New Mexico
Human Services Department

Annual Report 2012

HUMAN SERVICES
DEPARTMENT

Table of Contents

1 Message from the Cabinet Secretary

2 Messages from the Deputy Cabinet Secretaries

3 Behavioral Health Services Division/ Behavioral Health Collaborative

5 Child Support Enforcement Division

7 Income Support Division

9 Medical Assistance Division

11 Office of Health Care Reform

13 Information Technology

15 Office of Human Resources

17 Office of Inspector General

19 Financial Report

OUR MISSION

The Mission of the Human Services Department is 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.

WWW.HSD.STATE.NM.US

2012 HSD MANAGEMENT TEAM

Sidonie Squier / Cabinet Secretary

Brent Earnest / Deputy Cabinet Secretary

Charissa Saavedra / Deputy Cabinet Secretary

Diana McWilliams / Behavioral Health Services Division Acting Director & Behavioral Health Collaborative Acting CEO

Stephen Klump / Child Support Enforcement Division Acting Director

Ted Roth / Income Support Division Director

Julie Weinberg / Medical Assistance Division Director

Milton Sanchez / Office of Health Care Reform Director

Sean Pearson / Chief Information Officer

Danny Sandoval / Administrative Services Division Director

Corinne Jameson / Office of Human Resources Director

Randy Scott / Inspector General

Raymond Mensack / General Counsel

Matt Kennicott / Communications Director

Betina McCracken / Project Manager / Public Records Custodian

Yolanda Ramoz / Executive Assistant



Message from

Secretary Sidonie Squier

Centennial Care. ASPEN. Medicaid Expansion. Health Insurance Exchange. Child Support Collections. Each one of those issues, individually, is enough to keep one department busy. But in 2012, the Human Services Department dealt with each one of those issues, and more, on a daily basis, all while serving approximately 800,000 New Mexicans with medical, nutrition, cash assistance, energy, child support, and behavioral health services.

At this time last year I had two main focuses. The first was to modernize the Medicaid program to ensure its sustainability into the future, which has evolved into Centennial Care. I also set out to replace the 25-plus-year-old eligibility system, which is now ASPEN (Automated System Program and Eligibility Network.) The progress on both of these priorities moved along well in 2012.

The Centennial Care waiver is awaiting final approval from the federal government. The Centennial Care RFP was issued in August, and selection of finalists occurred in late December. A year of readiness begins in February 2013 for implementation of Centennial Care to begin January 2014.

The ASPEN project is on time, on budget, and will be online in pilot Income Support Division offices beginning July 2013, with full implementation by January 2014. It is very rare to see an IT project this big move forward on time and on budget and I have to give a ton of credit to the ASPEN project team, which is led by HSD Deputy Secretary Charissa Saavedra. Without her obsession over this project I do not believe we would be reporting this progress, and while we still have a year to go, I am confident it will continue on that right path.

While these two big projects advanced, others on the radar climbed up the priority ladder. Expanding Medicaid to comply with the Affordable Care Act was a decision left to the states, and in late 2012 Governor Martinez made a decision to expand Medicaid coverage for New Mexicans who qualify with incomes below 138% of the Federal Poverty Level. The department has been preparing for that possibility and determining just how much that will cost the taxpayers of New Mexico.

The Health Insurance Exchange, also an Affordable Care Act requirement, has made headway through the Health Insurance Exchange Advisory Task Force and its eight work groups, which will continue their work through 2013. The progress is sure to pick up steam as the decision to create the Exchange through the existing Health Insurance Alliance will allow it to move quickly to get an exchange up and running by the end of 2013.

While all of these moving parts have taken up much of my time and effort I would like to bring special attention to the Child Support Enforcement Division, who quietly does its job, but achieves such great results! In 2012, the CSED received two national awards for excellence; Most Improved State Program in the Country by the National Child Support Enforcement Association and Most Improved Program in the western part of the United States, by the Western Interstate Child Support Enforcement Council.

And while the Income Support Division continues to see more people come in to their field offices, they are processing applications at a rate that is near 100%, exceeds the national average, and puts us in the top five in the nation on a regular basis.

