Presentation to the Legislative Finance Committee
Brent Earnest, Secretary, HSD
December 9, 2015

New Mexico Human Services Department

Today's Presentation

- FY17 Appropriation Request Overview
  - Income Support Division
  - Child Support Enforcement
  - Program Support
  - Medical Assistance Division
  - Behavioral Health Services Division
- Information Technology Request

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HSD Overview

HSD Mission

- To reduce the impact of poverty on people living in New Mexico by providing support services that help families break the cycle of dependency on public assistance

FY17 HSD Goals

- Promote self-sufficiency of program recipients
- Slow the growth rate of health care costs and improve health outcomes
- Implement person-centric service models
- Improve administrative effectiveness and simplicity

HSD administers services to more than 800,000 low-income New Mexicans through:

- Behavioral Health Services (mental health and substance abuse services)
- Child Support (establishment and enforcement)
- Income Support (cash, food, energy assistance, and supportive services)
- Medical Assistance (Long term, physical health and behavioral health services)

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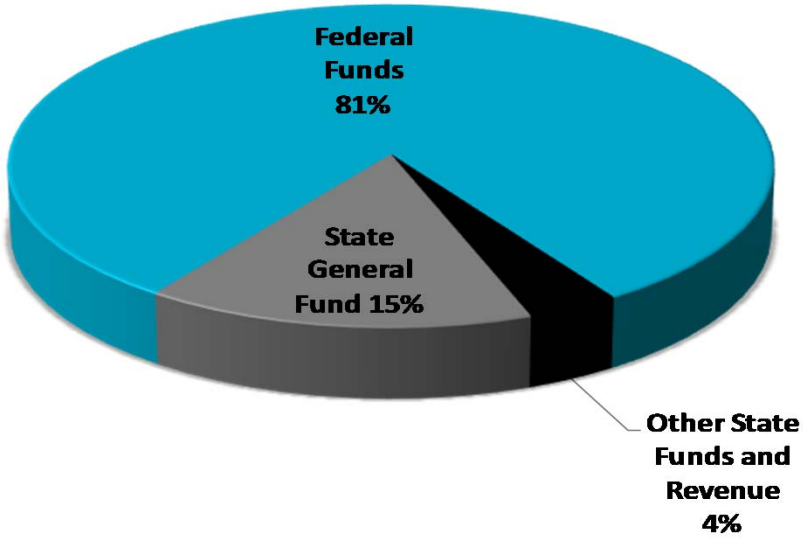
HSD FY17 Appropriation Request

FY17 Budget Request of $7.163 billion

- 7.8% increase overall
- $1.105 billion from the general fund (increase of $86.1 million or 8.45%)
- $5.79 billion in federal funds (increase of $443 million or 8.3%)
- $264.1 million in other state funds and other revenue



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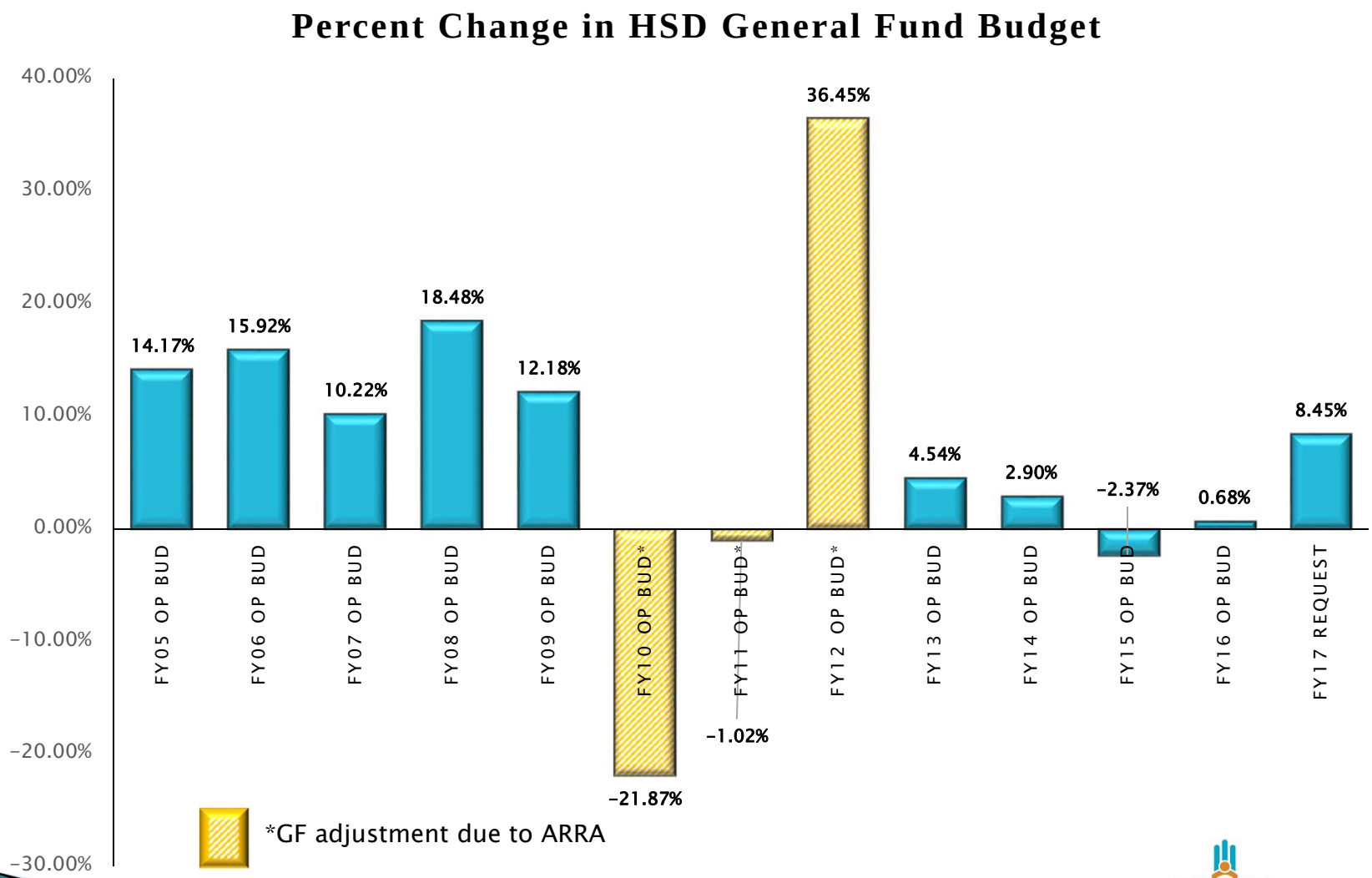
HSD General Fund Budget Change



