



Presentation to the
Legislative Finance Committee
Sidonie Squier, Secretary, HSD
December 11, 2013



HSD Overview

- HSD Mission

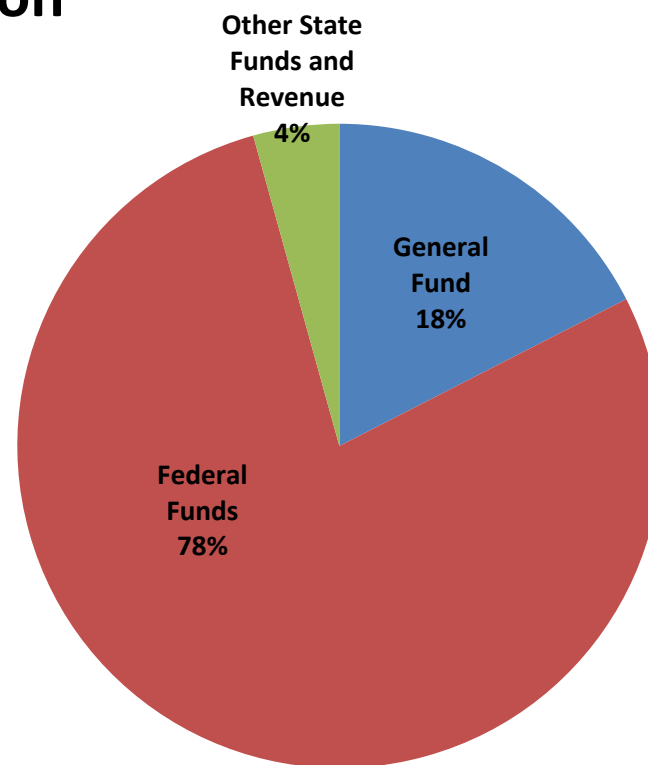
To reduce the impact of poverty on people living in New Mexico by providing support services that help families break the cycle of dependency on public assistance

- HSD administers services to more than 800,000 low-income New Mexicans through:
 - **Medical Assistance** (physical and mental health services)
 - **Income Support** (cash, food, and energy assistance, and supportive services)
 - **Child Support** (enforcement and establishment)
 - **Behavioral Health Services** (mental illness and substance abuse services)

HSD FY 15 Appropriation Request

FY 15 Budget Request of \$5.83 billion

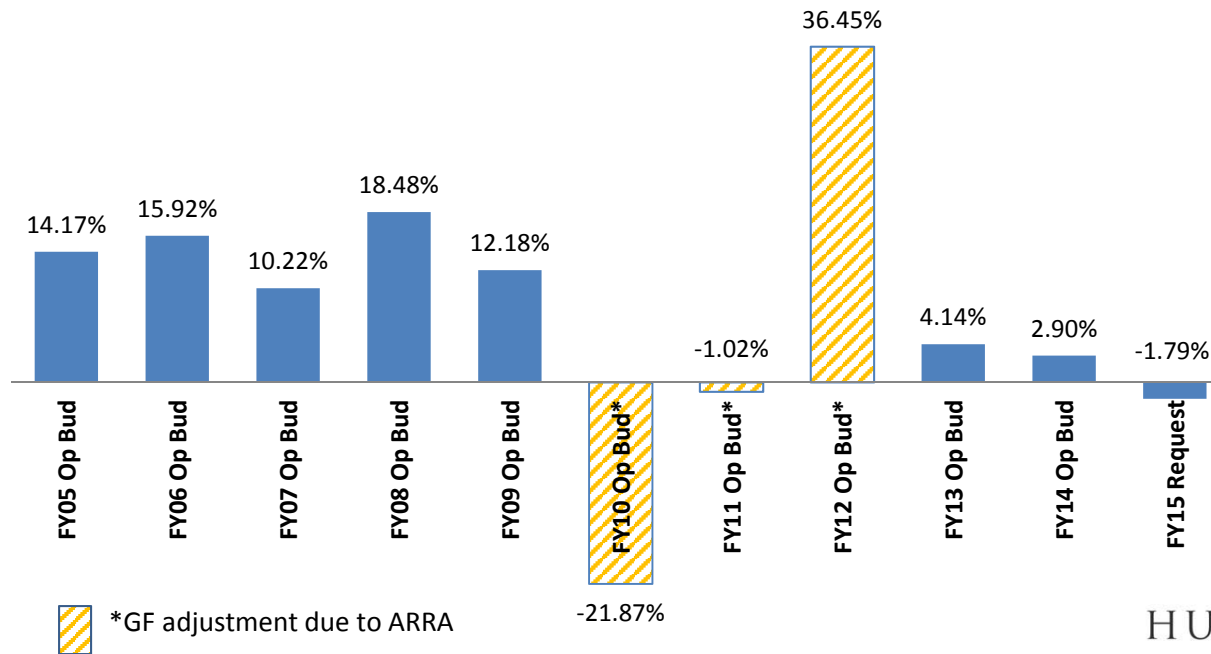
- 7.3% increase but reduced general fund need
- \$1.018 billion from the general fund (a decrease of \$18.6 million or 1.8%).
- \$4.56 billion in federal funds (an increase of \$438 million or 10.6%)
- \$251.5 million in other state funds and other revenue



HSD General Fund Budget Change

- In fact, excluding the ARRA period, FY15 would represent the first time in at least the last ten years that HSD's general fund budget could be lower than the prior year.

