Presentation to Legislative Finance Committee
Preview of FY19 Appropriation Request
Brent Earnest, Secretary
October 25, 2017
Today’s Presentation

- HSD FY19 Appropriation Request Overview
- Medicaid Budget and Performance
  - Enrollment and Cost trends
- Behavioral Health Budget and Performance
- Child Support Enforcement
- Income Support Division
  - Temporary Assistance for Needy Families
- HHS 2020 and the Medicaid Management Information System (MMIS) replacement project
- Centennial Care 2.0 Update
HSD FY 19 Appropriation Request

FY 19 Budget Request of $7.085 billion

- 2.34% increase overall
- $1.116 billion from the general fund (increase of $83.8 million or 8.12%)
- $5.694 billion in federal funds (increase of $82.2 million or 1.46%)
- $274.1 million in other state funds and other revenue
HSD General Fund Budget Change

Percent Change in HSD General Fund Budget

- FY06 OP BUD: 15.92%
- FY07 OP BUD: 10.22%
- FY08 OP BUD: 18.48%
- FY09 OP BUD: 12.18%
- FY10 OP BUD: -21.87%
- FY11 OP BUD: -1.02%
- FY12 OP BUD: 36.45%
- FY13 OP BUD: 4.54%
- FY14 OP BUD: 2.90%
- FY15 OP BUD: -2.37%
- FY16 OP BUD: 0.68%
- FY17 OP BUD: 1.52%
- FY18 OP BUD: 0.152%
- FY19 REQUEST: 8.12%

*GF adjustment due to ARRA
FY19 Medicaid Budget Request Highlights

- Enrollment growth trends have slowed
  - By June 2018, enrollment projected to be 917,000, essentially flat from June 2017.
  - FY19 growth of 0.8% projected, reaching more than 922,000

- Cost trends in Centennial Care are significantly lower than regional and national health care inflation

- Uncertainty at the federal level
  - FMAP changes
  - Reauthorization of CHIP program
  - ACA “repeal and replace” legislation
  - Enrollment trends
Medicaid Enrollment

June 2019
Projected Enrollment

OAG: 275,685*

Medicaid Adults: 271,512

Medicaid Children: 379,107*

*children 19–21 y.o. counted in OAG
January 2014 also launched adult expansion of Medicaid—Alternative Benefit Package

Significant enrollment growth in 4 years:

<table>
<thead>
<tr>
<th>Medicaid Category</th>
<th>Enrollment June 2013</th>
<th>Enrollment August 2017</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents/Caretaker Adults (0–47% FPL)</td>
<td>40,776</td>
<td>77,734</td>
<td>91%</td>
</tr>
<tr>
<td>Other Adults (48% – 138% FPL) (SCI)</td>
<td>36,812</td>
<td>268,723 (Adult Expansion)</td>
<td>629%</td>
</tr>
<tr>
<td>All Medicaid</td>
<td>575,908</td>
<td>911,803</td>
<td>58%</td>
</tr>
</tbody>
</table>

- **Children (<21 Years)**
  - 2013: 57%
  - 2017: 42%

- **Adults (>=21 Years)**
  - 2013: 43%
  - 2017: 58%
# Centennial Care: Managing Cost Growth

## Enrollment and Per Capita Costs
- **Enrollment up 5%**;
- **Per capita costs down 2%**

## Total Centennial Care Dollars and Member Months by Program

<table>
<thead>
<tr>
<th>Program</th>
<th>Previous (12 mon)</th>
<th>Current (12 mon)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Health</td>
<td>$1,245,918,487</td>
<td>$1,208,160,787</td>
<td>3%</td>
</tr>
<tr>
<td>Long Term Services and Supports</td>
<td>$883,544,015</td>
<td>$892,892,521</td>
<td>1%</td>
</tr>
<tr>
<td>Other Adult Group Physical Health</td>
<td>$665,821,072</td>
<td>$1,047,320,293</td>
<td>60%</td>
</tr>
<tr>
<td>Behavioral Health - All Members</td>
<td>$319,052,064</td>
<td>$333,134,929</td>
<td>5%</td>
</tr>
<tr>
<td>Total Medical Costs</td>
<td>$3,404,533,469</td>
<td>$3,546,517,526</td>
<td>4%</td>
</tr>
</tbody>
</table>

## Aggregate Medical Costs by Program

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Previous (12 mon)</th>
<th>Current (12 mon)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Health</td>
<td>$1,245,918,487</td>
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<td>$3,404,533,469</td>
<td>$3,546,517,526</td>
<td>4%</td>
</tr>
</tbody>
</table>

