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NM Human Services Department Begins Process to Redesign and Modernize Medicaid for Sustainable Future

Public and Legislative Input Wanted for Medicaid Redesign Concept

Santa Fe, New Mexico – The New Mexico Human Services Department has finalized a contract with Alicia Smith & Associates as a partner in its efforts to redesign and modernize the Medicaid program to ensure the long term sustainability of the program that serves more than a quarter of New Mexico’s population.

“After reviewing several proposals from some of the Nation’s most experienced consultants in the human services field, the New Mexico Human Services Department is looking forward to working with Alicia Smith & Associates as we merge our ideas to improve cost management, require more personal responsibility, and improve health outcomes for the Medicaid population,” said Sidonie Squier, Human Services Department Secretary. “This process will build on the commitment Governor Martinez has made to provide basic health care services to those most in need in our State, as was demonstrated in her decision to increase Medicaid funding by \$10 million in her executive budget earlier this year.”

The vision of the Medicaid Redesign Plan focuses on combining all of New Mexico’s Medicaid program components under a single, comprehensive, global 1115 waiver from the federal government. In addition, the State will seek to negotiate a budget agreement that maximizes the increased federal support offered for various programs that the State would include in its waiver.

“As part of the design of the waiver, New Mexico can and should take advantage of all the flexibility the Centers for Medicare and Medicaid Services (CMS) is legally authorized to provide and “push the envelope” to test the willingness of the federal regulatory agency to participate in modernizing the program,” said Alicia Smith in her proposal. “This concept will only become a real, New Mexico vision when, working in concert with the State, it is strengthened by additional local input and incorporates all of the specific features that will make the plan distinctly and uniquely New Mexico.”

The transformation process will include several components to reach New Mexico’s goals, with special attention and acknowledgement of the cultural traditions and geographical challenges facing our state.

- **Create a Comprehensive Service Delivery System** - New Mexico, having had experience with managed care for both its low-income and aged, blind, and disabled populations, is well situated to now combine all services into a single, comprehensive and second generation approach to managing care.
- **Health Homes and Accountable Care Organizations** – Just as Medicaid programs must change, so must the “old” model of managed care. As a condition of contracting with the State, New Mexico should require that plans work together to develop multiple health home models that will provide care for members from

all plans. This is a key tool for a more effective and efficient management of care for high-cost, chronically ill populations.

- **Payment Reform** – Medicaid reimbursement methodologies must be changed and updated to foster genuine service delivery reform.
- **Increasing Personal Responsibility** – One of the most common complaints about the nation’s health care system and Medicaid in particular is its failure to require any sense of personal responsibility on the part of its members. Federal rules preclude some of this, but New Mexico can seek ways to encourage Medicaid members to take a more active role in managing their health care and using resources wisely.
- **Native American Populations** – No transformation of its health care system can be complete without acknowledging the three Tribal Nations and 19 independent pueblo communities and Off-Reservation Indians who call New Mexico home. Through intensive consultation with the tribes, New Mexico can move beyond the questions it has had in the past about inclusion or exclusion from managed care and help the Tribal communities and organizations come together under a common framework to advance best practices in tribal medicine.

The New Mexico’s Medicaid programs currently serve more than 550,000 New Mexicans, the majority of which (335,000) are children. The Fiscal Year 2012 budget is \$3.75 billion dollars (state and federal funding). By 2014, it is estimated that an additional 130,000 to 175,000 will qualify for the program with the implementation of the federal health care reform act.

“While participation in the program continues to grow, pressure to reduce spending, also grows, especially from the federal government. New Mexico must act now to create a modern, innovative and financially viable program that serves the needs of the people for years to come,” said Squier.

Public input sessions on the Medicaid Redesign Plan are being scheduled for several cities across the state and will be announced soon. “We look forward to engaging in an important discussion with stakeholders throughout New Mexico about ways to ensure that Medicaid continues to serve the most vulnerable among us for years to come,” added Secretary Squier.

A Frequently Asked Questions paper, with more details about the Medicaid Redesign Plan and next steps is posted on the HSD website at www.hsd.state.nm.us.

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