Presentation to the New Mexico Association of Home & Hospice Care and the New Mexico Association for Home Care

Secretary Brent Earnest
March 2, 2017
Today’s Topics

- Centennial Care Update
- New Mexico’s Medicaid Long Term Services and Supports
- Medicaid Budget Update
- Centennial Care Waiver Renewal
Program Successes

**Principle 1**
Creating a comprehensive delivery system

The right amount of care, delivered at the right time and in the most cost-effective and appropriate setting

- Care coordination
  - 950 care coordinators
  - 60,000 in care coordination L2 and L3
  - Focus on high cost/high need members

- Enrollment in the program has grown by 65% from 2014 to 2016, while per capita costs are down by 1% in the same period. Costs associated with inpatient stays are lower and PCP visits and BH visits are higher.

- Increase in members served by PCMH
  - 200k to 250k between 2014 and 2015

- Telemedicine - 45% increase over 2014
- Health Home - Implemented Clovis and San Juan (SMI/SED)
- Expanding HCBS - 85.5% served in community and expanded access to community benefit services
- Implemented Electronic Visit Verification system
- Reduction in the use of ED for non-emergent conditions
  - Implementation of real-time Emergency Dept Information Exchange to notify MCOs when members at seeking care at ER
Program Successes

**Principle 2**

Increasing Emphasis on Payment Reforms

Ensuring that the expenditures for care and services being provided are measured in terms of quality and not quantity

- July 2015, 10 payment reform projects approved
  - Accountable Care Organizations (ACO)-like models
  - Bundled payments
  - Shared savings

- Subcapitated payment for defined population
- Three-tiered reimbursement for PCMHs
- Bundled payments for episodes of care
- PCMH Shared Savings
- Obstetrics gain sharing

- Developed standardized set of metrics that included process measures and efficiency metrics

- Implemented minimum payment reform thresholds for provider payments in CY2017 in MCO contracts—16% of provider payments must be in Value Based Purchasing (VBP) arrangements
Program Successes

Principle 3

Encouraging more personal responsibility of members to facilitate active participation and engagement in their own health

- Rewarding Healthy Behaviors: Centennial Rewards
  - health risk assessments
  - dental visits
  - bone density screenings
  - refilling asthma inhalers
  - diabetic screenings
  - refilling medications for bipolar disorder and schizophrenia

- 70% participation in rewards program
- Majority participate via mobile devices
- Estimated cost savings in 2015: $23 million
  - Reduced IP admissions
  - 43% higher asthma controller refill adherence
  - 40% higher HbA1c test compliance
  - 76% higher medication adherence for individuals with schizophrenia
- 70k members participating in step-up challenge
Program Successes

Principle 4

Simplify Administration

Streamline and modernize the Medicaid program to achieve greater administrative effectiveness and simplicity

- Consolidation of 11 different federal waivers that siloed care by category of eligibility; reduce number of MCOs and require each MCO to deliver the full array of benefits; and develop strategies with MCOs to reduce provider administrative burden
- One application for Medicaid and subsidized coverage through the Marketplace
- Streamlined enrollment and re-certifications
- MCO provider billing training around the State for all BH providers and Nursing Facilities
- Standardized the BH prior authorization form for managed care and FFS
- Standardized Health Risk Assessment (HRA)
- Standardized the BH level of care guidelines
- Standardized the facility/organization credentialing application
- Standardized the single ownership and controlling interest disclosure form for credentialing.
- Created FAQs for credentialing and BH provider billing
Effective 1/1/2014, two key policy changes are driving increased utilization and expenditures for Home and Community-Based Services (HCBS):

- **Centennial Care waiver** allows any individual who meets a nursing facility (NF) level of care to receive HCBS waiver services, including Personal Care Services (PCS), without having to wait for a waiver slot.

- **Medicaid Adult Expansion:**
  - Newly eligible adults also able to receive HCBS services without waiver slot if meet nursing facility level of care criteria.
## Personal Care Service (PCS) Utilization/Expenditures

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Users</th>
<th>Expenditures</th>
<th>Unit Cost</th>
<th>Average Spend per User</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013 (Pre-CC)</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Long Term Services &amp; Supports</td>
<td>19,500</td>
<td>$263,072,327</td>
<td>$13.51</td>
<td>$13,491</td>
</tr>
<tr>
<td>(LTSS)/ PCS</td>
<td></td>
<td></td>
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<tr>
<td><strong>2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTSS + Adult Expansion</td>
<td>23,645</td>
<td>$266,007,940</td>
<td>$13.89</td>
<td>$11,250</td>
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<tr>
<td><strong>2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTSS + Adult Expansion</td>
<td>26,883</td>
<td>$280,527,396</td>
<td>$14.19</td>
<td>$10,435</td>
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Long Term Services and Supports Program

In overall performance, New Mexico’s LTSS program ranks in the second best quartile in the 2014 National State Long-Term Care (LTC) Scorecard published by the AARP and the Commonwealth Fund.

