F I S C A L I M P A C T R E P O R T

SPONSOR Madalena **ORIGINAL DATE** 01/28/15 **LAST UPDATED** **HB** 25

SHORT TITLE Medicaid Infant Home Visiting Services **SB**

ANALYST Boerner

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Unknown/ Potentially Significant	Unknown/ Potentially Significant	Unknown/ Potentially Significant	Recurring	GF (Federal Match)

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Duplicates Senate Bill 39

Responses Received From
Children, Youth, and Families Department (CYFD)
Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 25 would require HSD to establish a home visiting program to provide home visiting services for infants who are born to Medicaid recipients and for the infant's families. The bill defines "home visiting" as a program that provides a comprehensive array of services that, among other criteria, are research-based and grounded in relevant, empirically based best practices shown to be linked to a number of positive physical and behavioral health outcomes.

FISCAL IMPLICATIONS

New Mexico would be responsible for providing state matching funds for home visiting services covered under Medicaid. Federal medical assistance percentage (FMAP) rates vary somewhat by service; however, the average FMAP rate is about 70 percent federal to 30 percent state for Medicaid services.

In its January 2015 *Early Childhood Services Accountability Report Card - Gap Analysis and Spending Plan*, LFC reported that to reach a goal of serving half of low-income, first-time births would cost up to $44 million, depending on the use of federal and other funding sources. Serving a target population of 50 percent of low-income, first births would cost roughly $44 million annually, and serving 25 percent of low-income, first births would cost roughly $22 million. Low-income, first-born births are not the only way to identify risk, and other factors, such as maternal depression or maternal substance use, may also qualify families for home visiting services.

SIGNIFICANT ISSUES

In 2012 the Pew Center on the States, in conjunction with National Academy for State Health Policy (NASHP), released a report on how states are using (or could use) Medicaid to finance home visiting services. Case studies for Illinois, Kentucky, Michigan, Minnesota, Vermont, and Washington were considered for their varied programmatic and funding approaches to provide increased home vising in their states. The report noted that depending on the model, home visits to new parents have been effective at improving outcomes for both new mothers and young children to include improved child health, reductions in child maltreatment, and reductions in juvenile delinquency and family violence. Various funding sources have been used to support state home visiting programs; however, because Medicaid reaches so many low income and at-risk women, there has been increasing interest Medicaid's potential to finance home visiting services for eligible mothers and children.

The Pew report notes also that within the Medicaid program, various mechanisms are available to support home visiting programs and five of these were found to be currently in use by states: targeted case management, administrative case management, enhanced prenatal benefits, traditional medical assistance services, and managed care.

The January 2015 *Early Childhood Services Accountability Report Card - Gap Analysis and Spending Plan* noted evaluations of home visiting expansion efforts in New Mexico and other states highlight barriers and challenges to expansion that need to be addressed. And while New Mexico has not established a service level goal for home visiting (as some states like Texas have), a reasonable target population of at-risk families is about 11,500 families annually, enrolling children from prenatal care to age three. While New Mexico has made progress, nearly tripling the number of home visiting clients from FY13 to FY15 to an estimated 2,800 clients, the state has far to go. The report concludes that leveraging Medicaid funds to provide home visiting services through the state's managed care organizations would provide an opportunity to meet the state's recommended home visiting funding target.

LFC recommended HSD work with the federal Centers for Medicare and Medicaid Services to amend the state plan or apply for a waiver to offer medical-based intensive home visiting services to first-time, at-risk mothers. Given the cost of this service and need for it to be well-targeted, HSD should also consider allowing managed care organizations to require prior approval before authorizing providers to deliver care. In conjunction, the LFC also directed CYFD to develop a state plan for home visiting expansion that considers numbers of at-risk, low-income families across counties, other risk factors, current community saturation rates, and existing services and identifies priority communities for future expansion.

ADDITIONAL FISCAL IMPACT INFORMATION

HSD provided the following additional fiscal impact scenario under which every Medicaid-eligible birth, not just first births and carefully-targeted at-risk births as LFC recommended, would be automatically eligible.

HSD notes there have been a number of bills in previous legislative sessions which have attempted to create a similar program funded in part by Medicaid. HSD initial estimates at the time were that the costs would be between $10 million and $40 million from general fund revenues. HSD would also expect that this number would grow as Medicaid recipients identify the need for the services and the Medicaid provider community develops the capacity to provide the services. Because Medicaid is an entitlement program it is difficult to limit the use of a service. Once these services are offered within the Medicaid program, and if medically indicated, services must be provided.

The number of births in New Mexico per the Department of Health's NM-IBIS web page, was 26,242 for 2013. To estimate a financial impact, an assumption is being made that there will be approximately 27,000 births for SFY 2016, of which approximately 75% will be Medicaid funded and thus eligible for Home Visiting. Therefore, the number of infants qualifying for home visiting is estimated to be 20,250 infants, annually.

For 2103, 73% of infants were eligible and enrolled for Medicaid beginning in their birth. Because of the increased number of Medicaid eligible recipients due to the Affordable Care Act, this number is expected to increase to be at least 75%.

Home Visiting for Families of All Newborns in Medicaid

	Infants Served	**Cost/Individual**	**Total Cost**	**General Fund**	**Federal Funds**
Year 1	20,250	$3,000	$60,750,000	$18,789,975	$41,960,025
Full Implementation*	40,500	$3,000	$121,500,000	$37,579,950	$83,920,050

Services are provided in over multiple years, therefore the population served increases after Year 1

The Children Youth and Families Department (CYFD) currently has a home visiting program. CYFD reports having seen about 1,120 families in a year, of which 27% are low income (about 300 children) with an annual cost of approximately $3,000 per child. LFC has previously estimated homevisting services to cost $4,000 per year per child served.

This would indicate that the cost of services through HB25 could be as high as $81,000,000, but it is unknown what percent of families covered through Medicaid would utilize the service.

ADMINISTRATIVE IMPLICATIONS

HSD noted the following administrative implications:

A state plan amendment would have to be developed and submitted to CMS for approval.

Existing programs, such as the home visiting program operated by CYFD, use contractors to provide home visiting services. If the services are provided through contractors, there would be significant staff requirements to award and monitor contacts. This may require significant staff time within the Medical Assistance Division, for which no funding is included in the bill.

If the services are provided through the Managed Care Organizations (MCOs) to their Medicaid members, there could be significant expenses associated with hiring new staff and providing appropriate training and supervision. The MCOs have hired a significant number of new employees to serve as care coordinators in order to fulfill the contractual requirements for Centennial Care. Hiring this workforce has proved challenging for the MCOs and created downstream workforce challenges for providers who were not able to compete with MCO offers and experienced loss of clinical and administrative staff. The home visiting requirements in HB25 may necessitate a shift in priorities for Medicaid and the MCOs, away from providing comprehensive care coordination services in Centennial Care, due to an inability to locate and sustain additional staff to conduct the specific home visiting services required, in addition to the care coordination services required in Centennial Care, and to absorb additional costs associated with hiring, supervising, and conducting ongoing training of such staff.

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