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Income Support Division

- FY17 request of $968.5 million
  - $45.1 million from the general fund
  - $919.6 million in federal funds
  - $3.8 million in other revenue
- Major programs include:
  - SNAP = $682 million (federal funds)
  - TANF = $142.9 million (federal funds)
  - LIHEAP = $16.97 million (federal funds)
  - General Assistance =$10.3 million ($7.2 million GF; $3.1 million other state funds)
- Application and eligibility services for all HSD public assistance programs

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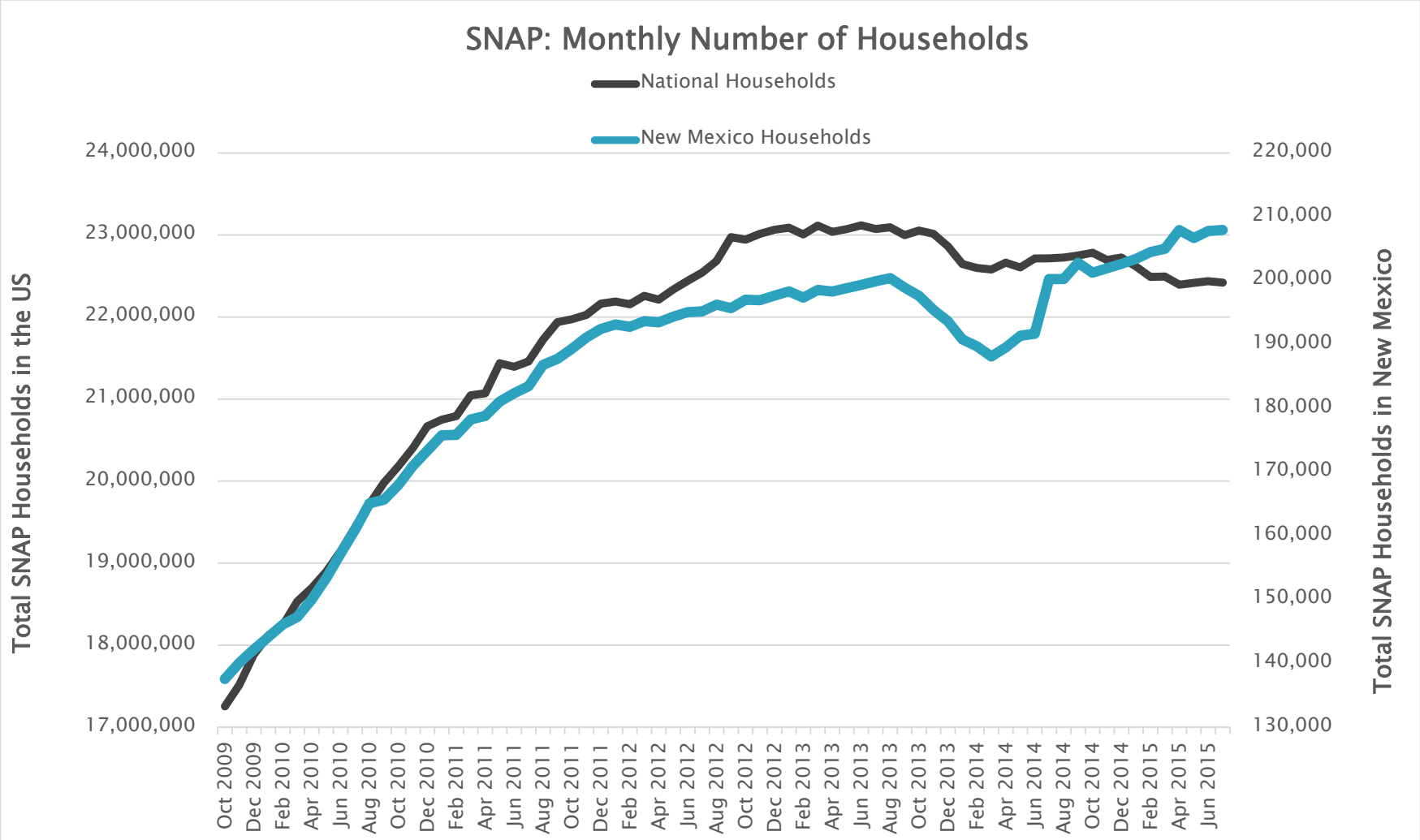
NM SNAP Participation vs. U.S.



