



# NEW MEXICO MEDICAID ADVISORY COMMITTEE (MAC) MEETING

JANUARY 27, 2020

MEDICAL ASSISTANCE DIVISION



# INTRODUCTIONS

*Investing for tomorrow, delivering today.*

# APPROVAL OF AGENDA

*Investing for tomorrow, delivering today.*

# MAC AGENDA

- April and December 2019 Minutes
- Legislative Priorities Update
- Medicaid Budget Projections
- Dashboards
- Adjournment

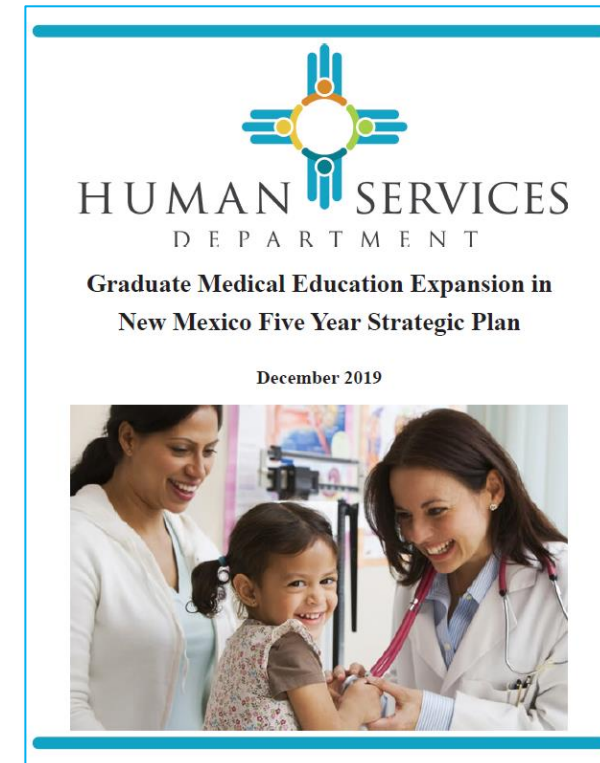
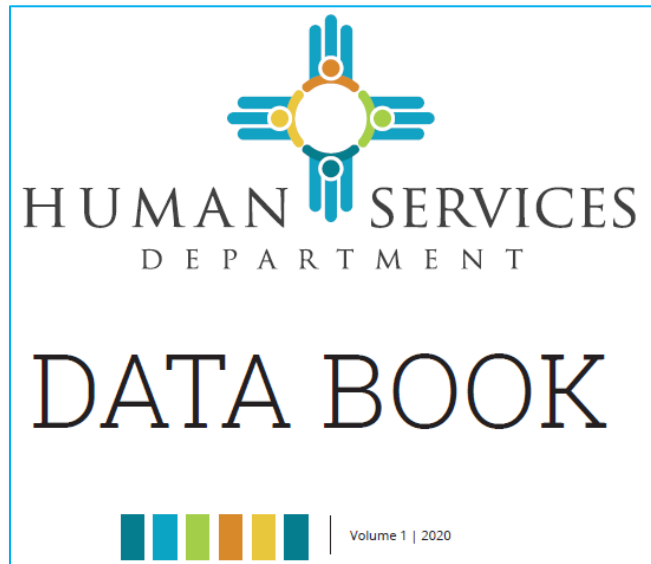
# APRIL AND DECEMBER 2019 MINUTES

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# LEGISLATIVE PRIORITIES

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# HSD MATERIALS



- [https://www.hsd.state.nm.us/Public Information and Communications.aspx](https://www.hsd.state.nm.us/Public%20Information%20and%20Communications.aspx)

# GOVERNOR'S HEALTH PRIORITIES

- **Drug Importation** (SB1, Senator Papen & Representative D. Armstrong)
- **Residency Requirements for Medical Cannabis Program Enrollment** (Senator Ortiz y Pino)
- **Increasing Access and Affordability in the New Mexico Health Insurance Exchange** (HB100, Representative D. Armstrong & Representative Cadena)
- **Tobacco Licensing and Tobacco and E-Cigarette Sales** (Senator Lopez & Representative Thomson)
- **Kiki Saavedra Senior Dignity Fund** (Representative D. Armstrong)



# MEDICAID FUNDING: THE CRITICAL QUESTION

“Should the child of a poor American family have the same chance of avoiding preventable illness or of being cured from a given illness as does the child of a rich American family?”

