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FISCAL IMPACT REPORT

ORIGINAL DATE 03/20/09

SPONSOR Stewart LAST UPDATED _____ HM 125

SHORT TITLE Medicaid and SCHIP Program Documentation SM _____

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	None		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
\$200.0	\$180.0	\$180.0	\$560.0	Recurring	General Fund
	\$180.0	\$180.0	\$360.0	Recurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 130 and House Bill 544.

SOURCES OF INFORMATION

LFC Files

Responses Received From
Human Services Department

SUMMARY

Synopsis of Bill

House Memorial 125 requests the that the Human Services Department to make available on an internet web site that the department maintains, and through publication of a monthly statistical report, data to assess the enrollment and retention of individuals who are eligible for Medicaid and the state children's health insurance program (SCHIP), including annual budget projections and expenditures by category of eligibility, monthly point-in-time numbers of enrolled recipients, listed by each category of eligibility, showing the number of individuals actually enrolled in Medicaid or SCHIP at the time of reporting.

The report shall include monthly denial rates for Medicaid and SCHIP, including for each month the number of applications that the department received; the number of applications that the department approved; the number of applications that the department denied; and for those applications denied, the number of cases denied and the denial code, listing according to income or asset ineligibility; voluntary withdrawal; procedural denial; categorical ineligibility; or any other reason for denial or ineligibility.

HM125 requests that HSD report monthly the termination rates for Medicaid and SCHIP cases, including the number of cases due for renewal, the number of renewals received, the number of renewals denied, the number of recipients whose cases were terminated, along with the reason for termination by code, and the number of recipients that the department disenrolled and reinstated within six months.

The memorial requests HSD report to the interim Legislative Health and Human Services Committee and provide that committee with the data set forth in this memorial by November 1, 2009 and again by November 1, 2010, as well as provide that committee with a report concerning its progress on providing the public with this data.

Copies of the memorial shall be transmitted to the governor, the secretary of human services and the chair and vice chair of the Legislative Health and Human Services Committee.

FISCAL IMPLICATIONS

HSD estimates that complying with the memorial's requested reporting would be costly. According to HSD, "4 additional FTE would be needed to fully carry out the requests listed in this memorial, including both monthly reports produced from ISD2 data and a new projection model and report. Funding for changes to ISD2 would also be required."

HSD's eligibility IT system is a fragile mainframe system that is more than twenty years old. Most of the requested information in HM 125 would come from the ISD2 eligibility system. Making changes to the system is difficult and costly, and any changes made to the system create risks that the system may crash or that errors occur within the system that result in incorrect issuance of benefits.

Some of the information requested in HM 125 is currently available on HSD's website or through the Monthly Statistical Report that HSD produces and distributes to all interested parties. Other information requested is not available and ISD2 would have to be modified to produce some of the data listed in the bill. Other data requested by the memorial is available through ISD2 but the data reports received through ISD2 can not be produced in a format that can be transferred into a readable and useful format. For example, in order to put one of the reports on denial codes into the MSR, data must be manually extracted from a hard coded report that is over 800 pages long and manually entered into MS Excel spreadsheet to produce the report requested by the memorial. Finally, some of the reports requested are available through ISD2 but because of the way the data is captured the reports are inaccurate and misleading. Compliance with this memorial would require funding for the changes necessary to the ISD2 system and additional FTE to produce accurate reports.

ISD2 can only capture applications by case, meaning by household not by individual recipients. The Medicaid Management Information System (MMIS or “Omnicaid”) captures information only by recipient, not by case. When the individual is approved for a category of Medicaid, ISD2 transmits that information to Omnicaid. No information on denials is transferred to Omnicaid because the purpose of that system is simply to process and pay/deny claims. To transmit denials information by recipient to Omnicaid would be extremely costly and serve only the purpose of complying with this memorial. ISD2 does not capture all categories of Medicaid including those Medicaid for Children that are completed through the Presumptive Eligibility process or processed outside of HSD such as SSI or Foster Care Medicaid.

HM 125 requests HSD to do annual budget projections and expenditures by category of eligibility. Currently, HSD does this by categories of service. It would take at least 18 months for HSD staff to develop this additional projection model given the amount of data that would need to be considered, limited staffing resources and on-going work that is needed. When completed the result would only be 80-85% “reliable”. To develop this kind of projection to the level of reliability that we have in our current budget projection would require extensive IT work including changes to our interface with ISD2, major table additions to our data warehouse and other major changes to the way the data is organized. Work on developing a new projection model and producing report would require delays of other critical IT work needed for things like MCO oversight and federally mandated IT changes. Additional staff resources would be needed to develop a new projection model and produce this report on an ongoing basis.

