

MEDICAID ADVISORY COMMITTEE MEETING

Friday, March 4, 2016

AGENDA

Time: 1:30pm-3:30pm **Location:** Garrey Carruthers State Library, 1205 Camino Carlos Rey, Santa Fe 87507

MAC Chairperson:
Committee Support Person:

Larry Martinez, Presbyterian Medical Services
Desbah Farden, HSD/MAD

Committee Members:

Johnny Abeyta, Ohkay Owingeh
Michael Batte, Public Member
Roselyn Begay, Navajo Nation Division of Health
Myles Copeland, Aging & Long Term Services Dept.
Ramona Dillard, Pueblo of Laguna
Jeff Dye, NM Hospital Association
Mary Eden, Presbyterian Healthcare Services
Joie Glenn, NM Association for Home and Hospice Care
Michael Hely, NM Legislative Council Service
Ruth Hoffman, Lutheran Advocacy Ministry NM
Nancy Koenigsberg, Disability Rights NM

Marc Kolman, NM Department of Health
Larry Lubar, NM Dental Association
Carol Luna-Anderson, the Life Link/BHPC
Steve McKernan, UNM Hospital
Carolyn Montoya, UNM College of Nursing
David Roddy, NM Primary Care Association
Daphne Rood-Hopkins, NM Children, Youth, and Families Department
Linda Sechovec, NM Health Care Association
Laurence Shandler, Pediatrician
Dale Tinker, NM Pharmacists Association
Gene Varela, AARP NM

HSD Representatives:

Nancy Smith-Leslie, HSD/MAD Director
Kari Armijo, HSD/MAD Deputy Director

Brent Earnest, HSD Secretary
Angela Medrano, HSD/MAD Deputy Director

DISCUSSION ITEM	DISCUSSION LEADER	DESCRIPTION	TIME
I. Introductions	Larry Martinez, MAC Chairperson	Introduction of all committee members, staff and guests.	1:30
II. Approval of Agenda	Larry Martinez, MAC Chairperson	Approval of agenda.	1:35
III. Approval of Minutes	Larry Martinez, MAC Chairperson	Committee approval of minutes from previous meetings held November 23, 2015 and February 1, 2016.	1:40
IV. Medicaid Budget FY16 and FY17	Nancy Smith-Leslie, Director, Medical Assistance Division, Human Services Department	Review and discussion of the current Medicaid budget, focusing on final HB2.	1:45
V. Subcommittee Purpose and Membership	Nancy Smith-Leslie, Director, Medical Assistance Division, Human Services Department	A subcommittee of the Medicaid Advisory Committee will be discussed.	2:45
VI. Public Comment	Larry Martinez, MAC Chairperson	Opportunity for comments on the agenda items from any interested parties.	3:15

STATE OF NEW MEXICO
SENATE

Item	General Fund	Other State Funds	Intrnl Svc Funds/Inter-Agency Trnsf	Federal Funds	Total/Target
<p>alleviated by meals received through the aging network</p>					
(3) Adult protective services:					85%
<p>The purpose of the adult protective services program is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.</p>					
<p>Appropriations:</p>					
(a) Personal services and employee benefits	8,088.6				8,088.6
(b) Contractual services	1,516.2		2,498.6		4,014.8
(c) Other	1,533.1				1,533.1
<p>Performance measures:</p>					
(a) Output:	<p>Number of adults who receive in-home services or adult day services as a result of an investigation of abuse, neglect or exploitation</p>				
(b) Output:	<p>Number of adult protective services' investigations of abuse, neglect or exploitation</p>				
					1,500
(4) Program support:					6,100
<p>The purpose of program support is to provide clerical, record-keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.</p>					
<p>Appropriations:</p>					
(a) Personal services and employee benefits	3,480.2			441.3	3,921.5
(b) Contractual services	123.2				123.2
(c) Other	147.6			182.7	330.3
Subtotal	[46,993.6]	[150.0]	[3,191.3]	[12,551.9]	62,886.8
<p>HUMAN SERVICES DEPARTMENT:</p>					
(1) Medical assistance:	<p>The purpose of the medical assistance program is to provide the necessary resources and information to</p>				

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enable low-income individuals to obtain either free or low-cost health care.

Appropriations:

(a) Personal services and employee benefits	5,028.2			7,614.9	12,643.1
(b) Contractual services	11,523.3	1,655.3	759.9	43,193.1	57,131.6
(c) Other	804,593.8	95,405.0	174,748.3	4,171,725.6	5,246,472.7

The appropriations to the medical assistance program of the human services department assume the state will receive an enhanced federal medical assistance percentage rate for those enrolled in the new adult category through fiscal year 2017 as provided for in the federal Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Should the federal government reduce or rescind the federal medical assistance percentage rates established by the Patient Protection and Affordable Care Act, the human services department shall reduce or rescind eligibility for the new adult category.

