



HUMAN SERVICES

DEPARTMENT

Presentation to the Legislative Health and Human Services Committee
Brent Earnest, Secretary, HSD
November 17, 2015

New Mexico Human Services Department

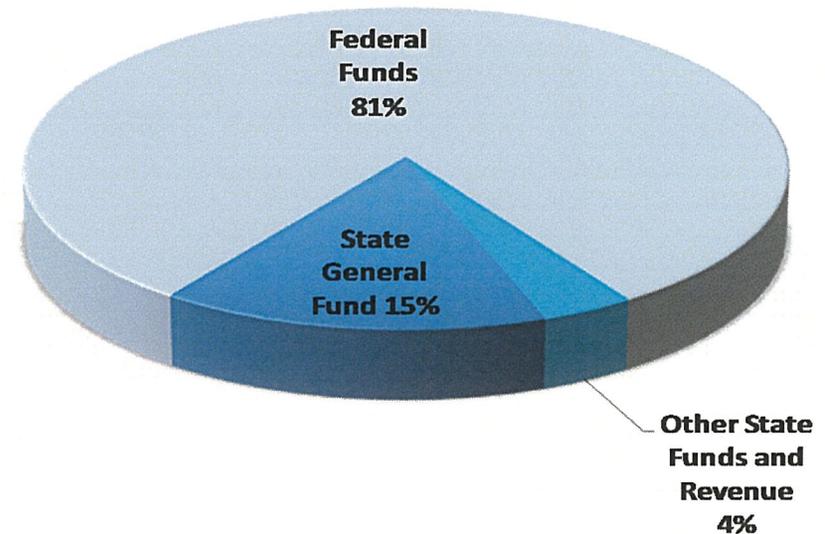
Today's Discussion

- ▶ Medicaid Budget Update and FY17 Medicaid Appropriation Request
- ▶ Centennial Care Update
- ▶ Behavioral Health Appropriation Request and Initiatives
- ▶ “Leveraging Medicaid”

