


***New Mexico Medicaid:
Where Does It Go,
What Does It Do?
Are Children at Risk?***



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CHCS Mission

To improve health care quality for low-income children and adults, people with chronic illnesses and disabilities, frail elders, and racially and ethnically diverse populations experiencing disparities in care.

►Our Priorities

- Enhancing Access to Coverage and Services
- Improving Quality and Reducing Racial and Ethnic Disparities
- Integrating Care for People with Complex and Special Needs
- Building Medicaid Leadership and Capacity



Overview

- National Medicaid perspective
- Overview of New Mexico Medicaid program
- Opportunities to better manage Medicaid services in New Mexico
- State budget issues
- Future of the program
 - Medicaid expansion
 - Health reform implications
 - New reform-related funding opportunities

Much is Asked of Medicaid

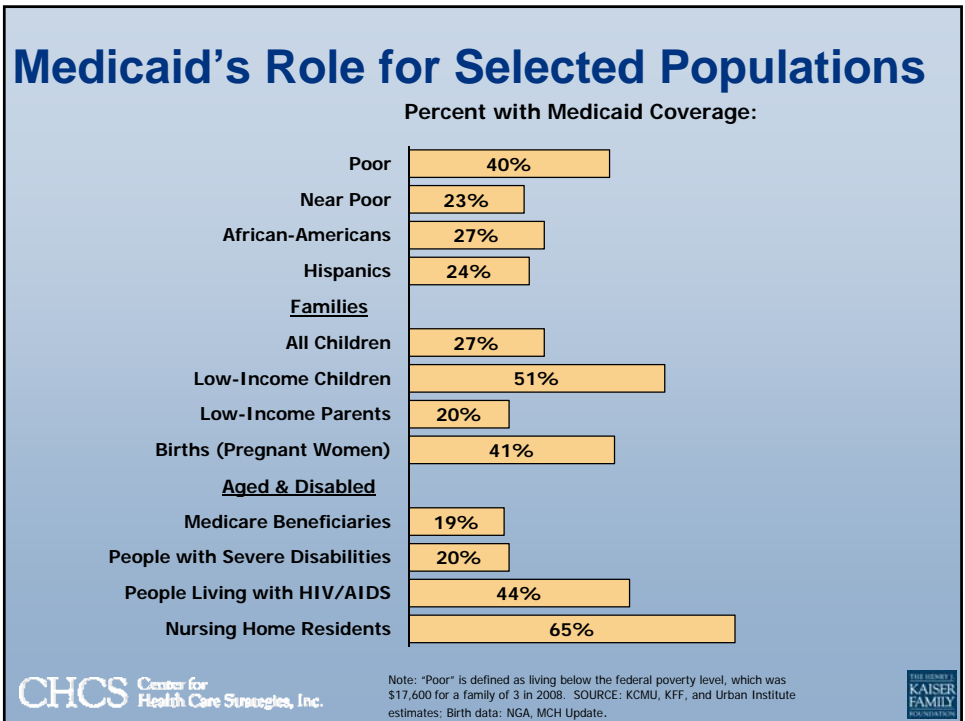
- To assure maternal and child health
- To provide chronic and long-term care
- To finance the safety net
- To fill the gaps in Medicare and cover “dual eligibles”



***America's Largest Health
Coverage Program***

Medicaid Fast Facts

60 million	People in the United States with Medicaid coverage.
\$427 billion	Projected Medicaid spending for FY 2010.
1 million	Medicaid beneficiaries resulting from a 1% increase in unemployment; enrollment increased by 5.4% in FY2009 and is projected to increase by 6.6% in FY2010.
16 - 20 million	Additional Medicaid beneficiaries expected between 2014-2019 through health reform.
41%	Births in the U.S. covered by Medicaid.
27%	Children in the U.S. covered by Medicaid.
50%	Medicaid beneficiaries under 65 who are from diverse racial/ethnic groups.
5%	Medicaid beneficiaries account for nearly 60% of total program spending.
41%	Total long-term care costs in U.S. financed by Medicaid; 34% of all Medicaid dollars used for long-term care.
\$250 billion	Total Medicare and Medicaid dollars spent on the nearly 9 million people who are dually eligible, equaling roughly 46% of all Medicaid spending.



