

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 02/15/12

SPONSOR Morales LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Integrated Health Program Enrollment SB SM42

ANALYST Esquibel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$827.4	\$827.4	\$2,482.2	Recurring	GF; 50/50 Federal Funds for Medicaid Admin

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Human Services Department (HSD)

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

Senate Memorial 42 (SM42) requests the New Mexico Office of Health Care Reform (OHCR), the Human Services Department (HSD), and the Taxation and Revenue Department (TRD) to implement an integrated enrollment system for Medicaid, any health insurance exchange, and basic health program.

SM42 would require that the integrated enrollment system planning and development provide for a single standardized application for health subsidy programs, data exchanges between state and

federal agencies, access for persons with disabilities, the collection and analysis of data to assess enrollment and retention rates, and that stakeholders, including consumers, small employers, federally recognized Indian nations, tribes and pueblos and others be able to provide meaningful input into the planning and development process.

SM42 requires the New Mexico OHCR, HSD, and TRD to enroll eligible persons into Medicaid based on information provided through the low-income comprehensive tax rebate program.

## **FISCAL IMPLICATIONS**

The memorial contains no appropriation.

The HSD estimates that working with TRD to enroll eligible persons into Medicaid based on information provided through the low-income comprehensive tax rebate program would require the HSD to hire one term position at an annual cost of \$77,400, including benefits and overhead. Also, depending on how the notification of potential eligibles works, there could be significant postage costs associated with mailing applications. Additionally, HSD staff resources would be needed to establish an agreement with TRD, revise tax forms, and meet with TRD staff on an ongoing basis. It is estimated that it would cost \$750,000 to develop the interface and programming to identify and enroll eligible persons in Medicaid in the integrated eligibility system.

## **SIGNIFICANT ISSUES**

The Human Services Department indicates SM42 requires that the OHCR, HSD, and TRD plan and develop a streamlined enrollment system for Medicaid, any health insurance exchange and basic health program. The planning and development of an integrated enrollment system (called ASPEN) to replace the current ISD2 eligibility system for TANF, SNAP, Medicaid, and other ancillary programs has been under way for several months and continues as an ongoing project, with a targeted implementation date in 2013 in line with the implementation of health care reform in 2014. There is a contracted vendor in place and New Mexico will be transferring the eligibility system from the State of Michigan and revising the system as needed to meet New Mexico's needs.

The new system will be built with the flexibility to be modified to accommodate the basic health program coverage option, and will have the capability to interface with the health insurance exchange. SM42 does mention that New Mexico was awarded 34 million, two hundred thousand dollars in federal grant money to establish an exchange. This amount is in line with what New Mexico was awarded.

Implementation of the transfer eligibility system will take into consideration various elements of health care reform as delineated in SM42. These elements include provision of a single standardized application for health subsidy programs, enrollment in person, by mail, online, by facsimile or by telephone, using an application form that is easy to understand, a reduction in paperwork for applicants, data exchanges between state and federal agencies, collection of only information necessary for enrollment, access for people with disabilities, language interpretation and translation services, statewide, outreach and a community-based navigator program that reaches underserved communities, and the prompt determination of program eligibility to minimize gaps in coverage.

The integrated enrollment system will allow, as cited in SM42, for the collection and analysis of data to assess enrollment and retention rates, reasons for denial of enrollment applications, and disparities in access to coverage and the utilization of services.

The planning and development process will consider whether to adopt the application developed by the United States secretary of Health and Human Services or to develop a separate state form, data collection standards for information such as race, ethnicity, etc., methods to improve retention rates, the confidentiality of personal information, and acceptance of alternative documentation such as self-attestation as proof of eligibility.

Stakeholders, including consumers, small employers, representatives of federally recognized Indian nations, tribes and pueblos located in New Mexico, and other entities as identified in SM42 will be included in the planning and development process.

Periodic and final reports on the implementation of an integrated enrollment system for Medicaid, any health insurance exchange and any basic health program coverage will be provided to the interim Legislative Health and Human Services Committee.

SM42 requires the OHCR and HSD to work with TRD to enroll eligible persons into Medicaid based on information provided through the low-income comprehensive tax rebate program, adjusting the tax form as necessary to facilitate enrollment in Medicaid. Enrolling other individuals into Medicaid based on information provided from other data sources is referred to as Express Lane Eligibility (ELE).

The ELE has several advantages such as limited-to-no support documents needed, the verification of information via electronic databases, and reduced processing time. Generally ELE works best for children who are US citizens, children whose parents are wage earners (not self employed), children whose parents are willing to provide their social security numbers, children with no insurance, and children in households with no significant changes in income.

Implementation of ELE does require submission and approval of a state plan amendment. Moreover, it would take significant staff resources to collaborate and implement with the TRD. Experience from another state doing ELE with tax return information has shown a large number of ELE applications were mailed with a significantly low return. Of those returned many were enrolled on Medicaid already. Revising tax forms to include information about who had “health insurance” information was challenging. A clear definition of what constitutes “health insurance” is needed so individuals can respond correctly on their tax forms.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SM42 duplicates HM18.

RAE/amm