Uwe Reinhardt (1937-2017),  
Professor of Healthcare Economics,  
Princeton University



# MAD DIRECTOR UPDATE

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# MISSION

*To transform lives. Working with our partners, we design and deliver innovative, high quality health and human services that improve the security and promote independence for New Mexicans in their communities.*

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# GOALS



## We help NEW MEXICANS

1. Improve the value and range of services we provide to ensure that every qualified New Mexican receives timely and accurate benefits.



## We communicate EFFECTIVELY

2. Create effective, transparent communication to enhance the public trust.



## We make access EASIER

3. Successfully implement technology to give customers and staff the best and most convenient access to services and information.



## We support EACH OTHER

4. Promote an environment of mutual respect, trust and open communication to grow and reach our professional goals.

# GUIDING MEDICAID PRINCIPLES

- NM has the highest population percentage covered by Medicaid, which creates a greater NM HSD responsibility to our healthcare market and to fair payments.
- The overwhelming majority of federal CMS dollars must be spent on providing direct services to Medicaid beneficiaries.
- HSD aims to maximally leverage federal funds to improve the health of New Mexicans, while maintaining strict compliance with the law.

# MEDICAID BUDGET PROJECTION

The Medicaid budget projection is produced quarterly by economists in the Budget Planning and Reporting Bureau at the Medical Assistance Division of the Human Services Department.

# MEDICAID BUDGET PROJECTIONS

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# MEDICAID BUDGET AGENDA

I. Introduction

II. Enrollment

III. Changes from September 2019 Data Projection

IV. FY 19 Lag Model

V. FY 20 Lag Model

VI. FY 21 Trend Model

# MEDICAID BUDGET UPDATE

- The current quarterly budget projection is updated with data through December 2019.

Budget Projection – Expenditures (\$000s)	FY2019	FY2020	FY2021
Fee-For-Service	722,861	766,546	749,229
DD & MF Traditional, and Mi Via Waivers	408,600	439,154	542,748
Centennial Care MCO	4,277,149	4,901,085	5,174,606
Medicare	188,286	203,213	217,558
Other	18,578	120,009	206,663
Total Projection	5,615,474	6,440,007	6,890,805
Prior Projection	5,613,875	6,188,591	6,697,620
Change from Prior	1,599	251,416	193,185

