HUMAN SERVICES
DEPARTMENT

STAKEHOLDER AMERICAN RESCUE PLAN HOME & COMMUNITY-BASED SERVICES (HCBS) BRIEFING

JULY 1, 2021

MEDICAL ASSISTANCE DIVISION

INVESTING FOR TOMORROW, DELIVERING TODAY.

CONTEXT: WHERE ARE WE NOW

MEDICAID ENROLLMENT PROJECTION IN CONTEXT

- 922,700 total beneficiaries in March 2021
- 953,100 anticipated by December 2021
- 896,300 anticipated by March 2022
- 82% are enrolled in managed care
- 44% (up from 40% pre-COVID) of all New Mexicans are enrolled in Medicaid
- 43% of beneficiaries are children
- 58% (up from 56% pre-COVID) of New Mexico children are enrolled in Medicaid
- 71% of all births in New Mexico are covered by Medicaid

MEDICAID BUDGET UPDATE: EXPENDITURES

- The estimated expenditures in FY20 are $6.5 billion
- The estimated expenditures in FY21 are $7.3 billion
- The estimated expenditures in FY22 are $7.5 billion

Budget Projection – Expenditures ($000s)	FY2020	FY2021	FY2022
Fee-For-Service	734,364	731,135	734,006
DD & MF Traditional, and Mi Via Waivers	442,587	493,049	543,383
Centennial Care MCO	5,107,602	5,790,976	6,010,720
Medicare	195,519	203,827	227,508
Other	39,806	61,433	24,752
Total Projection (4/30/21)	6,519,877	7,280,421	7,540,370
Prior Projection (1/13/21)	6,624,836	7,315,403	7,346,693
Change from Prior	(104,959)	(34,981)	193,677

*The current quarterly budget projection is updated with data through March 31, 2021.

MEDICAID BUDGET UPDATE: REVENUES

- The estimated state revenue surplus in FY20 is $46.3 million
- The estimated state revenue surplus in FY21 is $49.8 million
- The projected state revenue shortfall in FY22 is $75 million

Budget Projection - Revenues	FY2020	FY2021	FY2022
Federal Revenues	5,269,333	6,021,278	6,075,929
All State Revenues	1,237,261	1,245,483	1,448,384
Operating Transfers In	244,162	277,289	291,612
Other Revenues	72,272	65,841	65,438
General Fund Need	920,826	902,354	1,091,333
Appropriation	1,019,697	952,168	996,353
Reversion	(52,549)		
State Revenue Surplus/(Shortfall)	46,322	49,813	(75,037)
Change from Prior	26,879	3,991	74,690

AMERICAN RESCUE PLAN ACT (ARPA)

THE AMERICAN RESCUE PLAN ACT, THE COVID-19 RELIEF PACKAGE THAT BECAME LAW ON MARCH 11, 2021, CONTAINS A NUMBER OF PROVISIONS DESIGNED TO INCREASE COVERAGE, EXPAND BENEFITS, AND ADJUST FEDERAL FINANCING FOR STATE MEDICAID PROGRAMS.

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ARPA MEDICAID PROVISIONS

- Clarifies that COVID-19 vaccines are covered without cost-sharing for Medicaid enrollees and provides 100% federal matching funds for this coverage
- Adds coverage of COVID-19 treatment services, without cost-sharing, for enrollees in the COVID-19 uninsured testing group and enrollees who receive alternative benefit plans
- **Makes available to states a 10-percentage point increase in federal matching funds for Medicaid home and community-based services (HCBS) from 4/1/2021-3/30/2022**
- Gives states a new option to provide community-based mobile crisis intervention services with 85% federal matching funds for the first 3 years
- Provides $250M for state strike teams to be deployed to Medicaid-certified nursing facilities with diagnosed or suspected cases of COVID-19 among residnts or staff

