providing this support. Mr. Minzner identified broad support for this measure.

Committee members raised questions and concerns regarding:

- whether the requested funding would cover graduate students at New Mexico State University (NMSU);
- a statement from Secretary Dodson that a change of this nature should only be accompanied by funding; she agrees with the principles of the proposal;
- whether child care centers at UNM and elsewhere can accommodate more children; and
- the need for special services in child care programs, such as signing for the deaf.

The committee recessed for the day at 4:45 p.m.

Thursday, October 16

The meeting was called to order by the chair at 9:10 a.m. Senator Feldman called for a moment of silence to recognize the funeral services being held for Representative Begaye's grandson. Senator Kernan made an announcement about breast cancer awareness.

Autism Report

Cate McClain, M.D., director, Center for Development and Disability (CDD), and Gay Finlayson, parent advocate, spoke about autism. Dr. McClain identified the neurological basis for autism spectrum disorder, which manifests itself in impairments in communication, social relating, play, behavior and cognitive abilities. She provided a history and statistics of autism. The cause is not known. The incidence is rising exponentially. Early identification and intensive intervention improve outcomes. The CDD is working statewide to conduct training, evaluate children and provide services to children and coaching to parents. A report for FY08 reflecting how \$4 million in funding was used was presented.

Ms. Finlayson commented that, though the legislature was generous in funding autism, there is still much unmet need. She presented the findings of a study called for in Senate Bill 197. Funding requests include \$200,000 for a statewide registry, \$1 million for expanded diagnostic services, \$1 million for provider professional development and \$1 million for intensive interventions. A critical element of the funding requests involves defining autism spectrum disorder as a benefit of Medicaid.

Committee members had questions and comments regarding:

- whether a standardized curriculum should be developed to train families and providers;
- clarification about counties with no diagnoses of autism;
- the ramifications of misdiagnoses, especially of those children who are diagnosed with autism when they do not really have it;
- treatment and diagnostic priorities;
- the variation in incidence from state to state;
- efforts underway at NMSU to establish an array of autism support services;
- desired allocation of appropriated funds for FY10;
- which services are covered by Medicaid;
- the total amount of money received for autism programs;
- the probability of the current funding remaining recurring;
- the impact if the new behavioral health statewide entity does not provide these services;
- whether special education in public schools addresses autism;
- the need for professional development for teachers on this topic, given that special-needs children are now educated in traditional classrooms; and
- a request for identification of the funding priorities, which are the establishment of a registry and the Medicaid match for intensive intervention services.

The chair requested information from Larry Heyeck, deputy director, MAD, HSD, and Sam Howarth, DOH, to join the panel and provide additional information. Mr. Heyeck clarified that, in order to be covered by Medicaid, the particular service would have to be defined and then added to the state plan. Once added, all Medicaid beneficiaries would have access to that service, which would be very costly. Mr. Howarth addressed ways in which the DOH has distributed funding to date and how it would do so in the future.

Family Infant Toddler (FIT) Sustainability Plan, Cost-of-Living Adjustment Recommendation and Proposed Jackson Lawsuit Memorial

Anna Otero Hatanaka, executive director, Association of Developmental Disabilities Community Providers, oriented the committee members to the content of her handouts. Monica Chlastawa, a parent of a child with Down Syndrome, who was representing the Interagency Coordinating Council (ICC) finance committee, presented a report of a plan for FIT funding sustainability. The report addresses national research on the importance of early intervention. In order to address the needs of the number of children in need of these services, a funding formula, based on a unit value, is recommended. Legislation is requested to codify this funding formula.

The ICC further requests the continuation of the current fee-for-service structure. Secretary of Health Alfredo Vigil supports the formula. Andy Gomm, program manager, FIT Program, DOH, described the formula in additional detail. He cautioned that the figures presented in the report are FY07 figures.

Ms. Otero-Hatanaka presented a request for a memorial to urge the ending of the Jackson lawsuit and to redirect the funds to meet program needs. The cost of continuing the lawsuit is preventing an estimated 3,700 people in New Mexico from receiving needed services. She also requested consideration for funding for a cost-of-living increase for providers of services to people with developmental disabilities.

Questions and comments followed regarding:

- the effect of the Jackson lawsuit on funding for FIT services;
- the lack of motivation to end the lawsuit;
- the impact of an executive order requiring state contractors to offer health insurance to all employees; Ms. Hatanaka reported that this order does not currently affect her providers, but may in the future;
- the effect of a veto of funding for developmental disabilities services; and
- a request for funding priorities.