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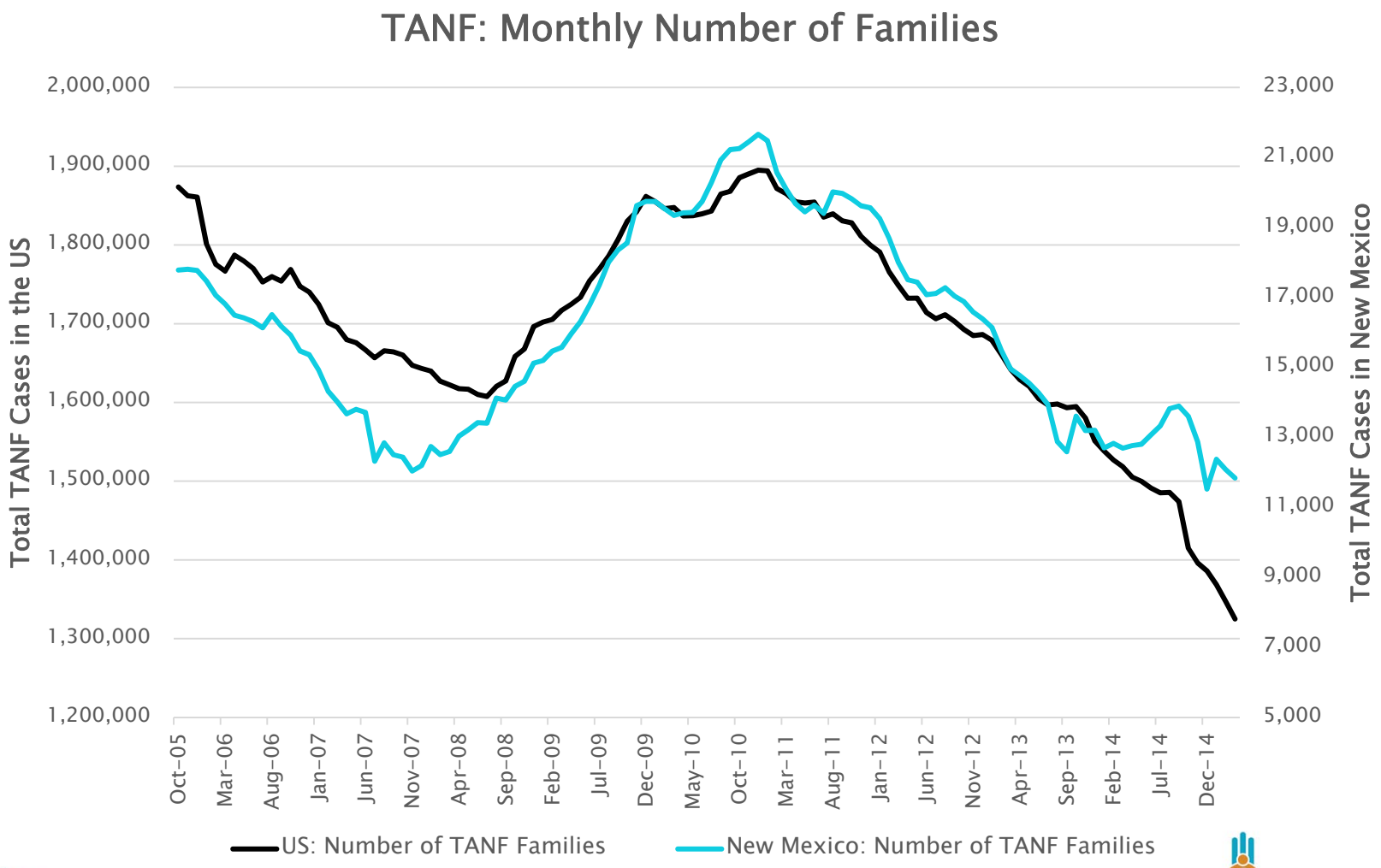
NM TANF Participation vs. U.S.



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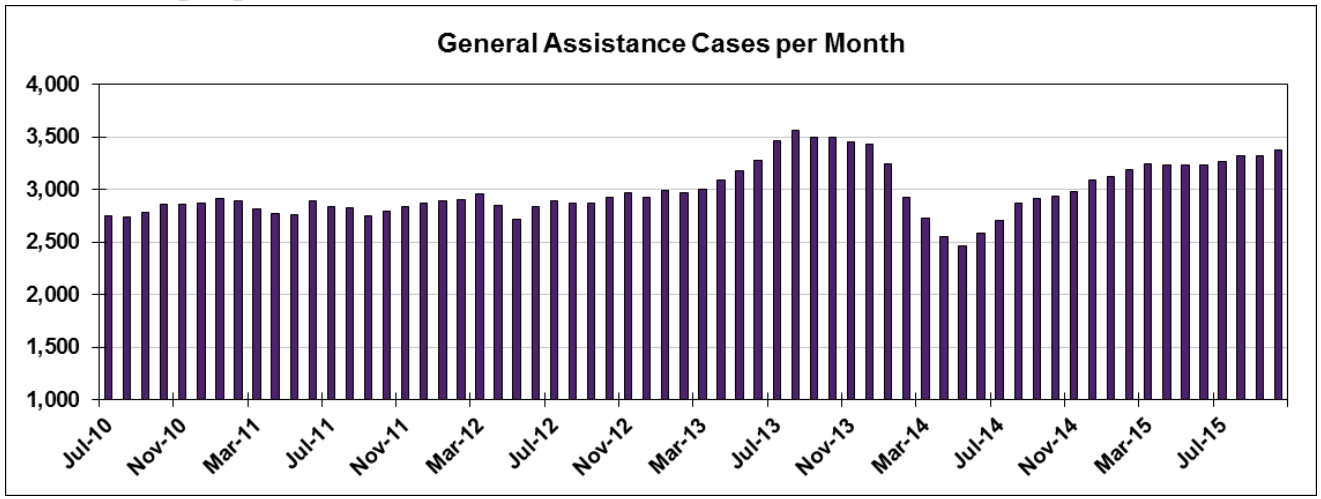
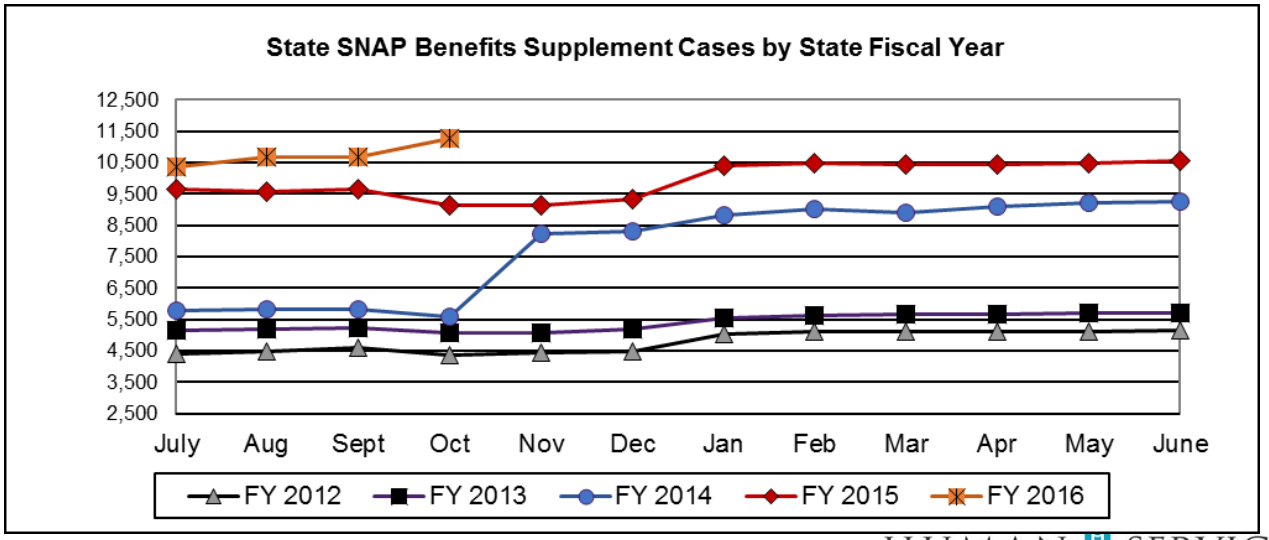
General Assistance and the Senior SNAP Supplement Cases