SECTION 9817

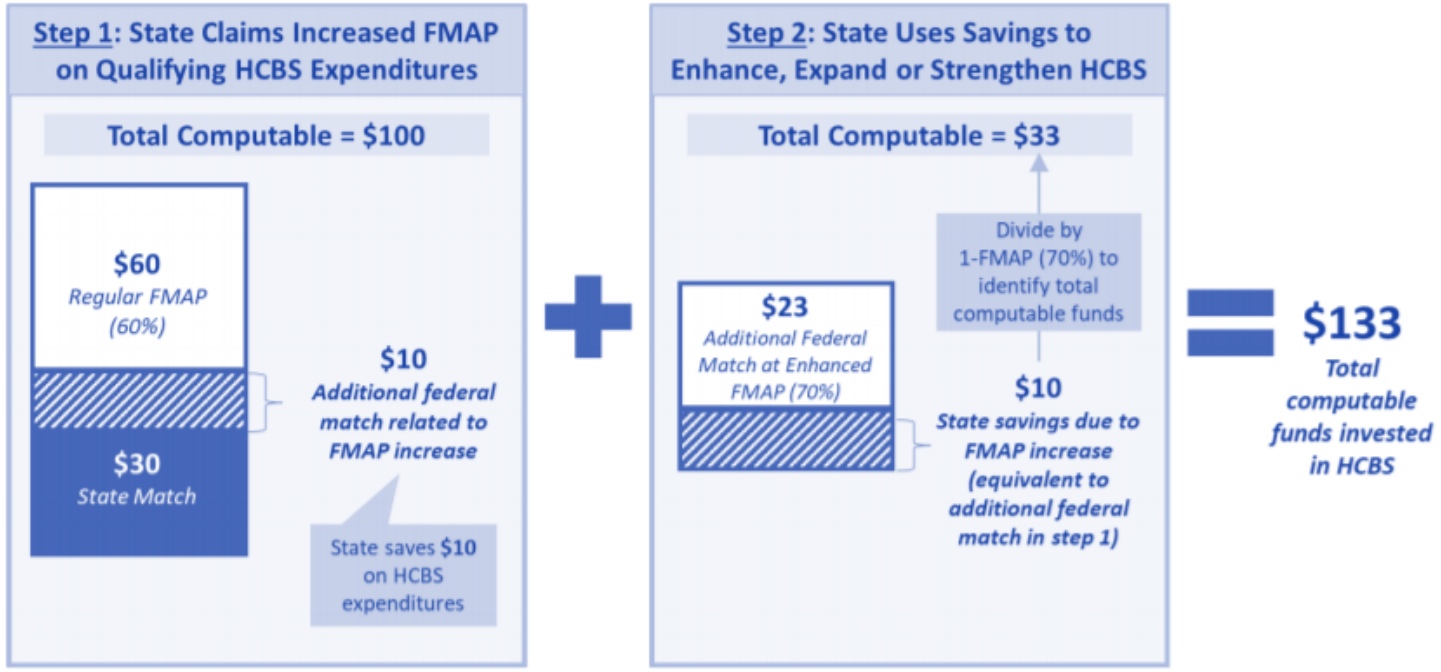
- **States can receive a 10 percentage point increase in federal matching funds for Medicaid home and community-based services (HCBS) from April 1, 2021 through March 30, 2022.**
- May 13, 2021 - the Centers for Medicare and Medicaid Services (CMS) released guidance on implementing Section 9817 of ARPGuidance: https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf

DEFINITION OF HCBS

- (B) HOME AND COMMUNITY-BASED SERVICES.—The term “home and community-based services” means any of the following:
  - (i) Home health care services authorized under paragraph (7) of section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)).
  - (ii) Personal care services authorized under paragraph (24) of such section.
  - (iii) PACE services authorized under paragraph (26) of such section.
  - (iv) Home and community-based services authorized under subsections (b), (c), (i), (j), and (k) of section 1915 of such Act (42 U.S.C. 1396n), such services authorized under a waiver under section 1115 of such Act (42 U.S.C. 1315), and such services through coverage authorized under section 1937 of such Act (42 U.S.C. 1396u–7).
  - (v) Case management services authorized under section 1905(a)(19) of the Social Security Act (42 U.S.C. 1396d(a)(19)) and section 1915(g) of such Act (42 U.S.C. 1396n(g)).
  - (vi) Rehabilitative services, including those related to behavioral health, described in section 1905(a)(13) of such Act (42 U.S.C. 1396d(a)(13)).
  - (vii) Such other services specified by the Secretary of Health and Human Services.

