LFC Hearing Brief

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

BACKGROUND INFORMATION: Rural Healthcare in New Mexico

Travel distances, aging populations, lack of providers, higher poverty rates, and reduced hospital services are some of the challenges to improving healthcare outcomes for the more than one-fifth of New Mexicans who live in rural communities. Because of these challenges and others, rural communities experience greater health disparities, such as higher mortality rates, lower life expectancies, high rates of chronic disease, poor maternal and child health outcomes, more substance abuse, and higher rates of chronic pain. Rural residents also have limited job opportunities and are less likely to have employer-provided health insurance.

Some of the recognized best practices to improve rural healthcare access include expanding telehealth and telemedicine, establishing mobile clinics, placing a greater emphasis on workforce development, investing in rural health clinics, improving transportation, focusing more on prevention, and improving health insurance coverage. In the past several years, the Legislature invested heavily in many of these areas, because failing to address health issues early, will result in higher overall costs, greater emergency room utilization, and more preventable chronic disease due to unaddressed risk-factors. Additionally, a lack of behavioral health services also leads to high family, community, and social costs.

Rural Healthcare Access

Improving healthcare outcomes requires better access that is affordable and convenient. For many New Mexicans healthcare is neither affordable nor convenient, especially for those living in rural communities. Ten percent of New Mexicans have no health insurance coverage and many of the nearly half of New Mexicans on Medicaid are losing Medicaid coverage because of the federal public health emergency that recently ended. Many who received, or continued receiving coverage because of the public health emergency, will now lose it. At the same time, all but a few pockets of the state are designated as healthcare shortage areas by federal regulators. Even for those with coverage, access is a problem if no healthcare providers are available.

Recent State Actions to Address Rural Healthcare Needs

Support in the 2023 General Appropriations Act for rural healthcare across agencies totaled $364.4 million and included funding for rural health delivery and startup costs, rural and tribal hospital support, and rate increases. For example, $10 million was appropriated for coordination with the Human Services Department for startup costs to expand tribal-serving healthcare and behavioral health services, including $3 million for transition costs to create a critical access hospital in a tribal-serving community, and $1 million for expanding a tribal-serving behavioral health clinic in Zuni.

AGENCY: Human Services Department and Rural Healthcare Representative Organizations

DATE: August 23, 2023

PURPOSE OF HEARING: Examine challenges to improving rural health access.

WITNESS: Lorelei Kellogg, Acting Medicaid Director, Human Services Department; Christina Campos, Administrator, Guadalupe County Hospital; Troy Clark, President and Chief Executive Officer, New Mexico Hospital Association; Nancy Rodriguez, Executive Director, New Mexico Alliance for School-Based Health Care

PREPARED BY: Eric Chenier, Principle Analyst

EXPECTED OUTCOME: Improve rural healthcare access and outcomes.