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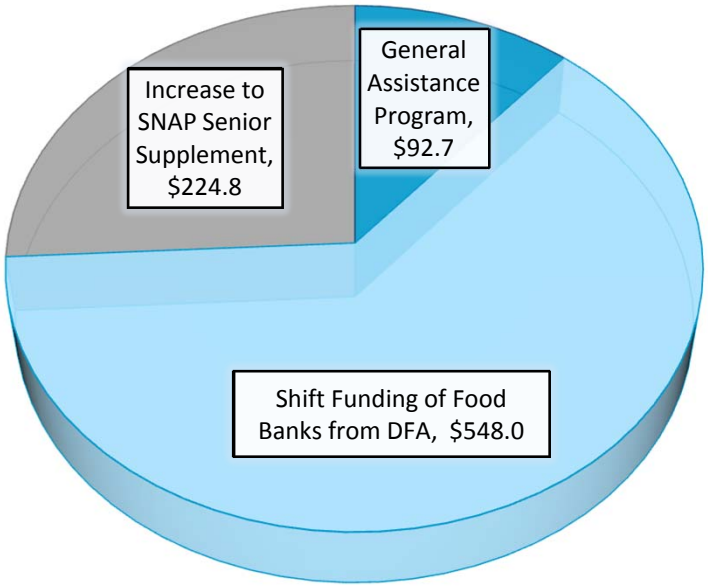
ISD SFY17 Request General Fund Request

- The General Fund request is an increase of $865.5 thousand and is comprised of the following:
  - $92.7 thousand for the General Assistance Program – currently serving about 3,400 clients.
  - $548 thousand to shift funding for Food Banks from the Department of Finance and Administration (DFA)
  - $224.8 thousand will fund the SNAP Senior Supplement.
    - A benefit increase from $25.00 to $28.00 per month.
    - Help more than 11,088 recipients.

ISD Increase in General Fund Request (in Thousands)



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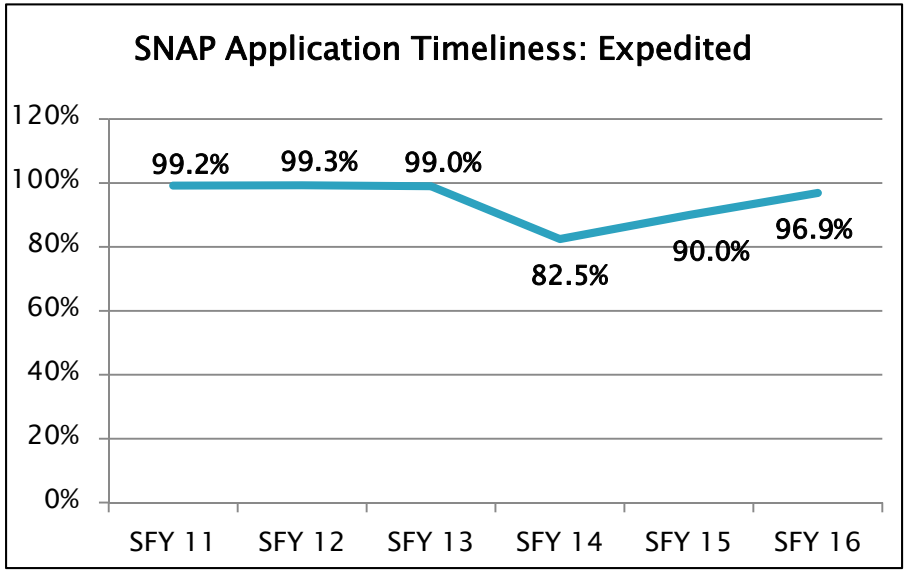
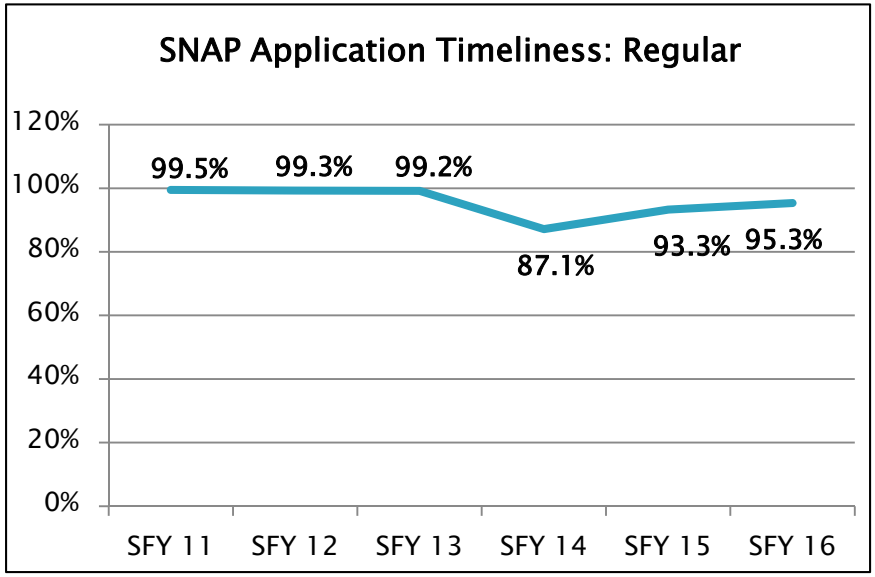
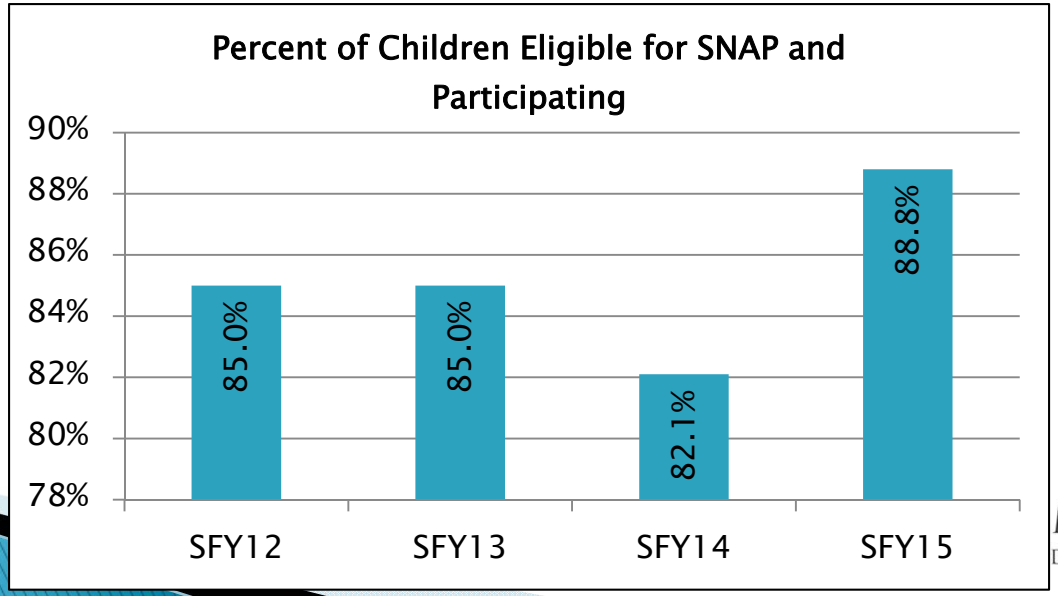
ISD Performance: SNAP Timeliness and Participation