HOW THE MATCH WORKS

Example Scenario: A state with a 60 percent regular FMAP has total HCBS Medicaid expenditures of $100 as of April 1, 2021. The state reinvests funds attributable to the enhanced FMAP in additional Medicaid HCBS provided prior to March 31, 2022 to draw down additional enhanced FMAP.



In this example, savings are invested in **additional HCBS** that qualify for the enhanced FMAP (Appendix B of the guidance) between April 1, 2021 – March 31, 2022. Other activities listed in Appendix C and D of CMS's guidance may qualify for the "enhance, expand or strengthen" requirement, but not at the enhanced FMAP.

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REQUIREMENTS TO DRAW FUNDS

- The new funds must supplement, not supplant, the level of state HCBS spending as of April 1, 2021, and states must implement or expand one or more activities to enhance HCBS.
- This means that in order to receive the 10 percentage point increase in federal funding, a state must:
  - Preserve the amount, duration, and scope of covered HCBS;
  - Maintain, and not reduce, HCBS provider payments rates; and,
  - Not impose stricter eligibility standards for HCBS programs or services.
- As a condition of accepting the enhanced federal funds, to reinvest the freed up state funds to implement, or supplement implementation of, activities to "enhance, expand, or strengthen" Medicaid HCBS
- While the enhanced FMAP is only available for one year, states have until March 2024 to reinvest the state savings in new or enhanced HCBS activities.

REPORTING

- Within 30 days of the release of the guidance, states must provide CMS with their initial spending plan and narrative explaining the activities they plan to undertake to enhance, expand, or strengthen Medicaid HCBS, anticipated expenditures for those activities, AND how they intend to sustain those activities beyond March 2024.

NEXT STEPS

- 7/12 with extension Initial Plan Due
  - 6/30 Finalize stakeholder input share with DFA/GOV
  - 7/1 Public Info Session 7/1
  - 7/2 MAD/BHSD/ALSTD/DOH working group to finalize plan for Leadership review
  - 7/2 Senior Leadership Team in Gov's office and DS
  - 7/7 Review input with MCOs
- Public Comment on Proposal will open 6/12 for 30 day; feedback incorporated into quarterly submission

NM SPEND ON HCBS AND ANTICIPATED DRAW DOWN

CURRENT HCBS SPEND

	Federal Fiscal Year	Apr2021- Mar2022		
	Quarter	FFS Total[1]	MCO Total [2]	**Total Medicaid**
(i)	Home health care services (Base)	$34,930	$20,159,043	**$20,193,973**
	Home health care services(OAG)	$80,529	$9,522,099	**$9,602,628**
(ii)	Personal care services (Base)		$446,168,167	**$446,168,167**
	Personal care services (OAG)		$46,906,193	**$46,906,193**
(iii)	PACE services	$16,933,670		**$16,933,670**
(iv)	Rehabilitative services (Base)	$2,916,577	$43,080,517	**$45,997,094**
	Rehabilitative services (OAG)	$1,030,336	$31,855,661	**$32,885,997**
(v)	Home and community-based services			
	a. DOH DD MF and SW	$516,631,590		**$516,631,590**
	b. MCO Other HCBS(Base)		$104,399,015	**$104,399,015**
	b. MCO Other HCBS(OAG)		$8,551	**$8,551**
(vi)	Case management services(Base)	$266,446	$4,323,300	**$4,589,746**
	Case management services(OAG)	$6,950	$1,361,461	**$1,368,411**
(vii)	Such other services specified by the Secretary of Health and Human Services.			
Total		**$537,901,027**	**$707,784,007**	**$1,245,685,034**
HSD FMAP		$20,151,623	$618,130,042	**$638,281,665**
HSD OAG[3]		$1,117,815	$89,653,965	**$90,771,780**
DOH FMAP		$516,631,590	$0	**$516,631,590**