Guardianship Task Force Report (HM6)

Mr. Jackson of P&A, Pat Putnam, director, Developmental Disabilities Planning Council (DDPC), and Greg McKensie, president, Guardianship Association, offered a presentation on House Memorial 6. Mr. Jackson provided an overview of the problem and recommendations for legislation. The recommendations in the report reflect the extent of the problem and a consensus of the task force members. The focus of the task force was on guardianship. Conservatorship, a separate issue, is only tangentially addressed. The report identifies a lack of oversight and accountability of private guardians, the need for training and support of guardians, the need to maximize autonomy and self-determination, clarification of the role of guardians and guardianship administration. It requests \$200,000 to fund a pilot program of in-depth review and monitoring of guardianship in the Second Judicial District in Bernalillo County.

Mr. McKensie provided an overview of how guardianships actually work and limitations in the current law. Although annual reports are required to be filed with the courts, many are not filed. There is no system in place to identify the number of guardians, whether or not reports are filed and whether or not services are being provided as ordered. There is no assurance that reports are even read by the judges in whose courts the reports are filed. Funding of a pilot project would help to identify the extent of the problem, avenues to address it and a model for statewide implementation.

Mr. Putnam clarified that public guardians whom his office oversees are not part of the problem. The estimated 20,000 to 40,000 people served by private guardians are the focus of this study and its recommendations. The DDPC is most interested in the need for training and development of private guardians. He presented a request for \$111,300 in recurring funding for

training and development specialists in the DDPC as well as \$200,000 in one-time funding to develop web-based training materials.

Mr. Jackson summarized the findings and highlighted the statutory changes to the guardianship law clarifying the role of guardians, guardians ad litem, guardianship proceedings and changes in terminology.

Committee members had questions and comments regarding:

- a request for funding and statutory priorities (priorities are for the pilot project, the training specialists and the curriculum development — \$548,000 total; the statutory changes do not require funding);
- a recommendation that the first required report of a guardian should be filed within 90 days;
- whether the statutory changes should be pursued before, after or concurrently with the pilot;
- whether guardians are paid (public guardians are paid approximately \$300 per month; private guardians are generally not paid);
- whether the courts would receive any money for the pilot project;
- whether courts (other than district courts) should hold guardianship hearings;
- whether the DDPC is the appropriate agency to oversee public guardianships;
- the potential to leverage state dollars from various federal sources to enhance guardianship programs, as is done in some other states; and
- a suggestion for an interagency commission or board to oversee guardianships.

Fern Goodman, Administrative Office of the Courts (AOC), agreed that the AOC has a role, but not full responsibility, for monitoring guardianships. The primary responsibility of the courts is to manage cases; they have neither the expertise nor the staff to do more. Tony Lauderbaugh, Adult Protective Services Division, ALTSD, said the annual reports shall be accumulated in one central location to assure the safety and protection of the persons with guardians.

Employee Health Promotions

Brandi Prince, health promotions director, San Juan Independent Practice Association (IPA), described the employee health promotion program the association offers. The program begins with a risk assessment. As risks are identified, the employee's personal physician is notified. Numerous classes and interventions, such as smoking cessation, weight loss and exercise classes, are program components. The program is offered in several sites. It is available for all the employees of the San Juan Regional Medical Center and the DOH and serves close to 5,000 participants. The program is designed around the federal Healthy People 2010 goals and Healthcare Effectiveness and Information Set measures. Statistics were provided about obesity, diabetes, smoking and stress in New Mexico. Health improvements in all those areas have been seen in participants in their program. The importance of prevention was stressed.

Dawn Brooks, executive director, San Juan IPA, was introduced and provided some additional overview information about the benefits of the program, including reduced insurance claims costs. The chair asked if Ms. Prince would be willing to administer the assessment and blood work. She agreed to do it.

Questions and comments followed regarding:

- whether people can refuse to have their assessment results shared or can request to have their information deleted;
- whether certain medical conditions result in denial of a driver's license; and
- why Native Americans have a higher incidence of diabetes.

The Impact of Diabetes on African Americans

Kalonji Mwanza, former director, Office of African American Health, presented facts and statistics regarding the incidence of diabetes among African Americans in the nation and in New Mexico. The Racial and Ethnic Health Disparities Report Card, published by the DOH in 2007, supports this; however, some areas are lacking due to insufficient data. He highlighted the direct and indirect costs related to this health disparity. He recommended enhanced data collection and raised the possibility of a pilot program to focus on African Americans.