Medicaid is Complex and Challenging

- Medicaid provides multiple services following state and federal laws
 - ▶ No two state Medicaid programs are identical
 - ▶ New Mexico has 49 categories of eligibility and provides approximately 50 different types of services
 - ▶ Some services require co-payments for individuals at higher income levels
 - ▶ States may provide services not normally allowed by Medicaid statutes by seeking waivers

Medicaid Covers Mandatory and Optional Services for Different Populations

Mandatory

- ▶ Inpatient Hospitalization
- ▶ Outpatient Hospital Services
- ▶ Physicians' Services
- ▶ Lab & X-Ray Services
- ▶ Home Health
- ▶ Nursing Facility services for certain individuals
- ▶ Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Services for Children

No lifetime limits on benefits; but services can have scope and duration limits

Optional

- ▶ Prescription Drugs
- ▶ Eyeglasses & Hearing Aids
- ▶ Organ Transplants
- ▶ Psychologists' Services & other Behavioral Health Services
- ▶ Podiatrists' Services
- ▶ Dental Services
- ▶ Physical, Occupational and Speech Therapies
- ▶ Rehabilitative Services
- ▶ ICF/MR
- ▶ Case Management
- ▶ Emergency Hospital Services
- ▶ Hospice
- ▶ Transportation Services
- ▶ Prosthetic Devices
- ▶ Personal Care

Both Mandatory and Optional Populations are Covered in New Mexico

Mandatory

- SSI (aged, blind, disabled)
- Foster Care (non-IV E), Adoption Subsidy, State Custody
- CMS
- Transitional Medicaid
- Medical Asst. for Preg. Women & Newborns
- Qualified Medicare Beneficiaries & Disabled (QMB)
- Specified Low-Income Medicare (SLIMBs & QI1s)
- Medical Assistance for Refugees
- Emergency Medical services for Undocumented Aliens

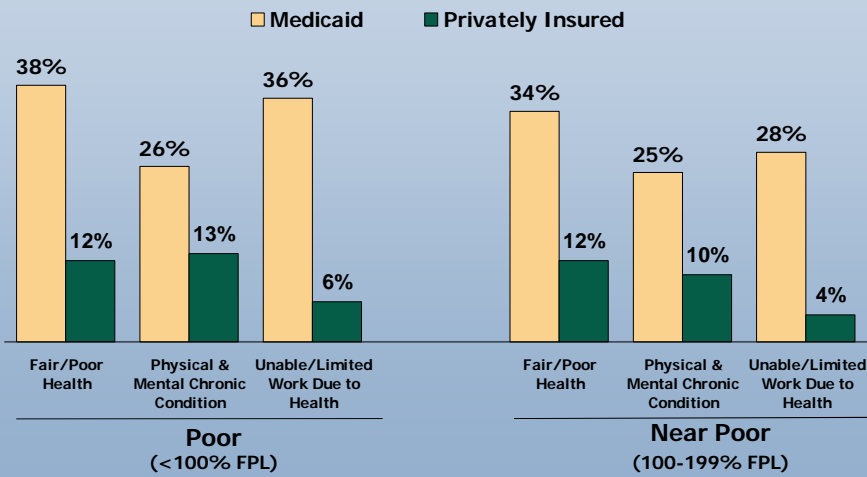
Optional

- JUL Medicaid
- Children 133-185%FPL
- Preg. related 133-185% FPL
- Family planning
- WDI
- Breast/Cervical cancer
- Institutional care aged, blind, disabled
- HIV/AIDS
- Disabled & Elderly (aged, blind, disabled)
- Medically Fragile
- Developmentally Disabled

Who Manages the Program?

