



**Presentation to the Legislative Finance Committee
Brent Earnest, Secretary, HSD
October 27, 2015**

New Mexico Human Services Department

HSD Overview

HSD Mission

To reduce the impact of poverty on people living in New Mexico by providing support services that help families break the cycle of dependency on public assistance

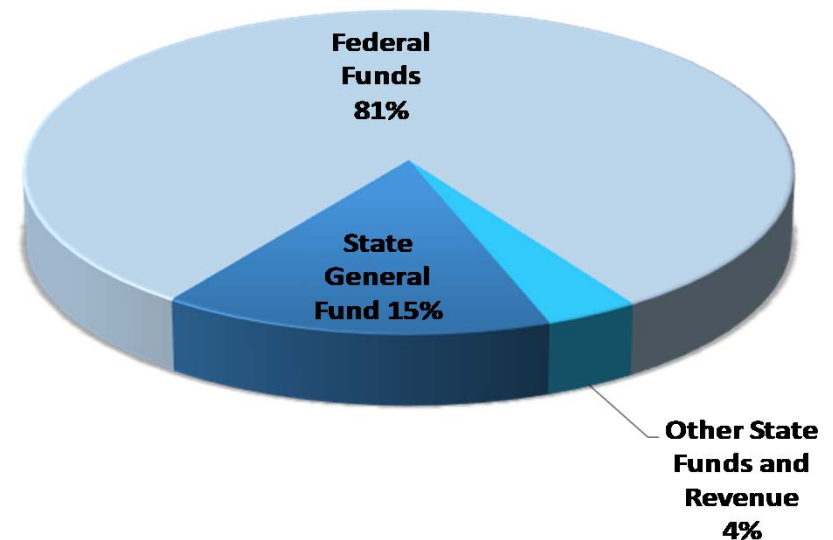
HSD administers services to more than 800,000 low-income New Mexicans through:

- ▶ **Behavioral Health Services** (mental illness and substance abuse services)
- ▶ **Child Support** (establishment and enforcement)
- ▶ **Income Support** (cash, food, energy assistance, and supportive services)
- ▶ **Medical Assistance** (physical and mental health services)

HSD FY 17 Appropriation Request

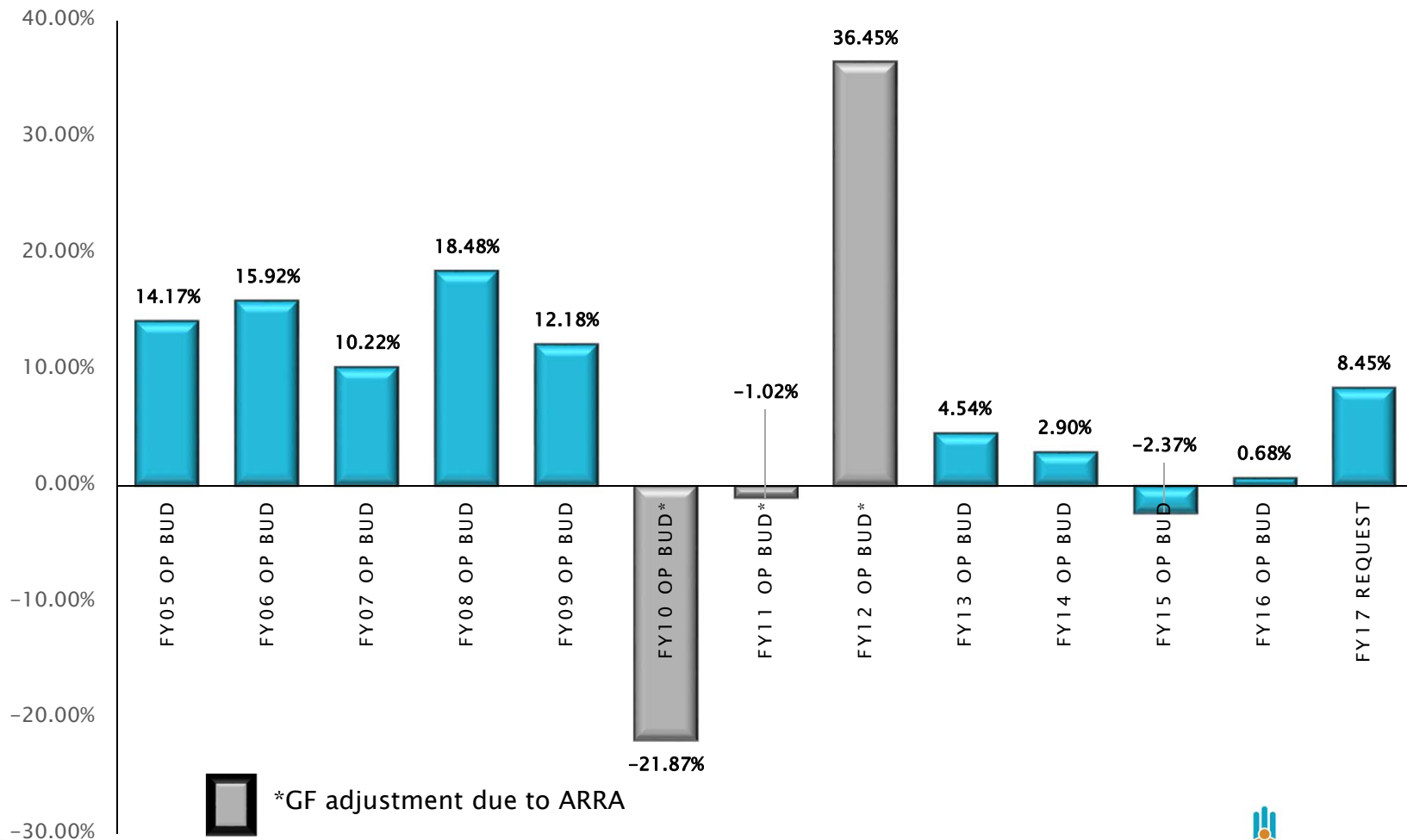
FY 17 Budget Request of \$7.163 billion

- ▶ 7.8% increase overall
- ▶ \$1.105 billion from the general fund (increase of \$86.1 million or 8.45%)
- ▶ \$5.79 billion in federal funds (increase of \$443 million or 8.3%)
- ▶ \$264.1 million in other state funds and other revenue



