



HSD FY23 BUDGET REQUEST

DECEMBER 4, 2021

SECRETARY DAVID R. SCRASE, M.D.

INVESTING FOR TOMORROW, DELIVERING TODAY.

BEFORE WE START...

On behalf of all colleagues at the Human Services Department, we humbly acknowledge we are on the unceded ancestral lands of the original peoples of the Apache, Navajo and Pueblo past and present.

With gratitude we pay our respects to the land, the people and the communities that have contributed to what today is known as the State of New Mexico.



PHOTO COURTESY: HSD Employee



MISSION

To transform lives. Working with our partners, we design and deliver innovative, high quality health and human services that improve the security and promote independence for New Mexicans in their communities.

GOALS



We help NEW MEXICANS

1. Improve the value and range of services we provide to ensure that every qualified New Mexican receives timely and accurate benefits.



We make access EASIER

3. Successfully implement technology to give customers and staff the best and most convenient access to services and information.



We communicate EFFECTIVELY

2. Create effective, transparent communication to enhance the public trust.



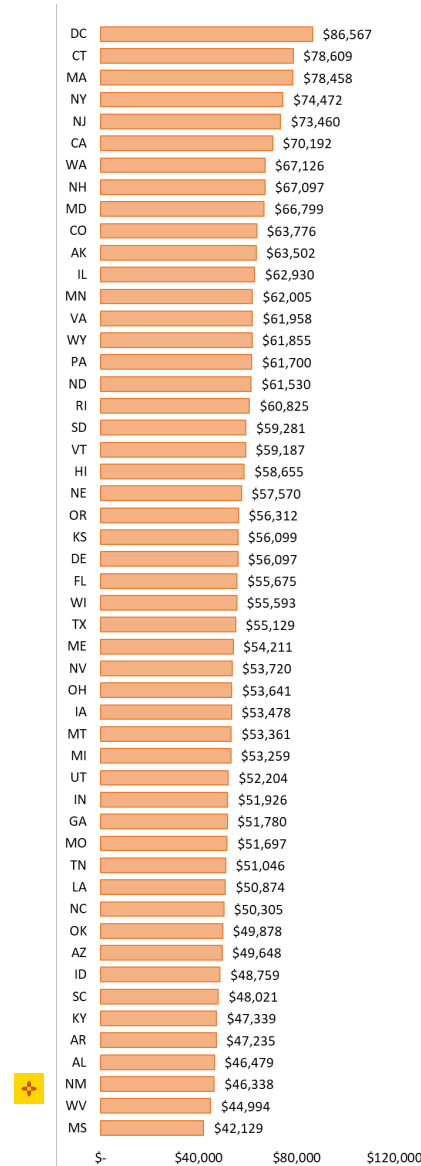
We support EACH OTHER

4. Promote an environment of mutual respect, trust and open communication to grow and reach our professional goals.

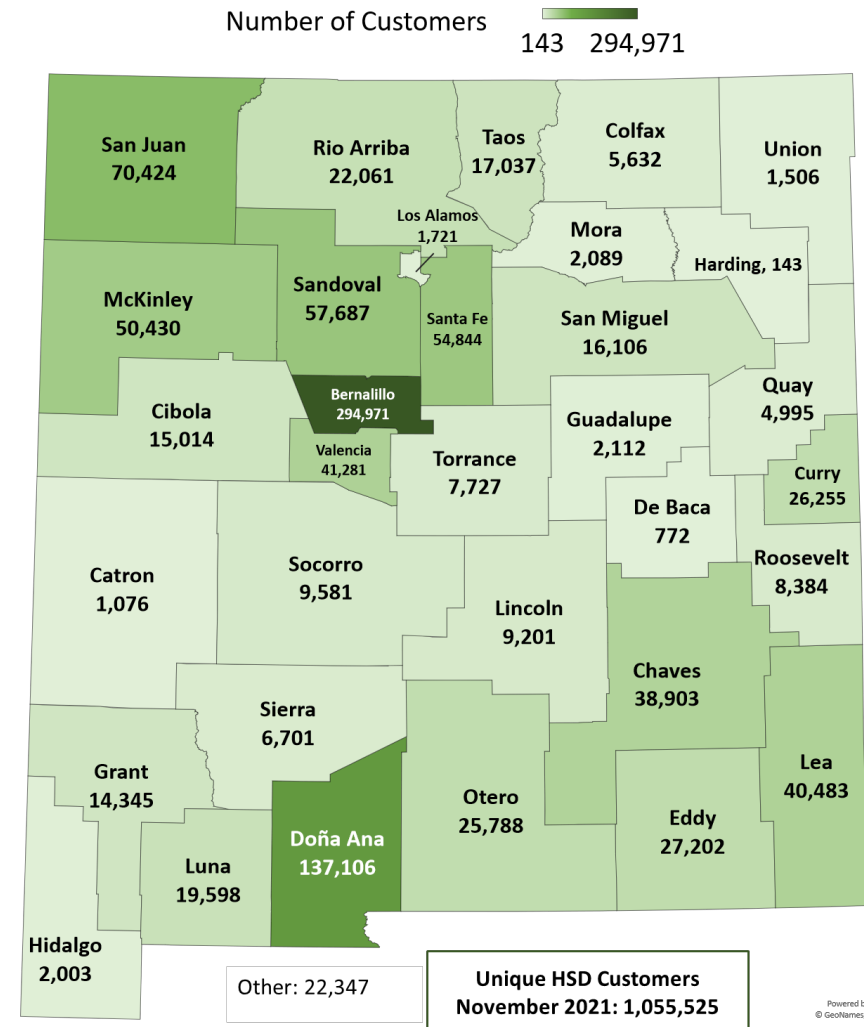
HSD SERVES 50% OF NEW MEXICANS

“Poverty is the worst form of violence.” - Mahatma Ghandi

U.S. Per Capita Personal Income by State, 2020 (NM 3rd lowest at \$46,338)



Unique HSD Customers, November 2021



HSD'S SOCIAL IMPACT: NM BENEFITS FROM MODERN AND RESPONSIVE SOCIAL SAFETY NET

HSD's Programs have had the following social impact:

434,378,108 meals provided to New Mexicans through Supplemental Nutrition Assistance Program (SNAP) since January 2021



last updated: 11/15/2021

950,575 individuals provided the ability to visit a doctor, afford medication and immunizations through Medicaid in October 2021



30,185 homes heated and cooled for New Mexico families through Low Income Energy Assistance Program (LIHEAP) in Federal Fiscal Year 2022



12,977 families provided shelter and necessities through Temporary Assistance for Needy Families (TANF) Program in October 2021



*collections include current support and arrears debt to the custodial parent and/or the state.

\$134.35* per month on average through child support to help kids be happy and healthy **over the last 12 months**



AGENDA & PRESENTERS

- FY23 Budget Request Overview
- FY22 Accomplishments
- FY23 Challenges
- Medicaid Budget



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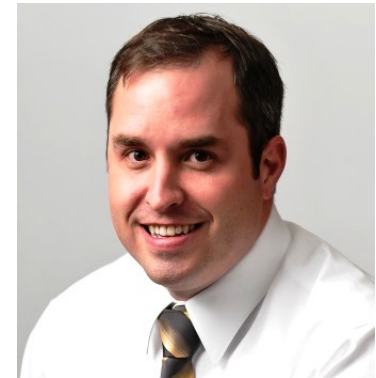
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CHECKING IN WITH THE MARTINEZ FAMILY*

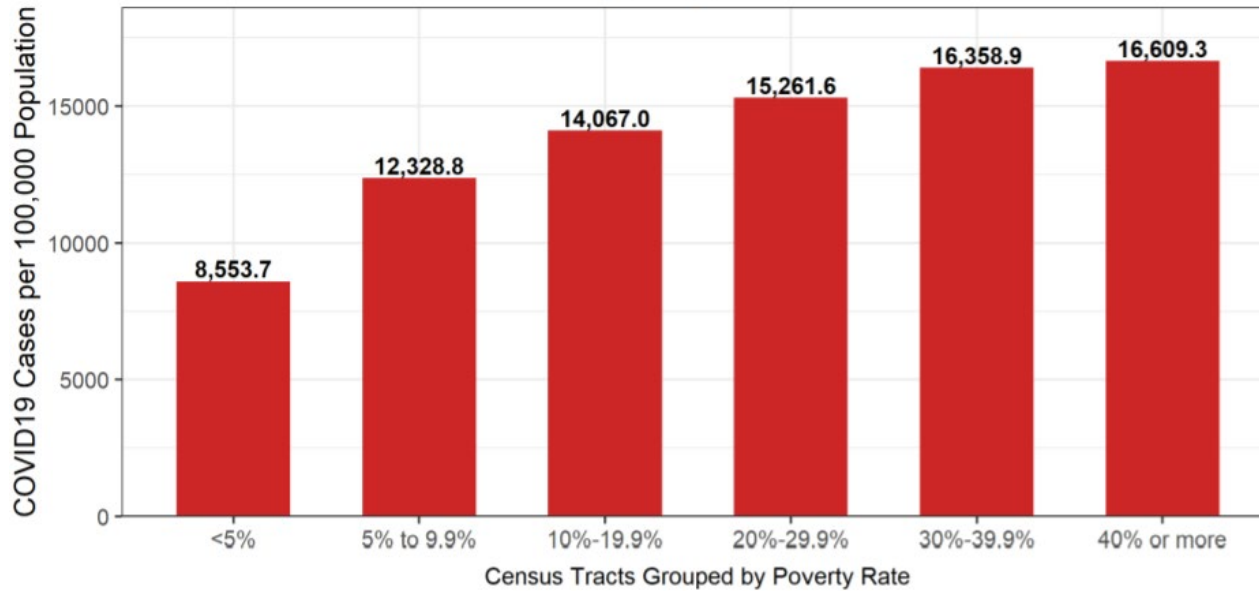
- Father Carl works as Psych Tech at DOH Behavioral Health Institute in Las Vegas.
 - **Recent GF investments in DOH workforce mean he now earns \$32,032 annually, \$15.40 per hour.**
- Teresa, Carl's late wife, died in spring 2021 after a delayed diagnosis of breast cancer.
- Family benefits from SNAP food benefits, including recent, permanent federal 25% increase, which is largest permanent increase in SNAP's history.
- Children, Jacob and Matt (10 and 5 years old), receive public health insurance through Children's Health Insurance Program (CHIP) and Medicaid, respectively.
 - **After 5 years on waiting list, 10-year old Jacob receives DD waiver services and supports.**



COVID-19 DISPROPORTIONATELY IMPACTS LOWER-INCOME NEW MEXICANS

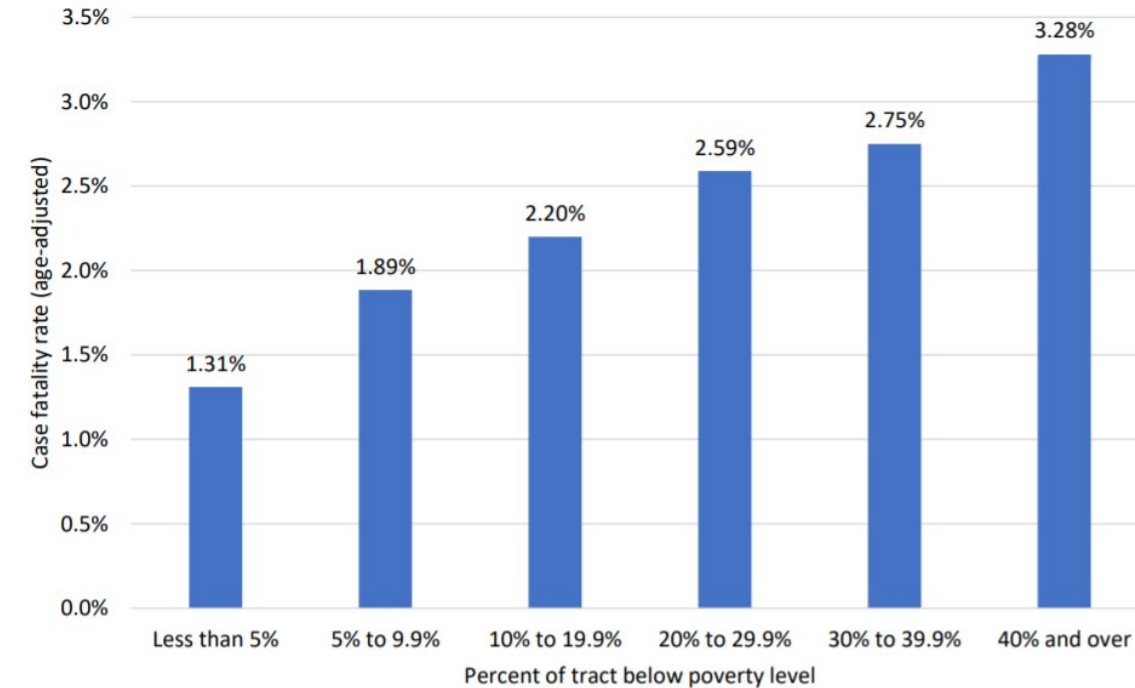
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NM COVID-19 Infection Rates by Census Tract Poverty Group



People living in a census tract with poverty level 40%+ contract COVID-19 1.9x rate than most wealthy New Mexicans.

NM COVID-19 Case Fatality Rate by Poverty Level

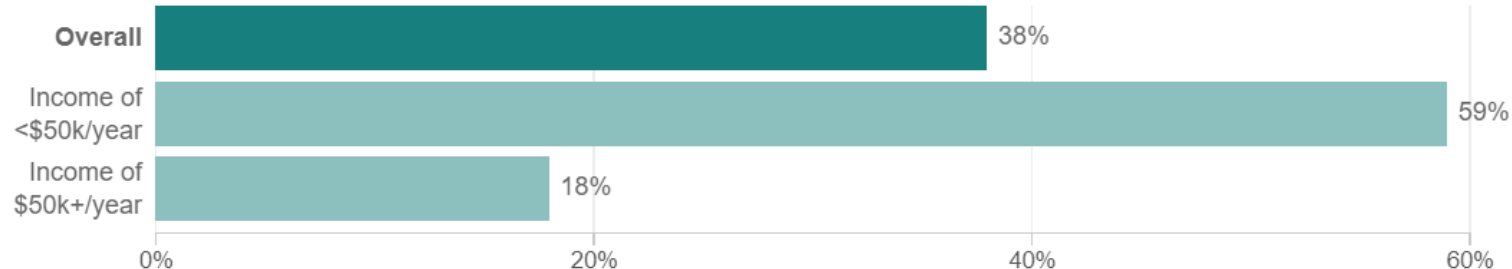


People at 40%+ poverty level hospitalized 2x rate (data not shown) and die from COVID-19 2.5x rate than most wealthy New Mexicans.