## Aggregate Non-Medical Costs

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Previous (12 mon)</th>
<th>Current (12 mon)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin. care coordination, Centennial Rewards</td>
<td>$371,292,953</td>
<td>$352,338,074</td>
<td>5%</td>
</tr>
<tr>
<td>NMMIF Assessment</td>
<td>$133,873,416</td>
<td>$142,128,353</td>
<td>6%</td>
</tr>
<tr>
<td>Total Non-Medical Costs</td>
<td>$558,842,476</td>
<td>$556,467,421</td>
<td>0%</td>
</tr>
</tbody>
</table>

## Estimated Total Centennial Care Costs

<table>
<thead>
<tr>
<th>Total Estimated</th>
<th>Previous (12 mon)</th>
<th>Current (12 mon)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centennial Care Medical</td>
<td>$3,963,776,125</td>
<td>$4,103,124,734</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Centennial Care Member Months</th>
<th>Previous (April 2015 - March 2016)</th>
<th>Current (April 2016 - March 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>37%</td>
<td>10%</td>
</tr>
<tr>
<td>39%</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>22%</td>
<td>27%</td>
<td>25%</td>
</tr>
</tbody>
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*See above for legend.*
Medicaid: FY 19 Appropriation Request (as of Sept. 1)

- Total Medicaid Program spending in FY 19 is projected to be $5.892 billion.
  - $997.2 million from the general fund, an $81.5 million increase.
  - Major changes from FY18 include:

<table>
<thead>
<tr>
<th>Change Description</th>
<th>($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19 base – additional general fund above FY18 appropriation</td>
<td>$15.82</td>
</tr>
<tr>
<td>Expansion FMAP (drops to 94% in 2018 and 93% in 2019)</td>
<td>$14.70</td>
</tr>
<tr>
<td>Enrollment</td>
<td>$11.73</td>
</tr>
<tr>
<td>Utilization and Price increases (less than 1% change)</td>
<td>$11.66</td>
</tr>
<tr>
<td>Medicare Part B</td>
<td>$2.62</td>
</tr>
<tr>
<td>CHIP FMAP Reduction (100% to 72.13%)</td>
<td>$31.23</td>
</tr>
<tr>
<td>FMAP Change (71.90 to 72.13)</td>
<td>($7.18)</td>
</tr>
<tr>
<td>County Support Medicaid and Tobacco Settlement Revenue (reduction)</td>
<td>$5.34</td>
</tr>
<tr>
<td>Other Revenue changes</td>
<td>($4.38)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$81.54</strong></td>
</tr>
</tbody>
</table>
The total FY 19 budget request for administration of the Medicaid program is $84.4 million
- $4.864 million increase from FY18
- $888.8 thousand increase in general fund need to support contractual services.

Medical Assistance Division administrative spending is only 1.43% of the total program budget.

Priorities for MAD staff in 2019 include:
- Implementation of 1115 Waiver Renewal
- Continued procurement and implementation of replacement MMIS
Medicaid: MCO HEDIS Performance Measures

**Annual Dental Visits**
- HEDIS 14: 64%
- HEDIS 15: 66%
- HEDIS 16: 68%

**Well Child Visits within 1st 15 mos.**
- HEDIS 14: 47%
- HEDIS 15: 52%
- HEDIS 16: 57%

**ER Visits per 1,000**
- HEDIS 14: 48
- HEDIS 15: 49
- HEDIS 16: 48
- SFY17 Preliminary: 45

**Asthma Medication Management**
- HEDIS 14: 47%
- HEDIS 15: 52%
- HEDIS 16: 54%
Medicaid: MCO HEDIS Performance Measures

Received greater than 81% of expected prenatal visits

Reduction in hospital readmissions for children within 30 days of discharge

Prenatal Care Visits in the 1st Trimester

Reduction in hospital readmissions for adults within 30 days of discharge
Behavioral Health Spending

<table>
<thead>
<tr>
<th>Total HSD Behavioral Health Spending (excl. administration)</th>
<th>FY17 Actuals</th>
<th>FY18 Op Bud*</th>
<th>FY19 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GF</td>
<td>FF</td>
<td>Total</td>
</tr>
<tr>
<td>Medicaid Behavioral Health</td>
<td>$107.49</td>
<td>$393.62</td>
<td>$501.11</td>
</tr>
<tr>
<td>Behavioral Health Services Division</td>
<td>$37.4</td>
<td>$21.05</td>
<td>$58.45</td>
</tr>
<tr>
<td>Total</td>
<td>$144.89</td>
<td>$414.67</td>
<td>$559.56</td>
</tr>
<tr>
<td>Percent change from prior year</td>
<td>-1.24%</td>
<td>3.40%</td>
<td>2.15%</td>
</tr>
</tbody>
</table>

Note: *FY18 Operating Budget for MAD BH is overstated. Adjustments to the Medicaid appropriation were not included in the MAD BH program appropriation.

