



STATE OF NEW MEXICO
Michelle Lujan Grisham, Governor
David R. Scrase, M.D., Secretary
Angela Medrano, Deputy Secretary
Kari Armijo, Deputy Secretary
Nicole Comeaux, J.D., M.P.H., Medicaid Director

To: Sen. Benny Shendo, Chair, Revenue Stabilization & Tax Policy Committee
Rep. Javier Martínez, Vice Chair, Revenue Stabilization & Tax Policy Committee
Members of the Revenue Stabilization & Tax Policy Committee

From: David R. Scrase, MD, Secretary, Human Services Department and Acting Secretary,
Department of Health

Re: HSD Response to *Stacking of Income Supports* report

Date: November 22, 2021

As the Secretary of the New Mexico Human Services Department, I would first like to acknowledge the incredible amount of work that went into gathering and compiling the data in the *Stacking of Income Supports* document. Dr. Dinces did an outstanding job combining the benefits administered by multiple departments into a “whole state” view of the contributions that the State of New Mexico makes to supporting low income individuals.

While our Department is in general agreement with all aspects of the report, there are a few items for which additional explanation may be useful to you and members of the committee.

Pre-pandemic Estimates of New Mexicans Not Enrolled in State Programs May No Longer Be Accurate

We agree that there are New Mexicans who are not enrolled in likely *all* State programs. At the same time, the report states on Page 1 that “more than a quarter of uninsured New Mexicans are eligible but not enrolled as of early 2020,” and this data may no longer paint an accurate picture of where we stand 19 months into the COVID-19 pandemic. If there were 55,000 Medicaid eligible individuals *not* enrolled in Medicaid in early 2020, with a Medicaid total enrollment of 835,994 at that time, and a projected enrollment of 961,093 by December 2021, we would contend that the growth of over 125,000 individuals in Medicaid makes it difficult, if not impossible, to predict whether the early 2020 data cited in the report is an accurate representation of where we are in October, 2021.

There are many reasons why people are not enrolled in HSD programs, as outlined in the recent DFA survey cited in the report. HSD makes every effort to ensure that anyone who enrolls in one HSD program is offered enrollment in all our programs for which they qualify. Most of the “bureaucratic barriers” to enrollment result from highly specific Federal requirements for each program. Not mentioned in the report is HSD’s implementation and dramatic expansion of on-line application and benefit determination which began in December of 2019 through YesNM. As an example of the variation in Federal requirements, CMS allows us to provide an online,

computer generated benefit determination for Medicaid; FNS does not allow such a granting of benefits without “human review.” We are now able to provide on-line Medicaid applicants a benefit determination approximately 30 percent of the time.

Straight Comparisons to Other States May Not be Self-Explanatory

Simple comparisons of NM to other states may miss underlying unique characteristics of our population that drive differences. On page 1, the statement that “less than half of the state’s residents eligible for TANF receive benefits” may be more reflective of the barriers cited in the report to benefit enrollment based on unique aspects of the people of New Mexico, which could be driving the lower enrollment. To be effective, comparisons to other states should be “apples to apples” and account for significant variation in population demographics, poverty rates, urban vs. rural population distribution, rural broadband coverage, and the comparative social vulnerability of state populations.

In addition, not all state to state comparisons necessarily imply “worse performance.” For example, on page 12, Figure 7 states that “Only 19% that apply [for TANF] get benefit, lower than national average of 26%.” HSD’s internal data show an approval rate of 21 percent, denial rate of 62 percent, with 17 percent of applications withdrawn by the customer. Our approval rate for applications that are not withdrawn is therefore greater than 25 percent. It would be HSD’s position that strict adherence to Federal regulations for every benefit is a desired outcome, as any other alternative would place our benefit programs in jeopardy. We are certain that the LFC staff agree with this position. To illustrate this point, the most common reasons that TANF applications are denied by NM HSD is that the applicant does not qualify for the program based on income.

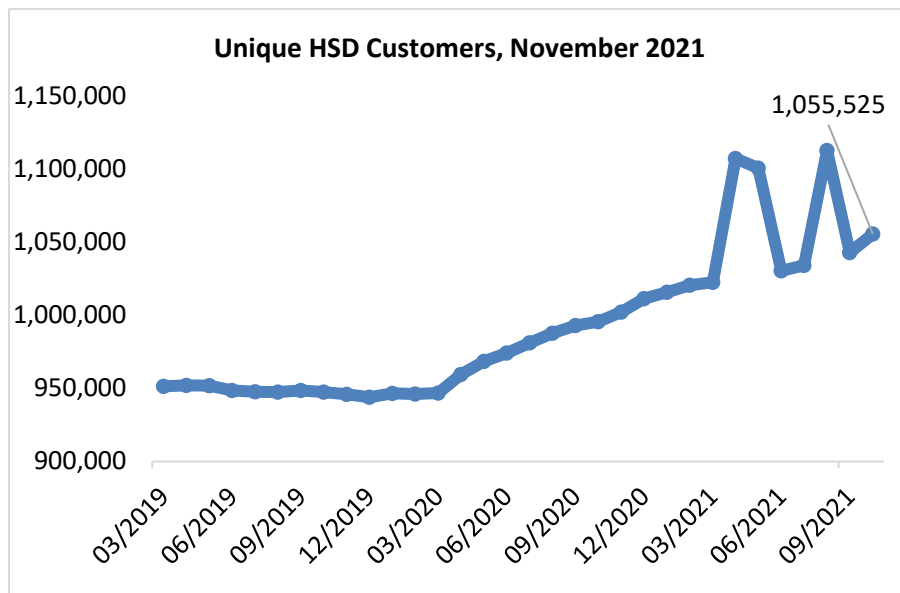
At the same time, we do agree that any State initiative that can help overcome barriers and significantly increase the number of qualified applicants is important to evaluate for possible implementation.