HSD General Fund Budget Change

Percent Change in HSD General Fund Budget



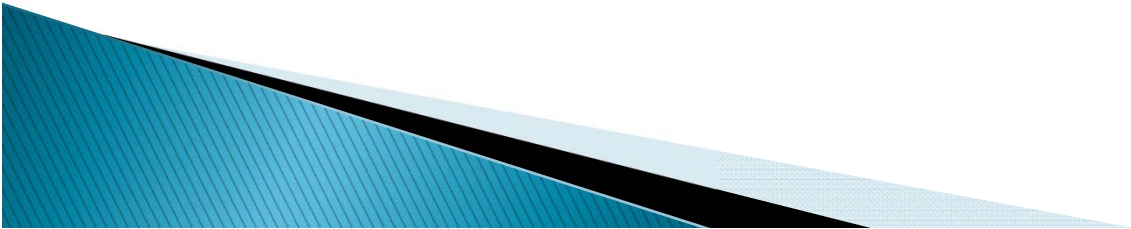
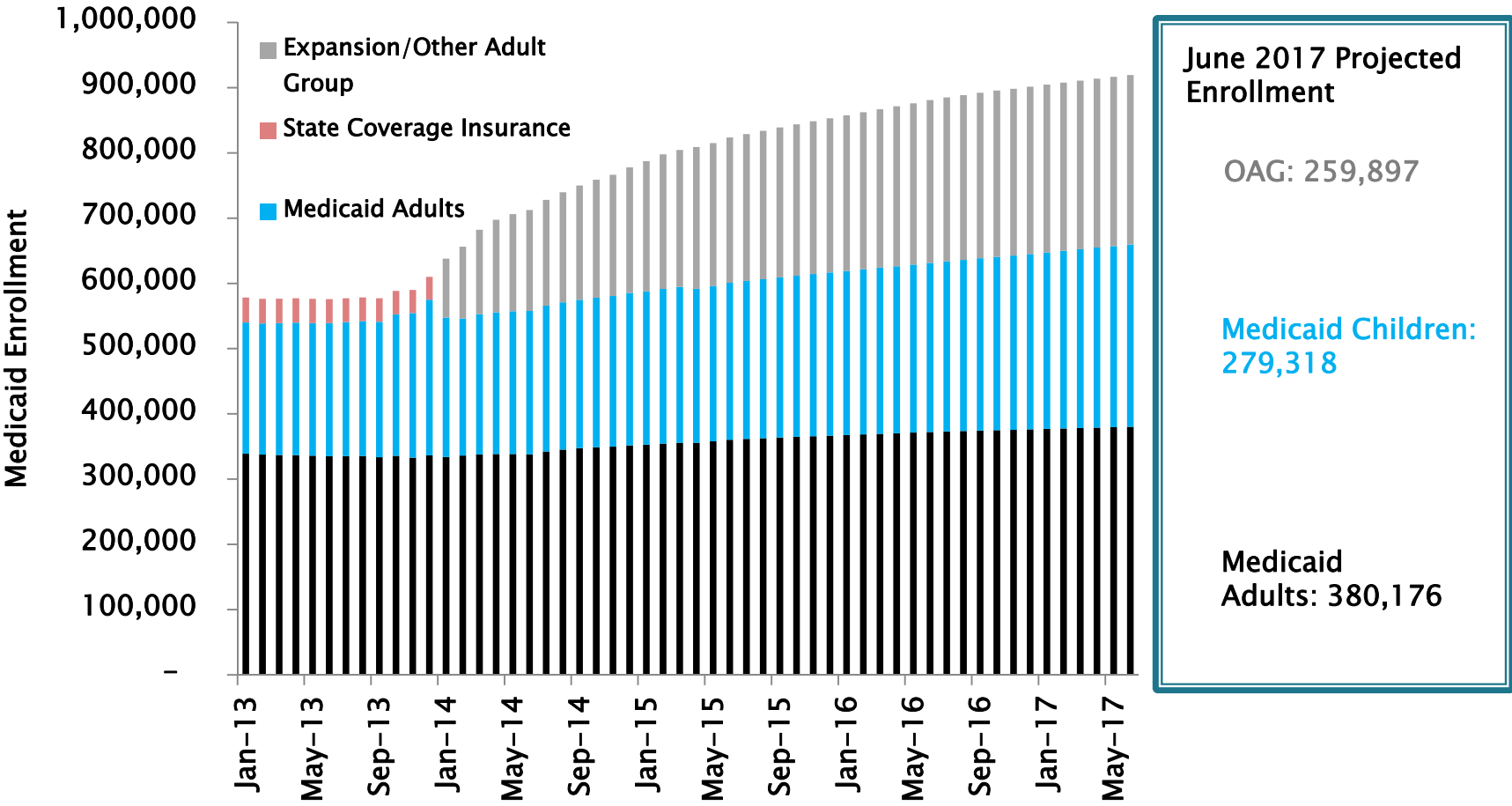
Medicaid Spending

- ▶ Total Medicaid spending is increasing, primarily due to enrollment growth.
- ▶ The FY17 budget request for Medicaid is an increase from the general fund of \$85.2 million, in large part due to stepped down federal funding for Medicaid expansion.

(\$ in millions)	FY14 Actual	FY15 Projection*	FY16 OpBud	FY16 Projection*	FY17 Request
Total Budget	\$4,200.6	\$5,157.8	\$5,503.4	\$5,734.1	\$5,960.9
General Fund	\$901.9	\$893.0	\$891.7	\$936.9	\$976.9

*Projection data as of June, 2015. Under the current projection the Medicaid program will need a \$45.2 million general fund supplemental appropriation for FY16. These figures exclude Medicaid administration.

