

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR	<u>Ortiz y Pino</u>	ORIGINAL DATE	<u>02/02/08</u>	HM	<u></u>
		LAST UPDATED	<u></u>		
SHORT TITLE	<u>Study Medicaid Renew Pilot Project</u>	SM	<u>10</u>		
		ANALYST	<u>Weber</u>		

Duplicates Appropriation in the General Appropriation Act
Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

Senate Memorial 10 requests that The Human Services Department;

- A. conduct an analysis of the Medicaid renew pilot project that and report how successful the pilot project has been, including the number of women, children and low-income family Medicaid cases that are due to renew every month, the number of renewal notices issued every month, the dates that those renewal notices are issued, the number of families that respond every month, the dates that those families respond, the number of renewal applications that are processed every month and the number of cases that are denied or renewed every month;
- B. provide data showing how many women, children and low-income family Medicaid cases are closed every month and when, if ever, they are reinstated; and
- C. refrain from terminating any Medicaid case unless and until the human services department has determined one of the following to be true:
 1. the participant is no longer financially eligible;
 2. the participant has received notification of requirements for renewal and has failed to meet those requirements within thirty days of notification; or
 3. the participant can no longer be reached through any reasonable measures, including telephone, reverse postal look-up, re-mailing or checking other applicable state data systems for a more recent address; and
- D. resolve any problems it uncovers concerning eligible Medicaid recipients experiencing a lapse or an end to their Medicaid coverage; and
- E. report to the Interim Legislative Health and Human Services Committee and the Interim Welfare Reform Oversight Committee and to the Legislative Finance

Committee on its findings and any corrective action taken in July 2008 and again in November 2008; and

FISCAL IMPLICATIONS

HSD notes that the request to refrain from terminating any Medicaid case unless and until the Department has determined the participant is no longer financially eligible; the participant has received notification of requirements for renewal and has failed to meet those requirements within thirty days of notification; or the participant can no longer be reached through any reasonable measures, including telephone, reverse postal look-up, re-mailing or checking other applicable state data systems for a more recent address. This requirement is above the federal Medicaid requirements and would require HSD to add additional and costly administrative procedures.

HSD cannot be certain that a participant has received notification and returned mail is often received months after mailing. Therefore determining the 30th day after receipt of notification is not possible. This then would necessitate keeping open thousands of cases of individuals who do not receive or who do not respond timely to their recertification notice. Federal regulations require that they be recertified at least once every twelve months. For those individuals who move, die or do not respond for one reason or another, keeping them on would cost millions of dollars in Medicaid managed care capitation fees and could result in repayment of millions of dollars to the federal government as a result of audit findings.

The memorial does not make an appropriation to address the costs of doing the study. A study of this magnitude will require a significant amount of staff time in the Medical Assistance Division and will also likely require some data from the automated systems that support the Medicaid Program. If this data is not readily available special queries will have to be developed, tested and analyzed to quantify the issue and make further recommendations to the Legislature as required.

SIGNIFICANT ISSUES

HSD contributes the following background on the pilot project.

In October 2007, the Department implemented the Medicaid Renewal Pilot Project. It is located in Santa Fe County and handles recertification of all children and family Medicaid cases as well as those on Family Planning throughout the state. This project streamlines the process and allows recipients to recertify without submitting a signed renewal application and instead may renew in any of four ways – by letter, telephone, fax or e-mail. Members of the unit also telephone individuals who have not returned their recertification applications to remind them or to find if they have moved so that the Department's address files can be updated. In just a few short months, the number of individuals being recertified each month has increased and the number of addresses updated is significant. The Department is and will continue to analyze this project with or without a memorial; however, the data may not be the same requested in the memorial. Specifically to create an additional database and administrative staff required to separately track the dates a response is received may be difficult as this information is maintained separately. The old ISD2 legacy eligibility system would make new data entry requirements difficult and costly.

As mentioned in Fiscal Implications, the Department cannot refrain from closing cases without a finding of ineligibility. There are those individuals who do not respond in a timely fashion so that the case may be recertified within the required twelve month time frame. Those that do respond timely with the appropriate information are duly determined eligible or ineligible. For those that do not respond, the Department has no other option but to close their case after the requisite notification.

The Pilot Project does attempt to address some of the problems causing Medicaid-eligible individuals and families to lose coverage. Often individuals move without notifying the Department, or the address on file was incorrectly entered. The Pilot Project phone individuals who have not returned their applications, requests current address information and corrects addresses on file when necessary. Individuals often forget to renew. Contact by the Pilot Project personnel reminds them to follow-up with this process.

OTHER SUBSTANTIVE ISSUES

The Health Policy Commission offers additional background. According to the *Quick Facts 2008* published by the Health Policy Commission, the number of individuals with Medicaid coverage increased by 1.6 percent in fiscal year 2006. This is the lowest rate of growth since 1999.

The Kaiser Commission on Medicaid and the Uninsured, *Medicaid Enrollment in 50 States: June 2006 Update*, stated that in June 2006, a total of 42.7 million persons were enrolled in Medicaid in the United States. This level of enrollment represents an increase from June 2005 of fewer than 100,000 persons, which is an increase of only about 0.2 percent. Notably, national Medicaid enrollment fell by nearly 60,000 individuals (or -0.1 percent) from December 2005 to June 2006. This was the first six-month decline in Medicaid enrollment since December 1998.

In 2005, the number of people lacking health insurance increased to a record high of 46.6 million. While the rate of increase in private health insurance premiums has slowed in the last few years, cost continues to be a factor driving down the number of people with private health insurance. The percentage of full-time workers without health insurance increased significantly in 2005. These trends put increased demands on Medicaid coverage.

MW/bb