DESPITE BILLIONS OF DOLLARS IN RELIEF MONEY FROM FEDERAL AND STATE GOVERNMENTS, "WHAT WE HAVE HERE IS A LOT OF PEOPLE WHO ARE STILL ONE STEP FROM DROWNING FINANCIALLY." - ROBERT BLENDON, EMERITUS PROFESSOR, HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH

Serious financial problems more common among lower-income households

U.S. households reporting serious financial problems in the past few months, by household income



Notes

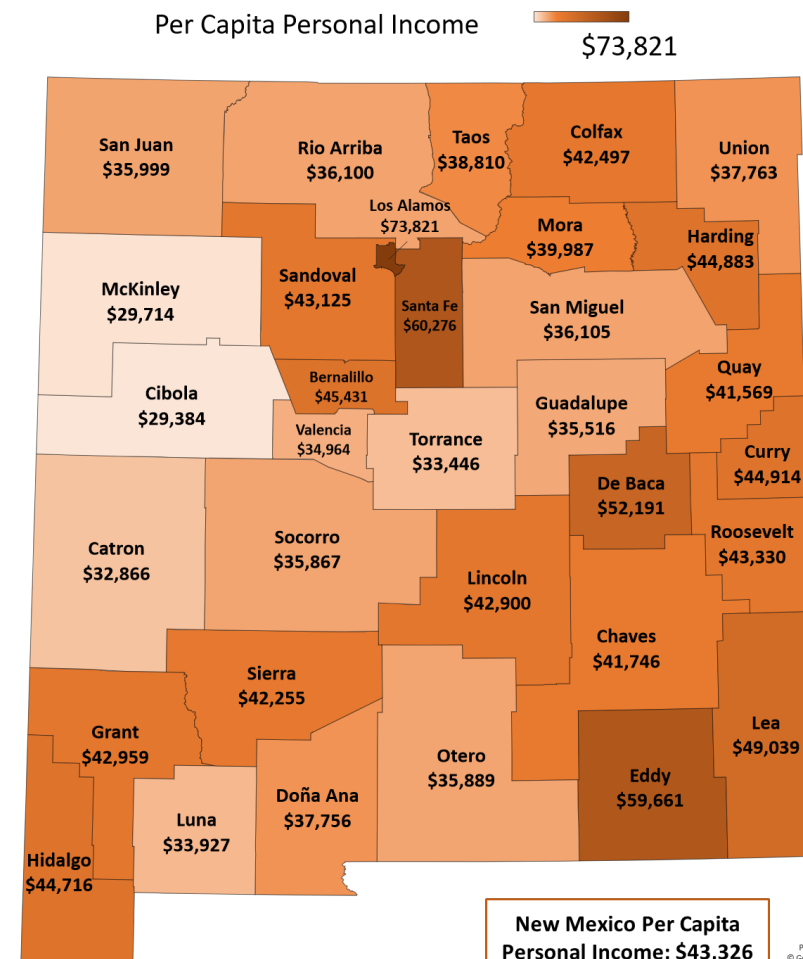
Respondents were asked whether anyone in their household had been having serious problems a) paying the mortgage/rent, b) paying for utilities, c) making car payments, d) affording medical care, e) paying credit cards/loans/other debt or f) affording food or had g) other serious financial problems in the past few months.

Source: NPR/Robert Wood Johnson Foundation/Harvard T.H. Chan School of Public Health poll of 3,616 adults conducted Aug. 2-Sept. 7. The margin of error for the overall sample is 3.4 percentage points.

Credit: Daniel Wood/NPR

***Only 4 NM Counties have a per capita income \$50,000 or higher.**

Per Capita Personal Income by County, 2019

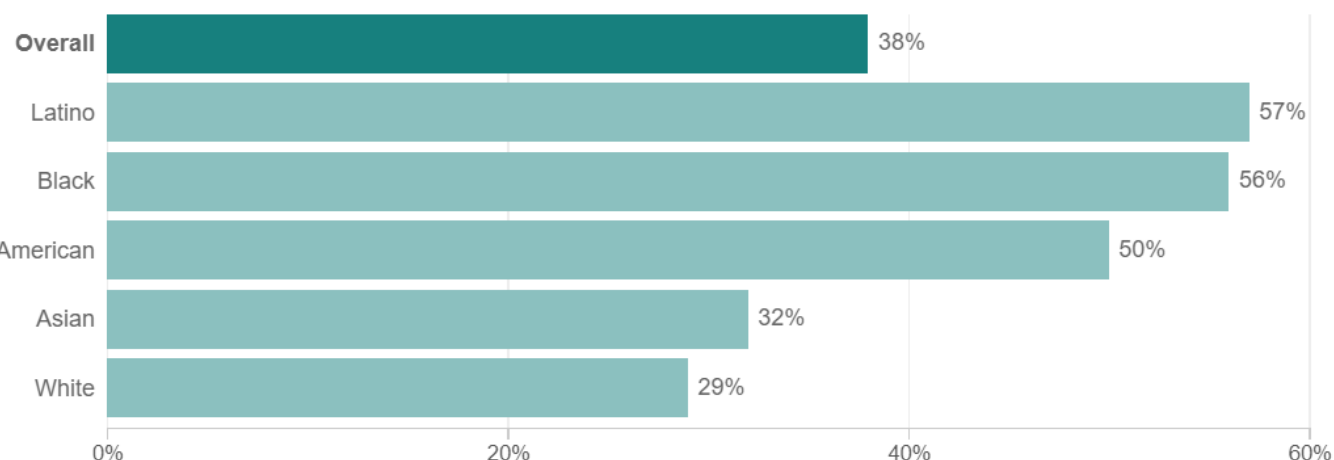


New Mexico Per Capita Personal Income: \$43,326

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© GeoNames, HERE

IT APPEARS FUNDING FROM COVID-19 RELIEF BILLS, "DID NOT PROVIDE A FLOOR TO PROTECT PEOPLE WHO ARE OF MODERATE AND LOW INCOMES." - ROBERT BLENDON, EMERITUS PROFESSOR, HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH

Serious financial problems plague U.S. households, especially among Blacks, Latinos and Native Americans



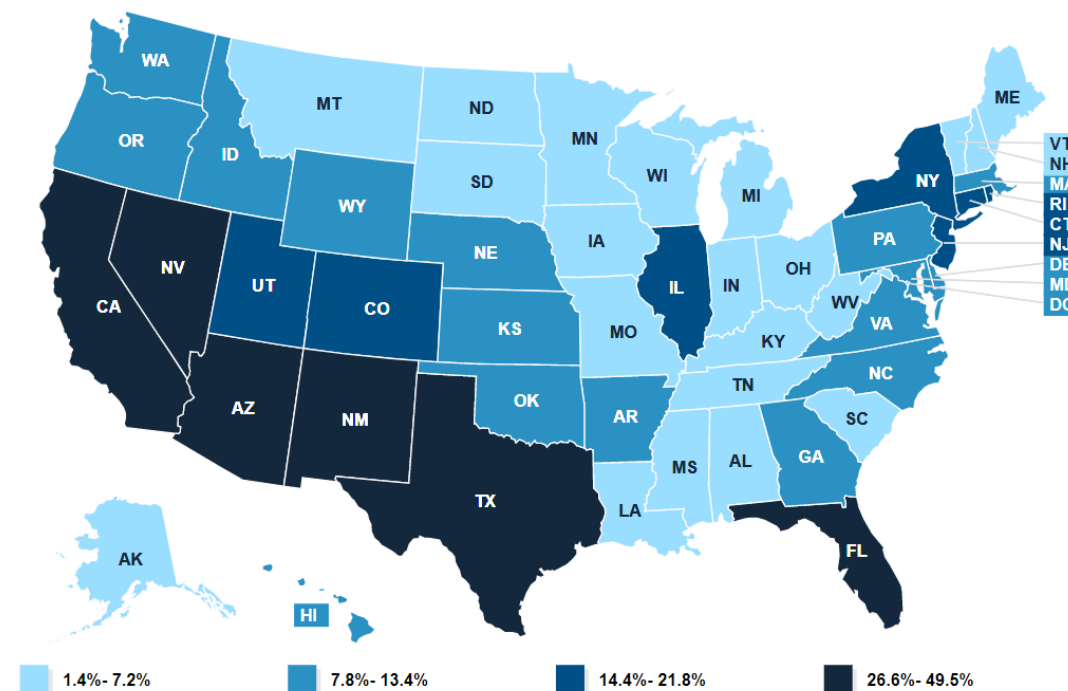
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Credit: Connie Hanzhang Jin/NPR


Hispanic/Latino Population by State, 2019



49.5% of New Mexicans identify as Hispanic/Latino.

Sources: <https://www.npr.org/sections/health-shots/2021/10/12/1044475441/npr-poll-the-delta-surge-pushed-americans-further-behind-in-all-walks-of-life>;
<https://www.kff.org/other/state-indicator/distribution-by-raceethnicity/?activeTab=map¤tTimeframe=0&selectedDistributions=white&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

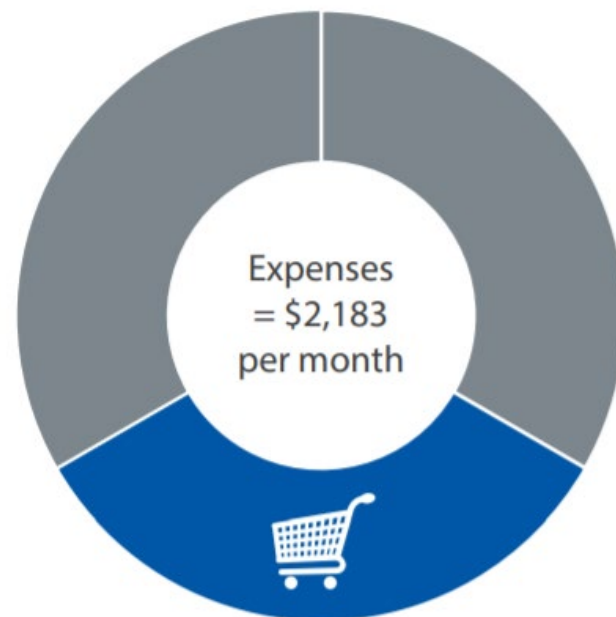
THE MARTINEZ FAMILY & SELF-SUFFICIENCY STANDARD

- Self-Sufficiency Standard income required for families to meet basic needs at minimally adequate level, taking into account family composition, ages of children, and geographic differences in costs.
- 41 states have self-sufficiency standards (NM does not).
- 2021 Self-Sufficiency Standard for Comanche County, TX (per capita income \$43,242 used as NM proxy (\$43,326)). 

Martinez Family Income Comparison: Actual Income vs Self Sufficiency Wage

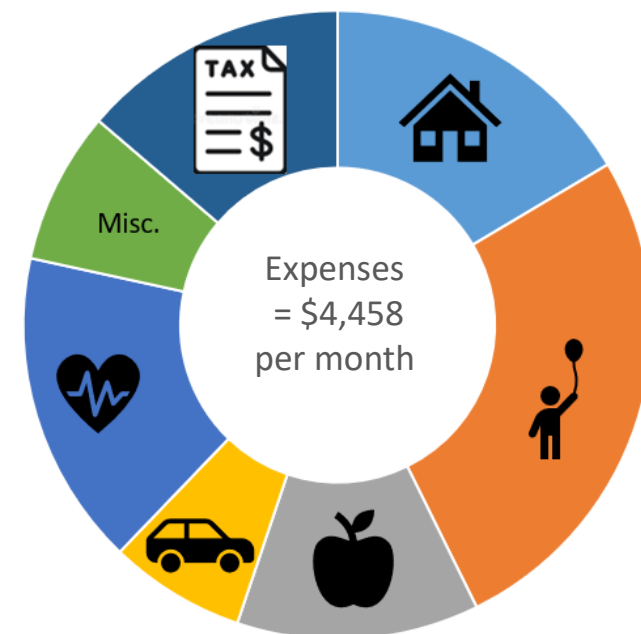
	Hourly Income	Annual Income
Actual Income	\$15.40	\$32,032
Self-sufficiency wage	\$22.87	\$48,294

Official Poverty Measure
Food is 1/3 of the budget and all other costs are 2/3.



29% Official poverty measure only covers 29% of cost of all basic needs as defined by Self-Sufficiency Standard.

Self-Sufficiency Standard
Housing, childcare and healthcare account for 59% of family budget.



Comanche County (TX)
1 adult + 1 preschooler + 1 school age child

FY23 HSD BUDGET REQUEST SUMMARY

- FY22 HSD Operating Budget \$8.285 B, with 13.9% from GF.
- FY23 HSD budget request \$9.179 B, 22.0% supported by GF request.
- FY23 GF request \$1.413 B, increase of \$257 M from FY22 – 22% increase.
- **95.0% growth attributable to recurring Medicaid GF**
 - Requesting \$245.16 M Medicaid GF increase, representing 24.2% GF growth from FY22 operating budget.