Medicaid Enrollment



Medicaid Enrollment

Enrolling More Individuals than Originally Projected:

Enrollment for Service Month August 2015

Enrollment for August 2015	August 2015 Projection (As of September, 2014)	August 2015 Projection (as of January, 2015)	Actual Enrollment as of August 2015*
Total in Medicaid	728,645	807,114	822,428
Total in Centennial Care Managed Care**	605,946	631,790	642,047
Total in Adult Expansion	186,840	208,247	226,783
Total in Long Term Care	44,414	44,768	46,359

* Retro-activity is expected to increase actuals for August 2015 by 11,000 individuals

** Only Centennial Care Managed Care

Medicaid: FY 17 Appropriation Request

- ▶ Total Medicaid Program spending in FY 17 is projected to be \$5.96 billion.
 - \$976.9 million from the general fund, an \$85.2 million increase. Major changes from FY16 include:

Expansion FMAP (drops to 95% in 2017)	\$42,959
Enrollment	\$18,991
Price impact	\$16,798
Medicare Part B and D impact	\$7,862
Other revenue changes	(\$4,060)
Cost Containment	(\$41,653)
Other changes	(\$916)
FY16 shortfall and growth	\$45,160
Total	\$85,139

(\$ in thousands)

Medicaid: FY 17 Budget Request

- ▶ Budget request recognizes state's overall financial position and includes efforts to reduce Medicaid funding need.
- ▶ Initial request assumes cost containment savings of \$141 million (\$41.7 million in general fund).
- ▶ Higher FMAP rates reduce the need for cost containment by \$58.9 million (\$17.4 million in general fund), leaving about \$24.3 million of needed general fund savings from the current projection.
- ▶ HSD is pursuing several cost reducing and other revenue options:
 - Reducing MCO rates and expenditures through more care coordination efficiencies -- \$1.5M to \$5M general fund
 - Lower PMPM costs for expansion enrollment -- \$1M to \$3.6M general fund
 - Other state revenue restructuring, including possible intergovernmental transfers for certain supplemental payments - \$10 M to \$19M general fund
 - Rate setting underway for 2016

Medicaid: Administration

- ▶ The total FY 17 budget request for administration of the Medicaid program is \$82.2 million
 - \$1.84 million higher than FY16 due to an increase in federal funds for school based health services
 - \$204.9 thousand decrease in general fund need for the transfer of 7 FTE to the Office of Inspector General.
- ▶ Medical Assistance Division administrative spending is only 1.37% of the total program budget.
- ▶ Priorities for MAD staff in 2016 and 2017 include assuring health care quality, measuring health outcomes, managing MCO performance and balancing all that with cost containment initiatives to manage Medicaid expenditures.

Centennial Care Update

- ▶ Centennial Care is in its second year of operation, with a long-term goal of shifting the Medicaid health care system toward better outcomes at lower costs.
- ▶ Focus on increasing coordination of services
 - Total Members with Completed Health Risk Assessments – 423,842
 - Total Members in Patient-Centered Medical Homes – 200,840
 - Total Members in Higher Levels of Care Coordination – 70,000
 - Total Members Accessing Community Benefit in 2014 – 22,331
- ▶ Health Homes targeting Behavioral Health members launching 1/1/16

Supporting Provider Capacity

- ▶ Continuing the primary care provider rate increase initiated under the ACA – 1,982 providers receiving increased payments
- ▶ Overall last two years, increased rates for behavioral health providers by 12.5 percent
- ▶ Shored up NM hospitals by reducing uncompensated care
- ▶ Investing in telehealth expansions
- ▶ Increasing use of Community Health Workers:
 - More than 100 directly employed by or contracted with MCOs;
 - MCOs partnering with UNM to expand role of CHWs – care coordination, health education, health literacy, translation and community supports linkages.

Expanding Telehealth

Telehealth Professional Services - Managed Care
Number of Visits

	Baseline			1st Year Results		
	2013 Behavioral Health	2013 Physical Health	2013 Total	2014 Behavioral Health	2014 Physical Health	2014 Total
BCBS	19	3	22	1,078	91	1,169
UHC	89	22	111	1,922	47	1,969
MHNM	7	0	7	1,909	32	1,941
PHP	2,016	4	2,020	3,006	143	3,149
Total	2,131	29	2,160	7,915	313	8,228

Note: 2013 BH column is understated because it excludes managed care data from OptumHealth. In 2013, Medicaid behavioral health services were administered by OptumHealth New Mexico.

- ▶ MCOs have implemented several initiatives to further improve access, including:
 - Communication brochures targeted to providers;
 - MDLIVE for on-line non-emergent telehealth visits;
 - Teledermatology and Telepulmonology;
 - Virtual provider visits.

Implementing Payment Reform Projects

- ▶ MCO payment reform pilots build upon existing efforts to move away from volume-based payments, allow provider incentives and encourage shared risk.
- ▶ HSD approved 10 payment reform projects that launched in July 2015, including:
 - Accountable Care Like Models – performance-based model with partial payment paid as bonus for achieving quality outcomes;
 - Bundled Payments for Episodes of Care – bariatric surgery, diabetes and maternity;
 - Patient-Centered Medical Home Share Savings – built upon PCMH model by adding shared savings targets that reward achievement of utilization and quality targets.

Engaging Members in their Care

- ▶ 458,876 total participants (65% of enrollees)



- ▶ Centennial Rewards Program allows members to earn points when completing healthy behaviors.
- ▶ Early reports are encouraging:
 - Inpatient admissions reduced for diabetes (52%) and asthma (31%) while “high-value” services like PCP visits and prescription medications increased.
 - Compliance with diabetes quality measures (e.g., HEDIS measures) increased for participants from 24% to 43%.
 - Compliance with quality measures for participants with asthma increased up to 47%.



Safety Net Care Pool (SNCP)

- ▶ **Uncompensated Care (UC)**
 - Intended to help smaller facilities with a lower volume of claims.
 - \$68.9 million: 60% to smallest, 30% to smaller, 10% to medium.
- ▶ **Hospital Quality Improvement Initiative**
 - Incentivizes hospitals' efforts to meaningfully improve the health and quality of care of Medicaid members and the uninsured.
 - \$29.4 million: distributed over four years and increases each year.
- ▶ **Base Rate Increase**
 - Intended to help larger facilities with a high volume of claims.
 - CY14 the rate increase totaled \$142.5 million.