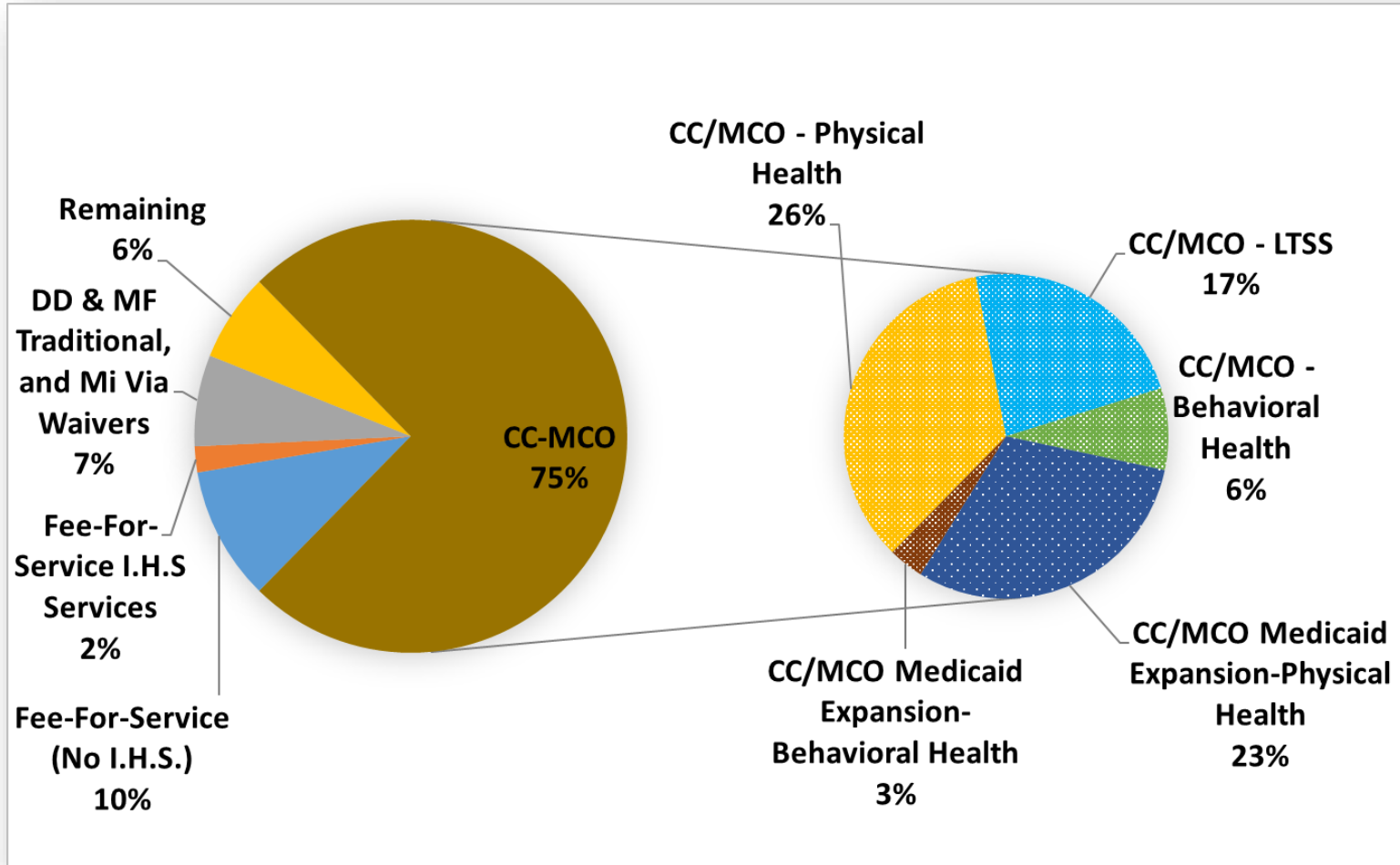


# MEDICAID BUDGET UPDATE

- The estimated state revenue surplus in FY19 is \$9,440
- The estimated state revenue shortfall in FY20 is \$24,550
- The projected state revenue shortfall in FY21 is \$38,584

Budget Projection - Revenues (\$000s)	FY2019	FY2020	FY2021
Federal Revenues	4,434,411	5,071,456	5,410,430
All State Revenues	1,175,851	1,363,207	1,471,637
Operating Transfers In	197,537	257,761	297,309
Other Revenues	54,129	61,198	61,198
General Fund Need	924,185	1,044,247	1,113,130
Appropriation	933,625	1,019,697	1,074,546
State Revenue			
Surplus/(Shortfall)	9,440	(24,550)	(38,584)
Change from Prior	523	(25,156)	(12,222)

# FY2020 MEDICAID BUDGET PROJECTION



# FEDERAL OUTLOOK (FY21 BUDGET ISSUES)

	% of Total \$	FFY 2018	FFY 2019	FFY 2020	FFY 2021
FMAP	64.2%	72.16%	72.26%	72.71%	73.46%
E-FMAP	.01%	80.51%	80.58%	80.90%	81.42%
CHIP E-FMAP	1.7%	100%	100%	92.40%	81.42%