MONEY AVAILABLE WITH MATCH

Estimated Total Medicaid HCBS Expenditure from Apr2021 - Mar 2022	Q3 FFY2021	Q4 FFY2021	Q1 FY2022	Q2 FY2022	Total Q3FFY2021-Q2FFY2022
Total Computable Base group	$306,774,723	$282,712,844	$282,712,844	$282,712,844	$1,154,913,254
Total Computable OAG group	$22,692,945	$22,692,945	$22,692,945	$22,692,945	$90,771,780
Total including Base and OAG group	$329,467,668	$305,405,789	$305,405,789	$305,405,789	$1,245,685,034
Total State Share	$32,855,154	$30,367,155	$29,660,373	$47,188,569	$140,071,252
Total Federal Share	$296,612,515	$275,038,633	$275,745,415	$258,217,219	$1,105,613,782
Funds Attributable to the HCBS FMAP Increase	$31,812,120	$29,405,932	$29,405,932	$29,405,932	$120,029,914

FMAP	Q3 FFY2021	Q4 FFY2021	Q1 FY2022	Q2 FY2022	FFY2023	FFY2024
State's FMAP	73.46%	73.46%	73.71%	73.71%	73.62%	73.62%
FFCRA Increase (6.2%)*	6.20%	6.20%	6.20%	0.00%	0.00%	0.00%
ARPA Increase (10.0%)	10.00%	10.00%	10.00%	10.00%	0.00%	0.00%
Combined FMAP	89.66%	89.66%	89.91%	83.71%	73.62%	73.62%
OAG FFP **	95.00%	95.00%	95.00%	95.00%	90.00%	90.00%

	Year 1: Apr2021-Mar2022	Year 2: Apr2022 - Mar2023	Year 3: Apr2023 - Mar2024	3 Year's Total
% of Total Fund Spend in Each Year	**33.33%**	**33.33%**	**33.33%**	**100.00%**
GF associate with Base group	$38,497,108	$38,497,108	$38,497,108	
GF associate with OAG group	$1,512,863	$1,512,863	$1,512,863	
General Fund Total	$40,009,971	$40,009,971	$40,009,971	$120,029,914
FMAP Blend	88.26%	73.67%	73.62%	
OAG FFP	95.00%	90.00%	90.00%	
Federal Share	**$318,292,351**	**$121,300,958**	**$121,051,594**	**$560,644,903**
Total Computable	**$358,302,323**	**$161,310,929**	**$161,061,566**	**$680,674,818**
Funds Attributable to the HCBS FMAP Increase***	$34,317,369	0	0	
% Change Compared with Current HCBS Spending	28.76%	12.95%	12.93%	

* Assumes 6.2% through 12/31/21
** The amount in this line shows the additional funds drawn down with one reinvestment of the SGF savings

Funds must be spent in 3 years, model assumes equal spending in each year. State would gain more if more spent by Q1 2022.