Agency Briefing Sheet	
AGENCY	BU
Human Services Department	63000

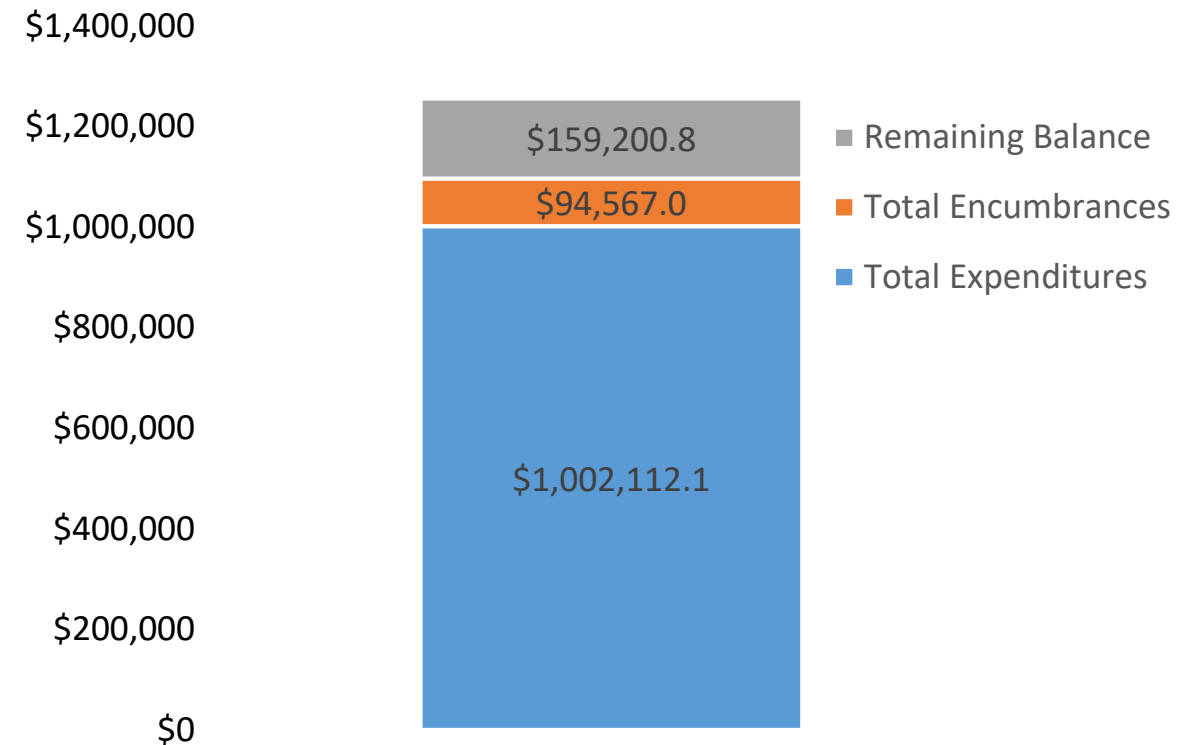
(in thousands)

	FY20 ACTUALS	FY21 ACTUALS	FY22 OPBUD	FY23 REQUEST	\$ Difference FY22-23	% Difference FY22-23
General Fund	\$1,143,766.40	\$1,082,718.60	\$1,155,365.00	\$1,413,190.20	\$257,825.20	22%
Total Funds	\$7,354,493.80	\$7,832,612.20	\$7,129,915.70	\$7,765,897.20	\$635,981.50	9%
GRAND TOTAL	\$8,498,260.20	\$8,915,330.80	\$8,285,280.70	\$9,179,087.40	\$893,806.70	11%
200-Personal Services & Employee Benefits	\$114,790.10	\$110,327.60	\$116,198.20	\$127,496.50	\$11,298.30	10%
300 - Contracts	\$195,960.30	\$256,757.70	\$232,458.50	\$274,312.40	\$41,853.90	18%
400 - Other	\$7,167,408.00	\$8,549,014.30	\$7,936,624.00	\$8,777,278.50	\$840,654.50	11%
500 - Other Financing Uses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
GRAND TOTAL	\$7,478,158.40	\$8,916,099.60	\$8,285,280.70	\$9,179,087.40	\$893,806.70	11%
Total FTE	\$2,055.50	\$2,050.50	\$2,020.50	\$2,020.50	\$	0%

\$1.002 B OF FEDERAL COVID-RELIEF FUNDS HAVE BEEN SPENT

- HSD budgeted \$1,255.879.8 in federal COVID-relief funds in SFY20-22.
 - **80% of spent to meet direct needs of lower-income New Mexicans** including, but not limited to:
 - SNAP benefits (\$468,965.5);
 - Medicaid benefits (increased FMAP) (\$494,758.5); and,
 - Substance Use Treatment and Prevention (\$7,958.1).
- \$159,200.8 remaining balance
 - Medicaid (increased FMAP) \$141,033.3, which represents balance not drawn through 3/31/22.

**HSD COVID-Related Federal Grants
FY20 -22 (1,000s)**



HSD SFY 2023 BASE BUDGET REQUEST BY PROGRAM

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Program	New Mexicans Served, 11/21	FY23 Request GF (000)	% of GF Budget	FY23 Request GF + Fed (000)	% of Total Budget
Medicaid (MCO+ FFS)	958,028	\$1,260,550.0	89.2%	\$7,801,705.0	85.0%
SNAP (food benefits)	549,575	\$0.0	0.0%	\$778,156.0	8.5%
TANF (cash and non-cash assistance)	36,676	\$87.1	0.0%	\$134,023.4	1.5%
CSED (child support)	178,545	\$8,370.7	0.6%	\$33,306.1	0.4%
BHSD (behavioral health)	14,097	\$44,408.6	3.1%	\$78,267.9	0.9%
LIHEAP (utility assistance)	121,708	\$0.0	0.0%	\$33,034.6	0.4%
All Other	147,255*	\$99,773.8	7.1%	\$320,594.4	3.5%
TOTAL	1,055,525**	\$1,413,190.2	100.0%	\$9,179,087.4	100.0%

*Medicare Savings Program and P-EBT customers. **Unduplicated customer count.

HSD FY23 BASE REQUEST BY P-CODE (SEE APPENDIX PAGES 50-55 FOR DETAILED P-CODE REQUESTS)

	HSD FY23 Base Request (thousands)			
Division	General Fund	Federal Fund	Total Funds	GF Increase
Program Support (P522)	\$2,392.3	\$12,392.2	\$14,784.5	\$259.4
Information Technology Division (P522)	\$19,826.0	\$40,880.4	\$60,706.4	\$4,270.4
Child Support (P523)	\$8,370.7	\$24,935.4	\$33,306.1	\$147.1
Medical Assistance (P524)	\$18,728.1	\$90,974.4	\$109,702.5	\$2,303.1
Medicaid and Medicaid BH (P524 & P766)	\$1,260,550.0	\$6,541,155.0	\$7,801,705.0	\$245,165.4
Income Support Admin (P525)	\$37,592.5	\$72,308.1	\$109,900.6	\$5,679.8
Income Support Program (P525)	\$17,323.8	\$953,390.6	\$970,714.4	\$0.0
Behavioral Health Services Division (P767)	\$48,406.8	\$29,861.1	\$78,267.9	\$0.0
Total	\$1,413,190.2	\$7,765,897.2	\$9,179,087.4	\$257,825.2


From budget request submitted on 9/1/2021

HSD FY23 NON-RECURRING REQUEST

	HSD FY23 Nonrecurring Request (thousands)				
Program	General Fund	Federal Fund	Total Funds	GF Increase	Notes
Medicaid and Medicaid BH (P524 & P766)	\$15,702.0	\$60,446.0	\$76,148.0	\$15,702.0	Healthcare Affordability Fund*
Medicaid and Medicaid BH (P524 & P766)	\$54,510.0	\$236,363.0	\$290,873.0	\$54,510.0	FY22 Supplemental Medicaid
Income Support Program (P525)	\$8,954.0	\$0.0	\$8,954.0	\$8,954.0	U.S. Food & Nutrition Services Settlement
Behavioral Health Services Division (P767)	\$2,325.0	\$0.0	\$2,325.0	\$2,325.0	988 FY22 Special
Medicaid Management Information System Replacement (MMISR)	\$8,400.0	\$68,041.5	\$76,441.5	\$8,400.0	Continue the implementation of the MMISR project
Child Support Enforcement System Replacement/ Modernization (CSESR)	\$4,875.2	\$9,463.7	\$14,338.9	\$4,875.2	Replace CSESR and improve performance
Total	\$94,766.2	\$374,314.2	\$469,080.4	\$94,766.2	-

*This will be a transfer from Health Care Affordability Fund and not GF.


HSD IS COMMITTED TO LEVERAGING EVERY POSSIBLE FEDERAL DOLLAR TO HEALTH AND HUMAN SERVICES AGENCIES SUPPORT NEW MEXICANS.¹⁹

- Enhancements to immunizations allows DOH to be reimbursed for Medicaid portion of administrative costs (50% match).
- Medicaid Home and Community-Based Waiver program 10% enhanced federal match from 4/1/21 – 3/31/2024.
 - At its highest will result in a Federal Financial Participation of 89.91% or \$8.91 Federal funds for \$1.00 State funding.
- **HSD optimizing recurring Medicaid funding support (\$475 M) for other agencies at GF cost of \$197 M.** 

Agency	Request	FY 23 Cost (Total Computable)	FY23 GF Cost	Medicaid Match
ALTSD	Medicaid Admin Claiming	\$5,300,000	\$2,650,000	50.00%
ECECD	Home Visiting	\$2,419,727	\$500,000	79.34%
ECECD	Care and Support in FIT	\$52,757,800	\$10,901,600	79.34%
DOH/DDSD	Medicaid Program Admin Claiming	\$572,057,578	\$163,858,400	71.36%
DOH/DDSD	Medicaid Admin Claiming	\$19,099,800	\$9,549,900	50.00%
DOH/DHI	Medicaid Admin Claiming	\$9,700,000	\$4,850,000	50.00%
DOH/PHD	Medicaid Program Claiming	\$2,237,280	\$462,300	79.34%
DOH/PHD	Medicaid Admin Claiming	\$10,371,000	\$5,185,500	50.00%
TOTAL		\$673,943,185	\$197,957,700	70.63%

Purpose	Designated (Yes/No)	Designated to:	Total Awarded (in thousands)	Funding Discontinuation Impact
Home and Community Based Services	Yes	Enhance, expand, and strengthen the delivery of home and community-based services.	~\$700,000.0, ~\$120 M reinvestment possible; pending CMS approval	Funds must be expended by April 2024.
Low Income Home Energy Assistance (LIHEAP)	Yes	Supplemental benefit will be issued to all eligible households that receive LIHEAP benefit between 10/1/21 and 6/30/22, delivering direct financial support to New Mexicans facing rising utility costs.	\$22,314.0	Obligation period of this grant award is March 11, 2021, through September 30, 2022
Mental Health Block Grant	Yes	Services for Serious Mental Illness/ Serious Emotional Disturbance: Crisis; 1st Episode Psychosis; Treatment; Recovery; Zero Suicide initiative; Training	\$8,682.7	Disruption to BH Provider Network and availability of care; reduced ability to improve quality
Substance Use Prevention & Treatment Block Grant	Yes	Substance Use Disorder (SUD) specific: 988 Crisis Services for SUD; Prevention services. and planning; treatment; recovery	\$7,743.0	Reduced prevention, treatment and recovery services
Pandemic Emergency Assistance Fund	Yes	Issued one-time supplement TANF cash payment to 13,060 families.	\$6,385.0	Requirement to liquidate funds by 9/30/2022 or revert funds
SNAP 3-year State Admin Expense Grants	Yes	Additional SNAP Administrative funding for FFY's 2021 - 2023 to carry out legislative provisions to accurately administer SNAP.	\$12,423.0	State must execute agreed plan with FNS by FFY23 or revert funds, which are necessary for SNAP System changes to maintain compliance with federal law.


HSD FY21 ACCOMPLISHMENTS

- Primary Care Council ([HB 67](#), 2021) members developed mission, goals, objectives and tactics that will form basis of 5-year strategic plan to improve primary care in NM.
- Primary Care Graduate Medical Education members ([HB 480](#), 2019) funded 5 NM residency programs since FY20, totaling \$1,554,811. 3 programs applied for FY22, totaling \$1,008,208.
- Healthcare Affordability Fund ([SB 317](#), 2021) OSI contracted experts for cost analysis, collected data to analyze options, developed models of financial assistance/coverage simplification policies, began stakeholder sessions; HSD built tax into CY22 MCO capitation rates.
- Pay Parity Memorial (HM27, 2021) members met and achieved 3 charges outlined in Memorial by evaluating current payment and outlining plan to ensure adequacy going forward.
- HSD and TRD issued one-time cash payments to 23,035 New Mexicans who did not qualify for federal economic relief. 

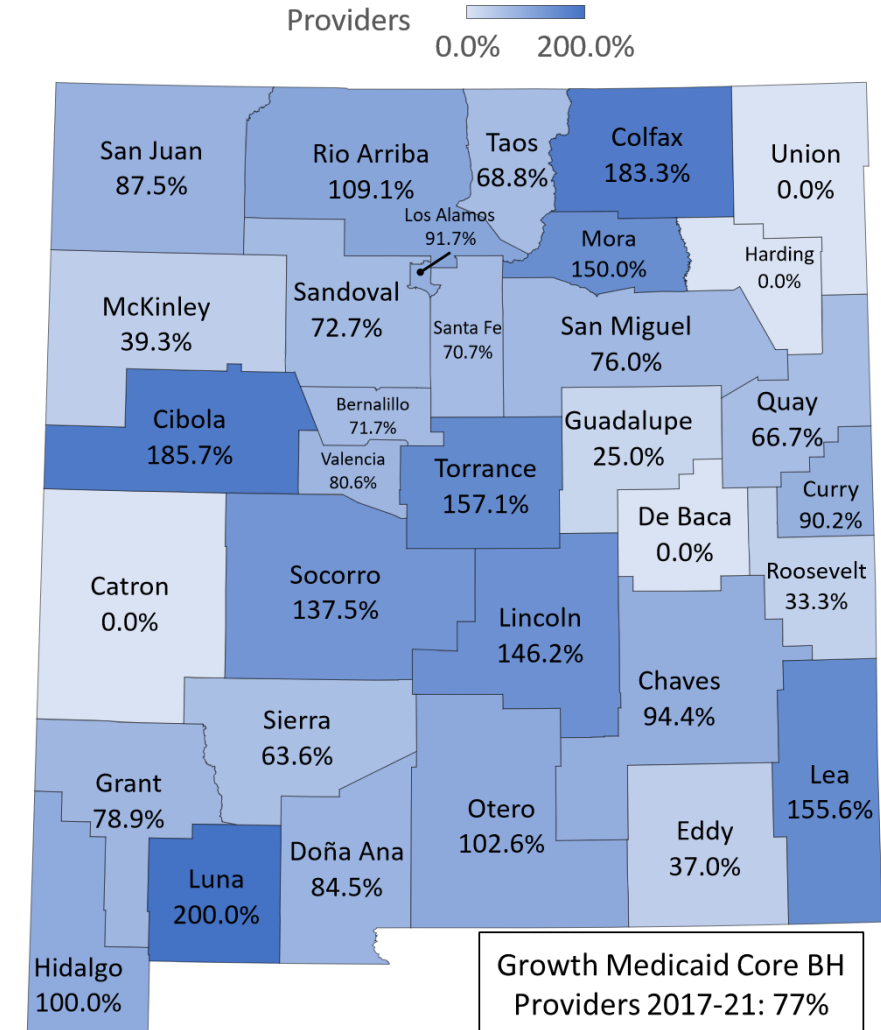
One-time Financial Assistance Payments for New Mexicans Ineligible for Federal Stimulus Payments

Date	New Mexicans	Total Amount	Household Amount
Dec. 2020	15,118	\$7,000,000	\$465
July 2021	4,631	\$3,473,250	\$750
Nov. 2021	3,286	\$1,485,272	\$452
Total	23,035	\$11,958,522	-

HSD FY21 ACCOMPLISHMENTS


- Significant behavioral health workforce expansion from 2017-2021:
 - 77% increase Medicaid Core BH providers and 
 - 65% increase Medicaid Psychiatric Providers.
- Child Support program in compliance with federal guidelines and best practices by end of FY21 as result of ([SB 140](#), 2021).
- HSD implemented all Federal FY21 Health Information Technology and Clinical Health Act (HITECH Act) Projects, which promotes connection and development of state Health Information Exchanges (HIE). HSD working with partners to:
 - On-board providers to HIE (210 connected currently);
 - Develop and expand HIE; and,
 - Promote telehealth training and expansion.

