

# REGULATORY IMPACT FORM

## SECTION I: GENERAL INFORMATION

|                  |                                 |                        |   |
|------------------|---------------------------------|------------------------|---|
| <b>Agency:</b>   | HSD/Medical Assistance Division | <b>Short Title and</b> |   |
|                  |                                 | <b>Legal Citation:</b> | Co-Pay, Premium, and Retro Medicaid Changes |
| <b>Enactment</b> |                                 | <b>Last Updated:</b>   |   |
| <b>Date:</b>     | July 01, 2019                   |                        | January 01, 2019                            |

## SECTION II: FISCAL IMPACT

### REVENUE (dollars in thousands)

| Estimated Revenue |      |      | Recurring<br>or<br>Nonrecurring | Fund<br>Affected |
|-------------------|------|------|---------------------------------|------------------|
| FY19              | FY20 | FY21 |                                 |                  |
| 0.00              | 0.00 | 0.00 | N/A                             | N/A              |

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY19 | FY20   | FY21   | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|--------|--------|----------------------|------------------------------|------------------|
| <b>Total</b> | 0.00 | 618.00 | 618.00 | 1,236.0              | Recurring                    | GF               |

(Parenthesis ( ) Indicate Expenditure Decreases)

## SECTION III: EXPLANATION

### **BACKGROUND:**

- 1) Provide a brief summary of the proposed rule's intended purposes, goals, and the specific problem(s) that it addresses:

NMAC rule 8.200.400 is being revised to allow for three months of retroactive Medicaid prior to the application month for most Medicaid categories as opposed to the limited one month of retroactive Medicaid for most managed care members. NMAC rules 8.200.430 and 8.296.400 are being revised to remove references to co-payments and premiums for Medicaid recipients. The Human Services Department will not be implementing co-payments and premiums for Medicaid recipients.

- 2) How does this rule advance the agency's mission?

HSD does not believe co-payments are an effective strategy in driving changes in provider or member behavior. Implementing premiums will likely result in no coverage, eventually creating pent-up demand for services over the long-term. Instead of implementing premiums, HSD is interested in pursuing other policy strategies that will help keep eligible individuals enrolled to avoid lapses in coverage and needed medical care.

Allowing three months of retroactive Medicaid for three months has been a mainstay in the Medicaid program, which helps income qualified people get coverage after they have applied, usually due to a medical emergency. Limitations on retroactive eligibility were phased in on January 01, 2019. However, HSD believes that limiting retroactive eligibility to one month puts financial strain on low-income New Mexicans and on an already fragile healthcare workforce through additional costs, uncompensated care, and unmet medical needs.

## **ALTERNATIVE APPROACHES:**

### 1) What non-regulatory alternatives were considered?

There are no non-regulatory alternatives to eliminating co-payment and premium policy and allowing three months of retroactive Medicaid.

### 2) Briefly explain the costs and benefits of each alternative that were considered:

These rules eliminate references to co-payments and premiums that were not implemented. The original intent was to allow for some cost sharing responsibility for certain Medicaid recipients. However, HSD decided to pursue other alternatives to co-payments and premiums that would not put a financial strain on low-income New Mexicans. Allowing three months of retroactive Medicaid has been a long-standing policy of HSD. The original plan was to gradually phase out retroactive Medicaid altogether. However, HSD decided that strategy was not effective and would result in more uncompensated care and unmet medical needs.

### 3) How is this rule the best solution to the identified problem?

These rules are the best solution as HSD will pursue alternative options that keep eligible individuals enrolled and obtaining needed medical care.

## **IMPACTS:**

### 1) How will this rule increase or decrease the costs for businesses within the affected industry?

The rules, particularly allowing three months of retroactive Medicaid, will decrease costs as it will reduce uncompensated care for providers and unmet medical needs for Medicaid recipients.

### 2) How will this rule increase or decrease the prices of goods and services for consumers?

These rules should decrease the prices of goods and services for consumers as Medicaid recipients will not have co-payments or premiums and can get obtain more retroactive coverage to cover provided services.

### 3) How will this rule promote economic competition and growth in the state?

These rules will promote economic competition and growth in the state by allowing additional coverage for individuals which in turn allows providers to be reimbursed for more services by Medicaid reducing uncompensated care.

### 4) How will this rule impact public health and safety?

These rules will improve public health and safety by eliminating barriers to enrollment and allowing for more eligibility and services to be covered.

### 5) What would be the consequences of not adopting this rule?

There would be more uncompensated care for providers and more unmet medical needs for Medicaid recipients.

## **MEASURES OF SUCCESS:**

### 1) What quantitative indicators will the agency use to measure effectiveness?

HSD monitors eligibility, services, and outcomes through a variety of reports and budget projections.

### 2) Describe how the agency will use the indicators listed above to monitor progress over time:

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**MEASURES OF SUCCESS:**

**continued**

2) Describe how the agency will use the indicators listed above to monitor progress over time:

HSD produces performance measures related to eligibility, services, and outcomes to monitor progress over time.