- FY19 request for BHSD is $59.6 million, $37.0 million from the General Fund.
  - Increased federal funding for combating opioid addiction and overdose crisis
Behavioral Health Performance

Individuals served by BH Collaborative programs

<table>
<thead>
<tr>
<th>CY14</th>
<th>CY15</th>
<th>CY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>145,534</td>
<td>160,843</td>
<td>173,781</td>
</tr>
</tbody>
</table>

Number of persons served through Telehealth in rural and frontier counties

<table>
<thead>
<tr>
<th>SFY17</th>
<th>SFY16</th>
<th>SFY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,890</td>
<td>3,682</td>
<td>2,699</td>
</tr>
</tbody>
</table>

Reduction in Proficiency Gaps

- 5th Grade Reading
- 8th Grade Math

<table>
<thead>
<tr>
<th>SFY12</th>
<th>SFY13</th>
<th>SFY14</th>
<th>SFY15</th>
<th>SFY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.2%</td>
<td>5.7%</td>
<td>5.7%</td>
<td>3.8%</td>
<td>3.7%</td>
</tr>
<tr>
<td>3.5%</td>
<td>4.4%</td>
<td>1.7%</td>
<td>1.4%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>
Child Support Enforcement Division

- $30.97 million total budget request
  - $7.64 million from the general fund
    - Reduce the vacancy rate
    - Replace other revenue
  - $20.31 million from federal funding
  - $3 million from other revenue
- 69,127 child support cases in FY17
- Key priorities
  - Implement Business process model to ensure more efficient and effective service
  - Replacement of the old Child Support Enforcement IT system
$965.0 million overall budget

Increase of $398.5 thousand in General Fund needed to maintain Senior SNAP Supplement ($25 per month).

The increase in Federal funds is primarily due to an increase in SNAP caseload and higher projected spending in the LIHEAP Program—100% Federal funding.
SNAP Participation
Supplemental Nutrition Assistance Program

Timeliness of application processing

- Regular - 30 Day
- Expedited - 7 Day

Percent of eligible children participating in SNAP

Year | Regular - 30 Day | Expedited - 7 Day | Timeliness of Application Processing
--- | --- | --- | ---
2014 | 82.1% | 87.1% | 82.5%
2015 | 90.0% | 93.3% | 90.0%
2016 | 97.4% | 95.6% | 97.4%
2017 | 92.4% | 92.5% | 92.4%
2018 | 97.1% | 96.9% | 97.1%

Year | Percent
--- | ---
SFY14 | 82.1%
SFY15 | 88.8%
SFY16 | 92.4%
SFY17 | 92.2%
TANF Participation

TANF: Monthly Number of Families

US: Number of TANF Families
New Mexico: Number of TANF Families
Temporary Assistance for Needy Families – (TANF)

- FY19 TANF appropriation request of $136.3 million:
  - TANF block grant of $109.9 million and $25.5 million of current carry over balances.
  - Cash assistance, flat with FY18 OpBud.
    - Includes restoring (increasing) monthly cash assistance grant by 7.5%
  - Maintains support of programs at other agencies
  - Continues support services programs, such as attaining high school equivalency and employment programs.
TANF Work Participation Rate

- Caseload has decreased
  - In 2012, HSD had an average caseload of 18,201
  - In 2017, the average was 11,055

- Increase of child only cases
  - In 2012, the average child only cases was 37.1% of the caseload.
  - In 2017, the average child only cases was 45.3% of the caseload.

- 1 parent household has decreased
  - In 2012, the average number of one parent households was 56.2% of the caseload.
  - In 2017, the average number of one parent households had dropped to 47.2% of the caseload.
Temporary Assistance for Needy Families – (TANF)

Job Readiness Activities

- ISD remains focused on helping TANF recipients prepare for and find employment
  - CareerLinks
  - Wage Subsidy
  - High School Equivalency Credential Program
  - Vocational Training Program
- Partnership with the Department of Workforce Solutions
# Temporary Assistance for Needy Families – (TANF)

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, Career Links, High School Equivalency program, Vocational Training Program and Employment Related Costs

Other Agencies Include: CYFD Pre K, CYFD Child Care, CYFD Home Visiting, CYFD Supportive Housing and PED Pre K