Growth Medicaid Core Behavioral Health Providers (%) 2017 - 2021

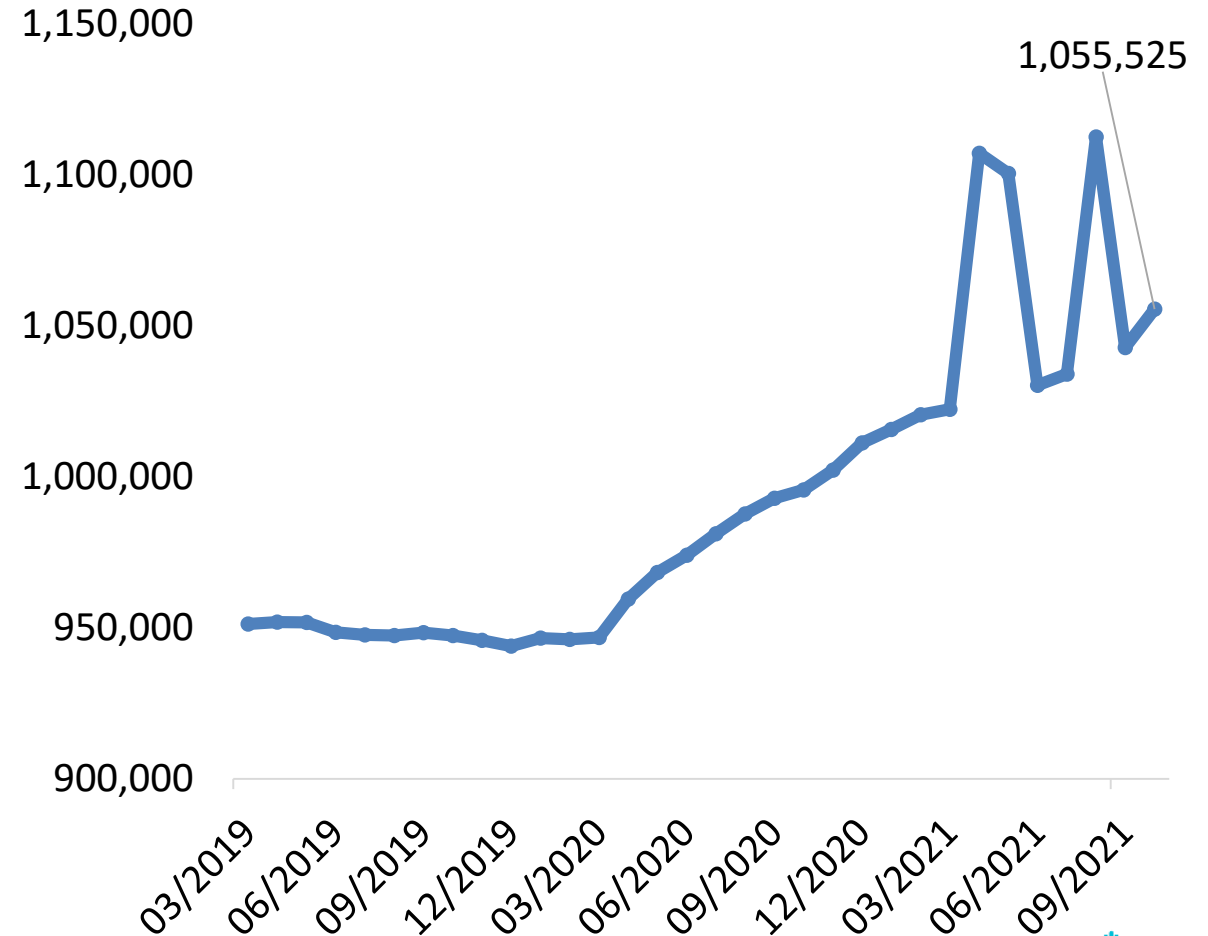


HSD FY21 ACCOMPLISHMENTS


Legislature entrusted \$8.285 B to HSD and we strive to demonstrate a return on that investment:

- Significant program enrollment expansion since start of PHE (e.g., projected 16.9% Medicaid growth by December 2021) supported by 20 additional waivers. 
- Eliminated asset test for certain Medicaid categories to make it easier for lower-income seniors to afford Medicare.
- Federal approval to pay a higher payment rate for Indian Health Services pharmacy services – 100% federal funding - \$50.9M impact projected in first year of implementation.
- Supporting sister agencies in ESF-6 coordination of pandemic-related services and supports and transformed business model to safely meet customer needs.

Unique HSD Customers, November 2021



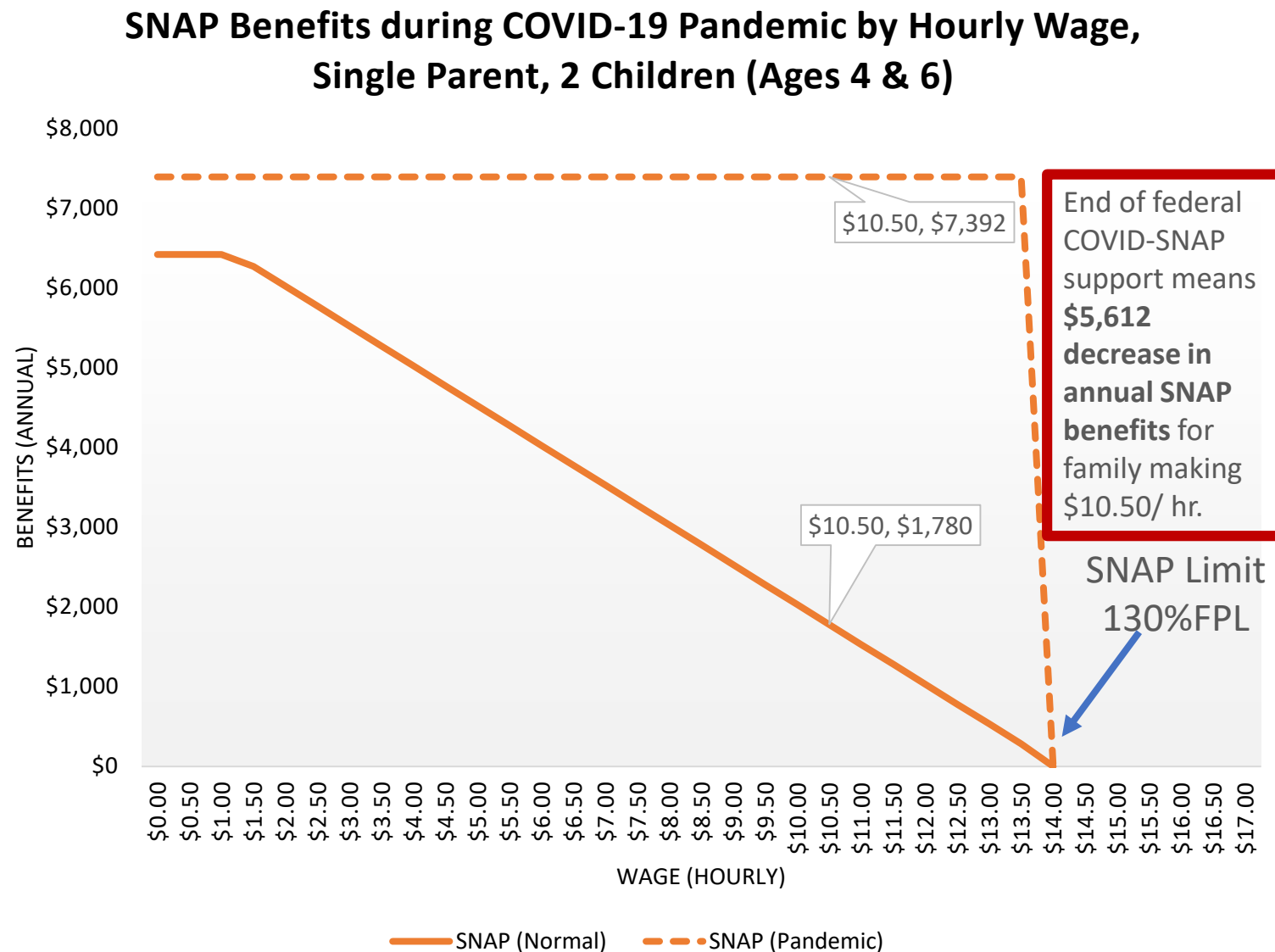
COVID-19-RELATED PROGRAM WAIVERS MEANS MORE NEW MEXICANS BENEFIT FROM SERVICES & INCREASED OUTREACH

- COVID-19-related program waivers resulted in increased enrollment. 
- Consolidated Customer Support Center (CCSC) provides one-stop-shop for HSD services.
 - HSD's focus on automation resulted in customer contact abandonment rate 3.57%, meaning customers resolve issues sooner.
- CCSC launched new customer experience program. Each contact receives text message feedback survey, allowing HSD to get real-time feedback.

Waiver	Impact
Medicaid MOE/Extension	292,000 individuals since PHE began
Cash assistance extended enrollment	12,741 households since 3/20
SNAP extended enrollment	246,299 households since 3/20
SNAP one-time statewide supplement	640,530 individuals
SNAP Pandemic-EBT	316,000 students
Cash assistance one-time statewide payment	13,059 Households
LIHEAP assistance one-time statewide payment	18,214 Households

PANDEMIC CREATES CHALLENGES FOR SNAP & CHILD SUPPORT FAMILIES²⁵

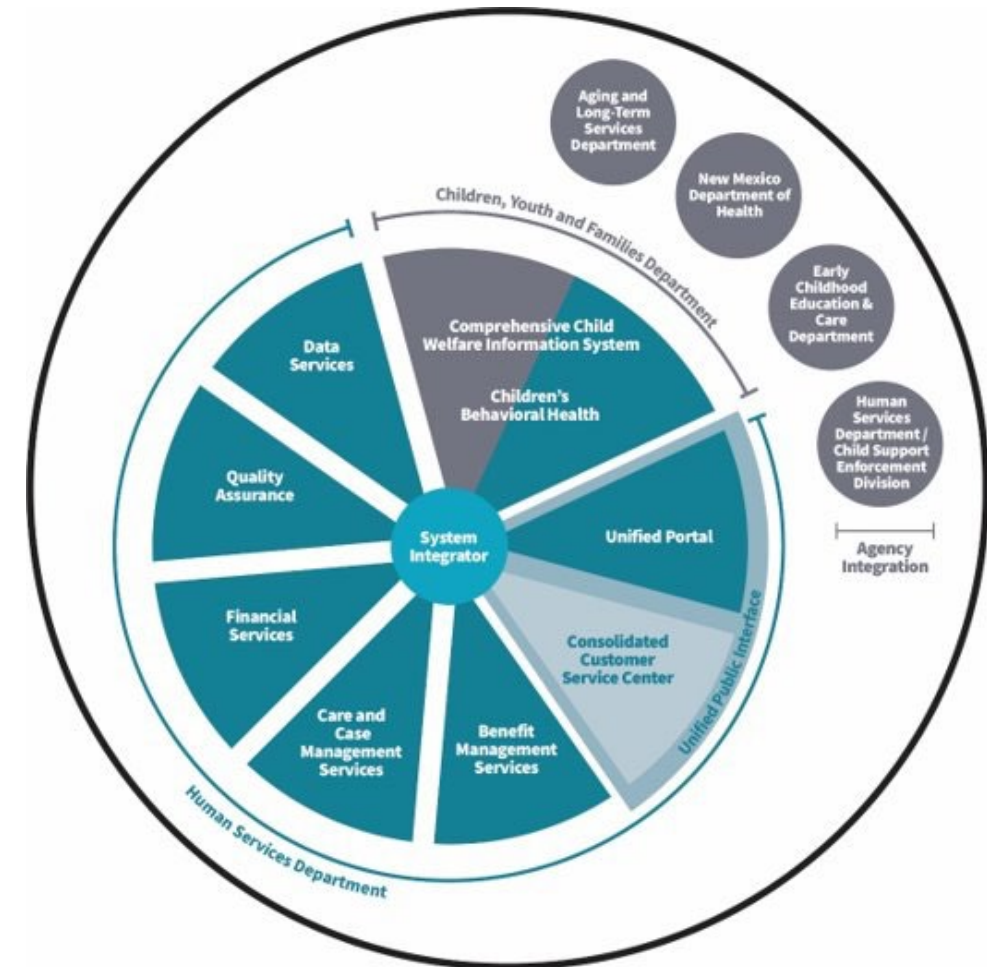
- End of SNAP pandemic-related expansion limits will result in immediate loss of benefits for many New Mexicans who no longer qualify. ➡
- Child support is now experiencing drop in collections due to decrease in unemployment benefits.



HIGHER ENROLLMENT & PANDEMIC CREATE CHALLENGES FOR CRITICAL IT PROJECTS & MEDICAID

- Schedule and resource challenges for MMISR project.
 - Executive Steering Committee enhanced scope, extended schedule, and increased resources. ➡
- Operational Steering Committee designed to strengthen governance and collaboration launched August 2021.
- Sunset of pandemic-related Medicaid continuous enrollment requirement (and phase-down of enhanced 6.2% FMAP).

