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A JOINT MEMORIAL  
REQUESTING AN AUDIT OF STATE APPROPRIATIONS AND REVENUES  
RELATED TO HEALTH CARE.

WHEREAS, medicaid is the fundamental guarantee of health care coverage for the nation's most vulnerable citizens, including low-income women and children, people with disabilities and senior citizens; and

WHEREAS, in New Mexico, over twenty-two percent of the population is served under the medicaid program with an additional twenty percent of the state's population being completely uninsured; and

WHEREAS, enrollment in the medicaid program grew by eight percent in fiscal year 2004 and state officials expect a six percent increase in enrollment in fiscal year 2005 and a four percent increase in fiscal year 2006; and

WHEREAS, medicaid remains the workhorse of the health care industry and the most cost-effective way to subsidize health insurance coverage due to the favorable federal match of nearly three dollars (\$3.00) for every one dollar (\$1.00) of general fund money spent; and

WHEREAS, the state reduced medicaid spending by forty million dollars (\$40,000,000) this year, and anticipates a need for an additional thirteen million dollars (\$13,000,000) in reductions next year, which may require cutting benefits

1 and possibly reducing eligibility; and

2 WHEREAS, the legislature and the state executive branch  
3 have worked tirelessly for several years to identify and  
4 implement cost-saving initiatives in the medicaid program,  
5 leaving little room for additional reductions without  
6 reducing access to health care for the most vulnerable  
7 citizens; and

8 WHEREAS, several hundred million dollars of New Mexico's  
9 general fund dollars are spent on programs and services often  
10 combined into various categories identified as "health care";  
11 and

12 WHEREAS, while many auxiliary services are indispensable  
13 in providing direct health care, many are complementary but  
14 not critically necessary to those direct services; and

15 WHEREAS, unlike the federal medicare program that for  
16 decades has demonstrated bare-bones administrative expenses  
17 of three percent and sometimes one-half of that figure,  
18 administrative costs of New Mexico's managed care medicaid  
19 are far from clear and generally estimated to be at or above  
20 twelve percent annually; and

21 WHEREAS, the legislature needs to be substantially  
22 better informed on managed care direct-care costs reported  
23 from administrative costs; and

24 WHEREAS, no accounting has been done to determine the  
25 amount of health care spending by the state unrelated to the

1 direct provision of health care services; and

2 WHEREAS, in order to make informed policy decisions  
3 about the potential for efficient redistribution of dollars,  
4 the legislature would benefit from knowing precisely how much  
5 health care spending does not support the provision of direct  
6 health care services;

7 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE  
8 STATE OF NEW MEXICO that the New Mexico health policy  
9 commission in cooperation with the department of finance and  
10 administration and the legislative finance committee be  
11 requested to convene a task force to audit fiscal year 2006  
12 appropriations for health care to determine how that spending  
13 is allocated; and

14 BE IT FURTHER RESOLVED that the audit identify dollars  
15 that are not being used for direct patient care that could be  
16 used to provide an increased state share of funds for  
17 medicaid; and

18 BE IT FURTHER RESOLVED that the task force include  
19 representation from the department of health, the aging and  
20 long-term services department, the children, youth and  
21 families department, the human services department, the  
22 corrections department, the general services department, the  
23 commission on higher education, the vocational rehabilitation  
24 division of the public education department, the taxation and  
25 revenue department and others with knowledge and experience

1 in health care, as appropriate; and

2 BE IT FURTHER RESOLVED that the audit identify which  
3 dollars can be attributable to direct patient care and which  
4 are used for ancillary purposes; and

5 BE IT FURTHER RESOLVED that the audit identify and  
6 justify the amount and distribution of administrative costs  
7 incurred by managed care organizations in the medicaid  
8 program; and

9 BE IT FURTHER RESOLVED that special sources of revenue  
10 utilized for health care appropriations be identified,  
11 including the tobacco settlement fund, revenue from other  
12 class action lawsuits, research grants, foundations, taxation  
13 earmarked or otherwise dedicated to support health care  
14 purposes such as cigarette and alcohol taxes and that the  
15 distribution of those revenues be identified; and

16 BE IT FURTHER RESOLVED that the cost of all commissions,  
17 task forces and committees relating to health care and  
18 disease be identified and included as an expenditure,  
19 including the expense of this task force; and

20 BE IT FURTHER RESOLVED that special funds with  
21 health-related purposes be identified and accounted for,  
22 including accounts of professional boards, undesignated funds  
23 in the risk management division of the general services  
24 department that are above actuarial estimates of solvency,  
25 health-related state investment council funds, the funds of

1 the insurance division of the public regulation commission  
2 and any other funds that can be identified; and

3 BE IT FURTHER RESOLVED that funding used for the  
4 education of health professionals and distributed by the  
5 commission on higher education be identified and accounted  
6 for; and

7 BE IT FURTHER RESOLVED that the audit identify  
8 appropriations made to state entities that are expended  
9 outside of the state; and

10 BE IT FURTHER RESOLVED that the results of the audit be  
11 presented to the legislative health and human services  
12 committee and the legislative finance committee at their  
13 respective October 2006 meetings; and

14 BE IT FURTHER RESOLVED that copies of this memorial be  
15 sent to the director of the New Mexico health policy  
16 commission, the secretary of finance and administration, the  
17 secretary of health, the secretary of aging and long-term  
18 services, the secretary of children, youth and families, the  
19 secretary of human services, the secretary of corrections, the  
20 secretary of general services, the commission on higher  
21 education, the secretary of taxation and revenue and the  
22 secretary of public education. \_\_\_\_\_