- Human Services Department
 - ▶ Physical & behavioral health services, acute & nursing home care
 - ▶ Department of Health
 - Most Home & Community Based Waivers
 - Developmental Disabilities, HIV/AIDS, Medically Fragile, Mi Via
 - FIT Program, Breast & Cervical Cancer, Early Intervention
 - ▶ Children, Youth and Families
 - Children Behavioral Health Programs
 - ▶ Aging and Long Term Services Department
 - Disabled & Elderly Wavier, PCO, PACE,
 - ▶ Public Education
 - School Based Health Programs

Medicaid Enrollees are Sicker and Have More Disabling Conditions than the Privately-insured

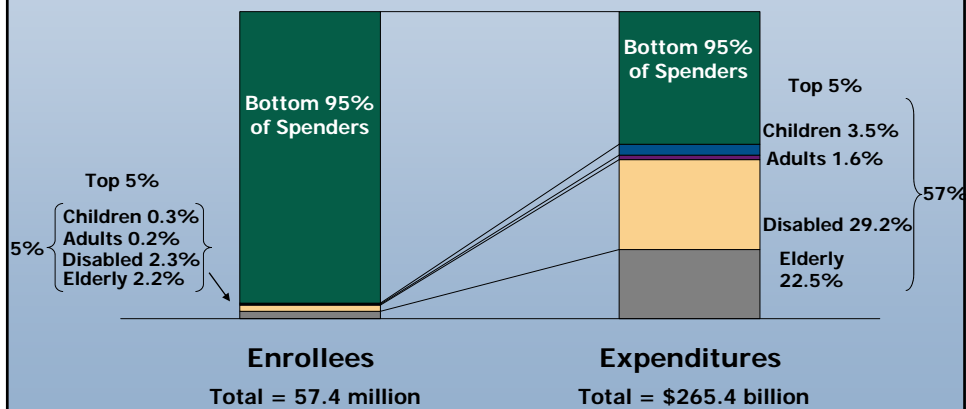


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Note: Adults 19-64.
SOURCE: KCMU analysis of MEPS 3-year pooled data, 2004-2006.



Top 5% of Enrollees Accounted for More than Half of Medicaid Spending in 2004

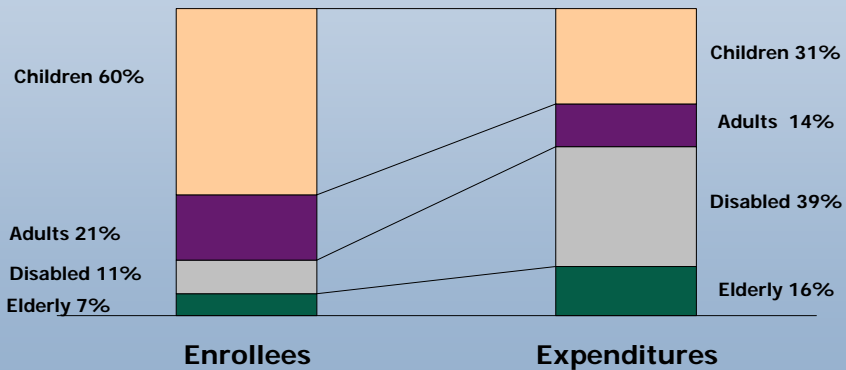


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SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on MSIS 2004.



Comparison Between Enrollment Groups & Costs for New Mexico's Population



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SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute FY 2007 estimates based on MSIS.