Medicaid Management Information System Replacement (MMISR) Modules

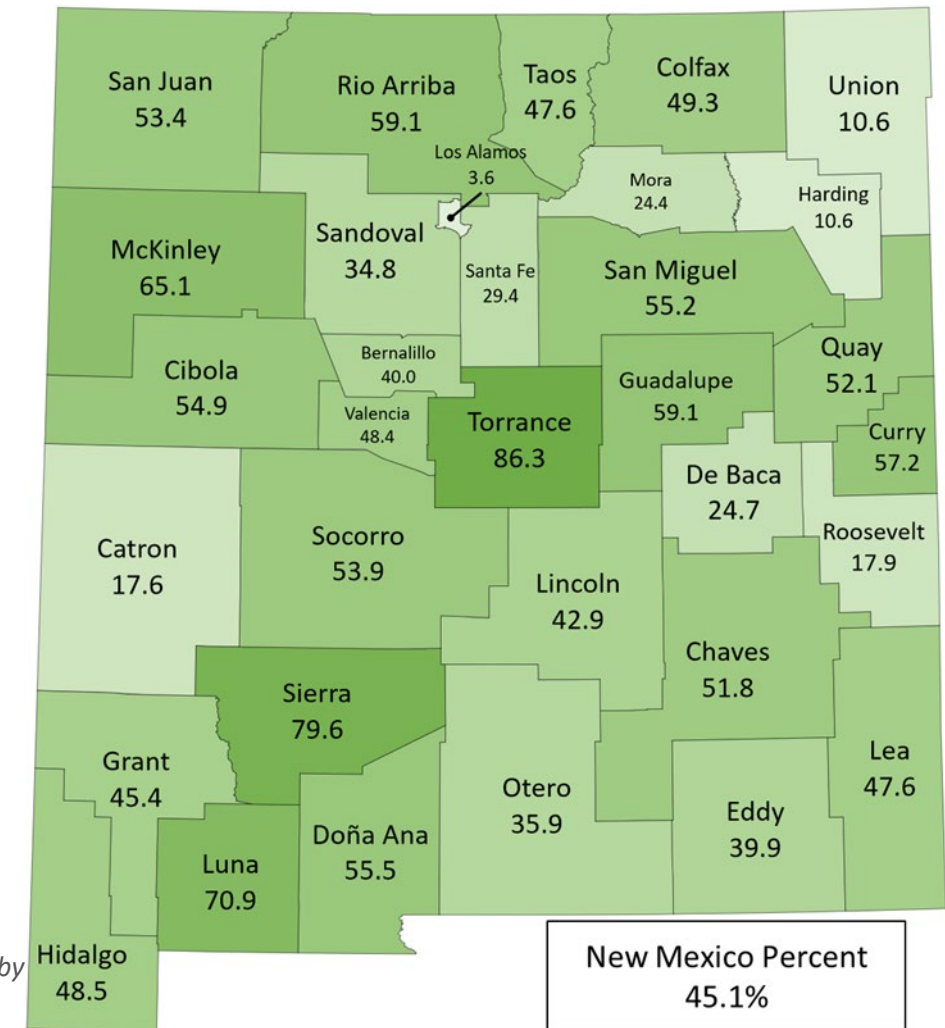


MEDICAID BUDGET DISCUSSION TOPICS

- Current Budget Request and Effect of Reprojection
 - Budget assumptions
- Drivers of \$280 M General Fund Need
 - FMAP changes/enrollment
 - Prior period deficit
 - Program expansions
- Additional Budget Requests Related to Legislation
 - Healthcare Affordability Fund
 - Healthcare Quality Surcharge
- Not in Budget
 - HCBS and DD Waiver
- Pitches for the people

Medicaid & CHIP Recipients as a Percentage of Population by County, October 2021

Percent of Population ■ 3.6 86.3

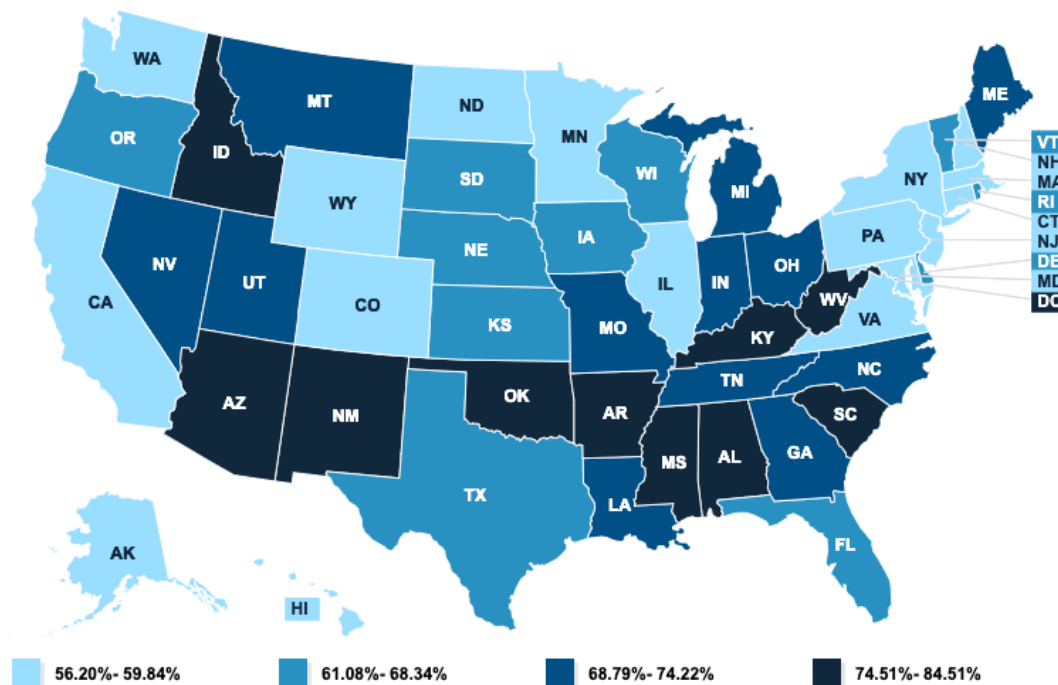


Note: Data may not match other HSD publications due to way data are pulled for this report. Data is by county of residence or by field office where a county of residence is not specified. Source: NM HSD, Income Support Division. Recipients as of October 2021. The Medicaid program provides assistance to individuals and families on healthcare coverage. Percentages calculated using data from the Geospatial and Population Studies, University of New Mexico.

GUIDING MEDICAID PRINCIPLES

- NM has highest population percentage covered by Medicaid, creating greater HSD responsibility to our healthcare market and to fair payments.
- Overwhelming majority of federal Medicaid dollars must be spent on providing direct services to Medicaid beneficiaries.
- HSD aims to optimally leverage federal funds to improve the health of New Mexicans, while maintaining strict compliance with the law.

Federal Medical Assistance Percentage (FMAP) For Medicaid By State, FY22



NM FMAP 3rd highest in the country (79.9%, or \$3.98:\$1)

The content of these slides, specifically references to the end of the Public Health Emergency, 6.2% FMAP, and Maintenance of effort requirements and timelines, is subject to change as a result of evolving federal guidance, experience, new information, changes in process requirements, and the availability of resources.

Source: <https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/?activeTab=map¤tTimeframe=0&selectedDistributions=fmap-percentage&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>


FY23 HSD BUDGET REQUEST ASSUMPTIONS

Assumptions (9/1/21 based on 6/30 data)	What We Know Today
PHE declaration ends 10/18/2021; 6.2% FMAP ends 1/1/2022	Current PHE declarations ends 1/16/2022; 6.2% FMAP ends 4/1/2022
We would have 3-6 months to roll income ineligible individuals off of benefits starting 1/1/22.	We will have 12-months, <i>possibly</i> starting on 4/1/22, but just a few months of Maintenance of Effort (MOE) funding.
COVID-19 federal waivers and supplemental funding will end early SFY2023 (e.g. 6.2% FMAP provided through Families First Act not available in SFY23).	Given current case surge, timeline for cessation of waivers and funding extension remains unclear.
We do not have CMS approval for Home and Community Based Services (HCBS) expansion funding in time for FY23 request.	Submitted ~\$700M request to CMS and received partial approval; all additional revenue will be offset by expenses. HCBS funds not included in this budget.
HSD should do everything possible to leverage federal funds for other agencies.	This year's budget request developed in collaboration with ALTSD, CYFD, DOH, ECECD, IAD, NMCD, NMMIP, OSI, and PED.

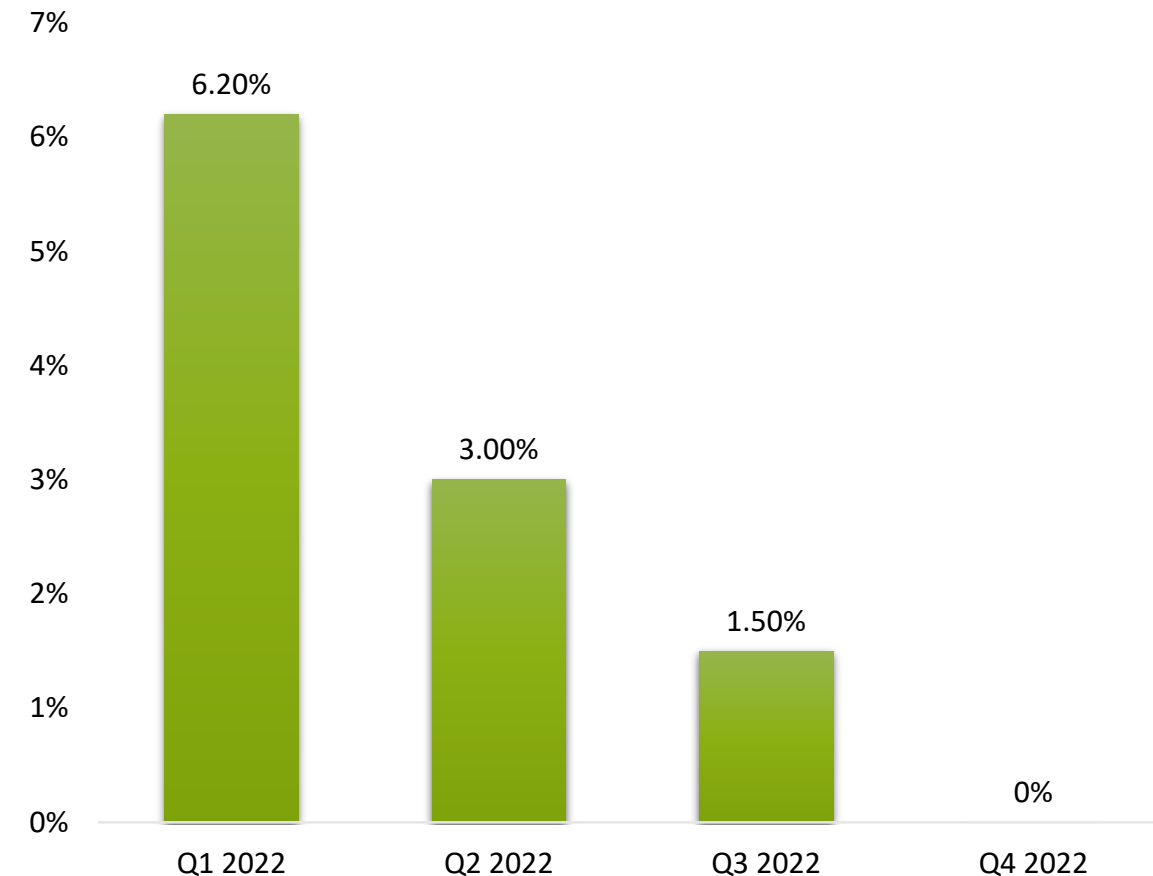
Assumptions in 9/2021 projection:

- Public Health Emergency (PHE) ends 1/16/22.
- 6.2% enhanced FMAP and MOE ends 3/31/22.
- Redeterminations begin 4/1/22 and federally required roll-off of ineligible individuals occurs over 3 months.

Federally Proposed Build Back Better (BBB) Provisions that could impact Medicaid budget:

- Maintenance of Effort end date.
- Pandemic FMAP wind down. 
- Disenrollment rate requirement, which will create significant underfunding.
- Increased Expansion FMAP.

Proposed BBB Phase-Down of 6.2% FMAP, CY22



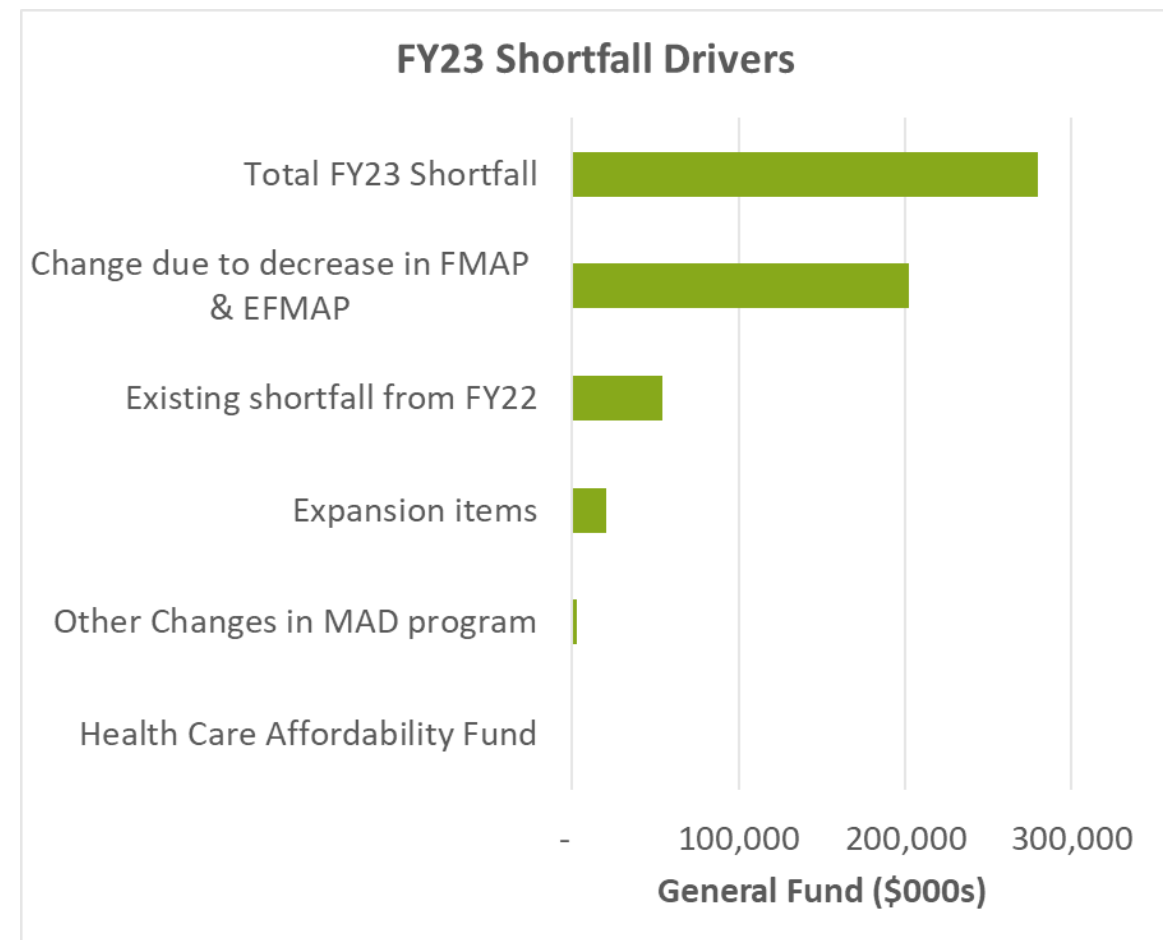
MEDICAID BUDGET UPDATE: EXPENDITURES & REVENUES

Budget Projection – Revenues (\$000s)	FY2023
Federal Revenues	\$6,175,912
All State Revenues	\$1,714,920
Operating Transfers In	\$322,175
Other Revenues	\$97,360
General Fund Need	\$1,295,384
Appropriation	\$1,015,385
Reversion	
State Revenue Surplus/(Shortfall)	(\$280,000)
Change from Prior	(\$34,834)

*The current quarterly budget projection includes a 3 month roll of and is updated with data through September 30, 2021.