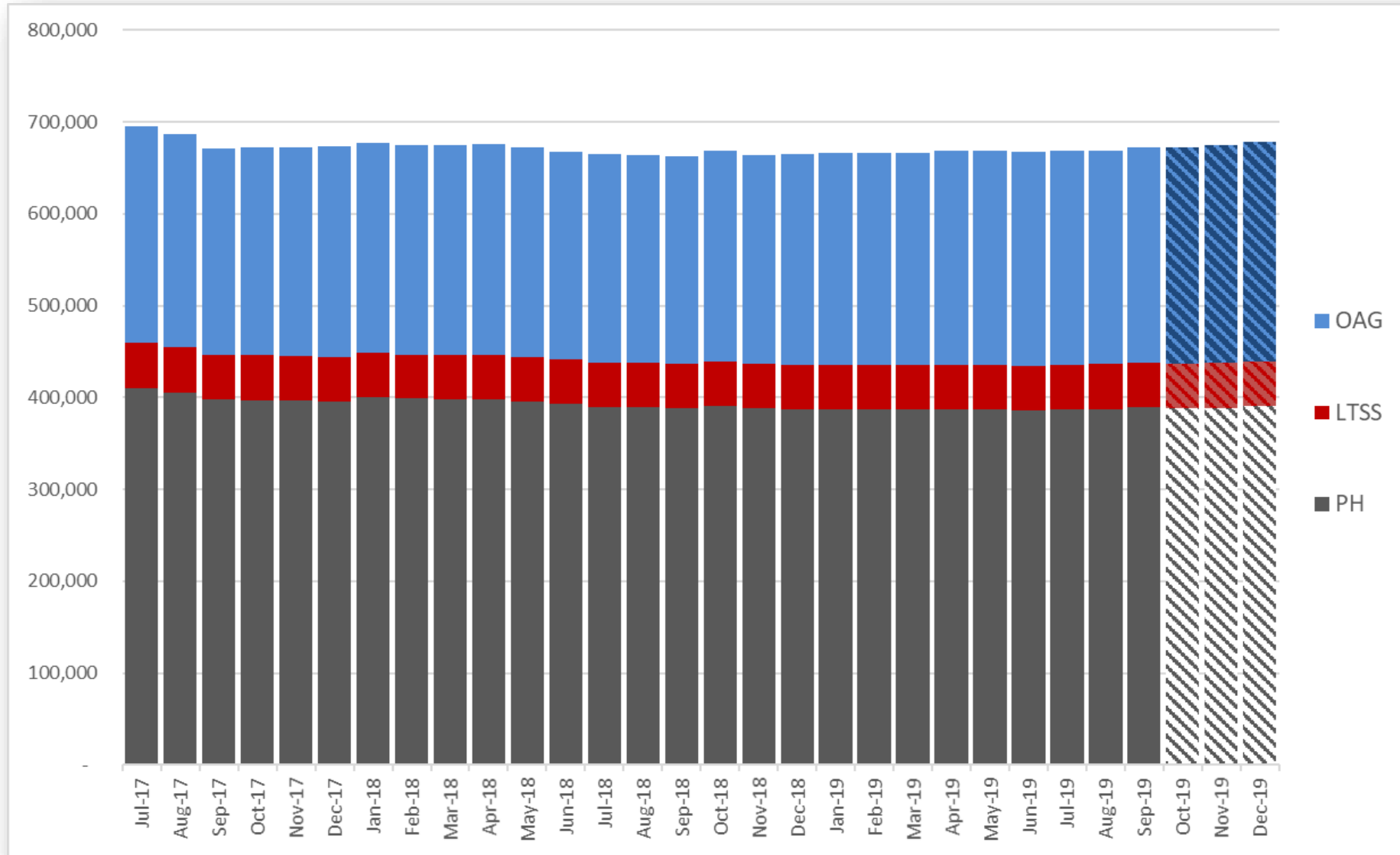
- Expansion FMAP steps down again on January 1, 2019, to 93% and on January 1, 2020 to 90%.
- Regular FMAP rates increased slightly for NM.
- CHIP Reauthorization
  - 100% expires in September 30, 2019.
  - Phase-out increased to states' E-FMAP by 11.5% through September 30, 2020.
  - E-FMAP reverts back on October 1, 2020.
- Federal Health Insurance Provider Fee Removal in FY2021 Projection