Percent Change in HSD General Fund Budget

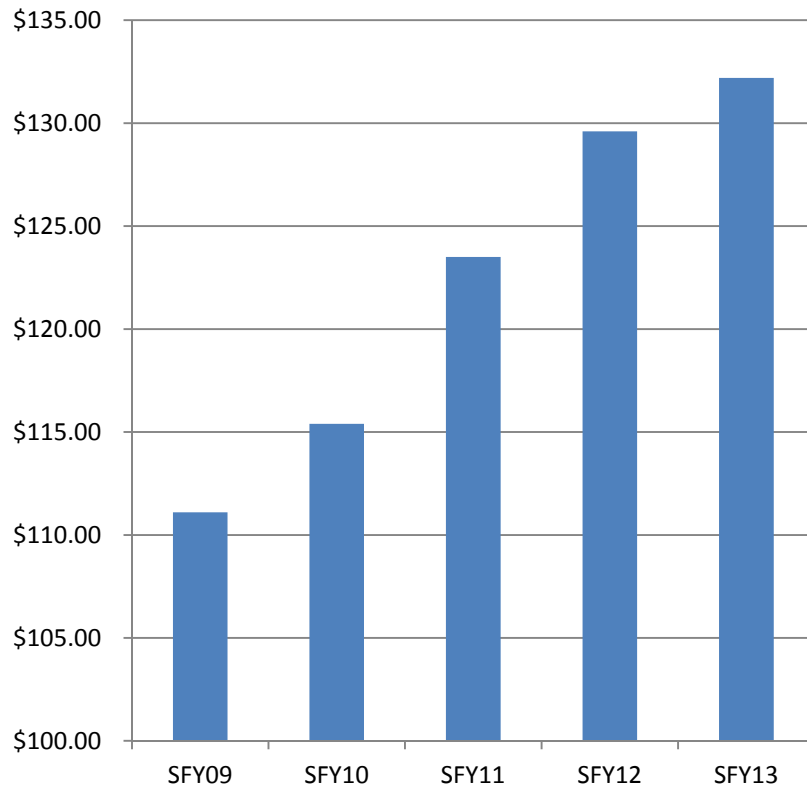


Child Support Enforcement

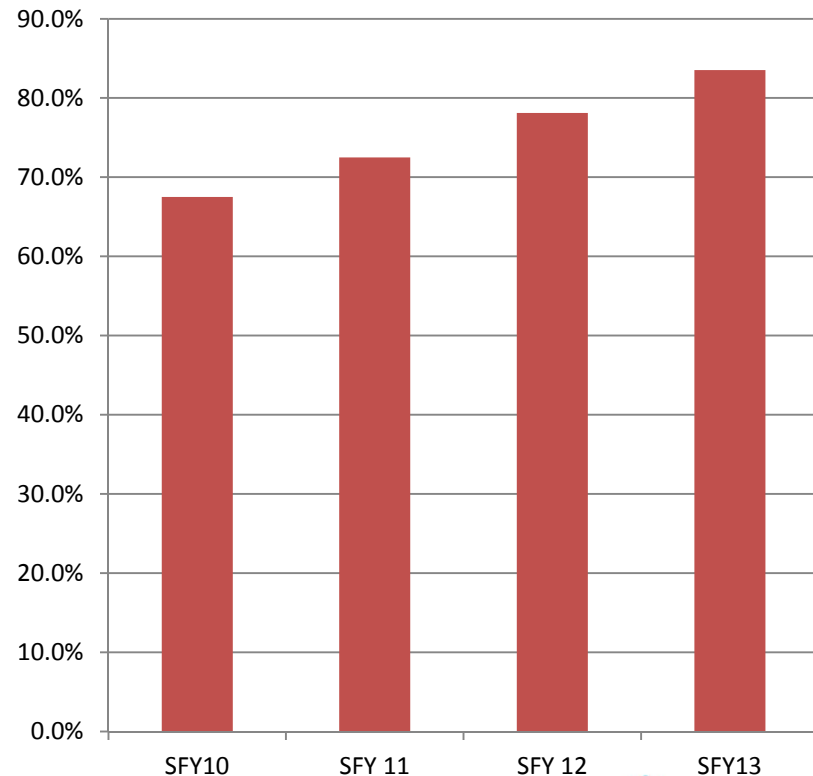
- The mission of the CSED is to enhance the well-being of children by assuring that assistance in obtaining support, including financial and medical, is available to children through locating parents, establishing paternity, establishing support obligations, and monitoring and enforcing those obligations
- FY2013 collections were a record \$132 million, 2% increase from 2012
- 66,248 families served
- On June 25, 2012, the National Child Support Enforcement Association awarded NM CSED “Most Improved Program” in the nation
- FY2015 budget request \$32.9 million
- \$7.8 million request from the General Fund, essentially flat from FY 2014

Child Support Enforcement

Child Support Collections



Percent of Cases with Support Orders



Income Support Division – Admin.