FY2023 MAD \$280 M BUDGET NEED DRIVERS

What is built into FY2023 Shortfall?	General Fund (\$000s)	% Total
Total FY23 Shortfall	(280,000)	100.0%
Change due to decrease in FMAP & EFMAP	(202,256)	72.2%
Existing shortfall from FY22	(54,510)	19.5%
Expansion items	(20,424)	7.3%
Other Changes in MAD program	(2,810)	1.0%
Health Care Affordability Fund	0	0%



*The current quarterly budget projection includes a 3 month roll of and is updated with data through September 30, 2021.

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MEDICAID FMAP AND 6.2% INCREASE IMPACT

Federal Fiscal Year FMAP Changes

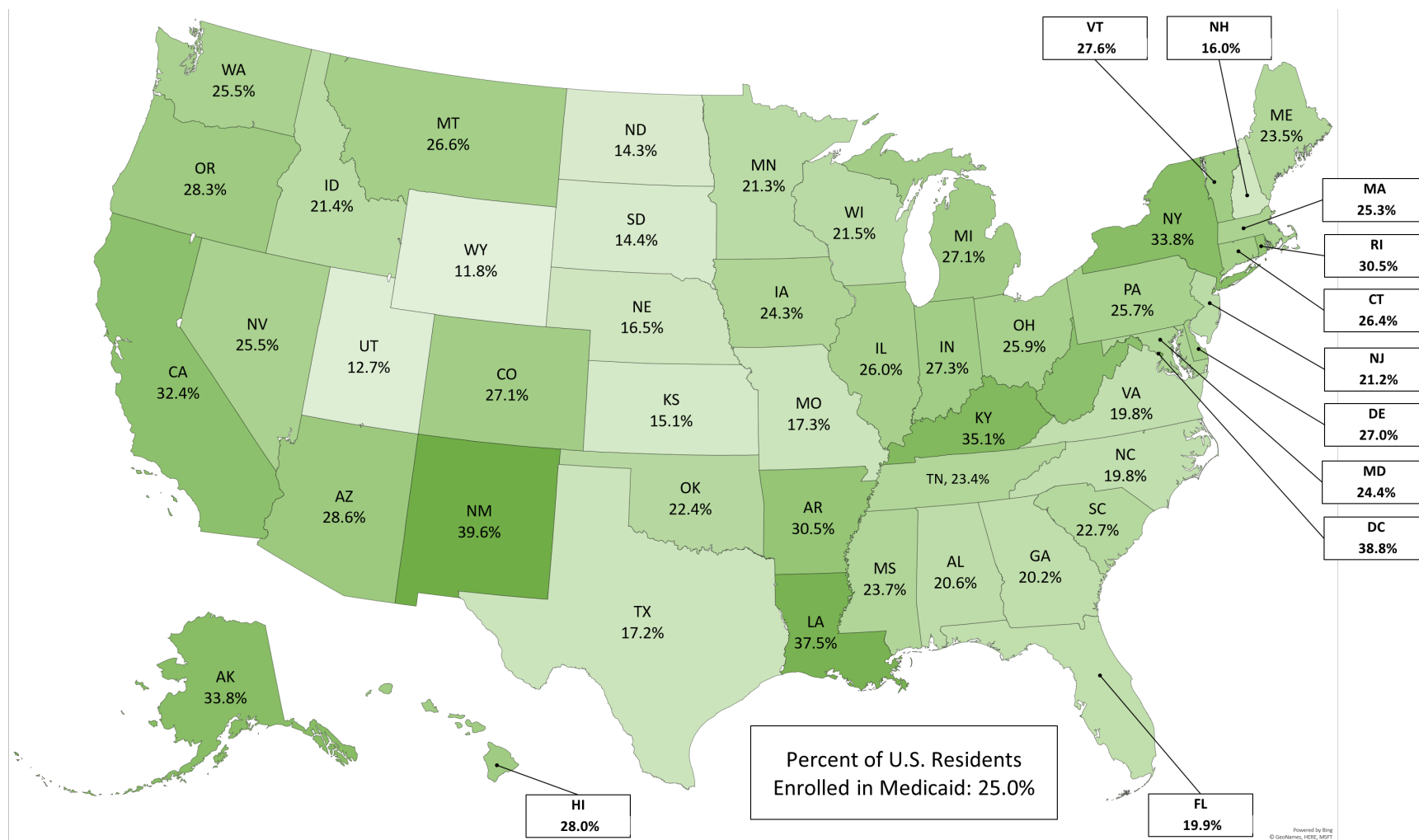
	Pre-PHE Federal and State FFP			FFY 2022 Policy Adjusted Federal and State FFP			FFY 2023 Policy Adjusted Federal and State FFP		
	Federal Match %	State Match %	Ratio (Federal to State)	Federal Match %	State Match % *	Ratio (Federal to State)	Federal Match %	State Match %	Ratio (Federal to State)
Traditional (PH & LTSS)	73.71%	26.29%	2.80	79.91%	20.09%	3.98	73.26%	26.74%	2.74
Chip EFMAP	81.60%	18.40%	4.43	85.00%	15.00%	5.67	81.28%	18.72%	3.91
Other Adult Group (CY21)	90.00%	10.00%	9.00	90.00%	10.00%	9.00	90.00%	10.00%	9.00
State FY Blended FFP	78.47%	21.53%	3.64	81.27%	18.73%	4.34	78.11%	21.89%	3.57

* 3 quarters of SFY2022 , 7/2021 - 3/2022

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NM HAS HIGHEST PERCENTAGE OF RESIDENTS ENROLLED IN MEDICAID & CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP) AT 40%

Residents Enrolled in Medicaid & CHIP (%), by Jurisdiction, May 2021

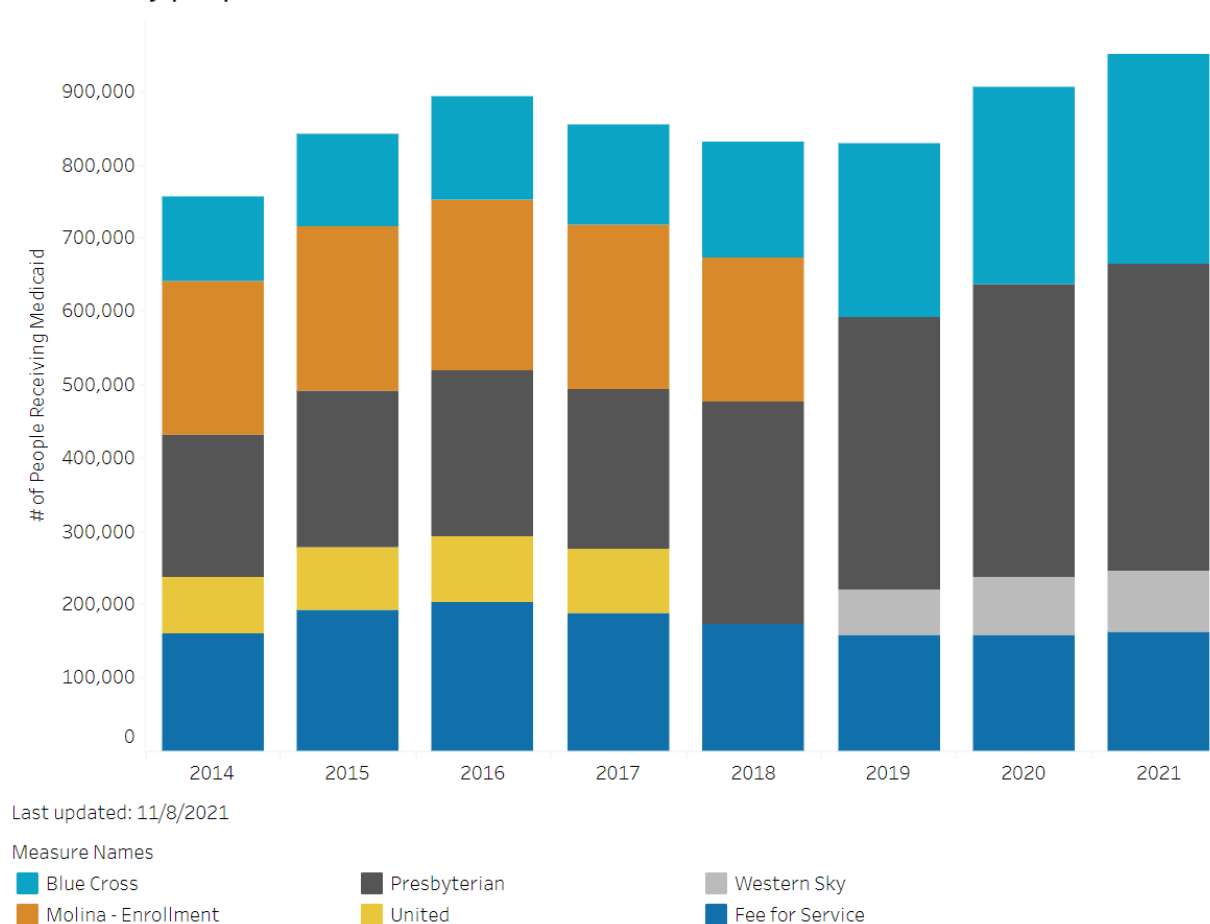


Sources: Medicaid & CHIP state enrollment data provided by U.S. Centers for Medicare and Medicaid Services. State Medicaid and CHIP Applications, Eligibility Determinations, and Enrollment Data. May 2021 enrollment (most recent update) used. Data issued October 26, 2021. <https://data.medicaid.gov/dataset/6165f45b-ca93-5bb5-9d06-db29c692a360>. State population data retrieved from U.S. Census Bureau, 2020 Population and Housing State Data. <https://www.census.gov/library/visualizations/interactive/2020-population-and-housing-state-data.html>.

MEDICAID ENROLLMENT ASSUMPTIONS

- 958,028 total beneficiaries in November 2021.
- 961,100 anticipated by December 2021 (15.8% enrollment growth since Feb 2020).
- 969,390 anticipated by March 2022 (6.2% ends 3/31/2022). (From 9/2021 Medicaid Budget Projection).
- 916,400 anticipated by June 2022.
- 82.8% are enrolled in managed care in FY 2022.
- 44.9% (up from 40% pre-COVID) of all New Mexicans are enrolled in Medicaid in FY 2022.
- 39.6% of beneficiaries are children in FY 2022.
- 62% (up from 56% pre-COVID) of NM children are enrolled in Medicaid.
- 71% of all newborns in NM covered by Medicaid.

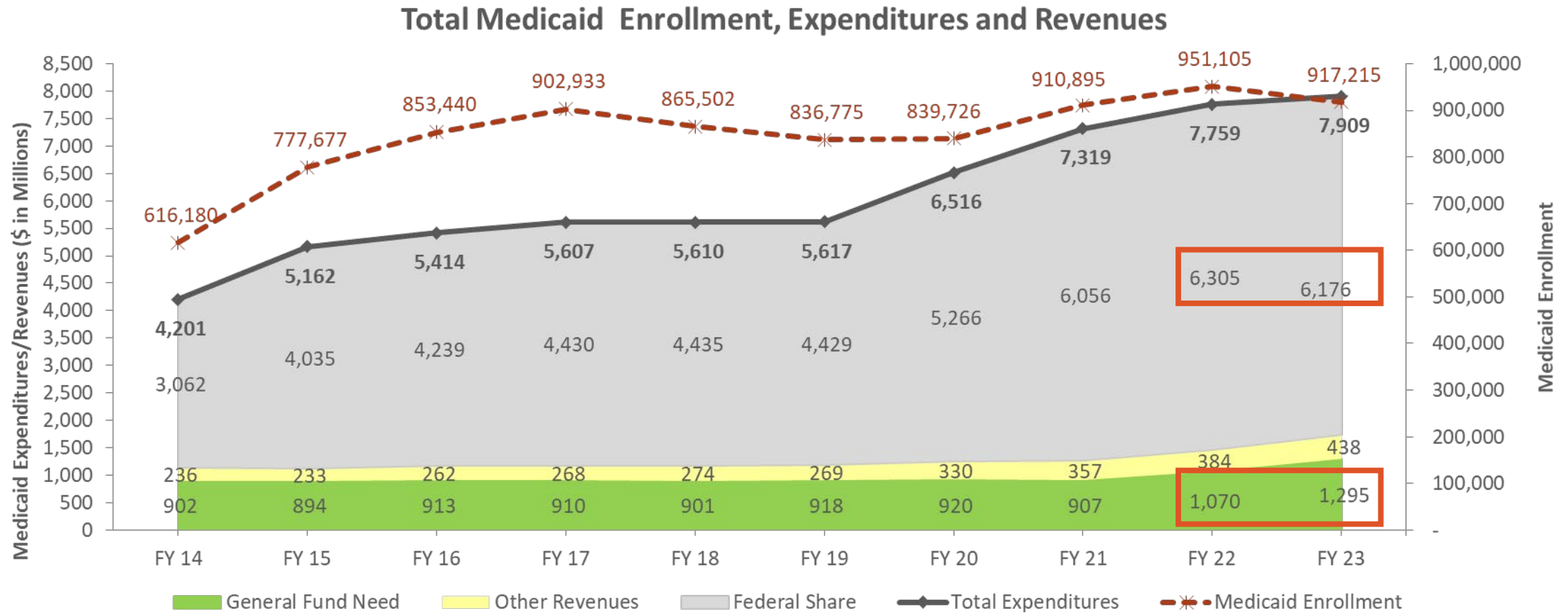
How many people like me are enrolled in Medicaid?