The internal service funds/interagency transfers appropriations to the medical assistance program of the human services department include one million two hundred fifty-five thousand four hundred dollars (\$1,255,400) from the tobacco settlement program fund for the breast and cervical cancer treatment program and twenty-six million sixty-three thousand nine hundred dollars (\$26,063,900) from the tobacco settlement program fund for Medicaid programs. Eighteen million five hundred thousand dollars (\$18,500,000) of the internal service funds/interagency transfers appropriations to the medical assistance program of the human services department is contingent on enactment of House Bill 311 or similar legislation of the second session of the fifty-second legislature authorizing sufficient tobacco settlement revenue distributions from the tobacco settlement program fund for this appropriation.

The appropriations to the medical assistance program of the human services department in the other category contain sufficient funds to implement common age appropriate evidence-based health, behavioral health and developmental screening tools for primary care well child visits for infants and children.

The human services department shall implement changes in the Medicaid program to reduce projected spending. The department shall reduce reimbursement rates paid to Medicaid providers in Medicaid managed care and fee-for-service programs. These reductions may include but are not limited to rescinding the primary care physician rate increase, first initiated by the federal Patient Protection and Affordable

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Care Act, and reducing rates paid to hospitals, including safety net care pool hospitals. The department shall reduce spending on managed care administrative costs.					
The medical assistance program of the human services department shall pursue necessary federal authority to include additional cost sharing requirements for recipients of medicaid services, including co-payments for certain services and monthly premiums for certain individuals.					
The general fund appropriation to the medical assistance program of the human services department assumes the department may be required to consider changes to the amount, duration and scope of allowable medicaid services and benefits, including pharmaceuticals, and implement processes to enhance eligibility verification.					
The human services department shall submit fiscal impact analysis to the legislative finance committee and the department of finance and administration regarding changes to medicaid as a result of this section.					
Notwithstanding the provisions of Section 27-10-3 NMSA 1978, the internal service funds/interagency transfers appropriations to the medical assistance program of the human services department include thirty-two million five hundred ninety-four thousand five hundred dollars (\$32,594,500) from the county-supported medicaid fund.					
Performance measures:					
(a) Outcome: Percent of children ages two to twenty-one years enrolled in medicaid managed care who had at least one dental visit during the measurement year					70%
(b) Outcome: Percent of infants in medicaid managed care who had six or more well-child visits with a primary care physician before the age of fifteen months					68%
(c) Outcome: Average percent of children and youth ages twelve months to nineteen years in medicaid managed care who received one or more well-child visits with a primary care physician during the measurement year					92%
(d) Outcome: Number of emergency room visits per one thousand medicaid managed-care member months					39

Cost-Containment Timeframe Considerations

State Plan Amendments

- Tribal notice seeking comments – 30 days
- Public notice; required in some instances – 30 days
- Consideration of tribal/public comments; revision period – up to 30 additional days after comment period
- CMS review/approval – up to 90 days

Regulatory Changes

- Promulgation start to finish – 5-6 months, unless emergency

1115 Waiver Changes

- Complicated; requires opening of entire waiver and renegotiation with CMS – 1 year

Additional Implementation Activities

- MCO rate-setting by actuary – 30 days
- MCO notice of changes; provider contracts and/or system changes – 60 days
- HSD system changes – 30-90 days

Human Services Department
Post-Session Medicaid Budget Summary
(\$ in millions)

FY16 Total Projected Expenditures	\$5,686.3
FY16 Federal Revenue	<u>(\$4,495.9)</u>
FY16 State Funding Need	\$1,190.4
FY16 Other State Funds	<u>(\$257.0)</u>
FY16 General Fund Need	\$933.4
FY16 General Fund Appropriation	(\$891.7)
House Bill 2 Supp Approp..	<u>(\$18.0)</u>
FY16 Unfunded General Fund	\$23.7
FY17 Total Projected Expenditures	\$5,993.0
FY17 Federal Revenue	<u>(\$4,746.4)</u>
FY17 State Funding Need	\$1,246.6
FY17 Other State Funds	<u>(\$270.1)</u>
FY17 General Fund Need	\$976.5
FY17 General Fund Approp.	<u>(\$913.7)</u>
FY17 Unfunded General Fund	\$62.8
Total Unfunded General Fund	\$86.5
Total Unfunded Expenditures	\$417.9