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SNAP Employment and Training (E&T)

- Federal law requires states to operate a SNAP E&T program
- January 1, 2016 – Healthy adults without dependents (ABAWDs) E&T requirements go into effect
  - Estimate 17,500 SNAP recipients will be required to participate
- October 1, 2016 – Mandatory general E&T requirements go into effect
  - Estimate 56,000 SNAP recipients will be required to participate
- Expected Outcomes
  - Develop a good understanding of the knowledge, skills and abilities that individuals will need to obtain gainful employment.
  - Provide individuals with access to programs and services.
  - Encourage individuals to gain skills, training, work or experience that will increase self sufficiency.
- Federal government encouraging the integration of SNAP E&T and other work support programs with state workforce development systems

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E & T: Activity and Hours Summary

- Mandatory participants can participate in one or multiple of the following activities:

Employment and Training Activity and Hours			
Allowable Activity	**Adults without Dependents (Jan. 1, 2016)**	**Adults with Dependents (October 1, 2016)**	
		Rural	Urban
Individual and Group Job Search	Cannot be primary and must be less than 1/2 the activity hours	12 contacts	24 contacts
Community Service	Up to 20 hours weekly	Up to 12 hours	Up to 24 hours
Work Experience	Up to 20 hours weekly	Up to 12 hours	Up to 24 hours

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Temporary Assistance for Needy Families – (TANF)

PROGRAM ($ in millions)	FY16 OP BUD			FY17 REQUEST		
	GF	FF	TOTAL	GF	FF	TOTAL
General Funds in HSD for TANF	0.09	–	0.09	0.09	–	0.09
Unspent balances from prior periods	–	72.5	72.5	–	46.7	46.7
TANF Block Grant	–	110.6	110.6	–	110.6	110.6
TANF Contingency	–	–	–	–	–	–
TOTAL REVENUE	0.09	183.1	183.2	0.09	157.3	157.4
Administration	–	11.5	11.5	–	11.5	11.5
Cash Assistance	0.09	55.8	55.8	0.09	57.0	57.1
Support Services	–	16.1	16.1	–	22.4	22.4
Other Agencies	–	53.0	53.0	–	53.0	53.0
TOTAL	0.09	136.4	136.5	0.09	143.9	144.0
Calculated Carryover Balance	–	46.7	46.7	–	14.4	14.4

- Administration: Income Support Administration and Program Support Administration
- Cash Assistance: Cash Assistance, Clothing Allowance, Diversion Payments, Wage Subsidy and State Funded Legal Aliens
- Support Services: NM Works Program, Transportation, Substance Abuse Services, Career Links, CSED Alternative Pilot Program and Employment Related Costs
- Other Agencies: CYFD Pre K, CYFD Child Care, CYFD Home Visiting, CYFD Supportive Housing and PED Pre K