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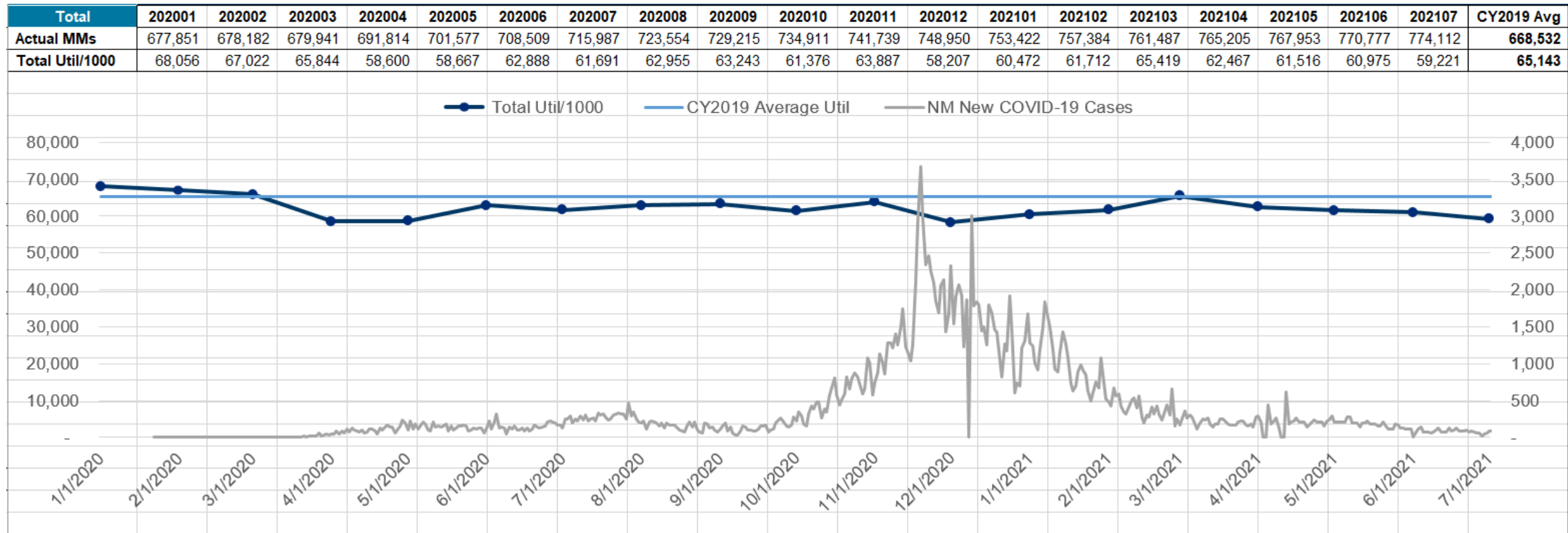
Source: <https://sites.google.com/view/nmhdscorecard/goal-1/access-to-care-medicaid-and-snap>

FEDERAL REVENUE SUPPORTING MEDICAID PROGRAM



From updated 9/2021 Data Budget Projection

NM MEDICAID MCO CLAIMS JANUARY 2020 – JULY 2021



Notes:

- Data based on encounter claims processed through September 30, 2021 and includes an adjustment for incurred but not reported.
- No adjustments were included for temporary provider rate increases that may be reflected in the reported experience or reinsurance.
- New Mexico New COVID-19 case data is based on the COVID Data Tracker available on the covid.cdc.gov website.

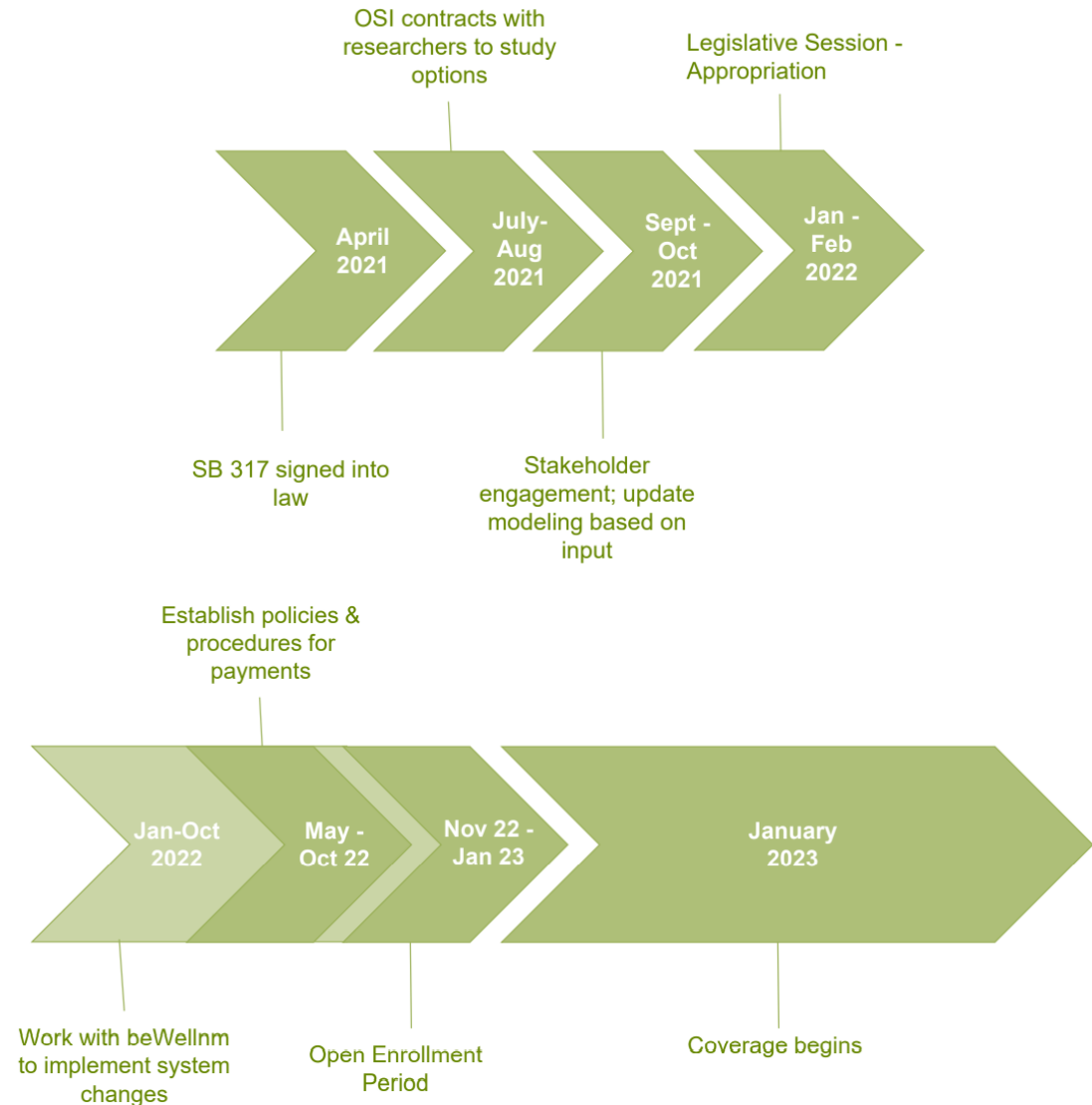
FY23 EXPANSION REQUESTS BUILT IN MEDICAID REQUEST

Line Item	FY2023 Expansion Adjustments:	FFP	FY23 Expenditure (\$000s)	General Fund (\$000s)
Line #32	Extending post-partum from 3 months to 12 months.	73.64%	\$54,719	\$14,572
Line #19	CYFD - High Fidelity Wraparound (Kevin S.)	78.09%	\$10,000	\$2,191
	Other Kevin S. Requirements		TBD	TBD
Line #2	GME Expansion Program	79.69%	\$1,000	\$205
Line #17	Maternal Child Health code changes	74.45%	\$11,869	\$3,456
	Total Program Expansion Changes	75.07%	\$77,588	\$20,424
Admin	Primary Care Council Expansion	50%	\$1,000	\$500

HEALTHCARE AFFORDABILITY FUND

39

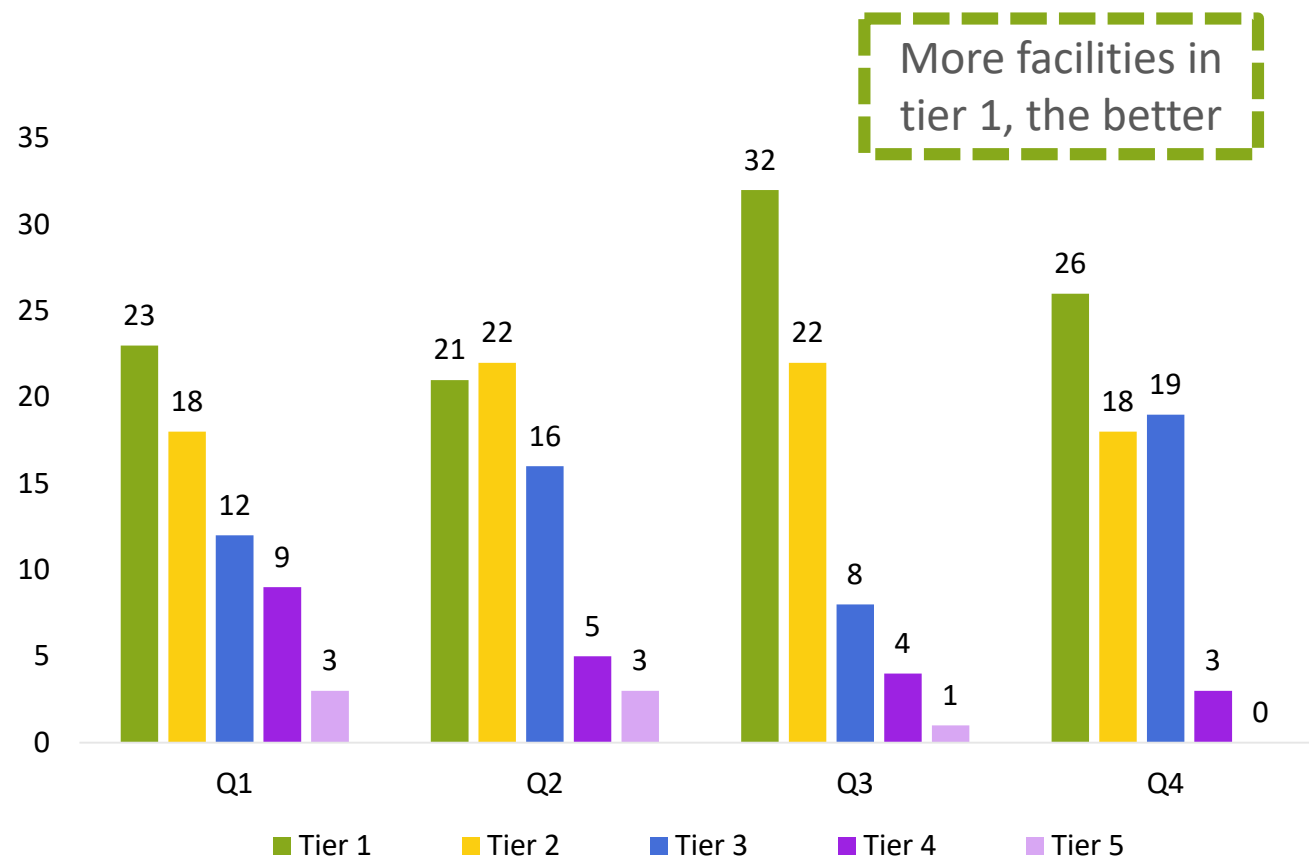
- 2021 Legislative Session - Senate Bill 317 created Health Care Affordability Fund to lower health care costs for New Mexicans. Law allows the Fund to be used to:
 - Reduce premiums and out-of-pocket health care costs for those who qualify for coverage on [beWellnm](#),
 - Reduce premiums for small businesses and their employees;
 - Provide resources for planning, design and implementation of health care coverage initiatives for uninsured New Mexicans; and
 - Provide resources for administration of state health care coverage initiatives for uninsured New Mexico residents.
- Fund and programs will be administered by OSI, which has begun engaging stakeholders and experts to make recommendations about program design to Legislature during 2022 Session.
- **Tax will be imposed on carriers beginning in 2022. Medicaid capitation rates will be adjusted and State General Fund for Medicaid increased.**



HEALTHCARE QUALITY SURCHARGE (HCQS) PROGRAM

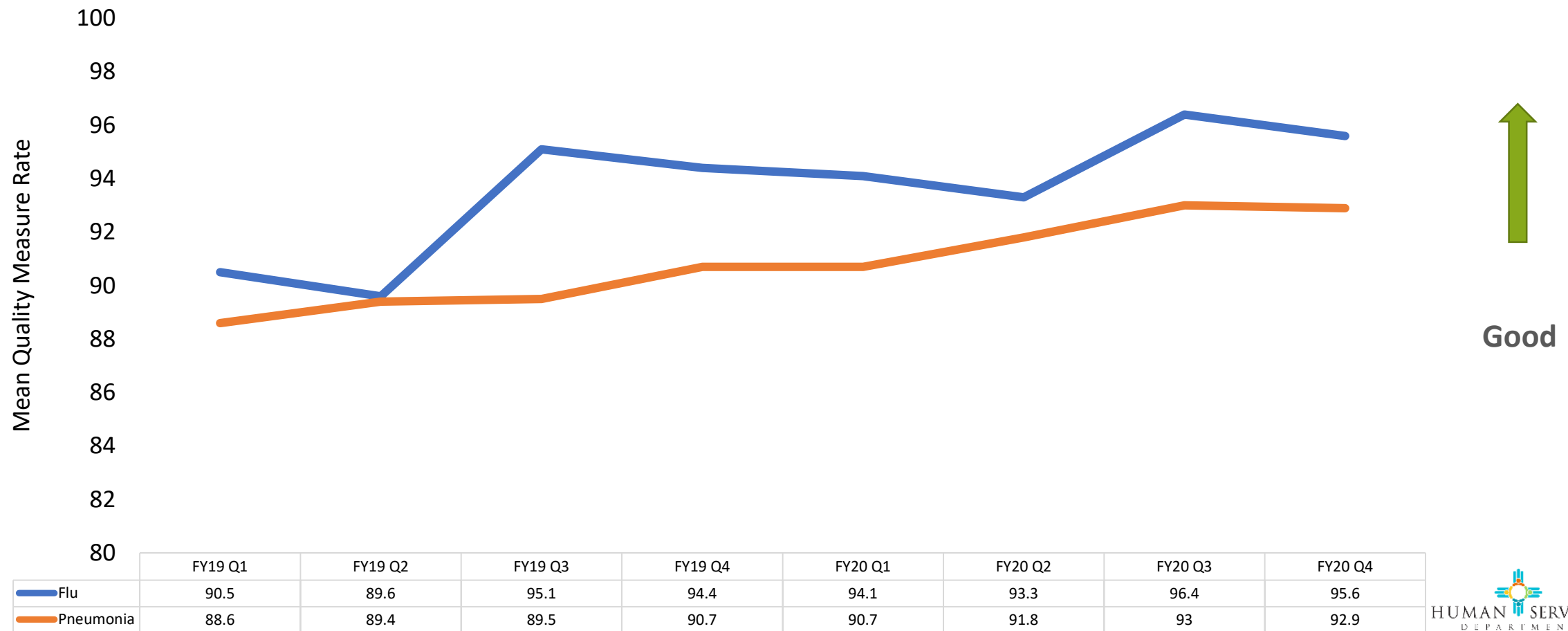
- Authorized by 2019 SB246, HCQS program imposes daily surcharge on Nursing Facilities and Institutional Care Facilities for Individuals with Intellectual Disabilities for non-Medicare bed days.
- Surcharge increases each facility's Medicaid reimbursement rate by at least rate of inflation and provides bonus payments to Nursing Facilities based on performance.
- \$39.46 M in quality payments to nursing facilities in Program year 2.**
- Switch to quality payments resulted in **improvements in quality scores** (e.g. falls with major injury, depression, and flu shot and pneumonia vaccine administration).
- SB246 contains CY22 sunset clause; HSD proposes amendment during 2022 session to eliminate this provision.**