HSD FY 17 Appropriation Request

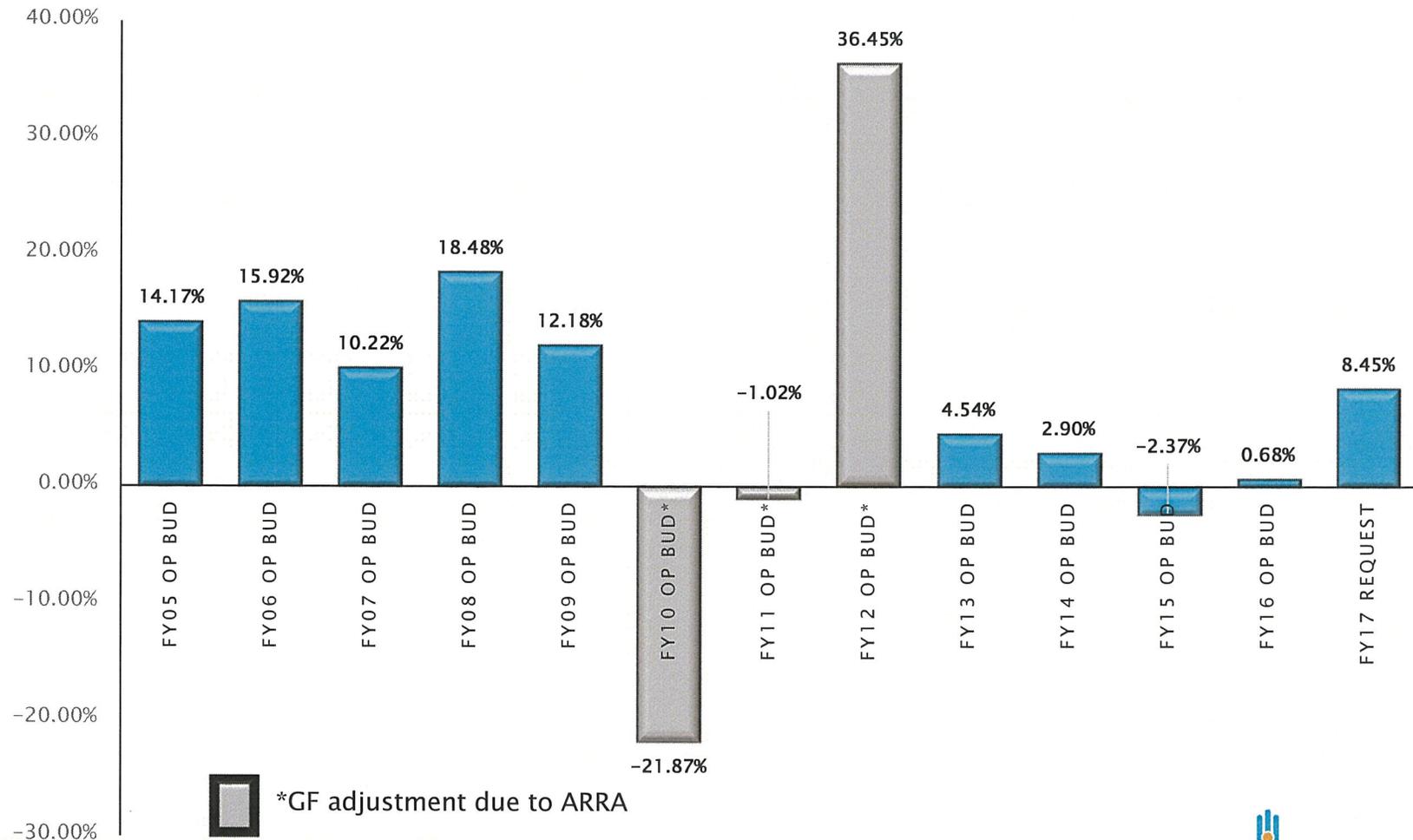
FY 17 Budget Request of \$7.163 billion

- ▶ 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



HSD General Fund Budget Change

Percent Change in HSD General Fund Budget



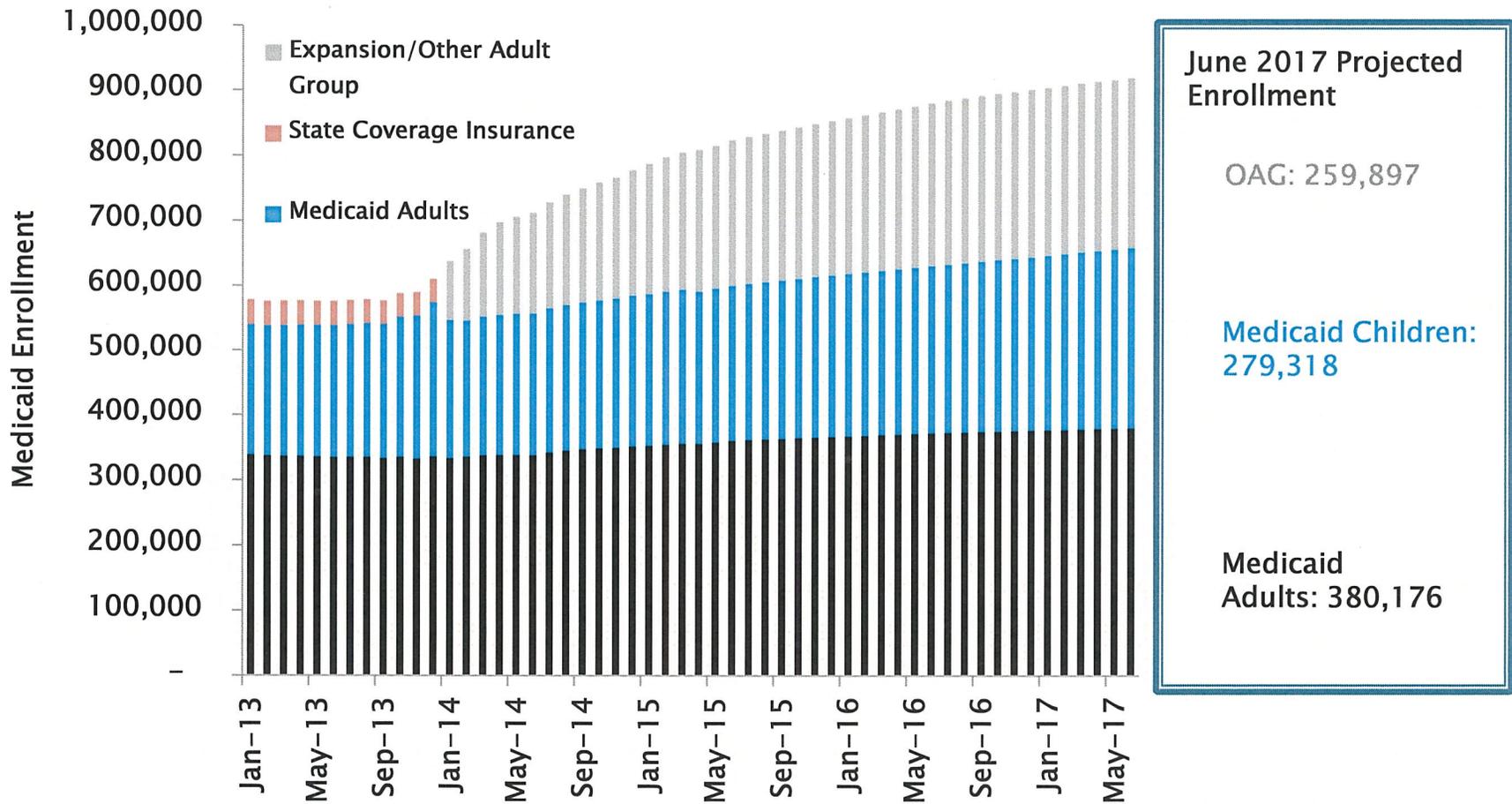
Medicaid Spending

- ▶ Total Medicaid spending is increasing, primarily due to enrollment growth.
- ▶ The FY17 budget request for Medicaid is an increase from the general fund of \$85.2 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	\$5,157.8	\$5,503.4	\$5,734.1	\$5,960.9
General Fund	\$901.9	\$893.0	\$891.7	\$936.9	\$976.9

*Projection data as of June, 2015. Under the current projection the Medicaid program will need a \$45.2 million general fund supplemental appropriation for FY16. These figures exclude Medicaid administration.

Medicaid Enrollment



Medicaid Enrollment

Enrolling More Individuals than Originally Projected:

Enrollment for Service Month August 2015

Enrollment for August 2015	August 2015 Projection (As of September, 2014)	August 2015 Projection (as of January, 2015)	Actual Enrollment as of August 2015*