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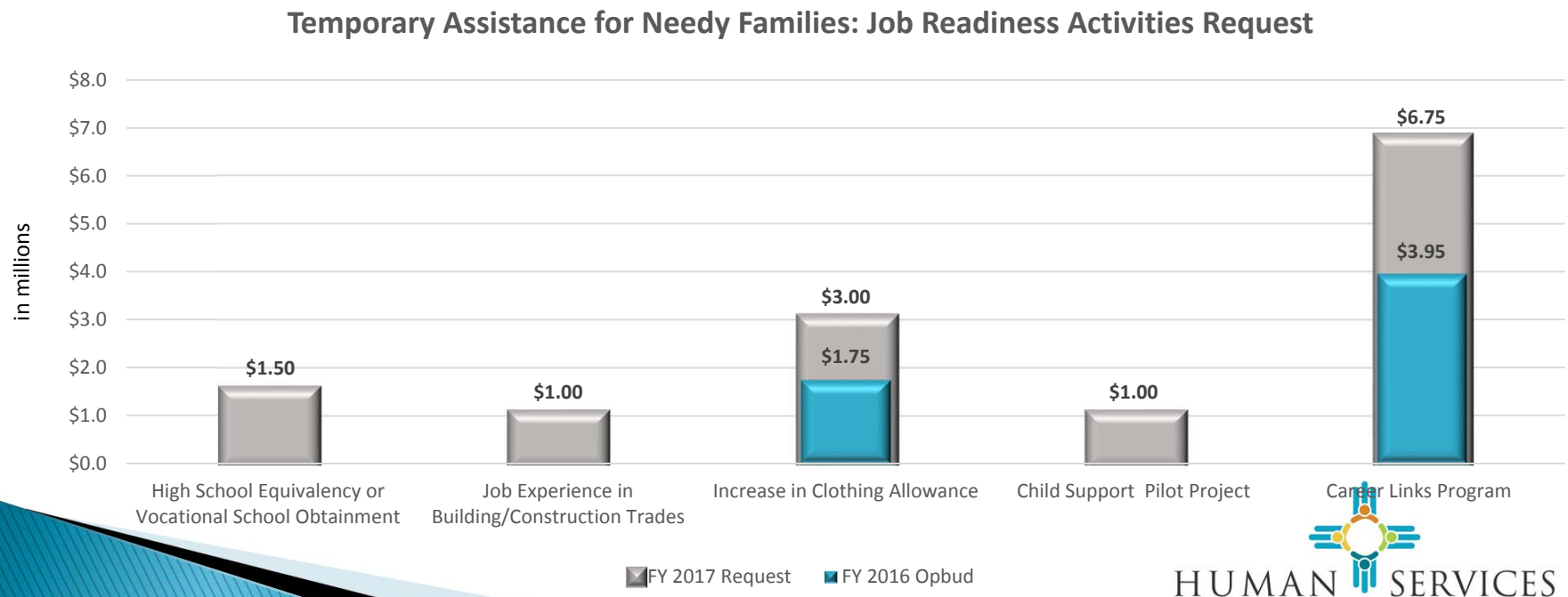
Temporary Assistance for Needy Families – (TANF)

Job Readiness and Support Activities:

- ISD remains focused on helping TANF recipients prepare for and find employment. ISD is proposing additional funding for programs that will assist TANF recipients to improve their level of employability.



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Child Support Enforcement Division

- The FY17 request for the Child Support Enforcement Division is a flat budget of $33.2 million in State and Federal funds.
  - $7.9 million from the general fund
- Currently there are approximately 61,000 child support cases involving 91,000 children
- Increasing child support collections, reaching $140 million in FY15

- August 2015 Child Support Awareness month
- Bench warrant round up and amnesty month
- Collected more than $150,000 in unpaid support
  - 110 arrests resulted in $76,809.47 collected in bench warrant bonds paid
  - 183 Non-Custodial Parents paid $73,474.90 through Bench Warrant Amnesty

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Program Support

- Program Support provides administrative support to the program divisions of HSD
- Includes the Office of the Secretary, the Office of General Counsel, the Office of Human Resources, the Office of Inspector General, Fair Hearings, Administrative Services Division and Information Technology Division.
- The FY17 budget request for Program Support is $57.1 million, with $17.2 million requested from the General Fund.
  - Includes a shift of 7 FTE and $204.9 thousand from the general fund to move the Medicaid program integrity unit to the Office of Inspector General

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HSD Vacancy Rates

	Program Support	ITD	CSED	MAD	ISD ADMIN	BHSD	Agency Total*
FY16 Authorized HB2 FTE	174.0	88.0	383.0	184.5	1,075.0	40.0	1,944.5
FY16 Funded FTE (Hiring Plan)	155.0	78.0	350.0	170.0	984.0	35.0	1,772.0
FY16 Filled FTE	153.0	72.0	331.0	162.0	978.0	33.0	1,729.0
Vacant Funded FTE	2.0	6.0	19.0	8.0	6.0	2.0	43.0
Vacancy Rate of Funded Positions	1.3%	7.7%	5.4%	4.7%	0.6%	5.7%	2.4%

Notes: Data through October 23, 2015
*Does not include wage subsidy program positions

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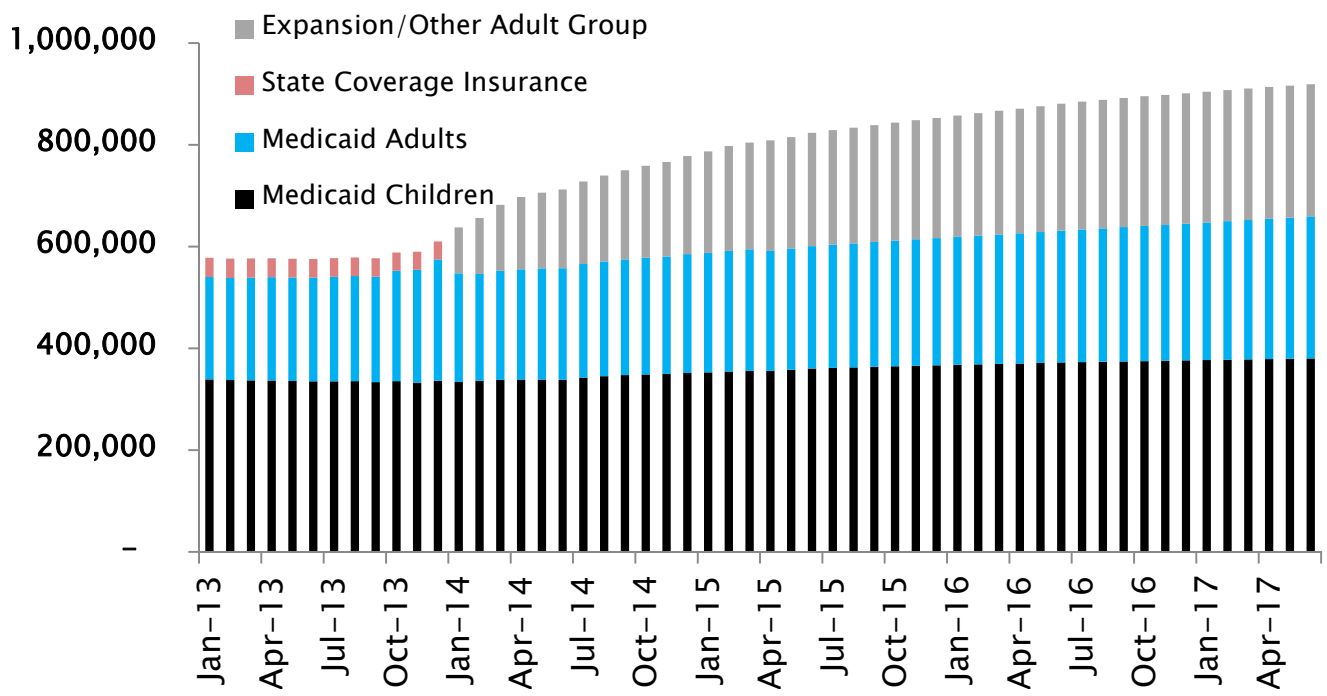
Medicaid Enrollment



June 2017 Projected Enrollment

OAG: 259,897

Medicaid Adults: 279,318

Medicaid Children: 380,176

Percent Change from Prior Year

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Medicaid Spending

- Total Medicaid spending is increasing, primarily due to enrollment growth.
- The FY17 budget request for Medicaid is an increase from the general fund of $85.25 million, in large part due to stepped down federal funding for Medicaid expansion.