- The Income Support Division's core mission is to assist eligible low income families through cash assistance, food, medical and energy assistance services so they can achieve self sufficiency
- Income Support Division provides services through 36 field offices across the state.
- The FY 2015 budget request for ISD is \$78.3 million
 - \$33 million requested from the General Fund, a \$65 thousand increase over FY14
 - The 2015 Budget request also includes additional Federal Funds attributable to the Affordable Care Act (ACA)
 - Offset costs that would have required a GF increase (Postage, Rent, Lower Vacancy Rate, etc.)
 - Allow for changes to ASPEN to enhance functionality

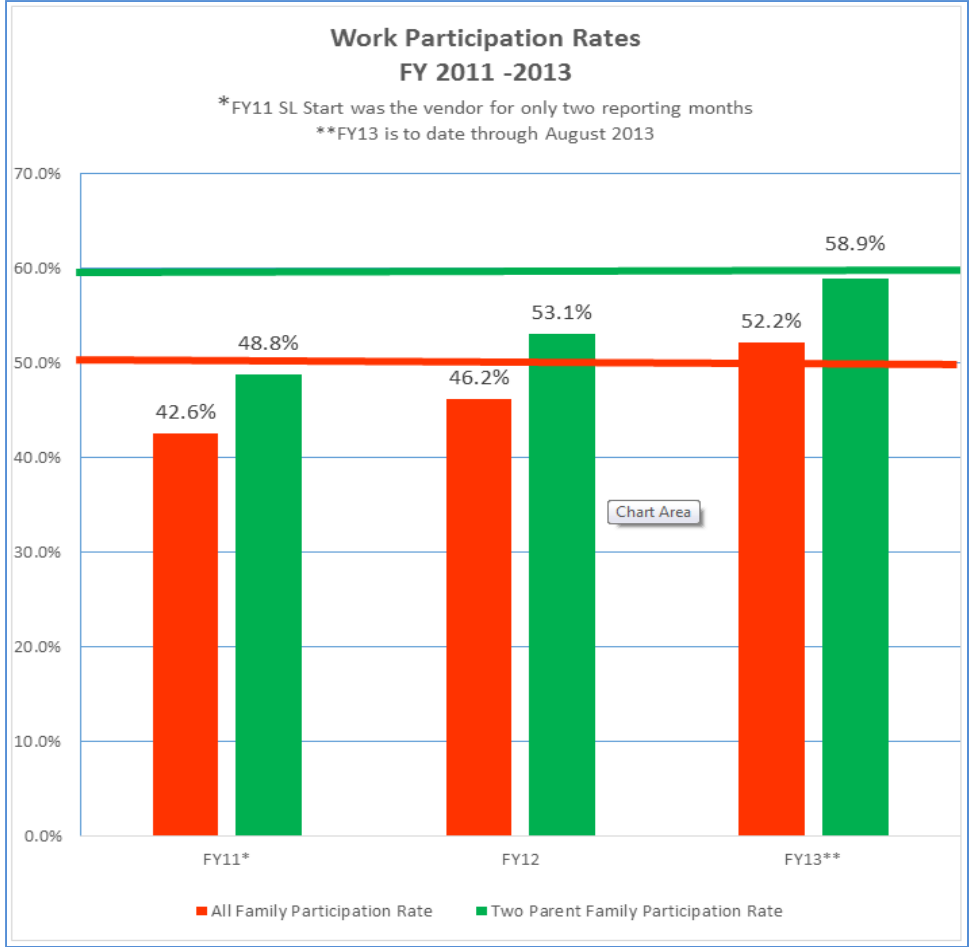
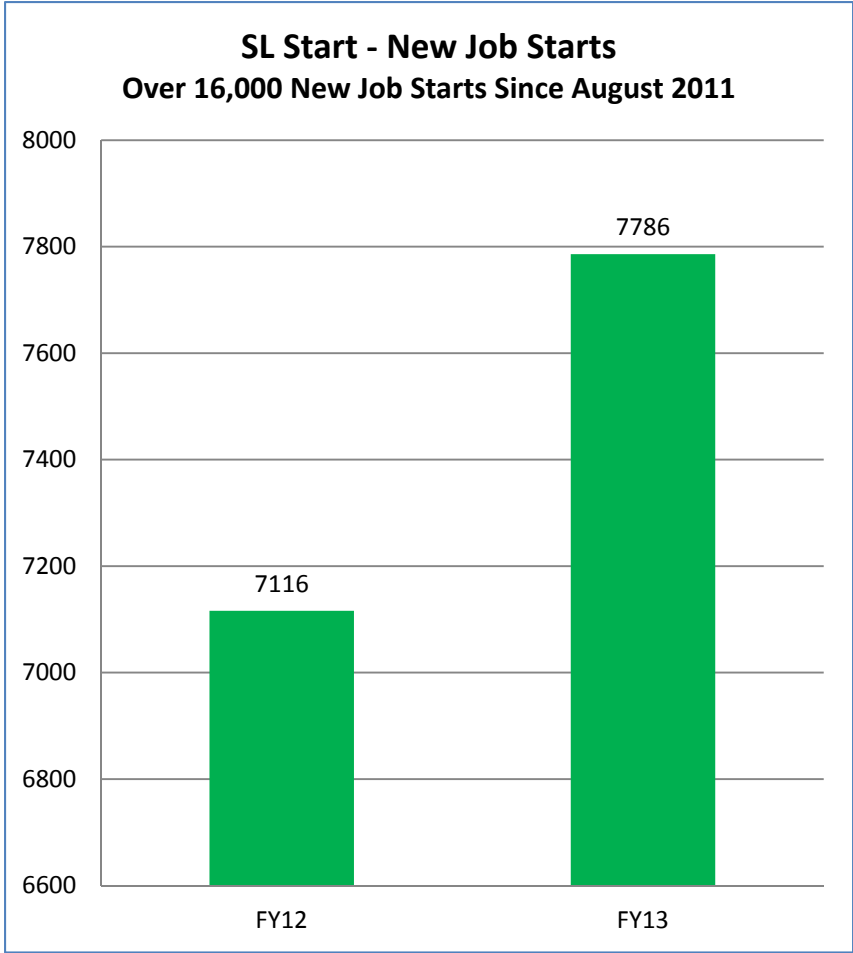
Temporary Assistance to Needy Families – (TANF)

