



**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 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
Personal
Responsibility

**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

Long Term Services and Supports Key Policy Changes → Expansion

- ▶ 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

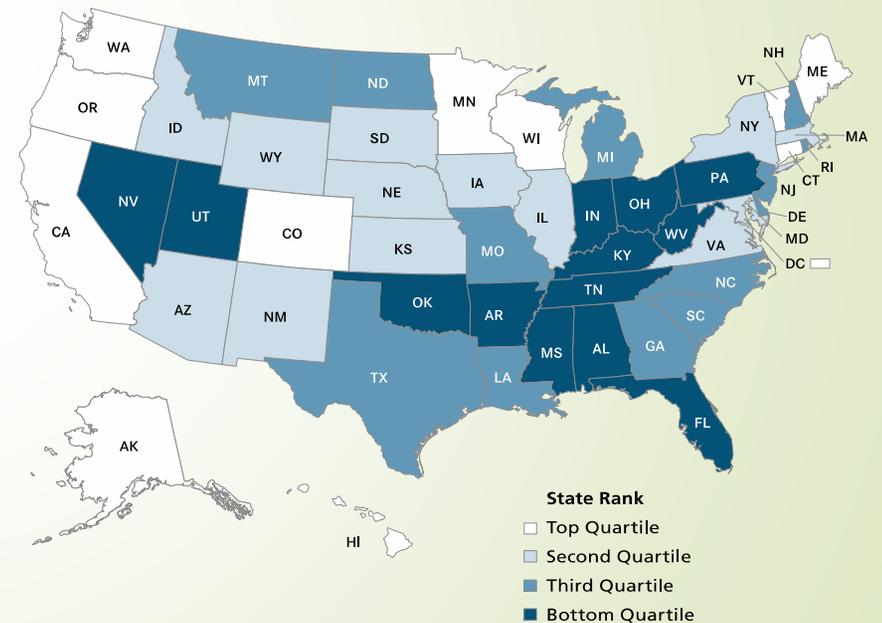
| Calendar Year | Users | Expenditures | Unit Cost | Average Spend per User |
|--|--------|----------------|-----------|------------------------|
| 2013 (Pre-CC) Long Term Services & Supports (LTSS)/PCS | 19,500 | \$ 263,072,327 | \$13.51 | \$13,491 |
| 2014 LTSS + Adult Expansion | 23,645 | \$266,007,940 | \$13.89 | \$11,250 |
| 2015 LTSS + Adult Expansion | 26,883 | \$280,527,396 | \$14.19 | \$10,435 |

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.

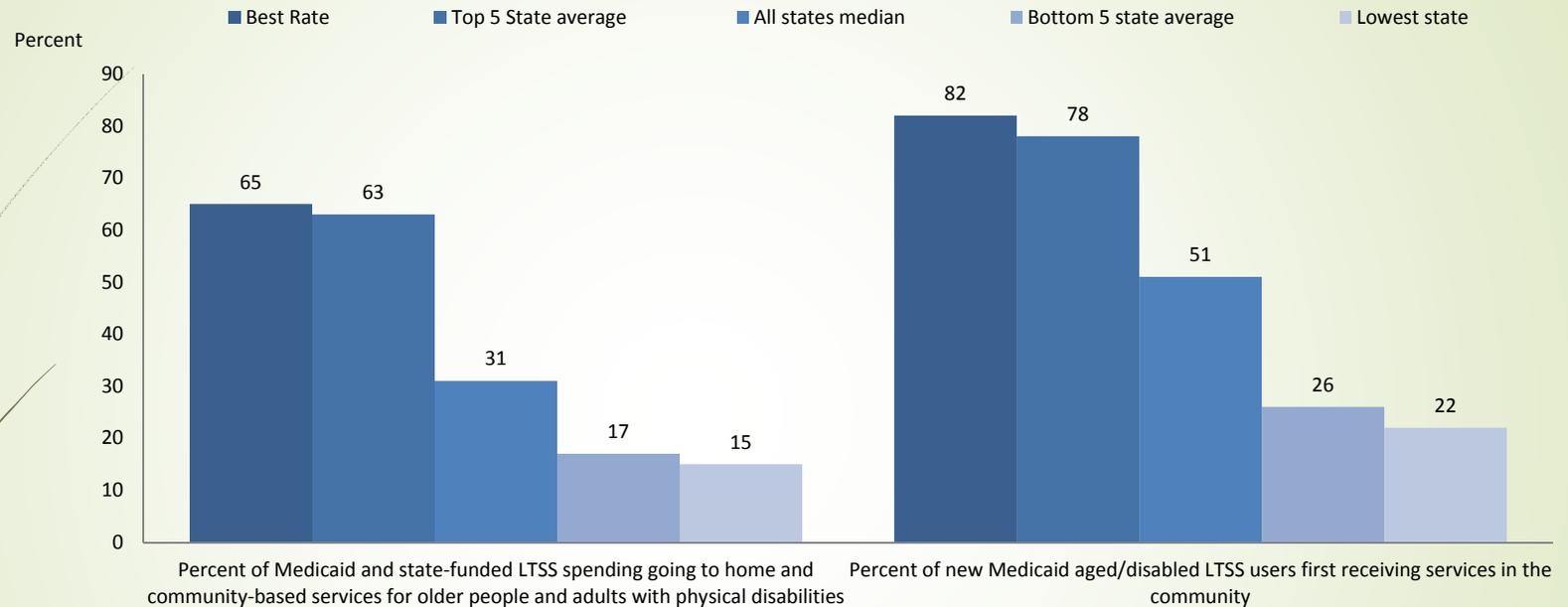
- ▶ Our LTC system is especially strong in terms of:
 - ▶ Affordability and access (top quartile)
 - ▶ Choice of setting and provider (top quartile)
 - ▶ Effective transitions across settings of care (second quartile)

State Ranking on Overall LTSS System Performance



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
- 2 Minnesota
- 3 Washington
- 4 Alaska
- 5 Oregon

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

Data: LTSS Spending - AARP Public Policy Institute analysis of Truven Health Analytics, Medicaid Expenditures for Long Term Services and Supports in 2011 (Revised October 2013); AARP Public Policy Institute Survey (2012); New Medicaid Users - Mathematica Policy Research analysis of 2008/2009 Medicaid Analytical Extract (MAX).

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)

| (in millions) | House Bill 2 (as passed by the House) | Governor's Recommendation | HB 2 Over/(Under) Gov's Rec. |
|----------------------------|---|------------------------------|------------------------------------|
| General Fund (GF) | \$915.63 | \$940.17* | (\$24.54)* |
| Federal and Other Funds | \$4,804.70 | \$4,949.4 | (\$144.7) |
| Total | \$5,720.33 | \$5,889.50 | (\$169.24) |

*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