Rural Hospital Appropriations

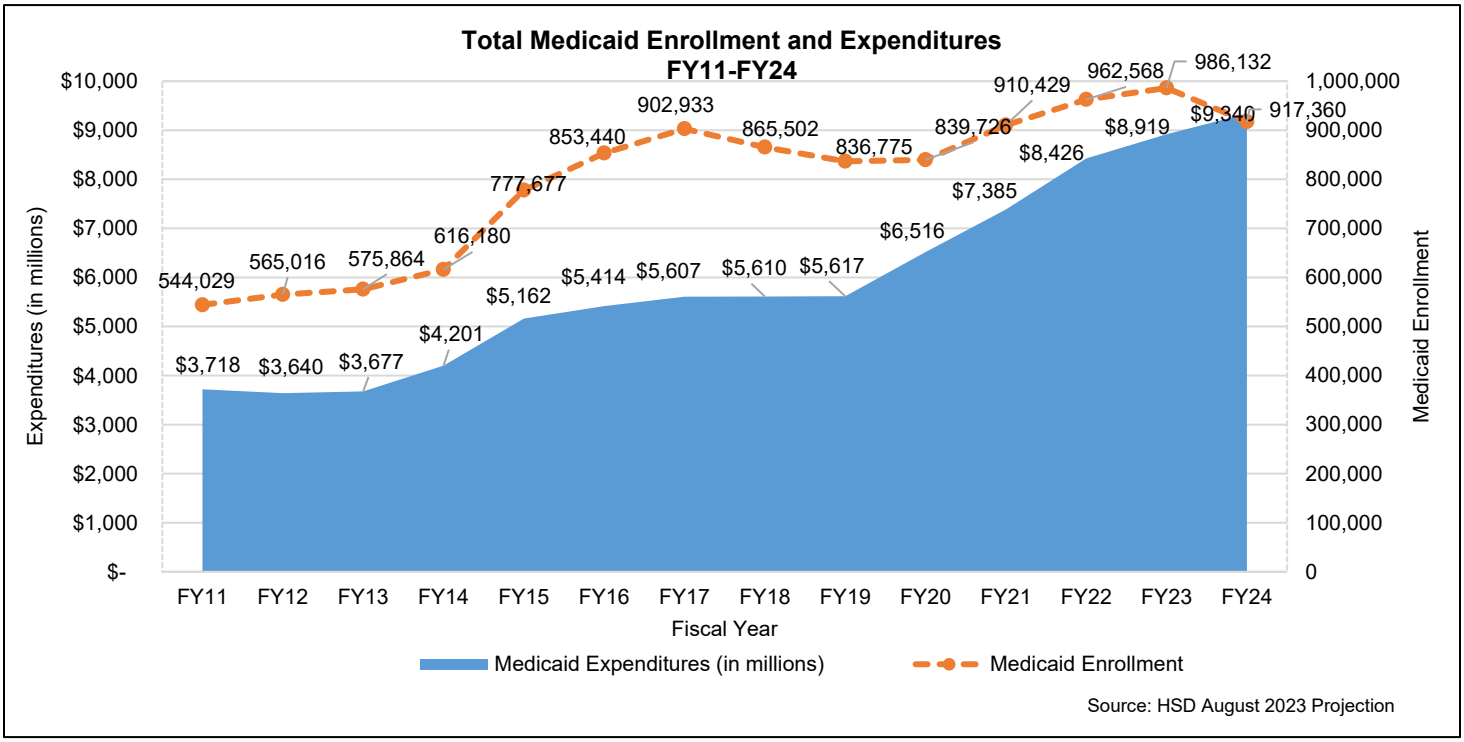
The 2023 General Appropriations Act included a $23.6 million appropriation partially to raise rates for rural hospitals up to 100 percent of Medicare rates, a $1 million appropriation for rural health and hospital supplemental or contracted payments, and another $1 million for rural and tribal serving critical access inpatient and outpatient hospital service rate increases.

Newly Established Healthcare Delivery Fund

The 2023 General Appropriations Act included $152.8 million in state and federal funds to carry out the provisions included in Senate Bill 7. The bill created the rural healthcare delivery fund so that rural healthcare providers located in a county with a population of less than 100 thousand could apply to receive grants from the fund. These grants can be used to construct facilities or defray the operating costs associated with offering a new or expanded service.

Additionally, $152.8 million in state and federal funds was appropriated to contract with rural regional hospitals, health clinics, providers, and federally qualified health centers to develop and expand primary care, maternal and child health, and behavioral health services capacity in rural medically underserved areas. The contracted entities must be enrolled Medicaid providers and propose to deliver services eligible for Medicaid and Medicare reimbursement. HSD is required to ensure the contracted amounts for new or expanded healthcare services do not duplicate existing services, are sufficient to cover start-up costs except for land and construction costs, require coordination of care, are reconciled and audited, and meet performance standards and metrics established by the department. The department is directed to require Medicaid managed care organizations to pay for department-defined critical access hospital services, including the administration and developmental costs of building service delivery satellite sites in rural underserved areas.

In August 2023, the department issued a request for applications (RFA) for $80 million from the rural healthcare delivery fund. The RFA included an expedited funding track called the New Mexico Healthcare Access Champion for providers who can implement services immediately. The open period for the non-expedited track is August 21, 2023, through October 6, 2023, and the expedited application closing date is September 21, 2023.



Source: HSD August 2023 Projection

Unwinding the Public Health Emergency

The Human Services Department reported 65 thousand disenrollments from Medicaid over the first two months of unwinding the public health emergency (PHE). Federal actions permitted Medicaid recipients to remain enrolled throughout the pandemic, but now that the PHE ended in January 2023, the federal

government is requiring the state to renew coverage for all recipients and will be evaluating eligibility for all recipients throughout the year.

The disenrollments also have not led to a remarkable uptick of enrollment in the health insurance exchange. Many of the disenrolled are likely going without coverage.