($ in millions)	FY14 Actual	FY15 Projection*	FY16 OpBud	FY16 Projection*	FY17 Request*
Total Budget	$4,200.6	$5,168.9	$5,503.4	$5,686.3	$5,916.0
Percent Change		23.0%	6.5%	3.3%	4.0%
General Fund	$901.9	$893.3	$891.7	$933.2	$977.0
Percent Change		-1.0%	-0.2%	4.7%	4.7%**

*Projection data as of October, 2015. Under the current projection the Medicaid program will need a $41.4 million general fund supplemental appropriation for FY16. These figures exclude Medicaid administration.

** Percent change is calculated over the projected FY16 general fund amount, which includes the requested supplemental appropriation.

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Medicaid: FY17 Appropriation Request

- Total Medicaid Program spending in FY17 is projected to be $5.92 billion.
  - $976.97 million from the general fund, an $85.25 million increase. Major changes from FY16 budget include:

Component Driver	General Fund Amount	Change
Expansion FMAP (drops to 95% in Jan. 2017)	$40,935	($2,024)
Enrollment	$22,317	$3,326
Price impact	$10,746	($6,052)
Medicare Part B and D impact	$15,306	$7,444
Other revenue changes	$4,574	$8,634
Cost Containment*	($22,387)	$19,266
Title XIX FMAP increase*	($28,969)	($28,969)
Other changes	$1,507	$2,153
FY16 shortfall and growth	$41,489	($3,671)
Total	**$85,248**	

Notes: $ in thousands. Change column reflects difference in current projection from the budget request.
*FMAP rates released after 9/1 budget submission; about $11.5 million savings est. in initial request.

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Medicaid: Administration

- The total FY17 budget request for administration of the Medicaid program is $82.2 million
  - $1.84 million higher than FY16 due to an increase in federal funds for school based health services
  - $204.9 thousand decrease in general fund need for the transfer of 7 FTE to the Office of Inspector General.
- Medical Assistance Division administrative spending is only 1.37% of the total program budget.
- Priorities for MAD staff in 2016 and 2017 include assuring health care quality, measuring health outcomes, managing MCO performance and balancing all that with cost containment initiatives to manage Medicaid expenditures.

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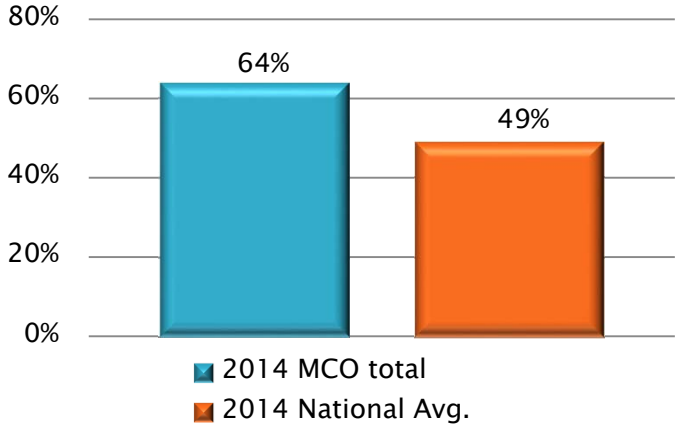
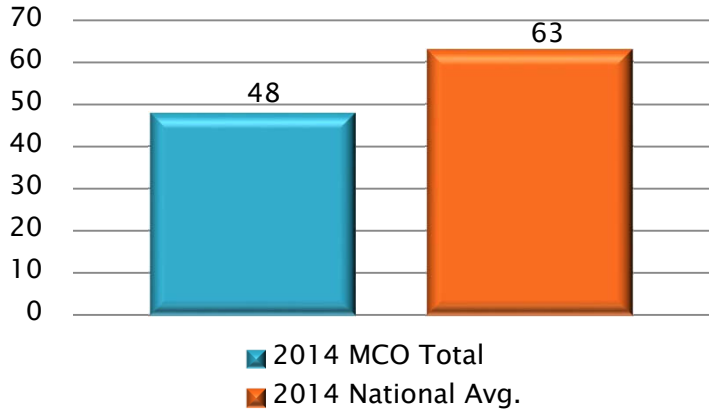
Medicaid Performance

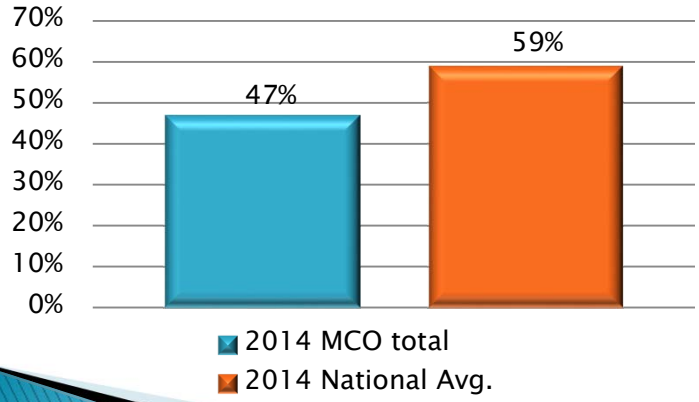
The percentage of children two (2) through twenty-one (21) years of age enrolled in Medicaid managed care who had at least one (1) dental visit during the measurement year.