Women's Health Report

Giovanna Rossi Pressley, Governor's Women's Health Advisory Council, presented a report on the health of women in New Mexico. She provided background information about the history, membership and ongoing activities of the council. Ongoing areas of focus for the council include policy, outreach, professional education, leadership development and research. Data were presented describing a profile of women in New Mexico. The focus area for 2009 is pre-pregnancy health. Policy implications of their findings suggest that the work of the council is important and should be ongoing. Council members would like to see the council created in statute (see other recommendations in her handout).

Committee members had comments and questions regarding:

- the extent to which state agencies and other sources financially support the work of the council;
- the projected costs and savings of having expanded Medicaid eligibility and coverage;
- whether home visiting is a requirement or an optional service; and
- clarifying the correlation between educational levels and health.

New Mexico Teen Pregnancy Coalition

Sylvia Ruiz, executive director, Teen Pregnancy Coalition, introduced Paul Golding, a member of the board of directors, Bonnie Condit, board president, and numerous teens and others with firsthand experience with and/or interest in teen pregnancy. She presented information regarding how her organization works to reduce teen pregnancy. Statistics and demographics were shared about the incidence of teen pregnancy in New Mexico compared to the United States. New Mexico has the second highest teen birth rate in the nation. The economic impact of teen mothers, and the cost of raising their children, places a high burden on New Mexico. Evidence-

based programs exist to address this situation, including service-learning, male involvement, positive youth development, clinic services and others.

Individual personal stories were shared by several young teens who have benefited from the program, as well as from volunteers who lead various core programs. Mr. Golding presented information about his efforts to help boys take responsibility to be involved in the life of their children. He has been studying ways in which the educational system fails boys in New Mexico. He publishes a newsletter and has organized a conference on the topic. The conference is to be held on November 18; Ms. Ruiz will email an announcement to committee members.

Committee members had questions and comments regarding:

- the predominant factor leading to teen parenthood, which is thought to be poverty;
- acknowledgment of the important role of fathers;
- whether the program includes abstinence education;
- whether the teen volunteers speak in public schools and the power of peer testimony; and
- a suggestion that stakeholders collaborate to enhance education and campaign in New Mexico about this topic.

At the chair's request, Ms. Ruiz spoke of a bill to be introduced by Senator Lopez to increase state general fund support for evidence-based adolescent pregnancy programming. She requested the committee's support for this effort.

Medicare Reimbursement Issues

Michael Hely, staff attorney, LCS, spoke to the committee about Medicare and why it matters to states. He described the organization and structure of Medicare and identified what Medicare covers and for whom. The rates often serve as a basis for other payers' rates, and inadequate rates of reimbursement can result in imbalances in the supply of physicians and other providers. He reviewed the content and important provisions of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), describing ways in which New Mexico will be affected by those provisions. Among the important provisions is that MIPPA delays potential reductions to physician reimbursement until January 2010. It provides incentives for qualified "e-prescribing" systems and will mandate e-prescribing for 2011 and beyond. Other provisions address access to prescription drugs, marketing of Medicare-managed care plans, delayed cuts to graduate medical education and more. A physician payment formula created in 1997, called the sustainable growth rate (SGR) formula, that is tied to inflation rather than physician spending was delayed with the passage of MIPPA. After January 1, 2010, physician reimbursement will be based on an SGR formula. The American Medical Association and the New Mexico Medical Society both oppose this move. The importance of Medicare reimbursement to other providers, including hospitals, nursing homes and home care agencies, was also covered. A Medicare Payment Advisory Commission (MedPAC) that advises Congress on Medicare issues has identified critical factors in ensuring access to care.

Committee members identified issues and concerns regarding:

- the devastating impact that the anticipated cuts to physician reimbursement now set to take place in January 2010 would have in New Mexico;
- the difference between Medicare payments in New Mexico and Medicare payments in our neighboring states;
- the relationship between Medicare and Medicaid reimbursement rates;
- the difficulty faced by independent practicing physicians to remain in business;
- the probability of more physicians refusing to see Medicare patients due to inadequate Medicare reimbursement and the shortages that may result, especially in rural areas;
- whether or not pharmacies are ready to receive e-prescriptions; cross-walks between prescribers and pharmacies will be critical;
- a suggestion that the committee consider sending a letter to New Mexico congressional delegation expressing the concerns raised;
- an observation that access to health care for Medicare recipients is easier in Texas; and
- a request for additional information regarding reimbursement in New Mexico compared to other states.

There being no public comment, the committee recessed for the day at 4:50 p.m.

Friday, October 17

The meeting was called to order by the chair at 9:05 a.m.