Mention of a Longstanding Court Case Should Not Imply Lack of Significant Improvement

While reference to the Debra Hatten Gonzales lawsuit may be relevant to a discussion of benefit administration, it should be noted that the department has made substantial progress in the past three years, when HSD was still being held in contempt of court. All issues related to timeliness of benefit determinations have been resolved by the court, a court endorsed corrective action plan has been developed and completed (from HSD’s perspective), and most of the remaining necessary improvements in eligibility determinations will be achieved through a comprehensive staff education plan and further refinements and automation in our benefits information system.

HSD Should Be Commended for Our Adaptability in the Midst of the Pandemic

Last, while one might not think that “adaptability” would be one of the primary success factors for an agency like HSD, we have been a national leader in implementation on *many* pandemic related waivers and benefit changes, resulting in an overall increase in our unique (unduplicated) customer count of 165,700 over the course of the pandemic. This level of agility represents a deep commitment on the part of the Human Services Department to ensure that “every qualified applicant receives timely and accurate benefits.”



The highest values from April 2021 to present in the graph above represents those months in which HSD paid pandemic EBT benefits, an expansion of the SNAP program for students.

HSD’s Response to Stacking of Income Supports Report Recommendations

The state should focus on ways to bring equity into accessing services through ensuring settlement conditions for outstanding and past legal proceedings are quickly reached, continue to facilitate community-based initiatives, establish “one-stop shops” where all services for low-income individuals can be accessed simultaneously, and reduce application burden using best practices.

Agree. We are making excellent progress in our legal proceedings. We believe that implementation of HHS 2020 will be a significant step towards a consolidated approach to State benefit programs. While focused primarily on health-related departments (HSD, DOH, CYFD, ALTSD, ECECD), the effort can be expanded to additional agencies over time. New partnerships between HSD and DWS are an example of combining workforce training and benefits eligibility resources under one roof.

The Human Services Department (HSD), and other agencies that provide income support, should ensure uptake of programs is at least at the national average prior to expanding the service to higher income levels.

Once the unique characteristics of the New Mexico population are better defined, and specific barriers to access that are under our control can be addressed, then HSD and likely other agencies will be happy to expand our efforts to expand enrollment further. Key barriers may lie outside the control of health agencies, but within the substantial influence of the State, such as broadband coverage in rural and frontier counties. As we move to greater levels of on-line application access, the building of an effective broadband infrastructure and provision of on-line access to all New Mexicans will be a key factor moving forward.

HSD and other state agencies should first determine who is affected by cliffs then, using these data, consider adopting best practices from the National Conference of State Legislatures to mitigate cliff effects. These include aligning program rules, expanding individual development accounts, and increasing asset limits or income disregards.

HSD can and has identified those individuals subject to cliff effects. Such cliff effects affect a much greater percentage of beneficiaries as a result of the pandemic than ever before. For example, at the end of the pandemic, a parent with two children, making \$10.50 per hour, will see an immediate decline in SNAP benefits from approximately \$7000 to \$1800 per year. While we are more than open, and actively advocate for enhanced income disregards, our daily experience of the severe economic challenges faced by the majority of our 1,042,799 unique customers place us in a position where we will need to see more reliable data that expansion of individual savings accounts is an achievable solution before implementation.

To better understand the state's current need for income support services, as well as determine if these services are helping ameliorate the effects of poverty:

The state should establish self-sufficiency standards to determine how much income different family types need to meet their cost of living.

HSD would be happy to work collaboratively with LFC staff and other Departments to explore the best possible programs to improve benefit coverage. Guaranteed income. Basic living wage, cash payments, and other interventions presented by HDS to LHSS in July 2021, and documented in this report, should be explored.

Agencies, including the Workforce Solutions Department, the Human Services Department, and the Early Childhood Education and Care Department, should work with the Legislative Finance Committee and the Department of Finance and Administration to ensure programs report outcome measures related to the goal of the program through the Accountability in Government Act process. This would allow legislators to use program performance in funding decisions. This could include tracking the average duration and exhaustion rates for unemployment insurance recipients, health outcomes for families enrolled in Medicaid and WIC, and changes in earnings for parents whose children are in childcare assistance.

HSD is happy to continue ongoing discussions regarding outcome metrics for our programs. We currently publish multiple metrics related to our benefit programs in the online HSD scorecard, located here: <https://sites.google.com/view/nmhdscorecard>. We would also like to take the opportunity to reemphasize the importance of accurate and complete alignment of measure reporting by both LFC staff and the Department through the statutory process outlined in the AGA and codified each year in House Bill 2.

Please let me know if you have any questions; I can be reached via email (David.Scrase@state.nm.us) or phone (505-316-5422). Thank you for your service to New Mexicans.

Sincerely,



David R. Scrase, MD
Secretary, Human Services Department
Acting Secretary, Department of Health