Behavioral Health Spending

Total HSD Behavioral Health Spending (excl. administration)

(\$ in millions)	FY15 Actuals			FY16 Op Bud			FY17 Request		
	GF	FF	Total	GF	FF	Total	GF	FF	Total
Medicaid Behavioral Health	\$102.7	\$345.4	\$448.1	\$105.7	\$374.2	\$474.8	\$107.1	\$400.1	\$507.2
Behavioral Health Services Division	\$35.9	\$22.6	\$58.5	\$39.4	\$17.6	\$57.0	\$39.8	\$17.4	\$57.2
Total	\$138.6	\$368.0	\$506.6	\$145.1	\$397.6	\$542.7	\$146.9	\$417.5	\$564.4
Percent change from prior year				4.69%	8.04%	7.13%	1.24%	5.01%	4.00%

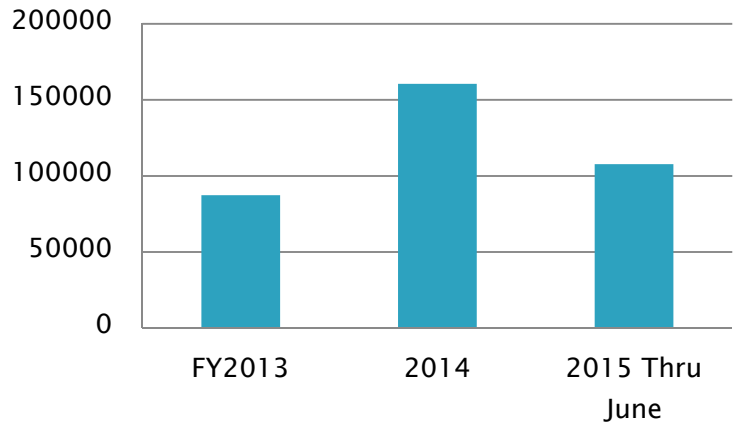
- ▶ 2017 Base Budget request for BHSD is \$57.2 million, \$39.8 million from the General Fund.

Behavioral Health Priorities

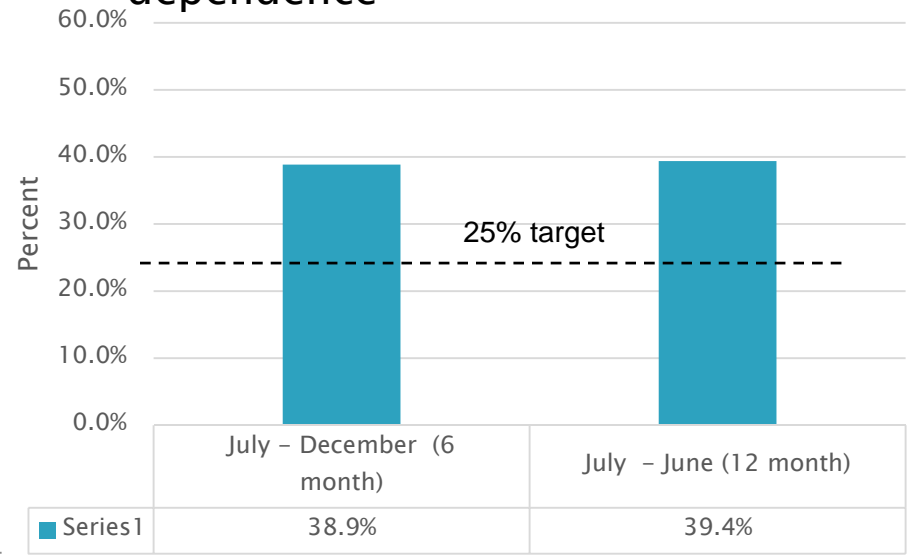
- ▶ Supporting recovery, resiliency and healthy living through the provision of comprehensive and integrated behavioral health services in New Mexico communities.
- ▶ Recent projects include the implementation of pilot health home programs in Curry and San Juan Counties.
- ▶ Expanding crisis services – statewide crisis line and peer-supported warmline, expanding mobile crisis teams, and building crisis stabilization services, among others.
- ▶ Establishing Certified Community Behavioral Health Clinics through a planning grant recently received from SAMHSA
- ▶ Implementing these and other reforms through a comprehensive focus on regulatory updates, finance (payment reform), and workforce development.