Total in Medicaid	728,645	807,114	822,428
Total in Centennial Care Managed Care**	605,946	631,790	642,047
Total in Adult Expansion	186,840	208,247	226,783
Total in Long Term Care	44,414	44,768	46,359

* Retro-activity is expected to increase actuals for August 2015 by 11,000 individuals

** Only Centennial Care Managed Care

Medicaid: FY 17 Appropriation Request

- ▶ Total Medicaid Program spending in FY 17 is projected to be \$5.96 billion.
 - \$976.9 million from the general fund, an \$85.14 million increase. Major changes from FY16 budget include:

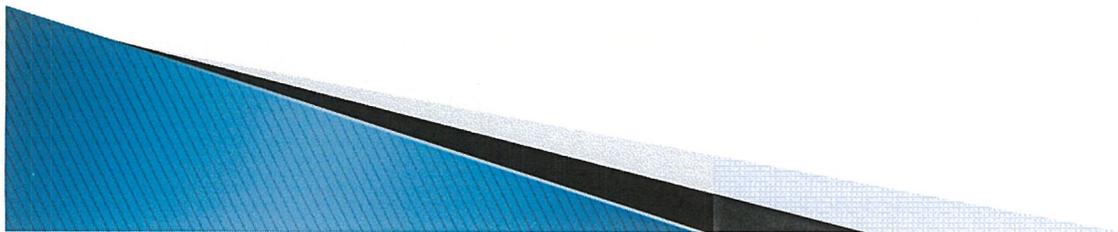
Expansion FMAP (drops to 95% in Jan. 2017)	\$42,959
Enrollment	\$18,991
Price impact	\$16,798
Medicare Part B and D impact	\$7,862
Other revenue changes	(\$4,060)
Cost Containment*	(\$24,253)
Title XIX FMAP increase*	(\$17,400)
Other changes	(\$916)
FY16 shortfall and growth	\$45,160
Total	\$85,139

Notes: \$ in thousands.

*New FMAP released after 9/1 budget submission, reducing need for cost containment.