# ENROLLMENT PROJECTION

# MEDICAID ENROLLMENT IN CONTEXT

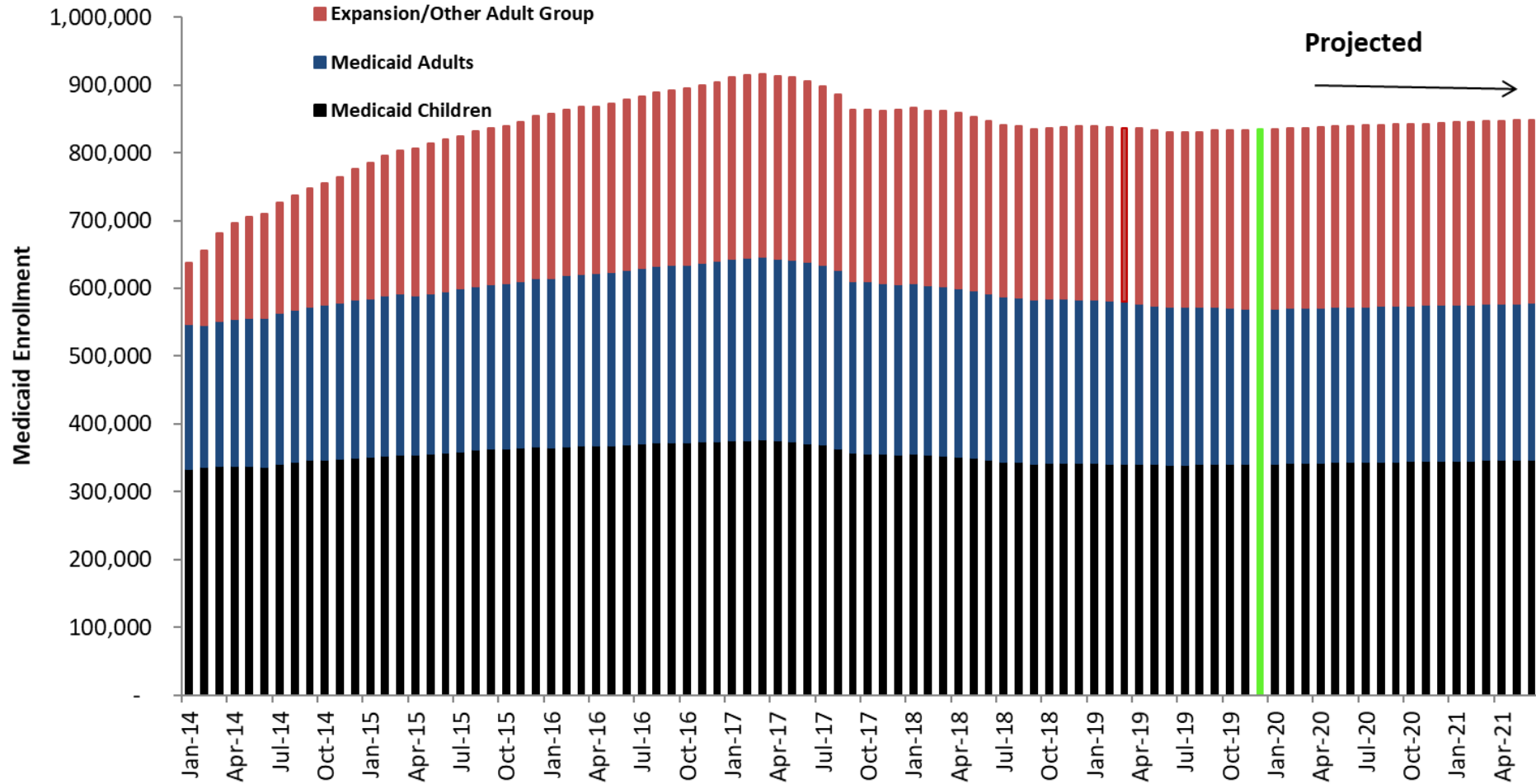
- Nearly 840,000 total beneficiaries (clients, recipients)
- Almost 80% are enrolled in managed care
- Covers roughly 40% of all New Mexicans
- About 43% of beneficiaries are children
- About 54% - 59% of New Mexico children are enrolled in Medicaid.

# NEW MEXICO MANAGED CARE ENROLLMENT



\*October 2019 to December 2019 include assumptions for retroactive enrollment

# NEW MEXICO MEDICAID ENROLLMENT



**June 2021  
Projected Enrollment**

**Expansion/OAG:**  
270,414

**Medicaid Adults:**  
230,723

**Medicaid Children:**  
347,668

# MEDICAID ENROLLMENT CHANGES

- Physical health is projected to grow by 0.5% annually
  - October 2018 to October 2019 growth was -0.69%
  - June 2019 to December 2019 growth was 1.03%
- LTSS population is projected to grow by 1.5% annually (1.5% in prior projection)
  - October 2018 to October 2019 growth was 0.65%
  - June 2019 to December 2019 growth was 1.65%
- Medicaid expansion population is projected to grow by 2% annually (2% in prior projection)
  - October 2018 to October 2019 growth was 2.73%
  - June 2019 to December 2019 growth was 2.37%



# FY2019 PROJECTION

# MEDICAID BUDGET PROJECTION

## FY2019 EXPENDITURES

Description	FY19 Total (\$000s)	% Change from FY18	Previous Projection	Change from Previous
CC – Physical Health	1,474,293	-0.03%	1,475,665	(1,372)
CC – Medicaid Expansion PH	1,274,863	1.30%	1,267,588	7,275
CC MCO Subtotal	4,277,149	-1.03%	4,271,625	5,523