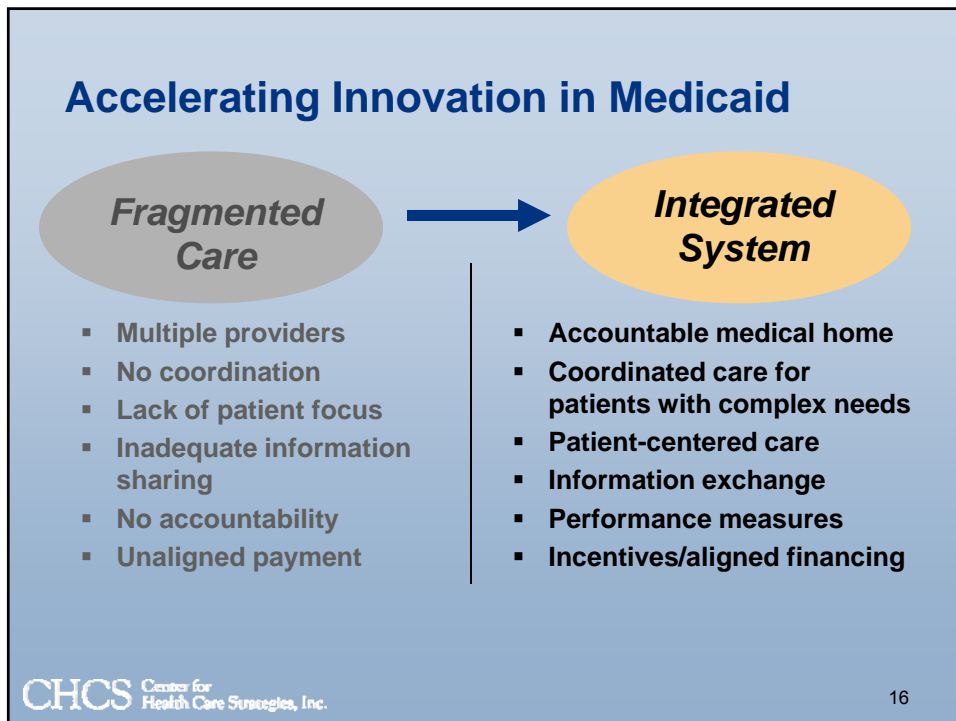
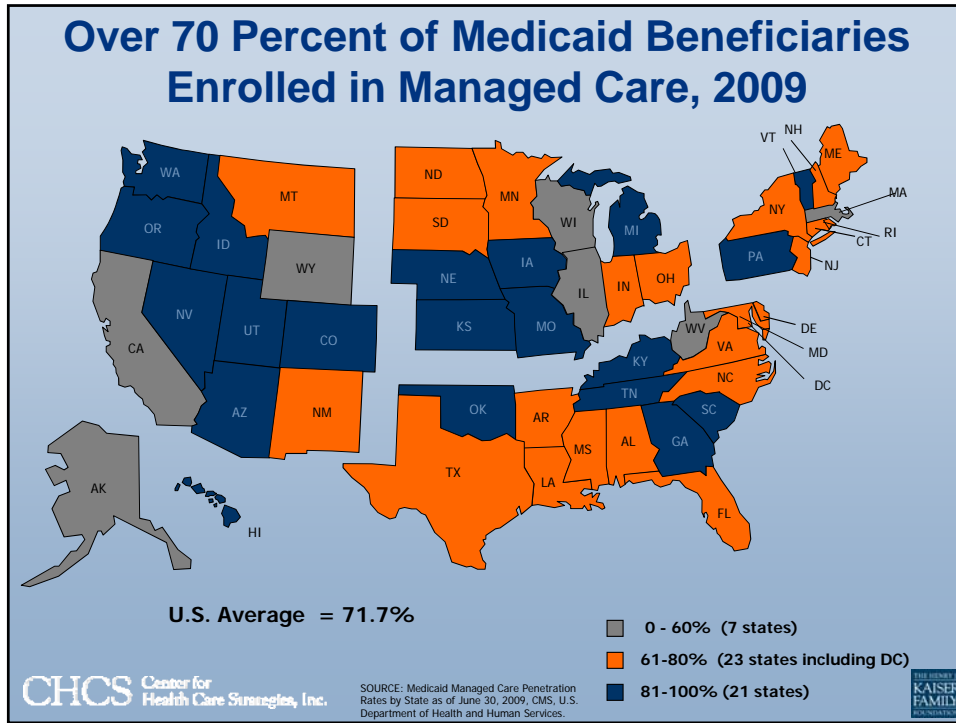