- FY15 Request from TANF Block Grant is \$112.1 Million
- TANF Recurring Block Grant is \$110.6 million
- Projected Carryover is \$40.3 million
- Cash Assistance is requested at \$59.2 million, a \$5.6 million reduction from FY14 as caseloads continue to decrease
- Child Care is requested at \$27.3 million, flat from FY14
- Additional TANF funding of \$750 thousand requested to fund TANF substance abuse services (iCare). This is a new initiative started in FY14 aimed at removing barriers from employment
- Additional TANF funding of \$600 thousand requested to fund the Career Links program. This is also a new initiative in FY14 aimed at partnering with the private sector to provide work opportunities for TANF recipients.

NM Works and SL Start Update

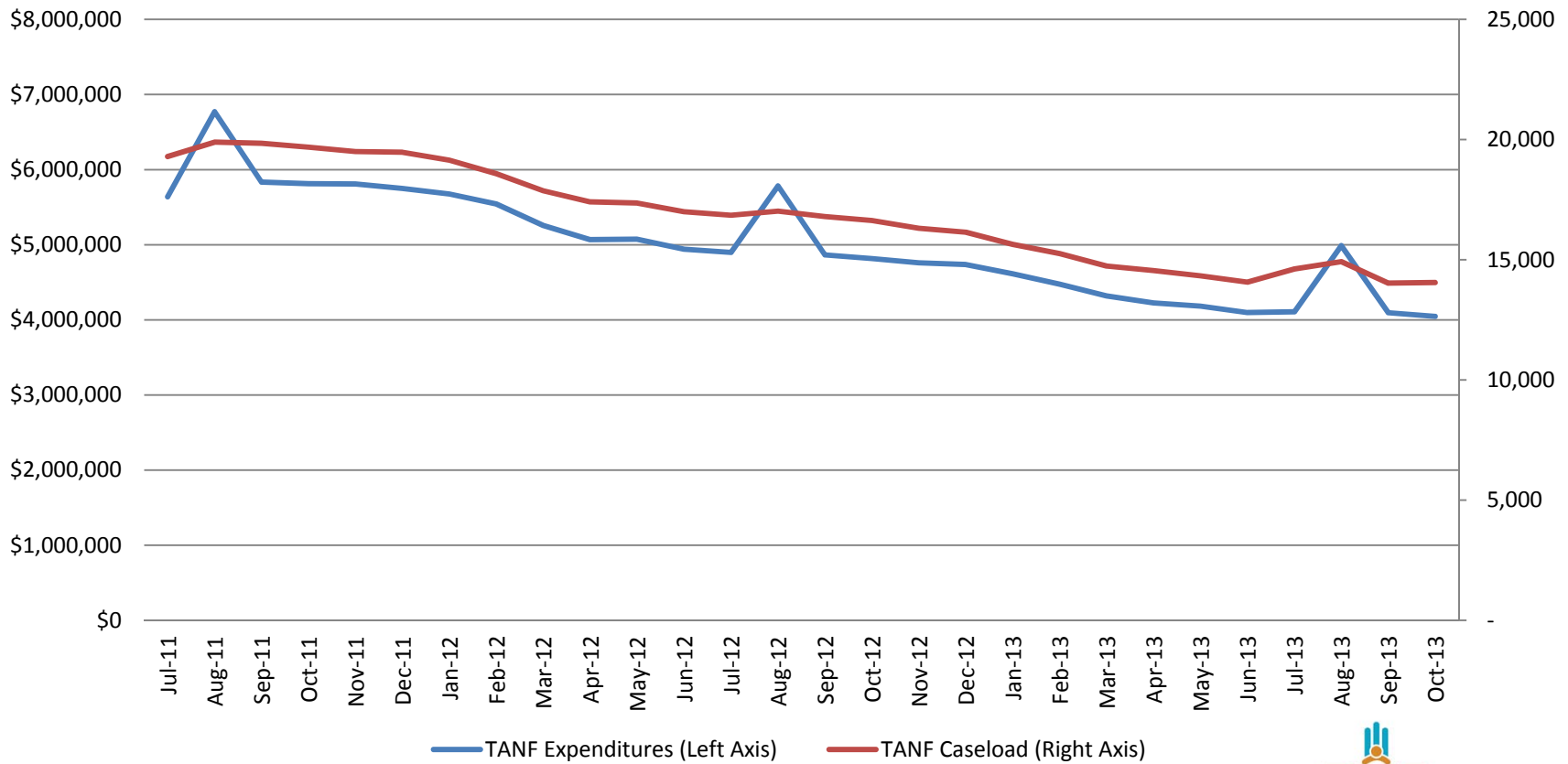
- SL Start manages services for HSD under the NM Works program. SL Start has been tasked with providing an improved model for engaging TANF/NMW parents and achieving higher self-sufficiency outcomes for participating families.
- Progress to date is encouraging:
 - New job starts are up
 - Work participation rates are higher than ever
- Early results of new initiatives are encouraging