# MEDICAID BUDGET PROJECTION

## FY2019 REVENUES

Description	FY19 Revenues (\$000s)	Change from Previous
General Fund Need	924,185	(523)
FY19 Appropriation	933,625	
State Revenue Surplus/(Shortfall)	9,440	523

# FY2020 PROJECTION

# MEDICAID BUDGET PROJECTION

## FY2020 EXPENDITURES

Description	FY20 Total (\$000s)	% Change from FY19	Previous Projection	Change from Previous
DSH/GME/IME	201,020	25.28%	199,741	1,279
Safety Net Care Pool/HQII Pool	55,945	-30.85%	80,901	(24,957)
IHS Hospital	124,630	2.01%	125,965	(1,335)
Others	64,349	9.00%	63,292	1,057
Fee-For-Service Subtotal	766,546	6.04%	793,535	(26,988)

# MEDICAID BUDGET PROJECTION

## FY2020 EXPENDITURES

Description	FY20 Total (\$000s)	% Change from FY19	Previous Projection	Change from Previous
CC - Physical Health	1,666,322	11.96%	1,624,718	41,604
CC – LTSS	1,115,152	5.85%	1,096,744	18,409
CC - Behavioral Health	390,902	14.81%	367,681	23,221
CC Medicaid Expansion- P.H.	1,464,922	16.18%	1,388,876	76,046
CC Medicaid Expansion-B.H.	168,787	26.01%	152,312	16,475
CC MCO Subtotal	4,901,085	14.59%	4,725,330	175,754

# MEDICAID CAPITATION COST DRIVERS IN FY2020 (6 MONTHS)

	Expansion-PH		Expansion-BH		Physical Health		LTSS		Behavioral Health		SUM	
CY 2020 PMPM Cost Drivers (Mercer Actuarial Data)	100%	\$56,433.3	100%	\$15,153.9	100%	\$43,798.3	100%	\$15,347.4	100%	\$23,322.0	100%	\$154,054.9
Program Changes after 1/1/2020	22%	\$12,606.8	25%	\$3,807.2	29%	\$12,533.0	59%	\$8,997.7	14%	\$3,278.8	27%	\$41,223.5
Additional 12 months of trend	20%	\$11,007.1	12%	\$1,743.7	25%	\$11,165.7	25%	\$3,883.3	24%	\$5,698.2	22%	\$33,498.0
Changes in projected medical expense from rebase	30%	\$16,863.5	19%	\$2,812.8	12%	\$5,390.7	-28%	\$(4,368.6)	22%	\$5,209.0	17%	\$25,907.4
Changes in HIX assessment	10%	\$5,536.9	6%	\$980.8	16%	\$6,992.9	20%	\$3,031.7	11%	\$2,600.5	12%	\$19,142.8
Changes in other non-medical expenses	11%	\$5,928.4	10%	\$1,570.0	13%	\$5,878.6	15%	\$2,354.9	13%	\$3,125.7	12%	\$18,857.6
Changes in Admin Expenses	5%	\$2,704.6	12%	\$1,801.9	7%	\$2,963.8	7%	\$1,030.7	5%	\$1,137.1	6%	\$9,638.0
Program Changes before 1/1/2020	3%	\$1,892.5	16%	\$2,437.5	-3%	\$(1,126.4)	3%	\$417.6	10%	\$2,272.8	4%	\$5,894.0

# MEDICAID BUDGET PROJECTION

## FY2020 EXPENDITURES

Description	FY20 Total (\$000s)	% Change from FY19	Previous Projection	Change from Previous
Medicare Part D	44,996	-7.39%	48,137	(3,141)
Hospital & Provider Rates Increases	8,600	-26.2%	11,664	(3,064)
SB246 Health Care Quality Surcharge	105,125	--	2,400	102,725
Contracts and Utilization Review	8,284	98.26%	3,400	4,884
Grand Total	6,440,007	14.68%	6,188,591	251,416



# MEDICAID BUDGET PROJECTION FY2020 REVENUES

Description	FY20 Revenues (\$000s)	Change from Previous
FY20 Appropriation	985,537	-
General Fund Need	1,044,247	25,156
FY20 Appropriation (HB2 & HB6)	34,000	-
State Revenue Surplus / (Shortfall)	(24,550)	(25,156)