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POSSIBLE PROPOSALS

EXAMPLES OF ACTIVITIES

COVID-Related HCBS Needs

- Expand covered services
- Facilitate COVID vaccine access
- Provide PPE and routine COVID-19 testing
- Offer COVID education and outreach
- Raise worker compensation
- Engage in worker recruitment
- Cover family caregiver supports
- Support provider COVID response

HCBS Capacity Building & LTSS Rebalancing Reform

- Streamline eligibility and enrollment processes
- Reduce or eliminate HCBS waiting lists
- Build no wrong door systems
- Expand covered services
- Improve service planning
- Engage in worker recruitment and retention
- Cover family caregiver supports
- Provider worker training
- Increase provider capacity
- Strengthen institutional diversion/transition programs
- Technology investments

NEW MEXICO HCBS US AREAS

WORKFORCE

No.	Proposal	Notes	Initial Submission/ Quarterly	Cost Projection
1	Contract for statewide Needs Assessment and HCBS Provider Capacity Study	- This would allow the state to ensure that we are using this historic one time investment to build capacity and transform a critical safety net to support and empower New Mexicans	Initial	TBD
2	Temporary Economic Recovery Payments to all HCBS waiver and LTSS providers	- 15% payment in year one, 10% payment in year two, 5% payment in year three - Recovery payments can be used for retention, PPE, hazard pay, training, infrastructure, technology improvements - Percentage required to go directly to workers	Initial	Year 1: $150,438,333 Year 2: $100,292,222 Year 3: $50,146,111
3	Training Unit	- Establishment of Training Unit in coordination with UNM Government Resource Center - Unit would draw on national resources and build infrastructure of trainers in NM in areas such as ABA, Trauma responsive training, training for families providing IHLS, etc. - Develop Statewide training program for direct care workers leveraging online learning (multiple languages and cultural competency) - Pediatric Simulation Lab - create pediatric simulation lab and courses that would target medically fragile children to help educate nursing students about population and community nursing. Could be built into the pediatric nursing curriculum or an elective.	Initial	TBD
4	School-based one-time investments	One-time funding to schools to hire eligible providers under the school Medicaid program, giving the schools a (2-3 year) "runway" to start delivering services and build billing/reimbursement infrastructure to sustain those positions with Medicaid funding after the one-time funding.	Quarterly	TBD
5	Grant Program to Increase HCBS Workforce	Grants provided to clinics, physician offices, hospitals, private duty nursing, home health, or other clinical providers and can be used for loan repayment, sign-on bonuses, training, and certification costs.	Quarterly	TBD
6	Development Funding for Caregiver Cooperative	Development Funding for Caregiver Cooperative (ALTSD)	Annual	Year 1: $58,000 Year 2: $298,000 Year 3: $800,000
7	Faculty endowments for Nursing Schools		Quarterly	TBD

INFRASTRUCTURE

No.	Proposal	Notes	Initial Submission/ Quarterly	Cost Projection
1	Behavioral Health Community Based Services Economic Recovery and Network Establishment Payments	- One-time infrastructure payments to BH facilities to assist with purchase of technology platforms, vehicles, construction, buildings - Temporary percentage increase in payments to BH network with scale down over three years	Initial	TBD
2	Adult Day Care Site Funding	- To fund a minimum of four adult day care sites in the most rural communities in New Mexico.	Initial	Year 1: $500,000 Year 2: $250,000 Year 3: $250,000
3	School-based Services Infrastructure investments	- Equipment, convenings, and training for school health team (district nurse manager, school nurse, SBHC, school counselor, parahealth professionals providing services through IEP) to "test" on a pilot basis the free care rule reversal services.	Quarterly	TBD
4	Supportive Housing Units	- Purchase Group homes for disabled individuals (costs would include purchase, renovation, contracting with provider unit to support) - Purchase low-income housing for seniors (costs would include purchase, renovation, contracting with provider unit to support)	Quarterly	Phase 1: $8,000,000 Phase 2: $1,500,000 Phase 3: $450,000
5	Mi Via program changes	- Create infrastructure for corporate Employers of Record (EORs) similar to corporate guardianship provided through DDPC	Quarterly	TBD
6	Preadmission Screening and Resident Review (PASRR)	- PASSR - create infrastructure for specialized services	Quarterly	TBD