Behavioral Health Performance

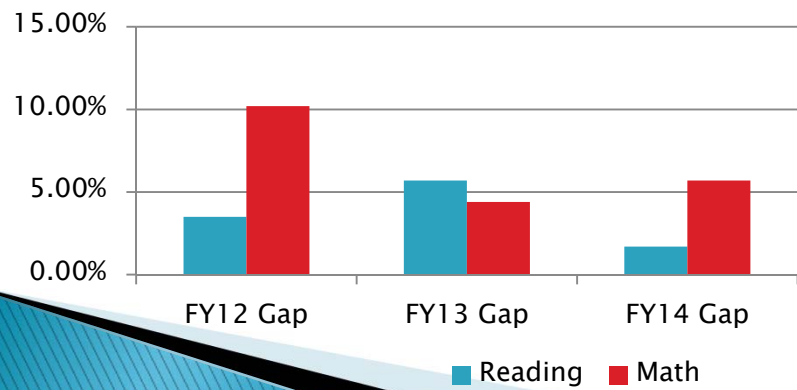
▶ Serving more individuals



▶ Initiating more treatment for diagnosed alcohol and drug dependence

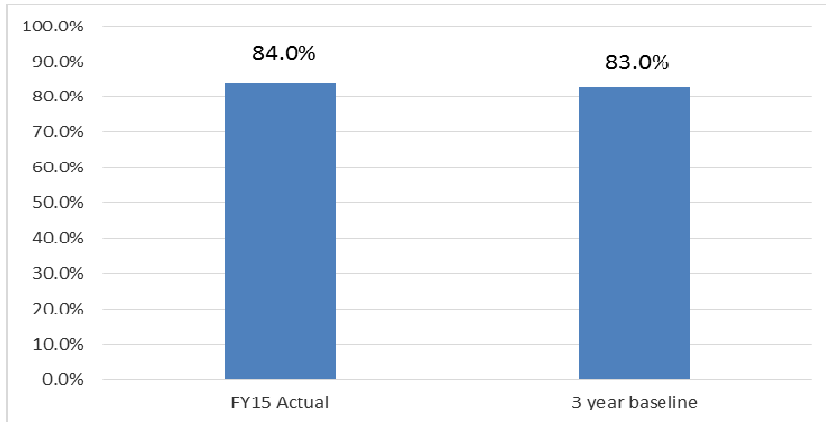


▶ Reducing the education achievement gap for those in BH services

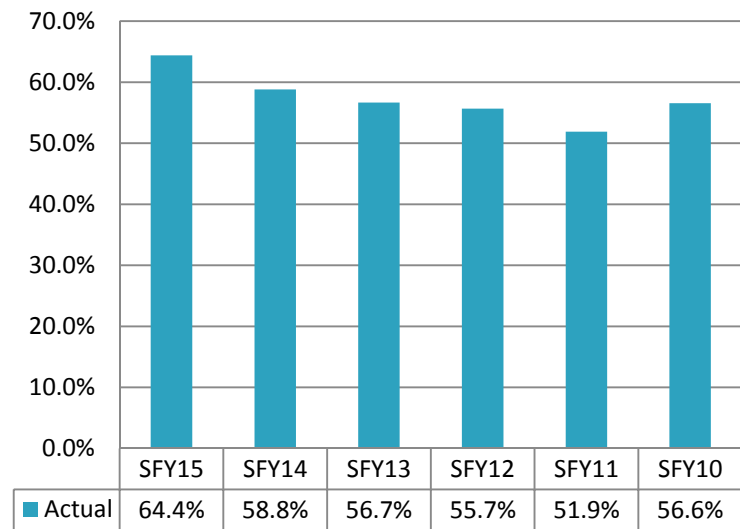


Behavioral Health Performance

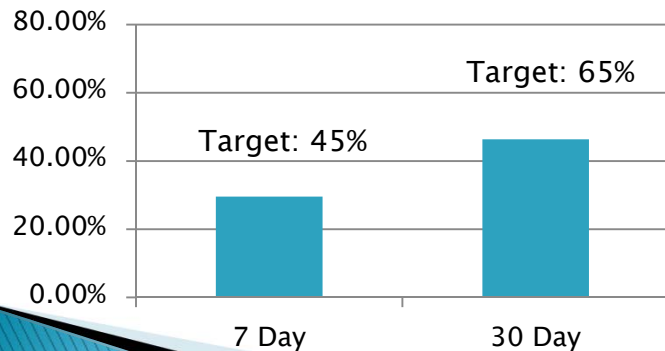
- ▶ Increased satisfaction with BH services



- ▶ Serving more youth on probation services



- ▶ Focusing on improving follow up services after discharge



Reprioritized Behavioral Health Spending

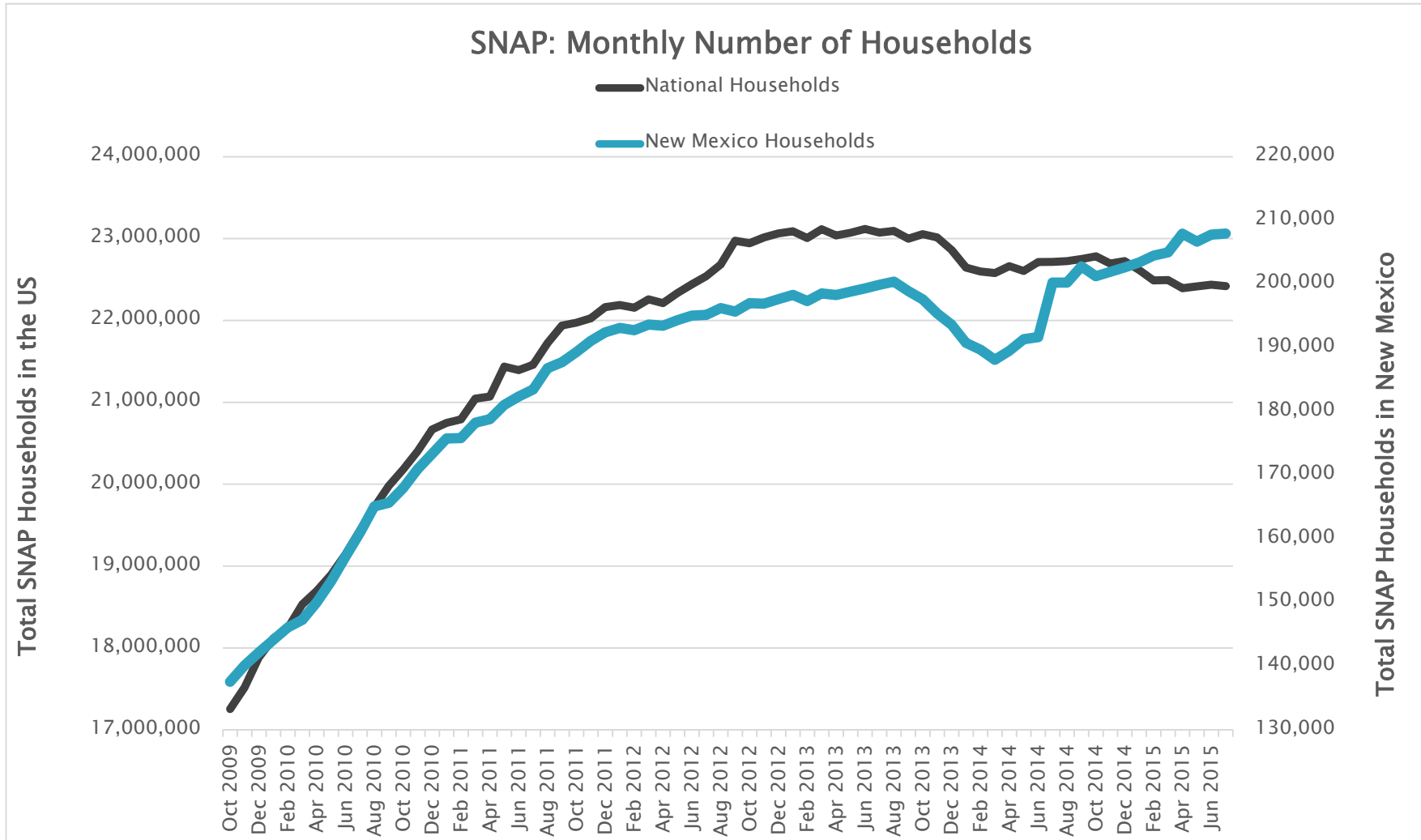
The General Fund request for Behavioral Health Services is unchanged at \$42.03 million, with \$39.8 million dedicated to services.