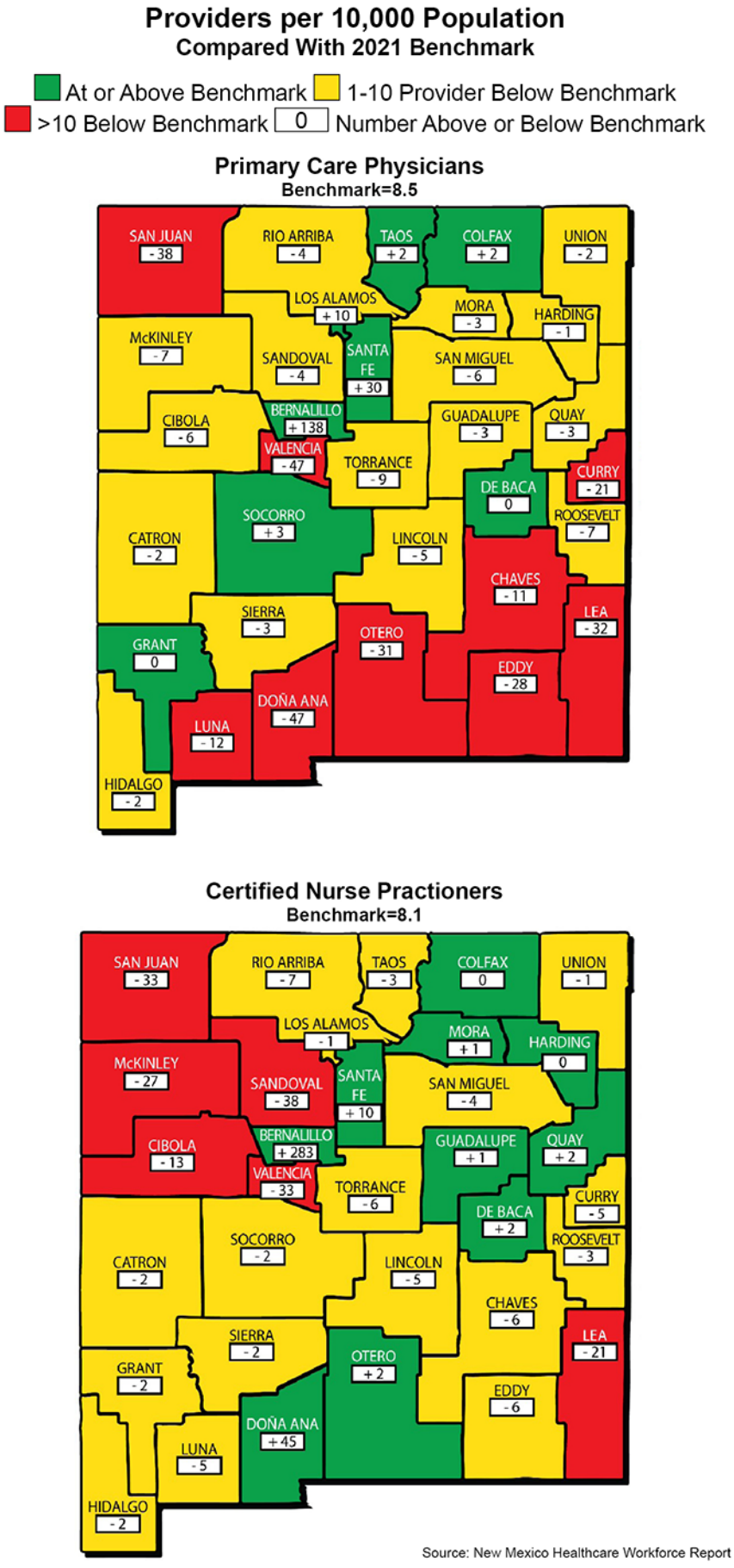
Limited Healthcare Providers

The December 2022 LFC program evaluation, *Medicaid Network Adequacy, Access, and Utilization* reports New Mexico is short some specialty healthcare providers or general healthcare providers in some communities. Forecasts project the state will have the second largest physician shortage in the nation by 2030. Furthermore, New Mexico has the oldest physician workforce in the nation. As of 2017, 37 percent of New Mexico's physicians were over 60 years old.

Because of this and other factors, the federal Health Resources and Services Administration designated New Mexico a healthcare workforce shortage area, except for small parts of Bernalillo, Los Alamos, and Dona Ana counties. This designation highlights the shortage of providers as well as the need for New Mexico to recruit and retain the healthcare workforce and provide efficient care with its current resources.

Access to Providers Under Medicaid

The LFC program evaluation, *Medicaid Network Adequacy, Access, and Utilization,* indicates Medicaid recipients in New Mexico who completed a satisfaction survey were less likely to agree that it was easy to get necessary care than Medicaid recipients nationally. According to aggregated data across all states and Medicaid MCOs, New Mexico recipient responses to several access questions were generally below national averages. Specifically, New Mexico Medicaid enrollees overall found it harder to get necessary care or to get care as soon as needed, as well as hard to get routine care and care from specialists. The question that had the lowest rankings compared with national responses was focused on the ease



Source: New Mexico Healthcare Workforce Report

Other Rural Healthcare Support

The 2023 General Appropriations Act included a $2 million appropriation from the general fund for a six percent rate increase for rural primary care clinics and federally qualified health centers.

of getting necessary care. These survey responses are in line with geographical provider data showing the state is generally below benchmarks for availability for physical and mental healthcare providers. However, MCOs are contractually obligated to ensure access to services for their clients.