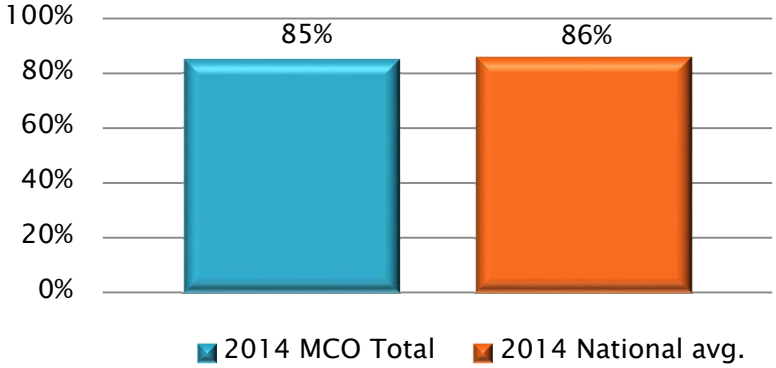
Number of Emergency Room visits per one thousand Medicaid member months.



The percentage of infants in Medicaid managed care who had six (6) or more well-child visits with a primary care physician during the first fifteen (15) months.



The percentage of individuals in Medicaid managed care eighteen (18) through seventy-five (75) years of age with diabetes (Type 1 or Type 2) who had a HbA1c test during the measurement year.



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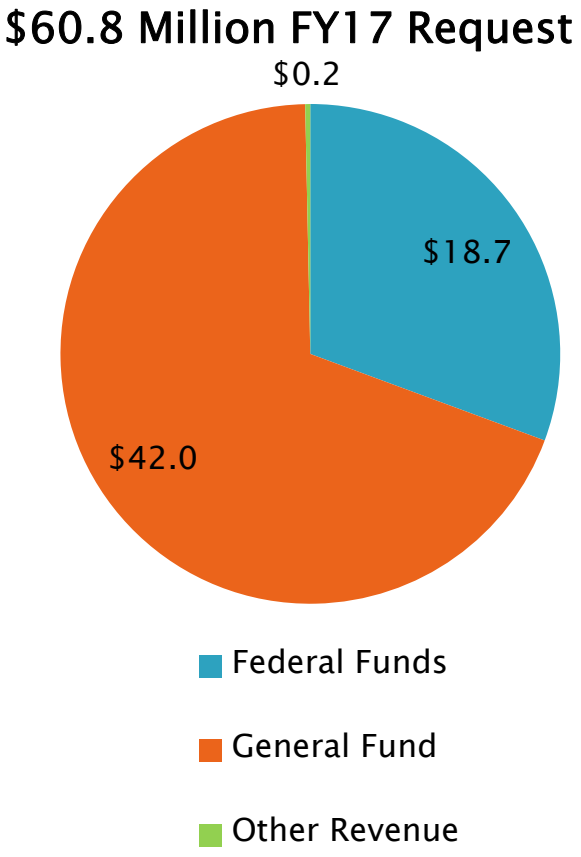
Behavioral Health Services Division

- State substance abuse and mental health authority
- Supporting recovery, resiliency and healthy living through the provision of comprehensive and integrated behavioral health services in New Mexico communities.
- Administers federal and state funding for (non-Medicaid) behavioral health services
- $60.8 million request, about $550 thousand increase over FY16 (federal funds)
- GF request same as FY16.



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Behavioral Health Priorities

- BH Collaborative released a concept paper for improving behavioral health services in New Mexico
  - Outlines a comprehensive focus on regulatory updates, finance (payment reform), and workforce development
- Developing a two-year strategic plan, with input from stakeholders, in these key areas – release in early 2016
- New opportunities considered within this framework
  - Establishing Certified Community Behavioral Health Clinics
  - Standing up crisis triage and stabilization service
  - Reallocating general fund savings in FY16 and FY17 request to address identified or under-resourced services
    - Expanding and piloting new non-Medicaid covered services
    - Increasing funding for sexual assault services
    - Piloting new programs for prevention of mental, emotional and behavioral disorders in children using evidenced-based strategies
    - Establishing a New Mexico Peer Empowerment Center
- Bringing part of the ASO functions in-house by FY18; special appropriation request in FY17 of $408 thousand.

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Behavioral Health Spending

Total HSD Behavioral Health Spending (excl. administration)

($ in millions)	FY15 Actuals			FY16 Op Bud			FY17 Request		
	GF	FF	Total	GF	FF	Total	GF	FF	Total
Medicaid Behavioral Health	$102.7	$345.4	$448.1	$105.7	$374.2	$474.8	$107.1	$400.1	$507.2
Behavioral Health Services Division	$35.9	$22.6	$58.5	$39.4	$17.6	$57.0	$39.8	$17.4	$57.2
Total	$138.6	$368.0	$506.6	$145.1	$397.6	$542.7	$146.9	$417.5	$564.4
Percent change from prior year				4.69%	8.04%	7.13%	1.24%	5.01%	4.00%

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Information Technology – Program Support

- HSD continues work toward Health and Human Services 2020 (HHS 2020) vision
  - Flexible, scalable technology and services framework to efficiently support current and future programmatic needs of HSD and other NM HHS departments
  - Customer-focused approach
  - Enables transition to outcomes-based model by providing improved access to more extensive, quality data

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IT – Program Support *(cont'd)*

- ITD working with MAD on Medicaid Management Information System (MMIS) replacement
  - Needed to comply with CMS Seven Conditions and Standards and to better support Centennial Care
  - CMS requires modular approach to replacing legacy MMIS
- Planned replacement MMIS combines technology-based components and business process outsourcing
  - Enhance programmatic support, customer focus, analytics
  - Provide flexibility to accommodate future technology and/or programmatic changes
- Currently developing initial procurements.
- FY17 request from the general fund is $3.2 million, which is matched with $28.8 in federal funds (90FF/10GF)

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IT – Program Support *(cont'd)*

- ITD working with CSED on Child Support Enforcement System (CSES) replacement
  - Needed to enable improved CSE results and to replace older, inflexible legacy system
  - Evaluating options that maximize reuse of existing technology investments
- CSES replacement will enable improved CSE performance
  - Incorporate new tools using predictive modeling and similar techniques to focus efforts on most productive activities
  - Provide access to quality data and analytics to inform work
  - Streamline CSE processes
- Extended planning through FY2016.
- No additional FY17 request.

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Questions?

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