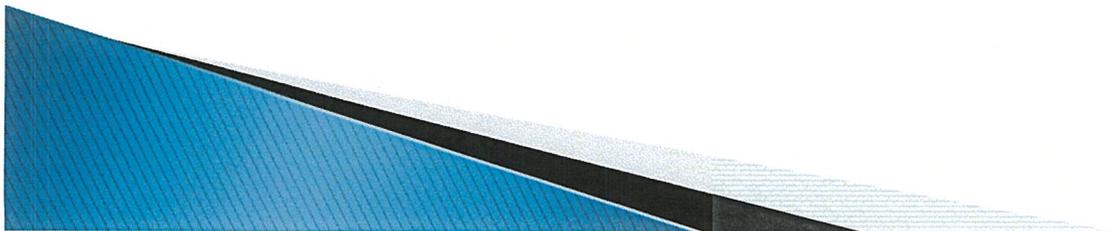
Medicaid: FY 17 Budget Request

- ▶ Budget request recognizes state's overall financial position and includes efforts to reduce Medicaid funding need.
- ▶ Initial request assumes cost containment savings of \$141 million (\$41.7 million in general fund).
- ▶ Higher FMAP rates reduce the need for cost containment by \$58.9 million (\$17.4 million in general fund), leaving about \$24.3 million of needed general fund savings from the current projection.
- ▶ HSD is pursuing several cost reducing and other revenue options:
 - Reducing MCO rates and expenditures through more care coordination efficiencies -- \$1.5M to \$5M general fund
 - Lower PMPM costs for expansion enrollment -- \$1M to \$3.6M general fund
 - Other state revenue restructuring, including possible intergovernmental transfers for certain supplemental payments - \$10M to \$19M general fund
 - Rate setting underway for 2016



Medicaid: Administration

- ▶ The total FY 17 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.



Centennial Care Update

- ▶ Centennial Care is in its second year of operation, with a long-term goal of shifting the Medicaid health care system toward better outcomes at lower costs.

- ▶ Focus on increasing coordination of services
 - Total Members with Completed Health Risk Assessments – 423,842
 - Total Members in Patient-Centered Medical Homes – 200,840
 - Total Members in Higher Levels of Care Coordination – 70,000
 - Total Members Accessing Community Benefit in 2014 – 22,331

- ▶ Health Homes targeting Behavioral Health members estimated to launch January 2016.

Supporting Provider Capacity

- ▶ Continuing the primary care provider rate increase initiated under the ACA – 1,982 providers receiving increased payments
- ▶ Overall last two years, increased rates for behavioral health providers by 12.5 percent
- ▶ Shored up NM hospitals by reducing uncompensated care
- ▶ Investing in telehealth expansions
- ▶ Increasing use of Community Health Workers:
 - More than 100 directly employed by or contracted with MCOs;
 - MCOs partnering with UNM to expand role of CHWs – care coordination, health education, health literacy, translation and community supports linkages.

Expanding Telehealth

Telehealth Professional Services - Managed Care Number of Visits

	Baseline			1st Year Results		
	2013 Behavioral Health	2013 Physical Health	2013 Total	2014 Behavioral Health	2014 Physical Health	2014 Total
BCBS	19	3	22	1,078	91	1,169
UHC	89	22	111	1,922	47	1,969
MHNM	7	0	7	1,909	32	1,941
PHP	2,016	4	2,020	3,006	143	3,149
Total	2,131	29	2,160	7,915	313	8,228

Note: 2013 BH column is understated because it excludes managed care data from OptumHealth. In 2013, Medicaid behavioral health services were administered by OptumHealth New Mexico.

- ▶ MCOs have implemented several initiatives to further improve access, including:
 - Communication brochures targeted to providers;
 - MDLIVE for on-line non-emergent telehealth visits;
 - Teledermatology and Telepulmonology;
 - Virtual provider visits.

Implementing Payment Reform Projects

- ▶ MCO payment reform pilots build upon existing efforts to move away from volume-based payments, allow provider incentives and encourage shared risk.
- ▶ HSD approved 10 payment reform projects that launched in July 2015, including:
 - Accountable Care Like Models – performance-based model with partial payment paid as bonus for achieving quality outcomes;
 - Bundled Payments for Episodes of Care – bariatric surgery, diabetes and maternity;
 - Patient-Centered Medical Home Share Savings – built upon PCMH model by adding shared savings targets that reward achievement of utilization and quality targets.

