

**Medicaid Advisory Committee (MAC)
Provider Payments Cost-Containment Subcommittee**

Date: April 5, 2016 Time: 1:30 – 4:00 p.m. Place: HSD/MAD – Ark Plaza – Santa Fe, NM

Chair: Joie Glenn, NM Association for Home & Hospice Care

Recorder: Shawna Crist-Ruiz, HSD/MAD

Subcommittee Members Present:

Linda Sechovec, NM Health Care Association
David Roddy, NM Primary Care Association
Ginna Hendricks, Santa Fe Dentistry for Kids (proxy for Kris Hendricks)
Carolyn Montoya, UNM School of Nursing
Laurence Shandler, MD, Pediatrician
Jeff Dye, NM Hospital Association
Carol Luna-Anderson, the Life Link
Donna Garcia, Presbyterian Delivery System
Rodney McNease, UNM Hospital (proxy for Steve McKernan)

Subcommittee Members Not Present:

Floyd Thompson, Indian Health Service

Subject Matter Experts:

Jordan Erp, Presbyterian
Dan Weaks, NM Hospital Association
Randy Marshall, NM Medical Society
Jenni McNab, Heritage Home Healthcare
Troy Greer, NM Hospital Association

Staff & Visitors Attending:

Nancy Smith-Leslie, HSD/MAD
Kari Armijo, HSD/MAD
Jason Sanchez, HSD/MAD
Robert Stevens, HSD/MAD
Karen Meador, HSD/BHSD
Kristin Abdill, HSD/OOS
David Scrase, MD, HSD/MAD Consultant Medical Director
Robyn Nardone, HSD/MAD Consultant
Jenny Felmley, LFC
Charles Sallee, LFC
Christine Boerner, LFC

DISCUSSION ITEM	OUTCOME	FOLLOW-UP ACTION	RESPONSIBLE PERSON/ DEPARTMENT	EXPECTED OR REQUIRED COMPLETION DATE
I. Introductions	Joie Glenn welcomed subcommittee members and introductions were made.	None	Joie Glenn	Complete
II. Discuss draft recom-	Nancy Smith-Leslie reminded subcommittee that the goal of the meeting was to finalize recom-	None	Subcommit-	Complete

<p>mendations from 3/29 meeting and finalize subcommittee recommendations for Phase 1.</p>	<p>mendations to HSD, with the goal of saving \$30 million in general fund. She noted that if the subcommittee's recommendations fall short of the savings goal, the Department will make additional recommendations to meet the target savings.</p> <p>Kari Armijo presented three spreadsheets containing options for the subcommittee's consideration:</p> <ul style="list-style-type: none"> • Option A reflected the Department's presentation to the House Appropriations and Finance Committee (HAFC) during the 2016 Legislative Session. Total general fund savings if Option A were adopted would be approximately \$22-\$28 million. • Option B reflected multiple ways in which across-the-board rate reductions might be structured to achieve savings. Kari Armijo pointed out that only a 5% across-the-board rate reduction would reach the Department's goal of \$30 million in general fund savings. • Option C reflected some suggestions from the subcommittee's previous meeting on March 29, but was tailored by the Department to reflect a more moderate approach to reductions for certain providers (i.e., community benefits and behavioral health agencies). Kari Armijo pointed out that all of the reductions together would result in a general fund savings range of \$20-\$23 million. • Option C also showed what an additional 1% reduction for each provider type would save in both total and general funds. <p>Linda Sechovec suggested that an additional option could be to not make an official recommendation to the Department, but rather let the Department make the final decision.</p>		tee	
<p>II. Discussion</p>	<p>David Roddy, Dr. Laurence Shandler and Randy Marshall expressed concern about rate cuts to physicians, including the proposed discontinuance of the PCP enhanced rate. It was suggested that if the Department discontinues the PCP enhanced rate, then reimbursement for preventive services and/or Evaluation & Management (E&M) codes should be increased to offset part of the impact.</p> <p>Jeff Dye reviewed a document prepared by the NM Hospital Association, and stated that he would agree only to a 3% rate cut for hospitals. He expressed concern about the compounding effect of reducing hospitals in multiple areas, and stated that he would not support any reduction to the Safety Net Care Pool. There was additional discussion about the need to explore additional revenue and intergovernmental transfer (IGT) arrangements, rather than rate reductions. Dan Weaks suggested that the Department did not need to implement rate reductions by July 1, but suggested waiting several months to see if IGT and other leveraging arrangements could be approved by CMS. Kari Armijo replied that the subcommittee's charge was to submit recommendations for reductions that could be effective on July 1 to ensure the Department's compliance with House Bill 2 (HB2), and noted that any delay would only push the need for more substantial savings into the future.</p> <p>There were questions and comments expressed by subcommittee members concerning multiple issues:</p> <ul style="list-style-type: none"> • The impact of rate reductions on access to Medicaid patients. • The effect of rate reductions on HSD's compliance with the Jackson class lawsuit. • The impact of rate reductions on Intermediate Care Facilities for Individuals with Intel- 	None	Subcommittee	Complete