Making a Difference



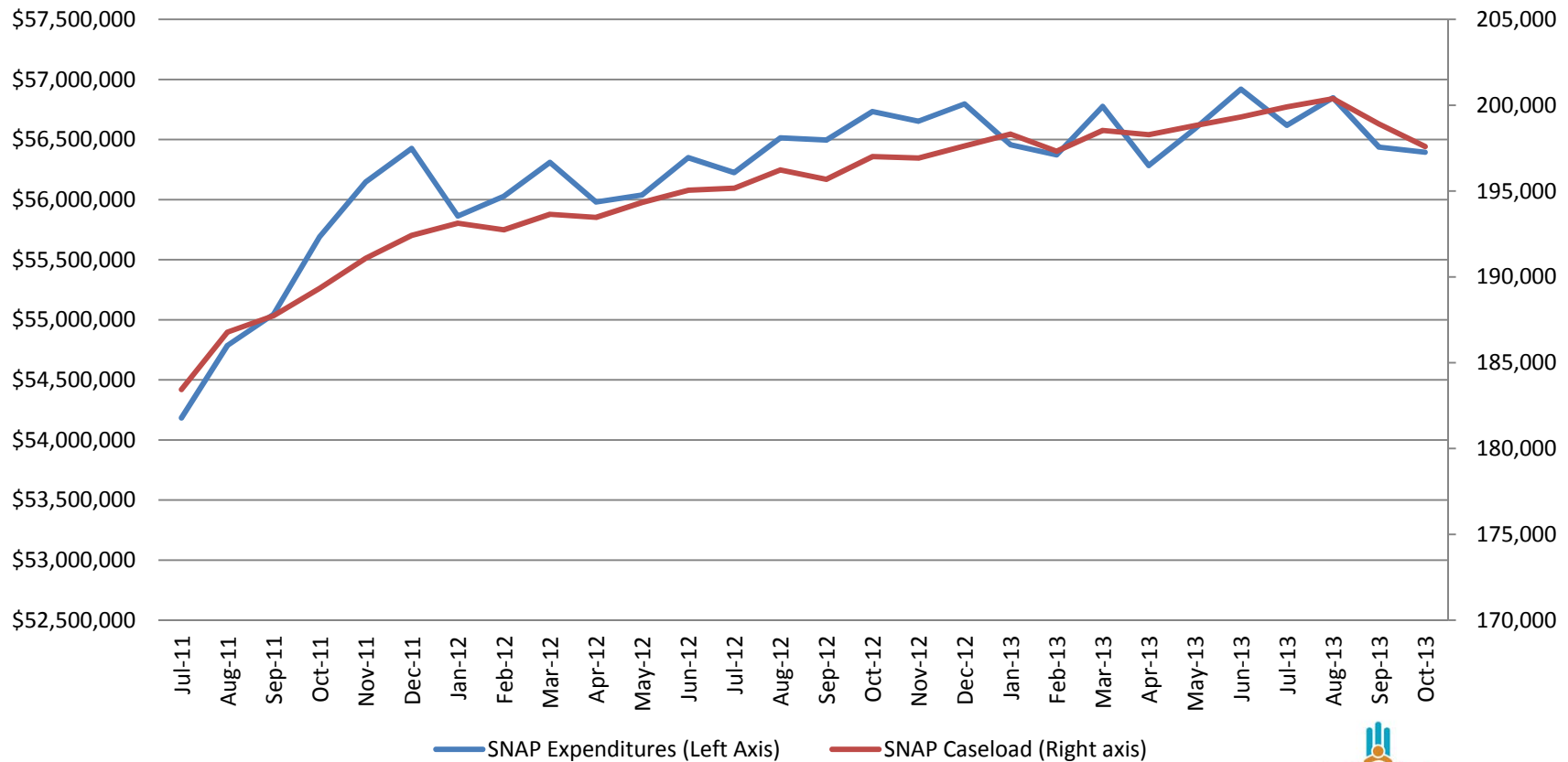
TANF Caseload and Expenditures

TANF Caseload and Expenditures



SNAP Caseload and Expenditures

SNAP Caseload and Expenditures



Mandatory Work Requirement for Able Bodied Adults without Dependents (ABAWD)

- The FY15 Request includes funding to support a program change which will require ABAWD's to be subject to mandatory requirements such as work experience and community service
- These requirements are similar to those currently in TANF and are designed to help individuals achieve self sufficiency while maintaining core benefits for children and families
- The cost of implementing this initiative is \$461 thousand. Anticipated costs include:
 - Work Experience (\$250 per participant) and transportation (\$150 per participant)
 - Community Service (\$250 per participant) and transportation (\$150 per participant)

Program Support Division

- Program Support 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 FY15 request for Program Support is \$53.3 million, with \$16.9 requested from the General Fund
- The \$16.9 GF request is a \$4.7 million increase over FY14 primarily attributable to ASPEN Maintenance and Operations costs.

ASPEN Maintenance and Operations

- Requesting an additional \$4.9 million from the general fund.
 - \$727 thousand for 20 FTE, six of which are new positions for IT support in Las Cruces, Roswell and Albuquerque. (The other 14 are existing positions that have been funded by the IT project budget).
 - \$3.016 million for contract maintenance and operations.
 - \$1.219 million for ASPEN hardware, maintenance costs, increased DoIT rates, and increased costs for network connectivity for field offices.
- Critical to maintain this system appropriately to ensure that we can use it for years and years to come.

ASPEN Update

- ASPEN will manage benefits for over 800,000 recipients who receive SNAP, Medicaid, and Cash Assistance. We have been working on this project for over two years and plan to be fully implemented statewide by the end of January 2014.
- The project is on time and on budget.
- The ASPEN system provides greater functionality than the previous legacy systems used by HSD for eligibility determination. But the greater functionality will necessarily result in increased IT costs for maintenance and operations.