- ▶ Savings from Medicaid Expansion will be reallocated
 - Expanding and piloting new non-Medicaid covered services
 - Increasing Sexual Assault Services
 - Piloting new programs for prevention of mental, emotional and behavioral disorders in children using evidenced based strategies
 - Establishing a New Mexico Peer Empowerment Center

Income Support Division

- ▶ The FY17 request for the Income Support Division reflects a budget increase of \$57.8 million in State and Federal funds.
- ▶ The General Fund request is an increase of \$865.5 thousand and is comprised of the following:
 - \$97.2 thousand for the General Assistance Program – currently serving about 3,400 clients.
 - \$548 thousand to shift funding for Food Banks from the Department of Finance and Administration (DFA)
 - \$224.8 thousand will fund the SNAP Senior Supplement.
 - A benefit increase from \$25.00 to \$28.00 per month.
 - This will benefit over 11,088 clients.
- ▶ The increase in Federal funds is primarily due to an increase in SNAP caseload, as well as the value of the Commodities program and higher projected spending in the LIHEAP Program– 100% Federal funding.

NM SNAP Participation vs. U.S.

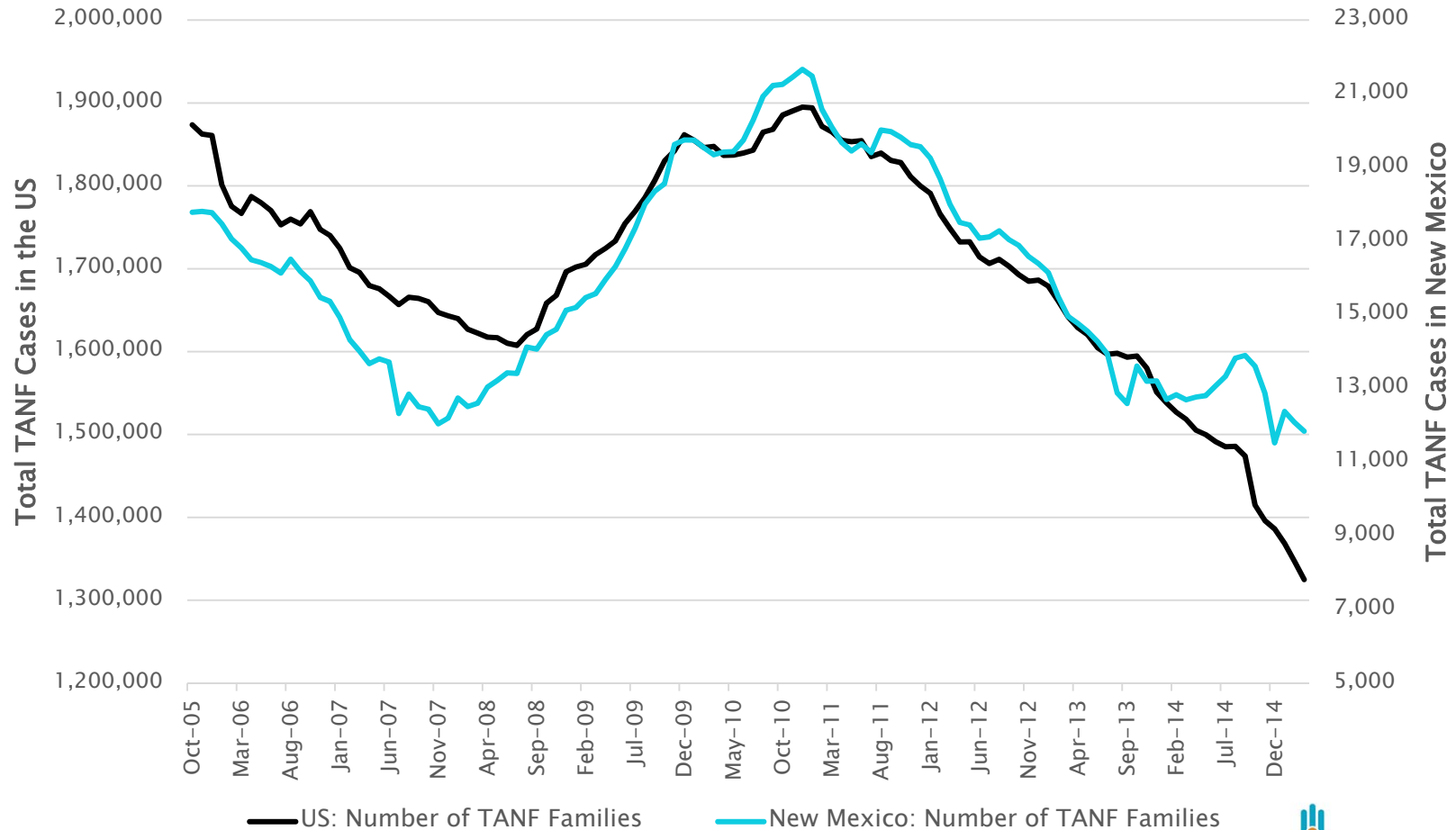


Temporary Assistance for Needy Families – (TANF)

