

**Medicaid Advisory Committee (MAC)**  
**Provider Payments Cost-Containment Subcommittee**  
**March 18, 2016 Time: 1:30 – 4:00 p.m. Place: NM Primary Care Association, Albuquerque, 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 (telephone)  
 Jeff Dye, NM Hospital Association  
 Randy Marshall, NM Medical Society (proxy for Laurence Shandler)  
 Kris Hendricks, DDS, Santa Fe Dentistry for Kids  
 Steve McKernan, UNM Hospital  
 Donna Garcia, Presbyterian Delivery System  
 Carol Luna-Anderson, The Life Link

Subcommittee Members Not Present:

Carolyn Montoya, UNM School of Nursing  
 Laurence Shandler, MD, Pediatrician (proxy appointed)  
 Floyd Thompson, Indian Health Service

Staff Attending:

Nancy Smith-Leslie, HSD/MAD  
 Kari Armijo, HSD/MAD  
 Kristin Abdill, HSD/OOS  
 Wayne Lindstrom, HSD/BHSD  
 Karen Meador, HSD/BHSD

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. Review subcommittee charge	The subcommittee discussed its charge as reflected in the document sent with the appointment letters. There was a discussion about whether subcommittee meetings should be open to the general public and how public feedback is being collected and tracked through the HSD Cost-Containment website.  Most subcommittee members agreed that meetings open to the general public might be counterproductive in Phase 1, given the tight timeframe set by the De-	None	Subcommittee	Complete

DISCUSSION ITEM	OUTCOME	FOLLOW-UP ACTION	RESPONSIBLE PERSON/ DEPARTMENT	EXPECTED OR REQUIRED COMPLETION DATE
	<p>partment for receiving recommendations. Jeff Dye proposed that the meetings be limited to members, but that one content expert per subcommittee member be allowed to attend at the subcommittee member's choosing.</p> <p>A vote was held and a majority agreed to have the subcommittee be closed to the public but to allow each member to bring a content expert to the meetings during Phase 1 of the committee's work. Linda Sechovec opposed.</p> <p>To allow for public input, HSD staff will collect and track public comment through the website and provide any comments received to the subcommittee at each meeting. Meeting agendas and minutes will be posted on the website as well.</p>			
III. Timeline for Phase 1	The focus of the first phase of the committee's work is to develop recommendations about provider payment reductions as directed in House Bill 2. Recommendations for Phase 1 are due to HSD by April 8 <sup>th</sup> . Kari Armijo reviewed a schedule outlining the administrative work and public/tribal notice that HSD must do to implement any rate changes by 7/1/16.	Develop recommendations in accordance with HB 2.	Subcommittee	Recommendations for Phase 1 due 4/8/16.
IV. Review Mercer data	<p>Nancy Smith-Leslie reviewed Centennial Care dashboards reflecting expenditure and utilization data from CY14 and Qs 1-2 of CY15. It was noted that the base rate increase to the hospitals is reflected in the inpatient expenditures by population, but not the uncompensated care pool supplemental payments.</p> <p>Steve McKernan requested additional information from HSD about actuarial soundness in rate development.</p> <p>Linda Sechovec requested a copy of the 2015 Meyers and Stauffer Annual Audit Agent Report for Nursing Facilities.</p>	HSD to provide the subcommittee with additional information about actuarial soundness.	HSD staff	Provide information for next meeting on 3/24/16.
V. Review HAFC document	<p>The subcommittee reviewed the cost containment document provided to the House Appropriation and Finance Committee. Discussion focused on discontinuing the Primary Care Physician enhanced rate that was authorized through the Affordable Care Act. Kari Armijo explained the history of the PCP enhanced rate and provided a document that showed at least 24 states had discontinued the enhanced rate as of early 2015, since states were no longer receiving 100% FMAP from the federal government to fund it.</p> <p>There was a discussion about PCP reimbursement compared to specialists, relative to Medicare rates; additional data was requested.</p>	HSD to provide data and reimbursement options relative to the Medicare fee schedule.	HSD staff	Provide data at next meeting on 3/24/16.
VI. Review MAD rates analyses	<p>The subcommittee reviewed three documents containing data prepared by HSD:</p> <ol style="list-style-type: none"> <li>1. Rate analysis across most Medicaid providers</li> <li>2. NM Medicaid rates relative to Medicare reimbursement</li> <li>3. Provider application fee analysis</li> </ol>	None	Subcommittee	Complete