- Implementation is going well:
 - Española Field Office Pilot Site - Completed 7/22/13
 - Wave 1 Roll out (Southern NM) – Completed 9/23/13
 - Wave 2 Roll Out (Northern NM) - In Progress
 - Wave 3 Roll Out (Albuquerque) – Scheduled to begin 1/17/14

Behavioral Health Services Division

- BHSD helps ensure access to mental health and substance abuse services; reducing the uninsured gap in New Mexico and increasing Medicaid funding for behavioral health services
- In FY 2015 because of Medicaid Expansion many of the services historically paid for by BHSD General Fund will be paid for by Medicaid due to expanded eligibility
- FY 2015 Base Budget request for BHSD is \$49.4 million, \$27.0 million from the General Fund
- FY 2015 Federal Funds in BHSD increased by \$5.5 million
 - Screening, Brief Intervention and Referral to Treatment Grant (SBIRT) - \$1.9 million
 - Substance Abuse Prevention and Treatment - \$2.2 million
 - Community Mental Health Services Grant - \$660 thousand
 - NM Partnership for Success Grant - \$650 thousand

BHSD Program Reinvestment

- BHSD budget request proposes an expansion to re-invest savings due to Medicaid expansion
- BHSD budget request projects a \$15.3 million GF savings due to Medicaid expansion
- This FY15 request will reinvest \$12.1 million of the savings to improve behavioral services and expand oversight of the behavioral network and managed care organizations in Centennial Care:
 - Quality Compliance Initiative -\$4.6 million
 - Compliance Audit Function \$1.6 million
 - Technical Assistance for Providers and Agencies - \$3 million
 - Re-Financing OPTUM value added services
 - Transitional Living Services - \$2.5 million
 - New Mexico Crisis and Access Line - \$1 million
 - Enhance Non-Medicaid Services
 - Fully fund Community Based for programs who exhaust funding allocation before year end - \$1.5 million
 - Supportive housing for Veterans and Peer Support Workforce Development - \$2.5 million

Behavioral Health Spending

- Overall, in our request, funding for behavioral health services at HSD would grow by 18% -- from \$390 million to \$461 million.