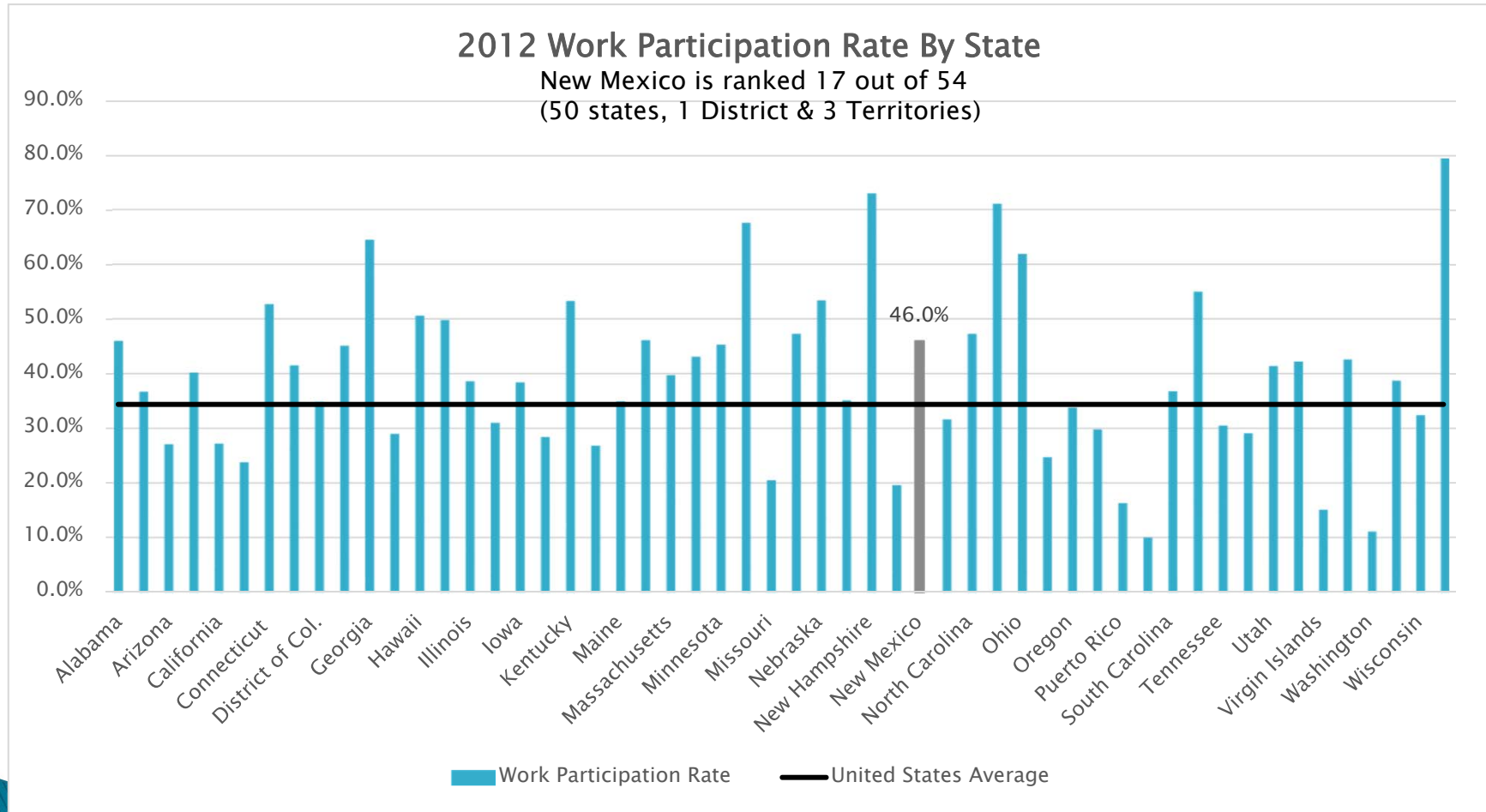
- ▶ FY 17 TANF appropriation request of \$142.9 million, including:
 - TANF block grant of \$110.6 million and \$32.3 million of current carry over balances.
 - ISD projects to spend \$51.0 million in FY 17 for cash assistance, about \$6.3 million more than expended in FY 15, primarily due to 7.5% increase in the cash benefit amount implemented in FY16.
 - No significant caseload growth projected for FY17.

NM TANF Participation vs. U.S.

TANF: Monthly Number of Families



New Mexico's Work Participation Rate vs. U.S.



New Mexico's Work Participation Rate (*cont'd*)

- ▶ Caseload has decreased
 - In 2012 HSD had an average caseload of 18,201
 - In 2015 the average was 12,018
- ▶ Increase of child only cases
 - In 2012, the average child only cases was 37.1% of average caseload.
 - In 2015, the average child only cases was 43.7% of average caseload.
- ▶ 1 parent household has decreased
 - In 2012, the average number of one parent households was 56.2% of the caseload.
 - In 2015, the average number of one parent households had dropped to 48.5% of the caseload.

Temporary Assistance for Needy Families – (TANF)

Job Readiness Activities:

- ▶ ISD remains focused on helping TANF recipients prepare for and find employment. ISD is proposing additional funding for programs that will assist TANF recipients to improve their level of employability.

- ▶ \$2.5 million increase for the TANF New Mexico Works Program including;
 - \$1.5 million will assist TANF recipients with obtaining their high school equivalency certificate and/or other vocational certificate.
 - \$1 million to help TANF recipients with obtaining job experience through participating in a building trades and/or construction certificate program which will provide work skills and life skills.

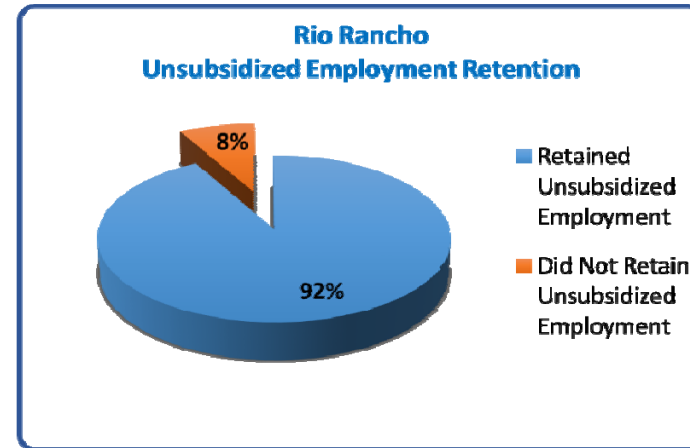
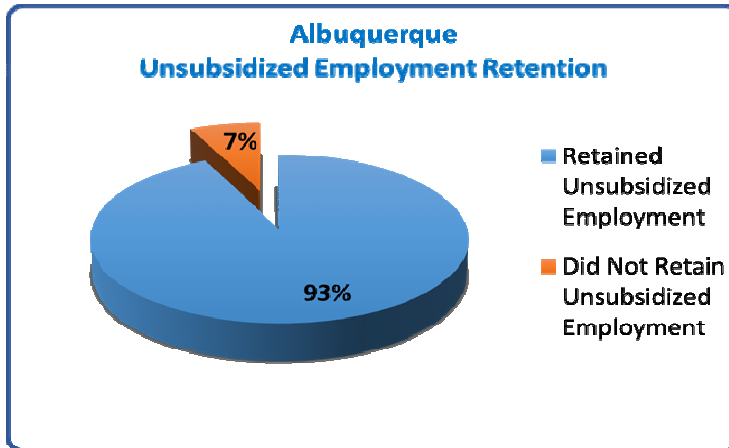
Temporary Assistance for Needy Families – (TANF)