HCQS Participating Facilities Achieving Quality Measures, by Quality Tier, by Quarter (7/1/20 – 9/30/21)



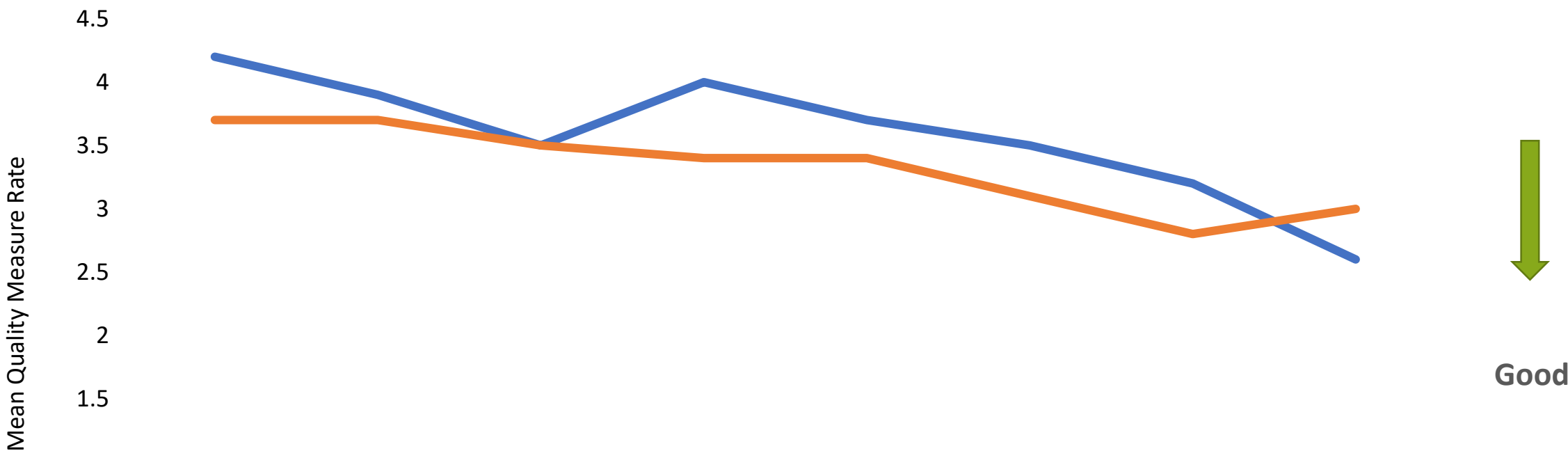
HCQS PROGRAM RESULTING IN QUALITY IMPROVEMENTS: INFLUENZA & PNEUMOCOCCAL VACCINATION

HCQS Participating-Facilities Mean Flu and Pneumonia Quality Measure Rate, FY19-20



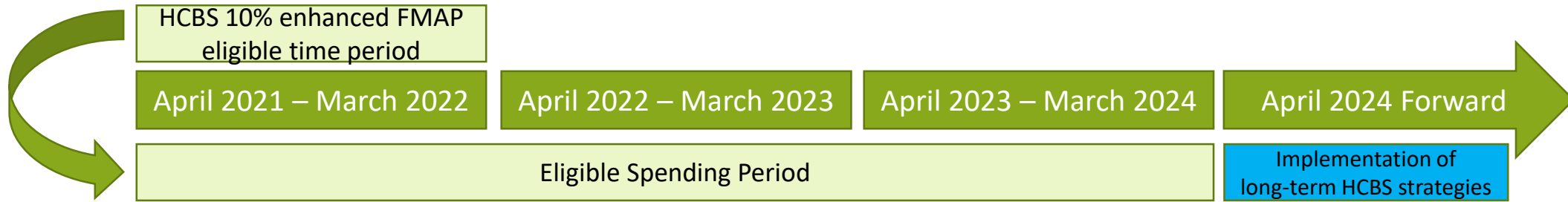
HCQS PROGRAM RESULTING IN QUALITY IMPROVEMENTS: DEPRESSION AND FALLS RATES

HCQS Participating-Facilities Mean Depression and Falls Quality Measure Rate, FY19-20



	FY19 Q1	FY19 Q2	FY19 Q3	FY19 Q4	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4
Depression	4.2	3.9	3.5	4	3.7	3.5	3.2	2.6
Falls	3.7	3.7	3.5	3.4	3.4	3.1	2.8	3

HOME & COMMUNITY BASED SERVICES (HCBS) – NOT INCLUDED IN CURRENT MEDICAID BUDGET



- Section 9817 of the ARPA provides qualifying states with temporary 10 percentage point increase to FMAP for certain Medicaid expenditures for HCBS beginning 4/1/21 and ending 3/31/22.
- States permitted to use state funds equivalent to increased FMAP on HCBS on CMS-approved activities to **enhance, expand or strengthen** HCBS through 3/31/24.
- Once State completes initial HCBS spending plan and narrative CMS will provide FFP associated with increased FMAP for allowable state quarterly expenditures submitted through CMS-64.
- By claiming FFP at increased FMAP, State agrees to use equivalent amount of state funds, attributable to increase from section 9817 of the ARPA, only for purposes of providing new or expanded offerings of HCBS and related supports and infrastructure.

This reinvestment does not require additional State GF, additional revenue is uncertain at this time, and additional revenue can only be used to supplement not supplant existing HCBS services. *All Federal revenues must be spent for the specified purpose.* These funds are not reflected in the FY23 budget.

HOME & COMMUNITY BASED SERVICES (HCBS)

HSD special Medicaid request for non-reverting HCBS reinvestment fund

■ HBCS Funding is very complex

- Funds awarded as additional match for each eligible activity.
 - Eligible HCBS spending matched at higher rate resulting in GF savings State will be required to hold on to, track, reinvest, and report.
- These funds MUST be reinvested in activities that expand, enhance, or strengthen HCBS.
- HSD will reinvest these funds over 3-year reinvestment period – highlighting need for non-reverting funds language.
- No state has done this kind of accounting and many struggling with implementation.
- HSD will present proposal for funding in January 2022, which will require non-reversion of up to \$120 M over time.

NM spending over \$1.2 B annually on services identified as HCBS in ARPA. Therefore, NM estimates add 'l 10% FMAP in supplemental funds will equal ~\$120 M*.

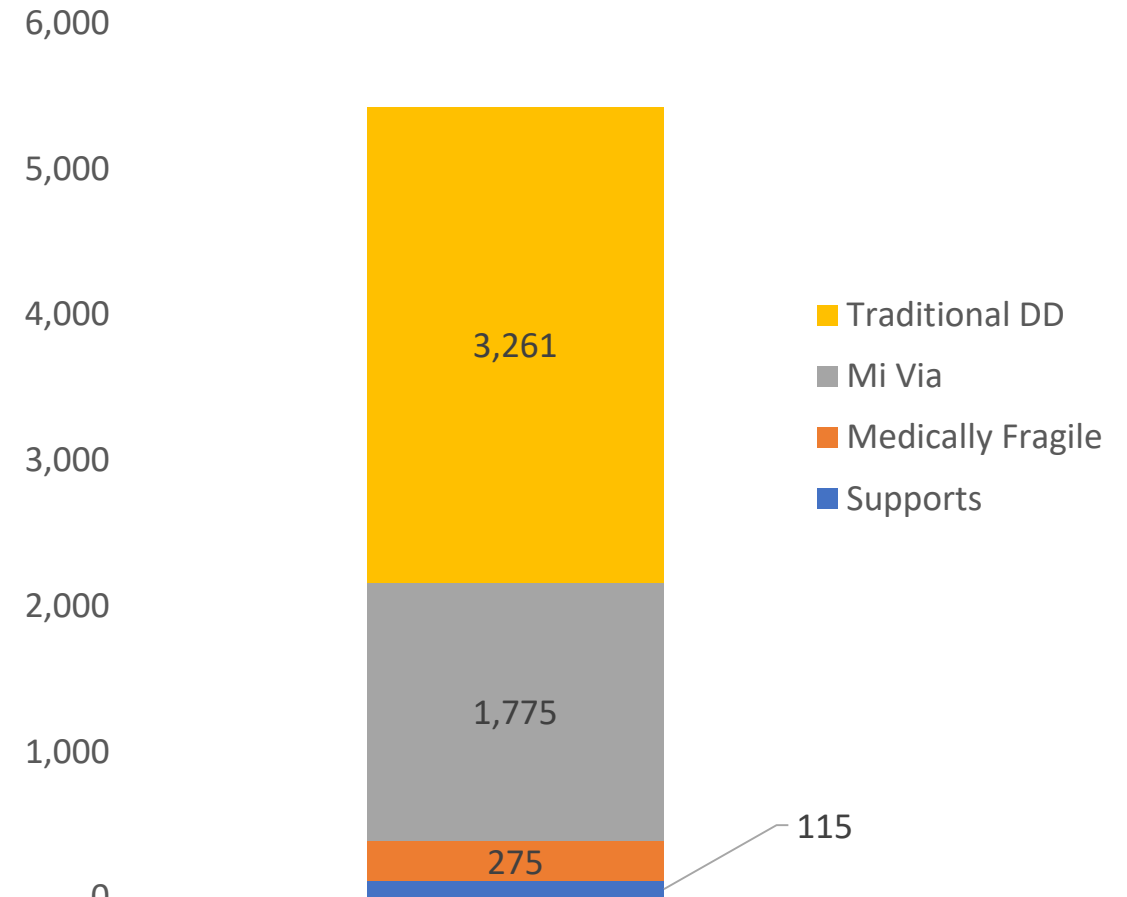
Estimated Medicaid HCBS Expenditure from Apr 2021 - Mar 2022	Q3 FFY2021 (\$millions)	Q4 FFY2021 (\$millions)	Q1 FY2022 (\$millions)	Q2 FY2022 (\$millions)	Total (\$millions)
Total Computable Base group	\$306.7	\$282.7	\$282.7	\$282.7	\$1,154.9
Total Computable OAG group	\$22.7	\$22.7	\$22.7	\$22.7	\$90.8
Total including Base and OAG group	\$329.5	\$305.4	\$305.4	\$305.4	\$1,245.7
Total State Share	\$32.9	\$30.4	\$29.7	\$47.2	\$140.1
Total Federal Share	\$296.6	\$275.0	\$275.7	\$258.2	\$1,105.6
Funds Attributable to the HCBS FMAP Increase	\$31.8	\$29.4	\$29.4	\$29.4	\$120.0

**According to internal HSD model, this could result in an additional \$660 M in Federal Funds.*

DEVELOPMENTAL DISABILITIES (DD) WAIVER

- Developmental Disabilities Waiver serves individuals who are developmentally disabled.
- Mi Via Waiver serves individuals who are developmentally disabled or medically fragile.
- Supports Waiver serves individuals on DD Waiver Waitlist waiting for allocation to Comprehensive DD and Mi Via Waivers.
- DD Waivers waiting list: 13.75 years wait time between application and offer of allocation.
- DOH/HSD goals:
 - Offer allocation to Wait List members over next 3 years leveraging federal Home & Community Based Services (ARPA) Funding.
 - Increase provider rates; align rates with federal and state mandated minimum wage and sick leave requirements.

New Mexicans Served by DD Waiver, By Waiver Type as of 10/1/21 (Total 5,426)



FY23 PITCHES FOR NEW MEXICANS

Pitch for the People	Cost			Benefits to New Mexicans
	General Fund	Federal Fund	Total	
Extend post-partum Medicaid from 60 days to 12 Months	\$14,424.1	\$40,295.4	\$54,719.5	Medicaid finances 71% of all NM births; improves quality of pregnancy care, birth outcomes, and better measures how care is delivered.
Automated System Program and Eligibility Network (ASPEN) Investment	\$770.0	\$2,347.0	\$3,177.0	Enhance Medicaid real time eligibility from 23% to 40%; 9,910 hours saved for HSD staff; 1,321 workdays saved for HSD staff.
Evidence-Based and Trauma Responsive Behavioral Healthcare	\$1,241.2	-	1,241.2	Enhance Substance Use Disorder treatment and other evidence-based treatments; expand training with HED (500 practitioners trained in first year).
TANF Pass-Through for Child Support Program Families	\$1,734.5	-	\$1,734.5	Replacing \$1.7M in TANF recoveries with GF will result in as much as \$6.96M in additional payments to families through child support.
Crisis Now System of Care	\$4,672.5	\$66.1	\$5,330.0	Promote use of 988 (nationwide mental health crisis and suicide prevention number), redirecting 35% of calls from 911 in first year.
State-Funded Transition Bonus Cash Assistance for TANF Families	\$1,821.7	-	\$1,821.7	Reduces cliff effect for estimated 392 newly employed TANF families by providing 18-month bonus while they lose TANF due to increased earnings.
Behavioral Health Collaborative Office	\$549.3	-	\$549.3	Expand network (currently 317 providers) and access (currently 31,473 clients) and ensure fiscal responsibility (\$62,826,961 FY21 state/ federal expenditures).
Hire and Onboard for the 21 st Century	\$130.1	\$177.6	\$307.7	Convert mostly manual personnel actions to fully electronic, hiring staff more quickly who, in turn, deliver services to HSD customers.
Health Information Exchange Data Enhancements	\$1,224.0	\$4,962.4	\$6,186.4	Deliver high-value interoperability services to achieve greater value and improved outcomes for health care teams, providers, and patients.
SNAP error trends automation	\$1,055.9	-	\$1,055.9	25% reduction in agency errors, generating \$2,216.1 GF savings.
Provider Rate Increases for non-Medicaid Behavioral Health Services	\$44,900.0	\$35,490.0	\$80,309.0	Raising rates from 70% of Medicaid to 85% remedies discrepancy between payments for services ineligible for Medicaid and/or other forms of insurance.
Modern <i>Child Support</i> Family Campaign	\$17.0	\$33.1	\$50.1	Public awareness campaign to promote program changes designed to provide more payments and less debt for New Mexico families.

MARTINEZ FAMILY TODAY*

- Martinez family continues to benefit from CHIP, Medicaid and SNAP and Jacob and Matt also receive school and child-care based food supports provided by HSD.
- By connecting with HSD, they also receive behavioral health services such as grief counseling, which have helped them navigate life after Teresa's death.
- Carl appreciates various ways (online, phone, text) he can contact HSD and reported his satisfaction on a recent HSD customer feedback survey.





QUESTIONS & COMMENTS

INVESTING FOR TOMORROW, DELIVERING TODAY.