There would also be costs to the Income Support Division (ISD) to carry out the required documentation and storage of denial and termination rates. The monthly data reports is about 1,400 pages and would require significant staff resources to aggregate the information and eliminate duplicative individuals from the report. Other required sections of the report are also significant in size.

SIGNIFICANT ISSUES

The recently enacted federal Children’s Health Insurance Program Reauthorization Act (CHIPRA) will require states to report annually data that is similar to that requested in the memorial. Section 402 of CHIPRA will require states to provide information in their annual reports on “enrollment and retention data (including data with respect to continuity of coverage or duration of benefits),” and “data regarding denials of eligibility and redeterminations of eligibility”. To the degree that these federal requirements overlap with the requests in the memorial, the department may not incur additional costs.

Nevertheless, in addition to concerns about the cost of compliance, HSD reports:

The department disagrees with some of the statements made in this memorial. It states that “almost one-third of New Mexico children who are eligible for Medicaid and (SCHIP) are not enrolled”. The Department estimates that the number to be between five and ten percent. The census data are misleading because many families respond that their children are uninsured when they are actually enrolled in Medicaid.

The memorial also implies that Medicaid cases are denied or terminated by administrative procedures and people are prevented from receiving benefits. While this does unfortunately happen on occasion, the occurrence is rare. It also states that the Department collects and stores information on denials but does not publicly report the information. The ISD2 system is not a database and utilizes COBAL code which requires significant programming changes and validation process to modify existing reports.

Regarding the reports requested in the memorial, HSD has previously discussed developing projections of expenditures by category of eligibility, such as would be required by the bill. Based on these discussions and considering the data, staff and ongoing work we currently have, it would take at least 18 months to develop this kind of projection. The result would only be 80-85% “reliable”. To develop this kind of projection to the level of reliability that we have in our current budget projection would require extensive IT work including changes to our interface with ISD2. This work would require delays of other critical IT work needed for things like MCO oversight and federally mandated IT changes.

Regarding monthly point-in-time numbers of enrolled recipients, HSD already produces this information on a monthly basis but does not make those data available to the public until the enrollment month is 3 months prior to the posting month. For example, the enrollment data we posted in early January shows September as the most current enrollment month. This is because enrollment numbers for months more recent than that are misleading and do not provide useful information on the number of enrollees for these months. HSD finds that Medicaid enrollment numbers for the current (posting) month as well as the 2 months prior to the posting month do not supply useful information when it comes to Medicaid enrollment, not even in terms of identifying enrollment trends. The addition of retro-active Medicaid can increase the enrollment figures by up to 10,000 individuals or over 2.25%. Point in time reporting, as requested in HM 125, does not give an accurate basis for either enrollment or expenditures. Posting this information sooner does not better inform the legislature or general public than the timing of the reports we release now and, in fact, provides misleading information. Some interest groups have complained that it is difficult to understand the Medicaid data of enrolled individuals and projections of estimated enrollees. Publishing data that we know is incomplete and misleading will only cause further confusion on this subject.

While the department is able to produce the types of reports requested by HM 125 for other programs, it is not possible through ISD2 for Medicaid programs because of the many different categories of Medicaid. Individuals who apply for TANF, Food Stamps and General Assistance apply for one program. They are either denied or approved. Individuals who apply for Medicaid typically apply for more than just one Medicaid program as there are over 50 categories of Medicaid for which they should be considered.

HSD plans to implement a business intelligence tool in FY10 which will make it easier for the department to produce reports such as the ones requested in HM 125. However, it is unknown whether the business intelligence tool that the department plans to implement will be able to produce all the reports. The scope of the project for the business intelligence tool has been submitted and approved by the feds. Due to limited funding, the project will start out small and include only data from ISD2 and not any information

from MMIS. To expand the scope of the project would require additional funding and the department would need to amend the scope of the project and resubmit to the feds for approval. Until we get the business intelligence tool in place we will not know whether the requested reporting can be produced without expanding the scope of the project.

ADMINISTRATIVE IMPLICATIONS

See Fiscal Implications Section

RELATIONSHIP

Relates to House Bill 130, Senate Memorial 48, and House Bill 544.

ALTERNATIVES

HSD suggests that legislation requiring or requesting additional reports be postponed until the business intelligence tool can be implemented and tested by HSD to determine what types of reports can be produced.

BE/mt