- ▶ \$1.25 million increase for the TANF Clothing Allowance program:
 - Issued twice a year, recipients will receive \$100.00 in the fall and \$50.00 in the spring.
- ▶ \$1 million in TANF funding is a new request with a goal for developing a Child Support Pilot Project, in conjunction with HSD's Child Support Enforcement Division (CSED).
 - Help non-custodial parents overcome their barriers to paying child support.
 - The pilot will identify unemployed or underemployed Non-Custodial Parents (NCPs) who are behind on their child support payments and whose children are current or former recipients of public assistance by referring Non-Custodial Parents (NCP's) to Job Placement Organizations and Fatherhood Groups that HSD will partner with.
- ▶ \$2.8 million increase for the TANF NMW Career Links Program:
 - The \$2.8 million will provide additional assistance to job seeking clients and offer more employment opportunities for TANF participants.
 - Expand the current number of individuals served by approximately 370
 - Expand program to serve four (4) additional communities (Gallup, Los Lunas, Anthony, Espanola).

Career Link Demographics and Unsubsidized Employment Retention

Albuquerque	
Female:	81%
Male:	19%
Refugees:	8%
Average Age:	32
Average Children in the Home:	2
Average TANF Months used at Enrollment:	19

Rio Rancho	
Female:	79%
Male:	21%
Refugees:	0%
Average Age:	32
Average Children in the Home:	2
Average TANF Months used at Enrollment:	11



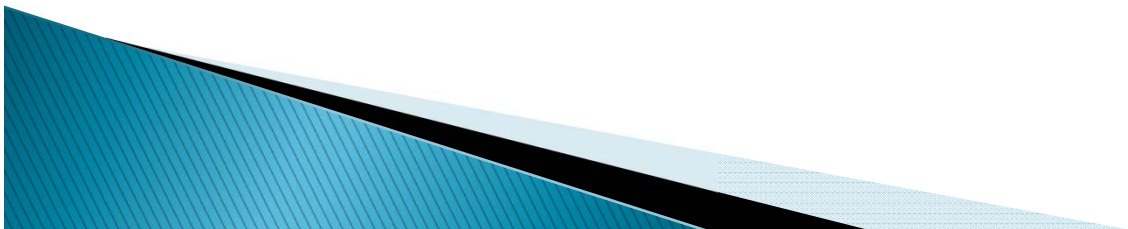
Temporary Assistance for Needy Families – (TANF)

PROGRAM (\$ in millions)	FY16 OP BUD			FY17 REQUEST		
	GF	FF	TOTAL	GF	FF	TOTAL
General Funds in HSD for TANF	0.09	-	0.87	0.09	-	0.09
Unspent balances from prior periods	-	72.5	72.5	-	46.7	46.7
TANF Block Grant	-	110.6	110.6	-	110.6	110.6
TANF Contingency	-	-	-	-	-	-
TOTAL REVENUE	0.09	183.1	183.1	0.09	157.3	157.3
ADMIN TOTAL	-	11.5	11.5	-	11.5	11.5
Cash Assistance	0.09	55.8	55.8	0.09	57.0	57.1
Support Services	-	16.1	16.1	-	21.4	21.4
Other Agencies	-	53.0	53.0	-	53.0	53.0
TOTAL	0.09	136.4	136.5	0.09	142.9	143.0
Calculated Carryover Balance	-	46.7	46.7	-	14.3	14.3

- ▶ Admin Includes: Income Support Administration and Program Support Administration
- ▶ Cash Assistance Includes: Cash Assistance, Clothing Allowance, Diversion Payments, Wage Subsidy and State Funded Legal Aliens
- ▶ Support Services Include: NM Works Program, Transportation, Substance Abuse Services, Career Links, CSED Alternative Pilot Program and Employment Related Costs
- ▶ Other Agencies Include: CYFD Pre K, CYFD Child Care, CYFD Home Visiting, CYFD Supportive Housing and PED Pre K

IT – Program Support

- ▶ HSD continued work toward Health and Human Services 2020 (HHS 2020) vision
 - Flexible, scalable technology and services framework to efficiently support current and future programmatic needs of HSD and other NM HHS departments
 - Customer-focused approach
 - Enables transition to outcomes-based model by providing improved access to more extensive, quality data



IT – Program Support *(cont'd)*

- ▶ ITD working with MAD on Medicaid Management Information System (MMIS) replacement
 - Needed to comply with CMS Seven Conditions and Standards and to better support Centennial Care
 - CMS requires modular approach to replacing legacy MMIS
- ▶ Planned replacement MMIS combines technology-based components and business process outsourcing
 - Enhance programmatic support, customer focus, analytics
 - Provide flexibility to accommodate future technology and/or programmatic changes
- ▶ Currently developing initial procurements.



IT – Program Support (*cont'd*)

- ▶ ITD working with CSED on Child Support Enforcement System (CSES) replacement
 - Needed to enable improved CSE results and to replace older, inflexible legacy system
 - Evaluating options that maximize reuse of existing technology investments
- ▶ CSES replacement will enable improved CSE performance
 - Incorporate new tools using predictive modeling and similar techniques to focus efforts on most productive activities
 - Provide access to quality data and analytics to inform work
 - Streamline CSE processes
- ▶ Extended planning through FY2016.

Questions?