	FY13			FY14			FY15		
(in millions)	GF	FF	Total	GF	FF	Total	GF	FF	Total
Medicaid Behavioral Health	\$86.1	\$202.9	\$289.0	\$90.6	\$242.2	\$332.8	\$95.6	\$305.1	\$400.7
Behavioral Health Services Division	\$40.7	\$17.9	\$58.6	\$40.6	\$17.0	\$57.6	\$39.5	\$20.5	\$60.0
Total	\$126.8	\$220.9	\$347.6	\$131.2	\$259.2	\$390.4	\$135.1	\$325.6	\$460.8
Percent change from prior year				3.5%	17.3%	12.3%	3.0%	25.6%	18.0%

Medical Assistance Division: Medicaid Spending

- We are projecting a lower general fund budget for FY15 in Medicaid, consistent with the trends over the last few years.
- Since 2011, HSD has managed the Medicaid program without the need for significant increases in general fund spending, while maintaining services and provider rates.

	FY12 Actuals	FY13 Projection*	FY14 OpBud	FY15 Request	Change from FY14
Total Budget	\$3,640.1	\$3,690.8	\$4,300.6	\$4,670.3	8.6%
General Fund	\$849.5	\$865.2	\$917.9	\$895.3	-2.5%

*August 2013 projection. Current FY14 projection is for total spending of \$4.1 billion, with \$893.5 million from the general fund.

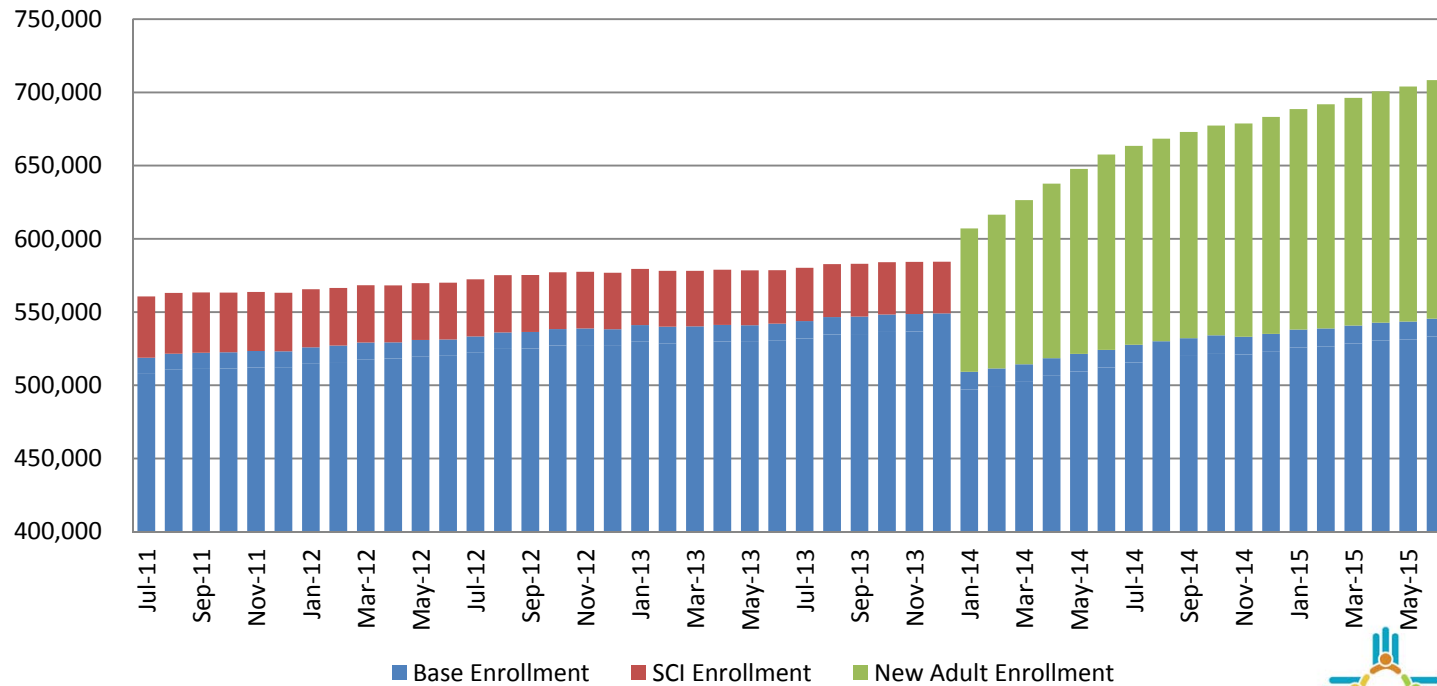
Medical Assistance and Medicaid Behavioral Health: FY 15 Appropriation Request

- Total Medicaid Program spending in FY 15 is projected to be \$4.67 billion
 - \$895.3 million from the general fund -- \$22.5 million less than FY14 budget
 - Continued slower than average growth in costs
 - 1.44 percent in the first full year of Centennial Care.
 - New revenue from drug rebates
 - \$18.2 million of revenue from collections from pharmaceutical manufacturers. New revenue reduces general fund need.
 - Higher federal matching rate (FMAP), resulting in \$8 million of general fund savings
 - Changes in enrollment mix – more federally funded due to implementation of Medicaid expansion.
 - Enrollment growth of about 7.7 percent from FY14 and 22 percent from FY14.
 - About 710,000 enrolled by the end of FY15.