lectual Disabilities (ICF-IIDs).

- The potential of rate reductions to increase higher-cost services, such as ER and hospitalizations.
- The compounding impact of cuts on skilled nursing facilities. It was noted that providers of long-term services and supports (LTSS) did not receive as much business from the Medicaid expansion as other provider types.
- The importance of considering revenue options in the immediate future.
- The already low rate of dental reimbursement, compared to neighboring states.
- The importance of reconsidering any rate reductions that might be made in the near future to ensure that they do not become permanent cuts, especially when revenue increases or if the impact to access is found to be detrimental.
- The positive impact of health care on the state's economy; rate reductions will lower revenue from provider taxes.
- The need for clarification from HSD and the Governor's Office about the willingness to pursue IGTs, provider assessments and other revenue enhancements.
- The concern about federal mandates that will result in additional costs to nursing facilities.

Jeff Dye commented that he would endorse Option B, for a total 3% across-the-board rate reduction for all providers.

Dr. Laurence Shandler suggested implementing Option C but at half of the proposed percentage reductions. He thought that the Department should do the half-reduction and evaluate in six months to determine whether revenue enhancements would be sufficient for addressing the remaining budget shortfall. Jeff Dye replied that he would not support Option C because it included a reduction to Safety Net Care Pool (SNCP) hospitals. Dr. Shandler suggested that the SNCP reduction be removed from the list; Jeff Dye agreed.

Nancy Smith-Leslie commented that the Department would not be able to rescind only half of the PCP enhanced rate. Donna Garcia suggested that the PCP enhanced rate be rescinded but that Evaluation and Management (E&M) code rates be increased.

Nancy Smith-Leslie recognized that making these recommendations was a difficult decision. She noted that the subcommittee provides an opportunity for greater involvement in the process of proposing provider rate reductions and hopes that the subcommittee is able to agree on a set of recommendations.

It was asked what would happen if the subcommittee recommendations were insufficient in meeting the Department's goal of saving \$30 million. Nancy Smith-Leslie responded that the Department would likely have to add to the recommendations in order to reach the target savings goal.

Joie Glenn suggested the adoption of Option C in its entirety. Jeff Dye noted his opposition if Option C includes the SNCP reduction. Joie Glenn amended her recommendation to include the

	<p>adoption of Option C without the SNCP reduction. Jeff Dye stated that he would consider this option and withdrew his previous proposal to consider Option B.</p> <p>Linda Sechovec proposed consideration of Option A.</p> <p>Kristin Abdill read the recommendations as they had been put forth by the subcommittee for consideration:</p> <ol style="list-style-type: none"> 1. Recommendation 1: Implement Option C at only half of the proposed percentages. Evaluate in six months' time. Raise reimbursement for E&M codes and/or preventive services. 2. Recommendation 2: Implement Option C as drafted, but without the SNCP reduction. Raise reimbursement for certain E&M codes and/or preventive services. 3. Recommendation 3: Implement Option A in its entirety. <p>A vote was taken by secret ballot. The result was announced by Kristin Abdill. The subcommittee's vote was a majority in support of Recommendation 2.</p>			
III. Closing remarks and adjournment	Joie Glenn thanked the subcommittee for its hard work. It was decided that Phase 2 would begin in early May, with a discussion focused on revenue to include IGT options.	None	Subcommittee	Complete

Respectfully submitted:

Shawna Crist-Ruiz

Recorder

4/20/16

Date