Notes: Based on 12.02.2015 Medicaid Projection
Estimated unfunded expenditures calculated with aggregate FMAP of 79.3%

HAFC Medicaid Cost Containment Options (in 000s) (f1)

Updated 3.2.16

27-Jan-16

No.	Proposed Cost Containment Initiative	# of Recipients / Providers Impacted	Earliest Potential Effective Date	Procedural Requirements (SPA, Waiver, Notices, Etc.)	FY17 Budget		Detail Description
					Total Expenditures	General Fund (GF)	
Provider Rate Reductions							
1	Discontinue Primary Care Physician Rate Increase	1982 providers	7/1/2016	SPA, notice to providers, notice to MCOs	\$24-\$26 million	\$5-\$6 million	Eliminate non mandatory full rate increase currently in place for primary care physician and qualified services for primary care that was previously funded with 100% federal funding from the ACA. New Mexico was one a few states that continued the payment.
2	Decrease Physician Services Rates 5%	4 MCOs and FFS	7/1/2016	Would require a SPA change and Notice.	\$40-\$50 million	\$10-\$15 million	Reduce all physician services rates by 5%. This includes all practitioners that utilize physicians coding.
3	Decrease Inpatient Hospital Rates 5%	All Medicaid Hospitals; 4 MCOs	7/1/2016	Would require a SPA change and Notice.	\$27-\$33 million	\$5-\$6 million	Reduce all inpatient hospital rates by 5%
4	Decrease Outpatient Hospital Rates 5%	All Medicaid Hospitals; 4 MCOs	7/1/2016	Would require a SPA change and Notice.	\$22-\$25 million	\$4-\$5 million	Reduce all outpatient hospital rates by 5% which includes OPDS Dental and ER also includes realignment of Medicare Rates.
5	Reduce UC Hospital Base Rate increase to amount supported by projected county revenue and \$10 million GF	29 hospitals	7/1/2016	SPA Change and notice to providers; notice to CMS on waiver modifications	\$10-\$20 million	\$2-\$4 million	Reduce UC Hospital Base Rate increase to amount supported by projected county revenue and \$10 million GF. This item is affected by UNM Matching rates.
SFY 17 Subtotal Cost Containment Items					\$123-\$154 million	\$26-\$36 million	

Co-Pays and Premiums (ALL SFY18 ITEMS Not included in below totals)

6	Charge Premiums for Adults	97,858 recipients	7/1/2017	New Waiver, Centennial Care Waiver Amendment, rate development, MCO collect premiums	\$10-\$15 million	\$5-\$11.2 Million	SFY18 ITEM. Varying monthly premiums, calculated at 2% of escalating FPL thresholds - Net cost-savings adjusts for transaction costs (10% of premium), and the disenrollment of non-payers and their partial re-enrollment within a 12-month period. Native Americans are excluded from paying premiums. ABP exempt populations have not been excluded from paying premiums in the initial evaluation.
7	Charge Premiums to CHIP kids	12,465 recipients	7/1/2017	New Waiver, Centennial Care Waiver Amendment, rate development, MCO collect premiums	\$4-\$5 million	\$0	SFY18 ITEM. NO GF IMPACT at 100% FFP. Varying monthly premiums, calculated at 2% of escalating FPL thresholds - Net cost-savings adjusts for transaction costs (10% of premium), and the disenrollment of non-payers and their partial re-enrollment within a 12-month period.
8	Add premiums for populations		7/1/2017	New Waiver, Centennial Care Waiver Change, SPA, State has to track co-pays	\$5-\$10 million	\$1-3 million	SFY18 ITEM. Varying monthly premiums, calculated at 2% of escalating FPL thresholds - Net cost-savings adjusts for transaction costs (10% of premium), and the disenrollment of non-payers and their partial re-enrollment within a 12-month period. Native Americans are excluded from paying premiums. ABP exempt populations have not been excluded from paying premiums in the initial evaluation.
9	Add copays for additional services/ procedures/ populations		7/1/2017	New Waiver, Centennial Care Waiver Change, SPA, State has to track co-pays	\$5-\$10 million	\$1-3 million	SFY18 ITEM. Various copays depending on services and populations. Cost-sharing discourages recipients from seeking care. Copay determination is in the hand in the provider for non-emergency use of the ER.

Notes:

f1. Cost containment estimates are based on direct impacts to affected programs and populations, and do not account for indirect impacts which may increase or decrease costs in other program area:

f2. Identifies mutually exclusive choices between eliminating a program or reducing the scope or scale of the program.