Engaging Members in their Care

- ▶ 458,876 total participants (65% of enrollees)

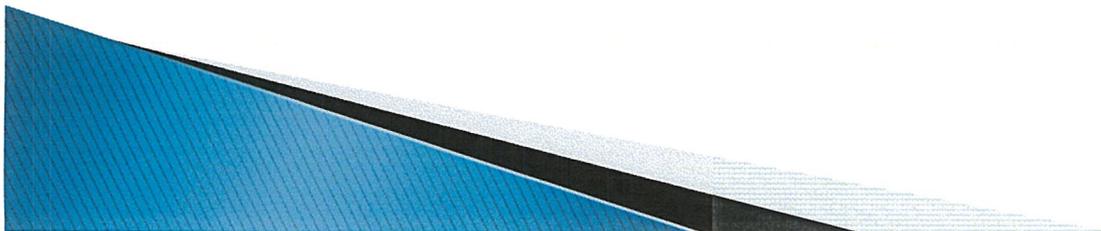


- ▶ Centennial Rewards Program allows members to earn points when completing healthy behaviors.
- ▶ Early reports are encouraging:
 - Inpatient admissions reduced for diabetes (52%) and asthma (31%) while “high-value” services like PCP visits and prescription medications increased.
 - Compliance with diabetes quality measures (e.g., HEDIS measures) increased for participants from 24% to 43%.
 - Compliance with quality measures for participants with asthma increased up to 47%.



Safety Net Care Pool (SNCP)

- ▶ **Uncompensated Care (UC)**
 - Intended to help smaller facilities with a lower volume of claims.
 - \$68.9 million: 60% to smallest, 30% to smaller, 10% to medium.
- ▶ **Hospital Quality Improvement Initiative**
 - Incentivizes hospitals' efforts to meaningfully improve the health and quality of care of Medicaid members and the uninsured.
 - \$29.4 million: distributed over four years and increases each year.
- ▶ **Base Rate Increase**
 - Intended to help larger facilities with a high volume of claims.
 - CY14 the rate increase totaled \$142.5 million.



Behavioral Health Spending

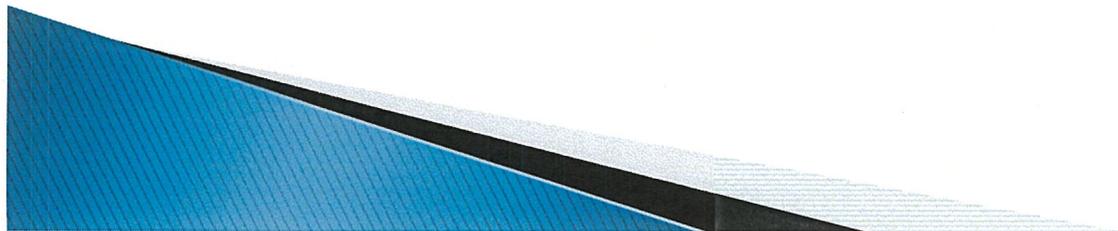
Total HSD Behavioral Health Spending (excl. administration)

(\$ 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%

- ▶ 2017 Base Budget request for BHSD is \$57.2 million, \$39.8 million from the General Fund.

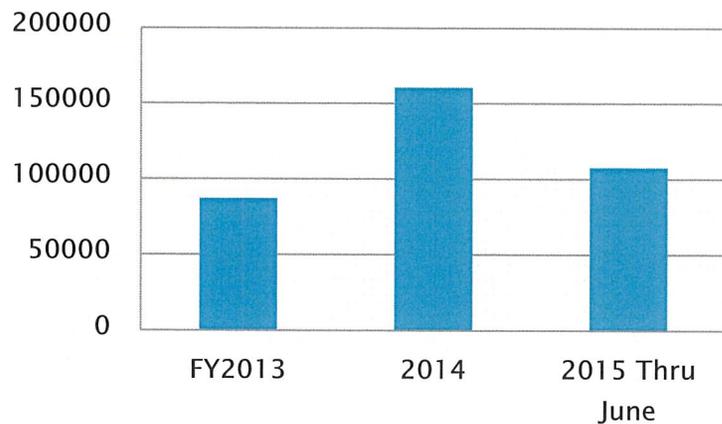
Behavioral Health Priorities

- ▶ Supporting recovery, resiliency and healthy living through the provision of comprehensive and integrated behavioral health services in New Mexico communities.
- ▶ Recent projects include the implementation of pilot health home programs in Curry and San Juan Counties.
- ▶ Expanding crisis services – statewide crisis line and peer-supported warmline, expanding mobile crisis teams, and building crisis stabilization services, among others.
- ▶ Establishing Certified Community Behavioral Health Clinics through a planning grant recently received from SAMHSA
- ▶ Implementing these and other reforms through a comprehensive focus on regulatory updates, finance (payment reform), and workforce development.