NAVIGATION

No.	Proposal	Notes	Initial Submission/ Quarterly	Cost Projection
1	Supports Waiver Outreach and Education Campaign	- DOH and HSD campaign (social media/texting, TV, language translators, calls to WL members, community-based outreach)	Initial	TBD
2	Technology Investment	- Provide each member with a tablet and develop trainings to encourage electronic means of document submission and reduce paper processing	Initial	TBD
3	Upgrading critical incident management reporting systems.	- Implementing improvements to quality measurement, oversight, and improvement activities. - Implementing the HCBS Consumer Assessment of Healthcare Providers and Systems (CAHPS) or another experience of care survey. - Adopting new HCBS quality measures.	Initial	Year 1: $1,226,000 Year 2: $368,000 Year 3: $368,000
4	No Wrong Door activities	- Improve access to HCBS (DDW, Mi Via, Supports Waiver, Medically Fragile) through non-administrative No Wrong Door activities such as establishing toll free phone lines, developing informational websites and automating screening and assessment tools.	Initial	TBD
5	Public Facing Central Registry	- Public Facing Central Registry Database which would allow members to see where they are located on the list; additional documentation needed; services available through each program; how to access supports waiver while on waitlist	Initial	TBD
6	Establish an HCBS ombudsman program	- Ombudsman independent of both state and the MCOs to perform outreach and education on HCBS programs, assist individuals with applying and obtaining HCBS, and identify and report on systemic issues relating to HCBS.	Quarterly	TBD
7	Closed Loop Referral System	- A closed-loop referral is one that successfully secures the right resources for patients at the right time, ensuring that the patients' needs are met. - Care teams need confirmation patients have seen correct organizations for needs. “Closed-loop referral" is a tech-enabled workflow that provides real-time view of the status of the patient, while exchanging data amongst team, assigning tasks, and reporting on outcomes.	Quarterly	TBD
8	Revolving Trust	- NM grandparents raising grandchildren who qualify for SSI but do not have means to hire an attorney and pay fees associated with obtaining SSI. Revolving trust allowing the state to pay for upfront costs that would be repaid by the SSI recipient once allocated benefits. ALTSD recommend a revolving trust to give individuals advance payments of SSI benefits.	Initial	Year 1: $250,000 Year 2: $250,000

SERVICES

No.	Proposal	Notes	Initial Submission/ Quarterly	Cost Projection
1.	Add Community Benefit Allocation Slots	- Add 1000 slots to the Community Benefit allocations in 3 years, 1/3 each year	Initial	Year 1: $12,088,496 Year 2: $30,695,500 Year 3: $46,020,240
2.	Add Home and Community-based Services Waiver Slots	- Increasing the number of HCBS waiver slots to reduce or eliminate the wait list - 400 DD Waiver clients, 60% trad, 40% Mi Via, assuming clients are added in first year. Cost increases as clients enter 2nd and 3rd years	Initial	Year 1: $15,516,334 Year 2: $26,628,750 Year 3: $36,758,189
3.	High Fidelity Wraparound Expansion	- Expand High Fidelity Wraparound Services	Initial	Year 1: $9,845,366
4.	Assistive Technology Increase	- Temporary increase Assistive Technology allowance up to $750 (from $500) through March of 2024 - 1255 clients are currently using these services.	Initial	Year 1: $313,750
5.	Environmental Modifications Increase	- Increase environmental modifications benefit from $5000 to $6000 every 5 years	Initial	Year 1: $884,003
6.	Transition Services Increase	- Raise limits on CB Community Transition Services from $3500 to $4000 every 5 years (Code is T2038. In 2020 we had 77 users)	Initial	Year 1: $122,834
7.	Specialized Medical Equipment Increase	- Increase limit for specialized medical equipment and supplies from $1000 per ISP year to $1200 per ISP year	Quarterly	TBD
8.	Meals Assistance	- Covering Meals for enrollees residing independently	Quarterly	TBD
9.	Habilitative Services Expansion	- Covering habilitative services that promote social skills to support community integration	Quarterly	TBD
10.	Intensive Case Management Services for Children in State Custody	- Add service provision	Quarterly	TBD