A New Model for Quality Health Care Coverage

Len Nichols, Ph.D., director, Health Policy Program, New America Foundation, made a presentation about health system reform, why it is important now, what states can do and what the federal government might do. He indicated that core values must be reflected in the end product, which, for Democrats, probably means covering everyone and taking care of the most vulnerable, and, for Republicans, means that the government should not run the entire system and that the private market must be involved. Dr. Nichols indicated that Massachusetts provides a good example of a Republican administration and a Democratic legislature agreeing to a public-private partnership. Similarly, during the presidential campaigns, virtually all of the candidates' plans included roles for the private market and the public sector as well as an understanding of markets and costs and that many Americans cannot afford health care premiums. Underlying much of the efforts to reform the health system is a need for behavioral change on how individuals take care of their health. At the federal level, a recent health system bill had eight Republican and eight Democratic co-sponsors, signaling that Congress may be serious about reform.

Dr. Nichols described the role that states can play in reform efforts, using the example of Colorado, which formed a blue ribbon commission and held many public hearings around the state regarding choices. Among the recommendations of the commission were: a ballot referendum before money was expended; requiring that insurers sell to all comers; a mandate to have all Coloradans become part of a risk pool; prohibiting mandates for items deemed unaffordable; and the need to subsidize families further down on the income scale. Although Colorado could not cover everyone in the first year, it was expected that the state would begin

with the most vulnerable; the state would also use health information technology and pay for performance, outcomes and health status assessments to achieve its goals.

Despite state efforts, however, Dr. Nichols emphasized that states will need to go to the federal government because no one state has enough money to achieve health system reform on its own.

Dr. Nichols indicated that there were some promising examples, such as the concept of a medical home that utilizes an expanded role for a primary care physician to identify health problems at an earlier stage, manage chronic conditions and spend quality time with patients to assist them to learn to take better care of their personal health. Additionally, he indicated there may be some shared savings through bundled payment models for purchasing health care products and using best practices or best evidence models.

Upon questioning and comments from the committee, issues were raised and addressed regarding:

- the cost study conducted by Mathematica showing the most cost-effective approach for a single-payer system;
- the opportunity for a bipartisan agreement on health reform as demonstrated by Massachusetts and California;
- the difficulty in determining subsidies that are fair;
- barriers to health reform due to the federal Employee Retirement Income Security Act;
- ways to provide more incentives for physicians to enter the field of primary care;
- the importance of a medical home, especially for children with chronic illnesses;
- the potential challenges and benefits of employer mandates or coverage mandates;
- the potential benefit of bulk purchasing for prescription drugs, such as through partnerships with large retailers, to lower drug costs;
- the critical need to rein in health care costs;
- New Mexico's experience with using SCHIP dollars to fund SCI and the current funding difficulties of that important program; and
- clarification regarding the concept of a health insurance exchange.

Vermont Blueprint for Health

James Hester, Jr., Ph.D., director, Vermont Commission on Health Care Reform, described the process by which Vermont addressed health care reform. He compared its health care reform legislation to a three-legged stool in that it requires increased affordability of insurance, a sustainable reduction in the number of uninsured and expanded development and use of health information technology. Its blueprint for health has elements to address each of those three areas of focus.

As of September 2008, about 11,000 of 60,000 uninsured are now covered. By 2010, Vermont projects that an additional 19,000 will be enrolled, leaving about seven percent uninsured. It established a health information technology fund. Funds came from an assessment on medical claims paid by insurers. The fund is considered necessary because of the huge barrier

posed by moving to electronic records for small, rural physician practices. The benefits of investing in health information technology are supported by major national studies, including a Rand study and a 2005 study reported in "Health Affairs". He noted that chronic illness care, due to such conditions as obesity and diabetes, has been a major cost driver. The federal Centers for Disease Control and Prevention (CDC) has identified best practices to reduce the incidence of these diseases. The Vermont blueprint for health is evidence-based, utilizing a chronic care model. Dr. Hester described a pilot of the model that utilizes a community care team at St. Johnsbury Family Medicine. It has learned that it is not enough to improve reimbursement for primary care providers; specialists, hospitals, and accountable care organizations are critical to improving overall health and managing chronic disease.

Dr. Hester advised not focusing entirely on covering the uninsured. Rising health care costs will ultimately result in failure of reform efforts unless prevention and attention to treatment of chronic illness are addressed.

The committee members had questions and comments regarding:

- whether the health information technology network in Vermont is statewide and the potential for intrastate networks with the development of national standards;
- clarifying the concept of an accountable care organization; it is a provider-centered organization that includes several hospitals and employed physicians;
- comparison of this model to the Hidalgo Medical Center and other health commons models in New Mexico; and
- how to integrate managed care organizations into a model such as this.