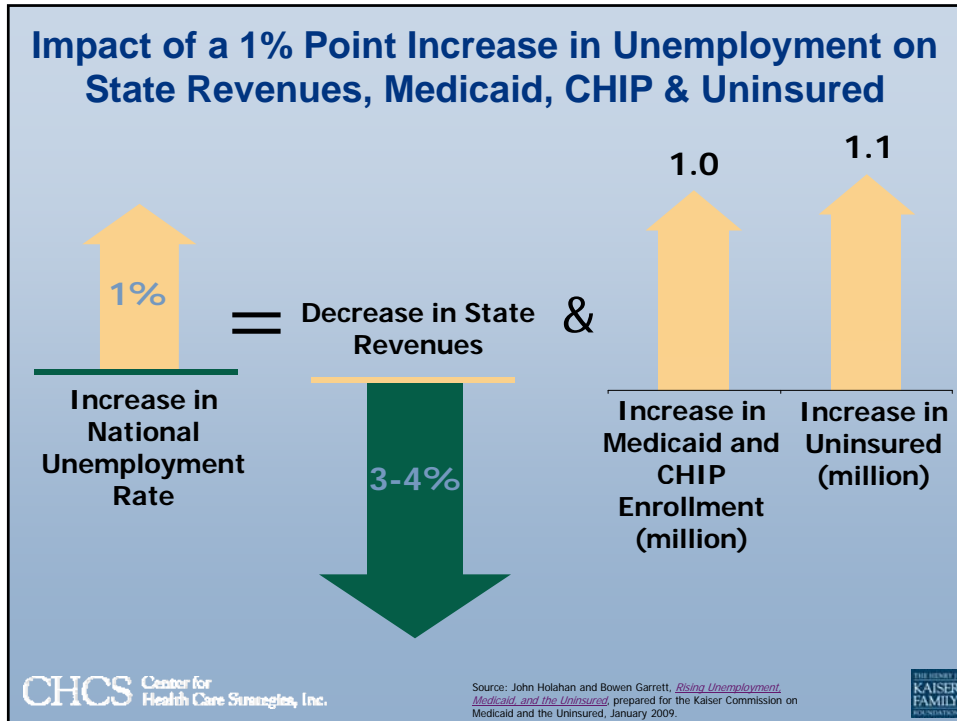
Cost of Chronic Disease in New Mexico

Eligibility Category	Average Monthly Cost Per Member
Family Planning	\$17
Kids up to 235% FPL	\$203 - \$223
Foster Care	\$1,046
Aged, Blind, Disabled	\$1,114 - \$1,853
HCBW Medically Fragile	\$2,092
Breast/Cervical Cancer	\$2,172
Institutional Aged	\$2,628
HCBW (Aged, AIDS, Blind, Disabled, Brain Injury)	\$2,719 - \$3,162
EMSA	\$3,164
Institutional Disabled	\$4,821
HCBW Developmentally Disabled	\$6,857

Children in Medicaid are relatively healthy compared to adult population

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What percentage of the state's budget goes to Medicaid?

- 27% of the state's operating budget
 - Includes state general fund and federal matching funds
- Only 11% of the state general fund
- FMAP cliff
 - Enhanced ARRA FMAP goes away June 30, 2011
 - MOE under ACA restricts changes in eligibility

FACT: About \$280 million of New Mexico's Medicaid budget covers behavioral health services

Current Budget Projections for New Mexico Medicaid

- Projected General Fund Need FY12: *\$1,167,766*
- LFC General Fund Recommendation: *\$1,107,390*
 - Additional GF need: *\$60,376,000*
- DFA General Fund Recommendation: *\$1,118,338*
 - Additional GF need: *\$49,427,000*

National Health Reform Impacts and Opportunities

- Major Medicaid expansion
 - Transition Medicaid from welfare program to insurance program
 - Complicated Medicaid interface with health insurance exchanges
- Exciting grant and demonstration opportunities
- Substantial health insurance reforms
- Implementation challenges may require enhanced state capacity