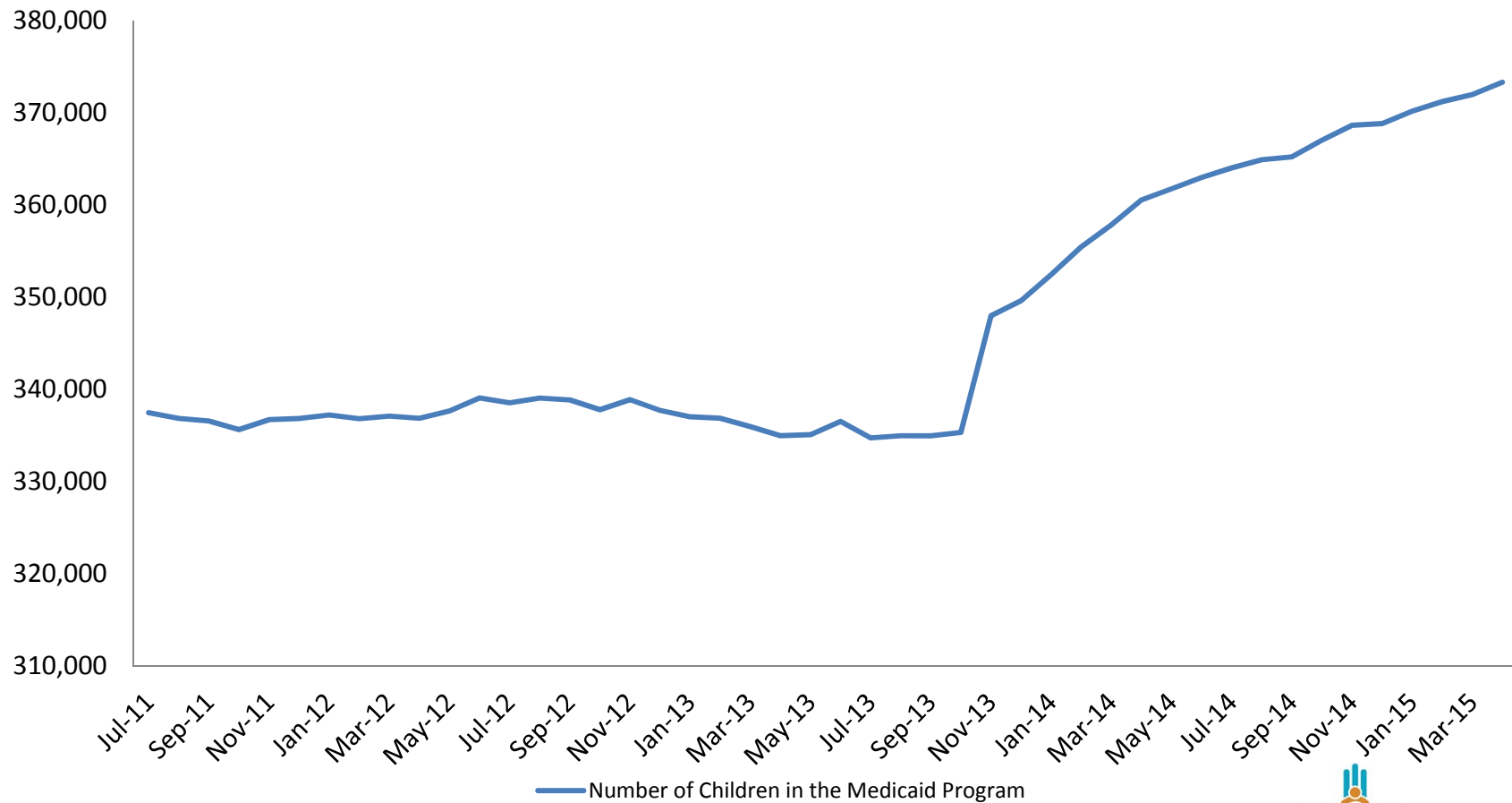
Medical Assistance Division: Medicaid Enrollment

- General fund spending has been relatively flat over the last three fiscal years, although enrollment continues to grow, and will take a sharp turn up in January.

Medicaid Enrollment



Children in the Medicaid Program



Centennial Care and Expansion Update

- Centennial Care is New Mexico's new Medicaid program of integrated care that will be implemented January 1.
 - Developing and implementing new care coordination programs to ensure recipients get the care they need
- CMS approved the state's waiver request in July, and HSD is working with the four Centennial Care managed care organizations to ensure readiness.
- Open enrollment for Centennial Care began October 15.
- HSD has held more than 200 meetings across the state to inform people about Centennial Care and new coverage options (e.g. Medicaid expansion)

Wrap Up

- FY14 is a year of significant change
- FY15 is a 'year of implementation'
- Continue to manage the Medicaid program without additional general fund dollars, while expanding access to critical services, including new behavioral health services.
- Continue to focus on helping TANF recipients get back to work