DISCUSSION ITEM	OUTCOME	FOLLOW-UP ACTION	RESPONSIBLE PERSON/ DEPARTMENT	EXPECTED OR REQUIRED COMPLETION DATE
VII. Open discussion	<p>The subcommittee discussed the compounding effect of any rate cuts on issues such as access. There was concern expressed about the need for global solutions that could impact the larger financial picture, rather than rate reductions that will have a more immediate but shorter-term impact.</p> <p>Linda Sechovec requested information about Intergovernmental Transfers (IGTs), and what additional action the Department may be able to take. Nancy Smith-Leslie requested additional information from Linda about IGT arrangements with private nursing facilities in other states to help with that discussion. Linda noted that the private facilities must partner with a governmental entity such as the county in such arrangements. Nancy noted that CMS would have to approve of such arrangements.</p> <p>There was discussion about utilization management by the Managed Care Organizations (MCOs) and how to curb unnecessary services or over-utilization. Nancy Smith-Leslie mentioned that this would be an appropriate topic for the MAC Benefit Cost-Containment Subcommittee. Steve McKernan, Joie Glenn and Jeff Dye expressed an interest in being appointed to that subcommittee as well.</p> <p>There was a discussion about revenue enhancements, including provider taxes. Nancy Smith-Leslie reminded the subcommittee that provider taxes are not within the Department's authority yet could be part of the subcommittee's recommendations. Some revenue enhancements (assessments/taxes, etc.) require legislation to enact and are under the authority of other departments to administer.</p> <p>The subcommittee discussed the need to address issues that are driving cost, but which may be outside of Medicaid policy, such as tort reform and reducing litigation costs.</p> <p>Jeff Dye suggested that the subcommittee members bring a set of guiding principles to the next meeting. Some examples he offered were principles such as:</p> <ul style="list-style-type: none"> <li>• Make rate reductions that are equitable across groups</li> <li>• Consider utilization improvements/efficiencies</li> <li>• Develop incentives for encouraging outpatient services over inpatient</li> <li>• Preserve access to care, particularly in rural areas.</li> </ul>	Subcommittee to develop and bring guiding principles	Subcommittee	Bring to next meeting on 3/24/16
VIII. Closing remarks and adjournment	The subcommittee agreed to hold another meeting in addition to the two that were already scheduled. Confirmed meeting dates are:	None	Subcommittee	None

DISCUSSION ITEM	OUTCOME	FOLLOW-UP ACTION	RESPONSIBLE PERSON/ DEPARTMENT	EXPECTED OR REQUIRED COMPLETION DATE
	<ul style="list-style-type: none"> <li>• Thursday, March 24, 1:30-4pm – Santa Fe</li> <li>• Tuesday, March 29, 1:30-4pm – Albuquerque</li> <li>• Tuesday, April 5, 1:30-4pm – Santa Fe</li> </ul> <p>It was suggested that HSD content experts be included in future meetings, as well, to answer specific questions about rate methodologies, etc.</p>			

Respectfully submitted:

\_\_\_\_\_  
 Shawna Crist-Ruiz  
 Recorder

\_\_\_\_\_  
 3/24/16  
 Date

**Medicaid Advisory Committee  
Provider Payments Cost-Containment Subcommittee  
Subcommittee Charge**

The Provider Payments Cost-Containment Subcommittee to the Medicaid Advisory Committee (MAC) is charged with analyzing, discussing and recommending changes to provider reimbursement rates and payment methodologies with the primary goal of helping the Human Services Department (HSD) contain costs in the Medicaid program. Subcommittee members will work together with staff from HSD to share ideas, analyze research, receive and discuss input, and develop a set of recommendations regarding provider payments within the scope of HSD authority and state and federal parameters.

The work of the subcommittee will involve three phases, which HSD has prioritized as:

- Phase 1: Development of a set of recommendations for reducing provider reimbursement rates effective July 1, 2016. Recommendations must be made in accordance with 2016 House Bill 2 (HB2), which should include but may not be limited to:
  - Rescinding the primary care physician (PCP) rate increase, and
  - Reducing rates paid to hospitals, including safety net care pool hospitals.

Recommendations from the subcommittee as part of Phase 1 are due to HSD by Friday, April 8, 2016.

- Phase 2: Development of a set of recommendations for additional savings related to Medicaid provider payments, which may include alternative recommendations to rate reductions that could achieve cost-savings. Recommendations from the subcommittee as part of Phase 2 are due to HSD in the Summer of 2016.
- Phase 3: Development of a set of recommendations for advancing reforms to traditional Medicaid reimbursement methodologies, including value-based purchasing arrangements and other innovative payment reforms. Recommendations from the subcommittee as part of Phase 3 are due to HSD in the Fall of 2016.

As the subcommittee considers options for recommending changes to provider reimbursement rates and payment methodologies, it will do so based on these principles:

1. Recommendations must be financially viable and within the budget limitations imposed by HB2, designed to contain and decrease Medicaid costs.
2. Recommendations should consider the scope of HSD's administrative and legal authority; and be made within state and federal parameters.
3. Recommendations should consider both short-term and long-term cost-containment needs, with first priority placed on short-term initiatives that will result in immediate savings and address FY17 budget needs, in accordance with the phases of work that are set forth above.

Subcommittee meetings may be held as often as weekly, if needed to meet its charge and the timeframes set forth above. The subcommittee may decide if meetings will be open to the public. The subcommittee is chaired by a member of the MAC. Requests for proxy attendance will not be generally accepted, except on a case-by-case basis if preapproved by HSD.

HSD will provide rates data, actuarial information and other related analyses that are relevant to the subcommittee's charge; and will provide staff and resources to the subcommittee for administrative tasks.