Our LTC system is especially strong in terms of:
- Affordability and access (top quartile)
- Choice of setting and provider (top quartile)
- Effective transitions across settings of care (second quartile)

Source: State Long-Term Services and Supports Scorecard, 2014.
New Mexico ranks first in the nation for spending more than 65 percent of its Medicaid LTSS dollars on home and community-based services

Top 5 states:

1 New Mexico 1 Alaska
2 Minnesota 2 Minnesota
3 Washington 3 New Mexico
4 Alaska 4 District of Columbia
5 Oregon 5 Idaho

Nursing Facility Initiatives & Issues

- Nursing Facilities continue to play an important role in the Medicaid continuum of care
- Nursing Facilities were exempted from the 2016 provider rate reductions
- 2016 LFC recommendation: Consider payment mechanism that take into account quality and performance in nursing facilities.
- In 2017, Molina Healthcare is implementing a Nursing Facility Quality program that will financially reward facilities for achieving quality measures
- Total Nursing Facility Expenditures:
  - 2013 - $236 million
  - 2014 - $210 million
  - 2015 - $230 million
- HSD and the MCOs continue to work with the Nursing Facilities to resolve billing and eligibility issues.
Medicaid Budget in Context

- From FY14 to FY17, total Medicaid spending grew 35.8 percent, but general fund spending grew only 0.73 percent.
- Centennial Care – the state’s 5-year Medicaid reform effort – focuses on care coordination, payment reform, personal responsibility and member engagement, and administrative simplification to slow the rate of growth in spending.
- Costs in Centennial Care are 1 percent lower than a year ago, on a per capita basis - i.e., how much we spend for health care services for each person on average - despite national and regional health care cost inflation.
- Following the 2016 legislative session, HSD had to take several cost containment actions:
  - Reduce MCO rates for administration and modified the Centennial Rewards program (~$2.5 million general fund savings)
  - Lowered reimbursement rates for many providers (~$22 million general fund savings) – Nursing Facility rates were not decreased and PCS rates were decreased by 1%
  - Pursuing additional federal funding for services to Native Americans (~$11.8 million general fund savings)
FY18 General Fund Recommendations for the Medicaid Program
(excluding Administrative Costs)

<table>
<thead>
<tr>
<th></th>
<th>House Bill 2 (as passed by the House)</th>
<th>Governor’s Recommendation</th>
<th>HB 2 Over/(Under) Gov’s Rec.</th>
</tr>
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<tbody>
<tr>
<td>General Fund (GF)</td>
<td>$915.63</td>
<td>$940.17*</td>
<td>($24.54)*</td>
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<tr>
<td>Federal and Other Funds</td>
<td>$4,804.70</td>
<td>$4,949.4</td>
<td>($144.7)</td>
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<td><strong>Total</strong></td>
<td><strong>$5,720.33</strong></td>
<td><strong>$5,889.50</strong></td>
<td><strong>($169.24)</strong></td>
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*Includes an additional $26 million from counties for County Supported Medicaid Fund
Key Differences In House Budget and Governor's Recommendation for Medicaid

- Governor's Budget Recommendation
  - Restructured state financing of NM Medical Insurance Pool and Health Insurance Exchange to reduce general fund spending by $8 million
  - Expand County Supported Medicaid Fund because Medicaid now covers New Mexicans who previously accessed County Indigent Programs ($26 million)
  - Additional cost containment of $7.7 million (~$37 million total)
- House Bill 2 assumes cost containment to reduce general fund spending by $15 million (~$71 million total)
  - Hepatitis C treatment
  - Expand Co-pays and add premiums
  - Other unspecified reductions to benefits, eligibility or provider rates
  - Eliminate Centennial Rewards program
  - Assumes Congress eliminates the Health Insurance Provider Fee (as part of ACA)
- Base recommendations already assumed cost containment to save $16 million of general fund spending.
Centennial Care Waiver Renewal
Areas of Focus:

- Refine care coordination
- Address social determinants of health
- Opportunities to enhance long-term services and supports (LTSS)
- Continue efforts for BH and PH integration
- Expand value-based purchasing
- Member engagement and personal responsibility
- Benefit & eligibility alignment
Waiver Renewal

- Created subcommittee of Medicaid Advisory Committee to develop recommendations for waiver - October 2016 – February 2017
- Develop a Concept Paper - April 2017
- Develop Draft Waiver - July - August 2017
- Conduct Tribal Consultation - September 2017
- Submit Waiver to CMS - November 2017
- Waiver Effective - January 1, 2019

Caveat: Federal changes may require changes to this timeline.
Waiver Renewal Recommendations

- Email for recommendations:
  - Email Address: HSD-PublicComment2016@state.nm.us
  - Include “Waiver Renewal” in email subject line:
  - Include a background, proposed solution and impact in your correspondence