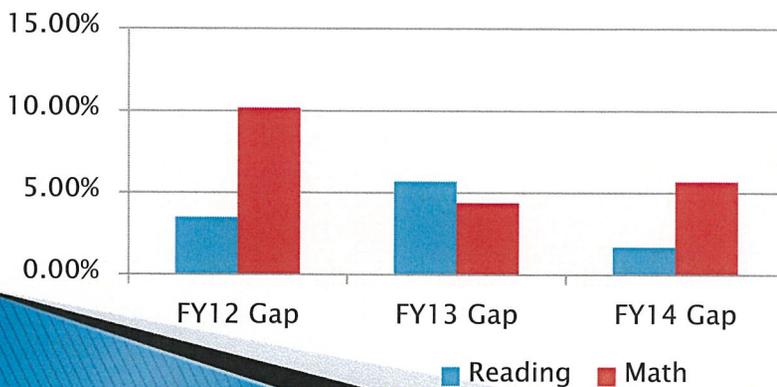


Behavioral Health Performance

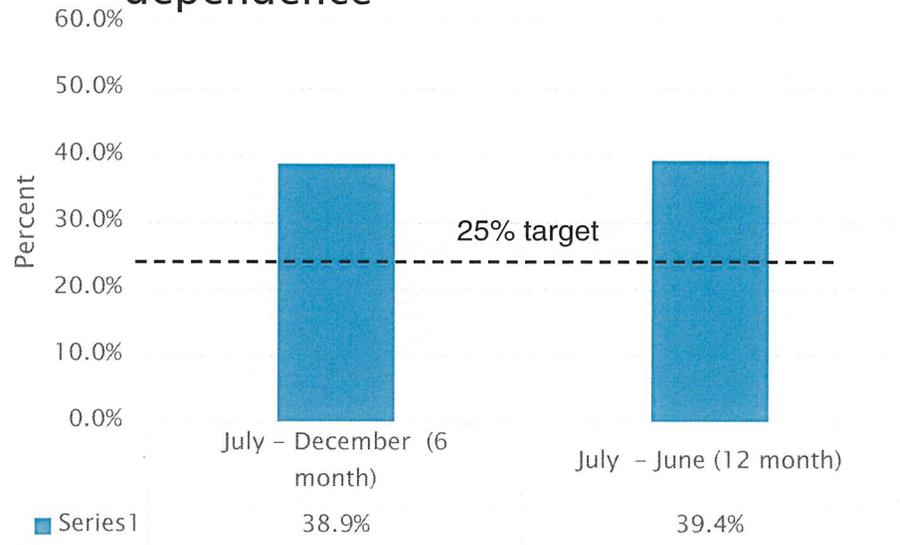
▶ Serving more individuals



▶ Reducing the education achievement gap for those in BH services

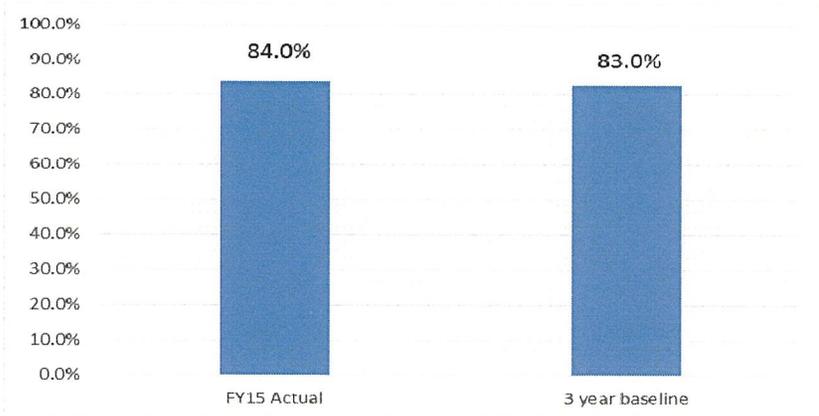


▶ Initiating more treatment for diagnosed alcohol and drug dependence

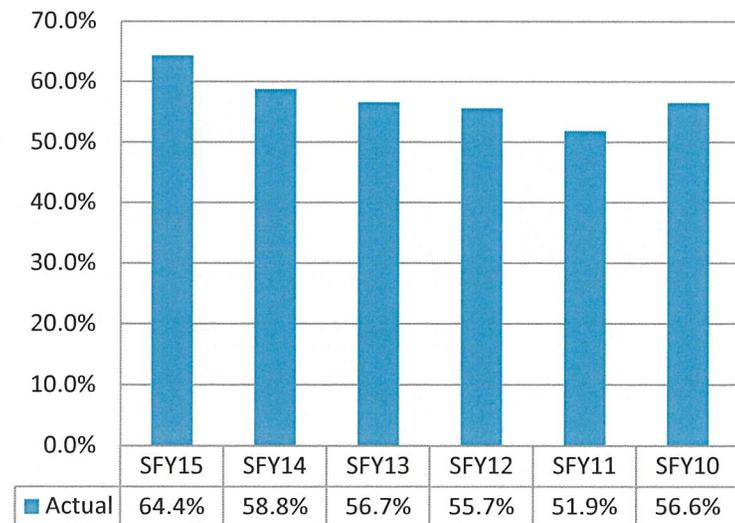


Behavioral Health Performance

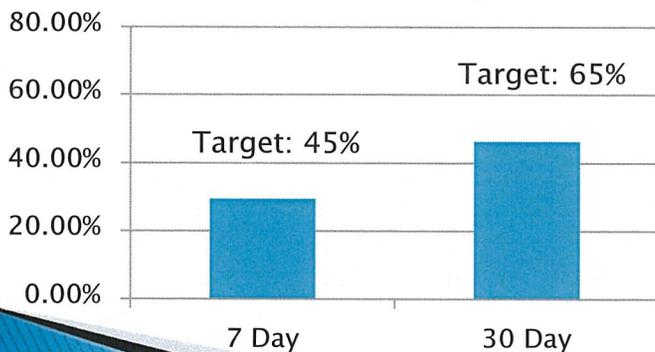
- ▶ Increased satisfaction with BH services



- ▶ Serving more youth on probation



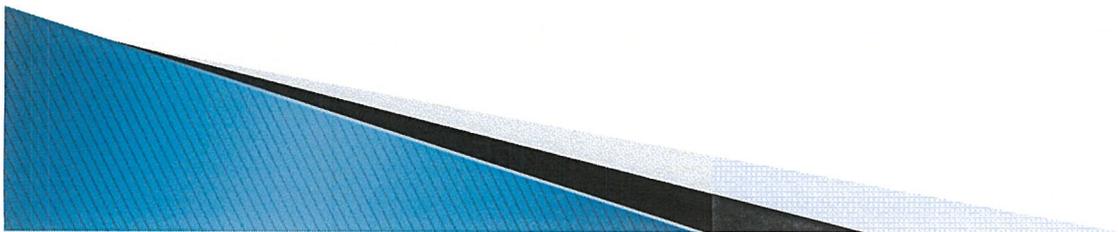
- ▶ Focusing on improving follow up services after discharge



Reprioritized Behavioral Health Spending

The General Fund request for Behavioral Health Services is unchanged at \$42.03 million, with \$39.8 million dedicated to services.

- ▶ Savings from Medicaid Expansion will be reallocated
 - Expanding and piloting new non-Medicaid covered services
 - Increasing 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



“Leveraging Medicaid”

- ▶ LFC report focuses on reducing general fund spending on various health and human services programs, many of which provide critical safety net services.
- ▶ Agencies had little time to review recommended program reductions and changes.
 - Implementation timeframes generally longer than estimated by LFC staff
- ▶ Recommended expansion of Medicaid to reduce other program spending doesn't account for federal Medicaid program rules and often based on national assumptions.
- ▶ Agencies are constantly reviewing program functions and implementing more efficient and effective practices.

Questions?