Medicaid Expansion Funding

- For newly eligible and enrolled Medicaid expansion populations states receive:
 - ▶ 100% FMAP in 2014-2016
 - ▶ 95% FMAP in 2017
 - ▶ 94% FMAP in 2018
 - ▶ 93% FMAP in 2019
 - ▶ 90% FMAP in 2020 and beyond
- States that have already expanded to adult populations receive phased-in FMAP increase reaching 90% in 2020
- In 2015 CHIP match increases by 23% for all states (up to a 100% cap)

Impact on State Budgets

- Maintenance of eligibility (MOE)
 - ▶ Requirement that prohibits states from changing current Medicaid eligibility levels, procedures and methodologies unless declared emergency
 - 2014 for adults; October 2019 for children
 - ▶ Violation of the MOE requirement would eliminate all federal funding for the state's Medicaid program
 - ▶ MOE requirements do not prohibit states from:
 - Eliminating or reducing optional benefits
 - Establishing an enrollment cap for CHIP if federal allotment is exhausted
 - Enhanced waste, fraud and abuse monitoring
 - Reducing provider rates and other cost containment

Funding the Exchange

- Building the Exchange
 - ▶ 100 percent federal funding for planning and building non-Medicaid infrastructure
 - ▶ 90 percent federal funding for Medicaid portion of electronic enrollment system
- Operating the Exchange
 - ▶ Until 2015, federal government will fully fund Exchange costs
 - ▶ Federal government will fund 75 percent of Medicaid electronic enrollment system and 50 percent of other administrative costs

Medicaid Link to the Exchange is Critical

- Seamless and integrated eligibility process for all State health subsidy programs
 - ▶ Intensive partnership is expected between Exchange and Medicaid
 - ▶ No wrong door, consumer-centric, uniform application
 - ▶ Electronic enrollment, renewal, data matching to establish, verify and update eligibility
- New Mexico's existing State Coverage Insurance program:
 - ▶ Creates a valuable platform to support the future Exchange infrastructure
 - ▶ Provides lessons for covering expansion population

Health Reform Financing Opportunities

- Demonstrations to test financing and delivery system reforms focusing on:
 - Medical/Health Homes
 - Multiple chronic disease at 90% FMAP for 2 years
 - Bundled payments around episodes of care
 - Accountable care organizations (ACOs)
 - Eliminate cost-sharing for preventive services (states receive 1% FMAP increase)
- New entities will focus on financing issues
 - Center for Medicare and Medicaid Innovation
 - Federal Coordinated Health Care Office (duals)
 - Allows for 5 year dual-eligible demonstration waivers
 - Medicaid and CHIP Payment and Access Commission (MACPAC)
 - Medicare Independent Payment Advisory Board

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Other Medicaid Health Reform Opportunities

- Increase primary care payments to 100% of Medicare
 - Fully funded at 100% FMAP in 2013 and 2014
- Increase drug rebate for brands to 23.1% and generics to 13% of AMP under managed care
- Prohibit federal match for health-care acquired conditions
- Extend MFP demonstration through 2016
- State plan option for HCBS for individuals up to 300% SSI
 - Option to extend full Medicaid benefits
- Community First Choice Option
 - Attendant supports for individuals with disabilities - 6% FMAP increase for these services (sunset 2016)
- State Balancing Incentive Program
 - Enhanced FMAP for states increasing percentage of HCBS

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What does all this Mean for the Future of the Program?

- Cost Containment
 - Integrating long-term care
 - Payment reform
 - Bundled payments
 - Benefit Structure Redesign
- Opportunities under Health Reform
 - Health Homes
 - Integrated long-term care
 - Payment changes
 - Primary Care Provider Payment Bump

Health Reform Resources

- CMS
 - <https://www.cms.gov/Center/healthreform.asp>
- Health Reform GPS
 - <http://www.healthreformgps.org/>
- Kaiser Family Foundation
 - <http://healthreform.kff.org/>
- National Academy for State Health Policy
 - <http://nashp.org/health-reform>
 - <http://www.statereform.org>
- National Governors Association
 - [Health Reform Implementation Resource Center](#)
- AcademyHealth – State Coverage Initiatives
 - <http://www.statecoverage.org/health-reform-resources>

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