Prescription for Pennsylvania

Shelly D. Bain, J.D, director, Bureau of Accident and Health, Pennsylvania Insurance Department, described Pennsylvania's efforts to address access to, and the affordability and quality of, health care. A centerpiece of the Prescription for Pennsylvania is a chronic care management program that works with physicians who are treating chronic care patients. Use of the model can decrease hospitalization and emergency room visits that drive up costs. Pennsylvania has enacted several new laws to provide transparency in health quality and reduce the incidence of health facility-acquired infections, which has dramatically reduced costs as well as saved lives. A cost containment council, which has been in place since 1986, reports on quality initiatives and the resultant savings. Additional legislation has banned indoor smoking, mandated insurance coverage for adolescents with autism and expanded access to affordable health insurance for all children. Autism, previously covered mainly through Medicaid, was very costly to the state. The mandate was presented as a mental health parity issue because autism is a mental health diagnosis. The program to cover all children is likewise a private sector program, allowing parents to buy into Medicaid at cost through a state-federal funding partnership.

The Office of Health Equity, created by executive order in 2007, serves to coordinate the further development and implementation of a statewide health improvement plan. Essential to its success is collaboration between public and private partners, health care providers and communities.

Ms. Bain described steps Pennsylvania has taken to ensure adequate training of the future nursing work force. Nurse education initiative grants leveraged by private funds are allowing expansion of classroom sizes and the hiring of nursing faculty. The grants were created as part of a \$2.5 million appropriation by the Pennsylvania legislature aimed at reducing nurse shortages in the state.

A Patient Safety Authority, aimed at improving patient outcomes and quality of care, analyzes data reported by health facilities. The state is proud to have been the first to require reporting not only of actual medical errors, but also of "near-misses". This focus has resulted in an estimated savings of up to \$150,000 per event by investing no more than \$150 per patient in prevention.

Future proposals involve emphasizing health, wellness and personal responsibility. The Pennsylvania Employee Benefit Trust Fund has implemented a program called "Get Healthy", in which participants can lower their insurance contributions by participating in wellness activities on a regular basis. More efforts are focused on wellness in public schools.

Committee members had comments and questions regarding:

- the number of nursing students enrolled as a result of the incentive grants;
- the types of nursing degrees being pursued;
- clarifying regarding regulations that prohibit reimbursement to providers for medical errors;
- details on the political process to pass the law regarding hospital-acquired infections; and
- recognition that New Mexico has an active task force studying hospital-acquired infections.

Health Care Work Force Shortages

Mr. Minzner and Susan Fox, acting dean, UNM College of Nursing, provided the committee with statistics regarding the rising shortage of nurses in New Mexico. Currently, there are less than 1,300 nurses under age 30; 47.2 percent of nurses were 50 years of age or older. There is a shortage of professors for the number of nursing school applicants; it is hard to recruit masters-level nurses to teach at community colleges because they can make \$30,000 to \$40,000 more per year working in hospitals. Linda Siegel, who lobbies for nurses, stated that in 2007, 742 nurses graduated, but the new net number of nurses was 340 because of attrition. Mr. Minzner described the current, non-statutory funding formula for higher education that does not take shortages such as these into consideration when determining the distribution of funds. He contends that there should be a factor that considers utility or the needs of the state in addition to the cost of education.

Committee members voiced comments and questions regarding:

- the opportunity to tie the funding formula to performance-based budgeting;
- clarifying the educational level of graduating nurses; and
- an observation that the Western Interstate Commission for Higher Education funding formula might provide some guidance in altering the higher education funding formula.

Early Childhood Issues

Baji Rankin, Ed.D., executive director, New Mexico Association for the Education of Young Children, Sallie Van Curen, executive director, Parents Reaching Out, and Rosa Barraza, president, southern chapter, New Mexico Child Care and Educational Association, represented the New Mexico Early Childhood Alliance (NMECA). They began by thanking the legislature for increasing child care assistance for families up to 200 percent of the federal poverty level. They described the core values of NMECA, which are that: 1) the well-being of every child is the heart of New Mexico; 2) children are born learning; 3) families are the foundation for learning and healthy development; 4) high quality makes the difference; and 5) investing in children matters for today and for the future. They presented their two-year policy agenda of funding requests through 2010. Not including the governor's request for pre-K, their total request is \$32.3 million.

There being no questions from the committee, the meeting adjourned at 4:45 p.m.