<table>
<thead>
<tr>
<th>PROGRAM ($ in millions)</th>
<th>FY18 OP BUD</th>
<th>FY19 REQUEST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GF</td>
<td>FF</td>
</tr>
<tr>
<td>General Funds in HSD for TANF</td>
<td>0.09</td>
<td>-</td>
</tr>
<tr>
<td>Unspent balances from prior periods</td>
<td>-</td>
<td>69.7</td>
</tr>
<tr>
<td>TANF Block Grant</td>
<td>-</td>
<td>109.9</td>
</tr>
<tr>
<td>TANF Contingency</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>0.09</td>
<td>179.6</td>
</tr>
<tr>
<td>ADMIN TOTAL</td>
<td>-</td>
<td>11.5</td>
</tr>
<tr>
<td>Cash Assistance</td>
<td>0.09</td>
<td>51.2</td>
</tr>
<tr>
<td>Support Services</td>
<td>-</td>
<td>20.7</td>
</tr>
<tr>
<td>Other Agencies</td>
<td>-</td>
<td>54.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0.09</td>
<td>137.4</td>
</tr>
<tr>
<td>Calculated Carryover Balance</td>
<td>42.3</td>
<td></td>
</tr>
</tbody>
</table>
Program Support and Information Technology

- Program Support provides administrative support to the program divisions of HSD
- The FY19 budget request for Program Support is $53.3 million, with $15.8 million requested from the General Fund
- Key projects and results
  - ASD: Unqualified opinion from independent auditors (FY16); FY17 in progress and on track
  - ITD: Maintain and support critical and large-scale, statewide IT systems
  - ITD: MMIS and CSES replacement projects in progress
Medicaid Management Information System Replacement (MMISR)

- System processes 10 million transactions, totaling $6 billion in medical care for 900,000 New Mexicans through 27,675 providers and 4 MCOs.
- Aligns with federal requirements
  - Risk of reduced federal funding for non-compliant system
- 90% Federal - 10% State funding
- Creates a client-centric business solution and is the foundation for additional development within New Mexico’s Health & Human Services (HHS) enterprise.
  - Connecting existing services in HSD with DOH, CYFD, and ALTSD to deliver a customer-centric focus through shared technology
    - Unified Portal and Consolidated Customer Service Center and Data Services
MMISR Costs and Budget

- Undertaking five procurements to implement MMISR
  - System Integrator (SI) -- in contract negotiation
  - Data Services (DS) -- finalizing vendor selection
  - Quality Assurance (QA) -- release RFP in November 2017
  - Benefit Management Services (BMS) -- release RFP in February 2018
  - Financial Services (FS) -- release RFP in May 2018

- HSD requests $6.8 million in State General Fund to support the continuation of the $175.6 million MMISR project.
  - The legislature has appropriated $87.09 million (Federal and State share) in project funds to date.
  - The project received approval of an Advanced Planning Document Update Budget from CMS in June 2017.

<table>
<thead>
<tr>
<th>Category or Account Description</th>
<th>FY17 &amp; Prev Actual</th>
<th>FY18 Budgeted</th>
<th>FY19 Request</th>
<th>FY20 Estimate</th>
<th>FY21 Estimate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,699.0</td>
<td>$7,010.0</td>
<td>$6,801.9</td>
<td>$2,033.4</td>
<td>$3.6</td>
<td>$17,845.9</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$15,636.2</td>
<td>$62,744.7</td>
<td>$64,445.3</td>
<td>$14,838.3</td>
<td>$33.1</td>
<td>$157,758.3</td>
</tr>
<tr>
<td>Total</td>
<td>$17,335.2</td>
<td>$69,754.7</td>
<td>$71,605.9</td>
<td>$16,871.7</td>
<td>$36.7</td>
<td>$175,604.2</td>
</tr>
</tbody>
</table>
Centennial Care 2.0 Information

- Next Public Meeting: Albuquerque – Monday, October 30, 2017, 5:30 to 7:30 pm
  - National Hispanic Cultural Center
  - By phone: 1–888–757–2790, participant code 991379#

- Additional info:
  - [http://www.hsd.state.nm.us/centennial-care-2-0.aspx](http://www.hsd.state.nm.us/centennial-care-2-0.aspx)

- To submit comments:
  - Email to [HSD-PublicComment@state.nm.us](mailto:HSD-PublicComment@state.nm.us)
  - Mail to Human Services Department, ATTN: HSD Public Comments, PO Box 2348, Santa Fe, NM 87504–2348

- Comments will be accepted until 5:00pm MST on Monday, November 6, 2017
Questions?