# FY2021 PROJECTION

# MEDICAID BUDGET PROJECTION FY2021 EXPENDITURES

Description	FY21 Total (\$000s)	% Change from FY20	Previous Projection	Change from Previous
DSH/GME/IME	202,298	0.00%	199,741	2,557
Safety Net Care Pool/HQII Pool	31,012	-44.57%	80,901	(49,889)
IHS Hospital	124,635	0%	128,984	(4,350)
Others	66,405	3.19%	65,337	1,068
Fee-For-Service Subtotal	749,229	-2.42%	802,905	(53,676)

# MEDICAID BUDGET PROJECTION

## FY2021 EXPENDITURES

Description	FY21 Total (\$000s)	% Change from FY20	Previous Projection	Change from Previous
DD and MF Waivers	515,635	17.42%	529,497	(13,862)
Supports Waiver	27,113		22,491	4,622
Waiver Total	542,748	23.59%	551,988	(9,240)

# MEDICAID BUDGET PROJECTION

## FY2021 EXPENDITURES

Description	FY21 Total (\$000s)	% Change from FY20	Previous Projection	Change from Previous
CC - Physical Health	1,773,261	5.53%	1,717,249	56,012
CC – LTSS	1,180,398	5.85%	1,139,351	41,048
CC - Behavioral Health	424,780	8.67%	378,326	46,454
CC Medicaid Expansion- P.H.	1,603,969	10.55%	1,470,024	133,945
CC Medicaid Expansion-B.H.	192,197	13.87%	159,132	33,065
Health Insurance Provider Fee	0	-100.00%	100,000	(100,000)
CC MCO Subtotal	5,174,606	5.58%	4,964,082	210,524

# MEDICAID BUDGET PROJECTION FY2021 EXPENDITURES

Description	FY21 Total (\$000s)	% Change from FY20	Previous Projection	Change from Previous
Medicare Part D	47,474	5.51%	50,988	(3,513)
Hospital & Provider Rates Increases	61,670	617.09%	83,636	(21,966)
SB246 Health Care Quality Surcharge	120,810	14.92%	61,709	59,101
DOH Designated Trauma Hospitals	7,423			7,423
Contracts	8,284	0%	3,400	4,884
Grand Total	6,890,805	7%	6,697,620	193,185

# MEDICAID BUDGET PROJECTION FY2021 REVENUES

Description	FY21 Revenues (\$000s)	Change from Request
Federal Revenues	5,410,430	266,887
DOH Appropriation	137,743	(3,800)
DOH Need / (Surplus)	911	498
Supports Waiver	7,000	800
DOH Need / (Surplus)	392	392
ECEC Dept for FIT	11,702	0
Trauma Hospitals DOH	1,500	1,500
UNM IGT	56,165	9,446
HC and Disability HC Facility Funds	35,465	18,884
County Supported Medicaid Fund	38,552	4,732
Tobacco Settlement	7,319	(500)

# MEDICAID BUDGET PROJECTION

## FY2021 REVENUES

Description	FY21 Revenues (\$000s)	Change from Request	Change from Prior
FY21 Executive Recommendation	1,074,546	-	
General Fund Need	1,113,130		(12,222)
State Revenue Surplus / (Shortfall) FY 21 Executive Recommendation	(38,584)	24,264	(12,222)



# PROPOSED PROCESS IMPROVEMENTS TO AVOID BUDGET DISCONNECTS IN FUTURE YEARS

- HHS 2020 will route all claims through HSD to have real-time information (and not use >1 year old data to project out 18 months).
- “Baby bot” to provide real time enrollment of new infants and reduce retroactive adjustments by XXX% so most current membership data is used.
- Work closely with LFC staff to develop a joint recommendation on membership projections.
- Complete January projection early enough (and schedule hearings late enough) to incorporate into HSD LFC hearings.
- Reschedule future rebasing efforts to occur every two years in June so results can be built into budget.
- Accept non-data driven cuts to Medicaid budget must be accompanied by corresponding policy changes; and, create workgroups to accomplish this contemporaneously with such budget revisions.

# DASHBOARDS

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# QUESTIONS



HUMAN SERVICES  
D E P A R T M E N T

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