Managed Care Organization Procurement and Network Adequacy Concerns

Network adequacy response scores for the recently settled managed care organization request for proposals (RFP) process were unexceptional. Molina scored the highest in the category with 211 points out of a possible 249 points, while Blue Cross and Blue Shield scored the lowest at 155 points. Within the RFP framework itself, network adequacy may have been an undervalued category since it comprised only 249 points out of a possible 1,815, or about 13 percent of the RFP. The LFC network adequacy evaluation stated the centennial care contracts are likely set too low to help incentivize the creation of a more sufficient provider network. Strategies to improve access to care include strengthening and improving quality initiatives and contractual accountability, increasing Medicaid payment rates, and increasing the state's healthcare workforce.

Network Adequacy Beyond Medicaid

Even with health insurance coverage, gaining access to primary care providers, and especially specialty care, can be a challenge for rural residents. Patients may have to wait months before they can see a provider. The Office of Superintendent of Insurance (OSI) implemented network adequacy compliance reporting requirements for commercial health insurance beginning January 1, 2022. OSI also implemented more rigorous standards for existing network adequacy compliance reporting. These OSI requirements were modeled after Medicaid requirements, although currently the Medicaid requirements lack strong oversight. Medicaid managed care organizations (MCOs) should be monitored for compliance with OSI and Medicaid regulations for network adequacy and reporting.

School-Based Health Centers

One way New Mexico's healthcare system reaches rural populations is through school-based health centers (SBHC), the majority of which are in areas with medium-high to high social vulnerability. The Department of Health, along with Medicaid dollars, funds about 53 of the roughly 79 centers in the state, who provided primary care and behavioral health services to about 16 thousand New Mexico students encompassing 42 thousand visits in the 2021 through 2022 school year. SBHCs reduce barriers to care for students by making healthcare more convenient because patients are not having to take time away from school or face transportation issues. Additionally, schools are the most common entry point for youth seeking behavioral healthcare and have been proven to be an ideal setting to bridge primary care and behavioral health. However, since many SBHCs only operate during the school year and hours of operation, there may be operating barrier to rural communities maximizing offered services.

Behavioral Health Services

In New Mexico, the need for mental health services is acute when compared to other states because only 16 percent of the need for mental health professionals is being met, compared with the national average of 28.1 percent, according to the U.S. Health Resources and Services Administration. The result is the manifestation

of unmet need, worsening behavioral health status, and increases in despair and unhealthy coping mechanisms. The state has the fourth highest rate of deaths by suicide in the nation at 24.7 per 100 thousand population while the overall United States death by suicide rate is 14.5 per 100 thousand. New Mexico has the 11th highest rate among states for deaths due to drug injury at 29.5 per 100,000. The state also has a greater percentage of untreated adults with moderate (61.2 percent) and severe (40.4 percent) mental illness when compared to the U.S. average of 53.5 percent and 35 percent, respectively, according to the U.S. Census Bureau 2020 data. These issues are even more pronounced in rural areas.

Substance Use Disorders

The Department of Health's New Mexico *Substance Use Epidemiology Profile, 2021* report indicates New Mexico's alcohol-related death rate has been the highest in the United States since 1997. Negative consequences of using excessive alcohol go far beyond the death rate. It also affects domestic violence incidents, crime, poverty, unemployment, and exacerbates mental illness, all of which are social determinants of health.

In 2019, New Mexico had the 12th highest overdose death rate in the nation. Unintentional drug overdoses account for almost 88 percent of drug overdose deaths. In recent years, overdose death from methamphetamines has become increasingly common. And from 2018 to 2019 in New Mexico, the number of overdose deaths by fentanyl increased 93 percent.

Behavioral Health Interventions

To address these concerns, counties and cities across the state used substantial investments in behavioral health to increase the availability of services. However, a lack of awareness of what services are available and how to access them is a major barrier.

Over the course of the pandemic, many treatment sessions were offered through telehealth. The top four behavioral health services provided to adults through telehealth options are psychotherapy, comprehensive community support services (CCSS), case management, and psychosocial rehabilitation. For children, the top four behavioral health services provided via telehealth are CCSS, psychotherapy, family psychotherapy, and medication monitoring. The federal Centers for Medicare and Medicaid Services is considering extending relaxed rules on the billing of telehealth services beyond the PHE.