The year 2012 was very busy with a lot of moving parts of which to keep track. I am very grateful to those I consider to be the "HSD Brain Trust," which helps me keep HSD one of the best departments in the state!

I encourage you to read on and learn more about the work the HSD has been doing during 2012.

Sincerely,

Sidonie Squier

Sidonie Squier / *Cabinet Secretary*





Message from

Deputy Secretary Charissa Saavedra

If you have been following the New Mexico Human Services Department (HSD) over the years, you know that the 25-plus-year-old eligibility system was in desperate need of replacement. What is known as the ISD2 system is responsible for determining eligibility for the approximately 800,000 New Mexicans who qualify for food, medical, income, energy, and other public assistance programs. It also serves as the case management system for HSD Income Support Division (ISD) staff who manages those benefits.

Over the past years several starts and stops have occurred with attempting to replace ISD2. But not until now are we seeing the light at the end of the tunnel, with the pilot of the Automated System Program and Eligibility Network (ASPEN) scheduled to begin in July 2013.

If someone would have told me a few years ago that I would be the Executive Sponsor on this project, I would have probably thought they were kidding. But that is what happened, as I was tasked with leading the ASPEN team and it has been one of the biggest and most exciting challenges in my 22 year career with HSD. While most of my expertise is in the Child Support Enforcement arena, taking on a $105 million Information Technology (IT) project was a bit overwhelming, and leaving no room for mistakes. It has to be done right, within budget, and on time. I have been extremely fortunate that the players leading this team and working on this project are some of the most hard-working, intelligent, and dedicated professionals I have known. Without them we would not be where we are today – just months away from unveiling an eligibility replacement system that is flexible, better able to accommodate changes, modular, and appropriately support the needs of our customers and a department that serves so many New Mexico families.

I am proud to be a part of the ASPEN project and look forward to seeing the final product on computers across the state.

Message from

Deputy Secretary Brent Earnest

While New Mexico celebrated its 100 Years of Statehood in 2012, the New Mexico's Human Services Department (HSD) focused on the future of health care through the Medicaid program. This year we unveiled the name of the new Medicaid program, Centennial Care, which is designed not only to modernize Medicaid, but also sustain the program into the next century for New Mexico families. Accomplishing that is certainly easier said than done and much of my time in 2012 has been dedicated to getting this project completed.

Redesigning the Medicaid program is not something that is done by the Medical Assistance Division alone. Nor do the changes affect the Medicaid program alone. It is a project that is designed to better integrate the services of our Behavioral Health Services Division, and impacts the work of our Income Support and the Administrative Services Divisions within the HSD. Of course, outside of the department it involves communication, input and education among several stakeholders statewide, not to mention the federal government. Simply put, it is a big project that was not created in nor implemented in a vacuum.

As 2012 progressed, we began to see the layers and complexity of the Affordable Care Act as the federal government issued rules and regulations – from proposed to interim-final and final, plus good old guidelines and guidance -- to implement the law. The complexity of the law, and the uncertainty of its implementation, slowed this process, but it is certainly a foreshadowing of the difficult work in the year to come.

Prior to working at the HSD, I got to know quite intimately the department's budget, programs, and performance measures as an analyst for the Legislative Finance Committee. But since joining HSD, I have gained a new appreciation for the work the people at the HSD do day in and day out. I am pleased to be a part of this team and very proud of the hard work that has been done in 2012, which will ultimately result in program improvements for the hundreds of thousands of New Mexicans HSD serves every day.



Diana McWilliams, *Acting Chief Executive Officer and Acting Director*

Behavioral Health Services Division & Behavioral Health Collaborative

The Behavioral Health Collaborative consists of 15 agencies across state government that provide funding or have programs related to behavioral health across New Mexico. The Collaborative oversees an annual contract for all behavioral health services in New Mexico managed by a statewide entity, OptumHealth NM.

FY12 Total Dollar Amount & Percentage		
Service	**Expenditure Amount**	**Perdentage**
Inpatient	**$21,069,803**	**8.45%**
Residential	**$80,117,047**	**32.13%**
Intensive Outpatient	**$14,706,477**	**5.90%**
Recovery	**$38,950,798**	**15.62%**
Outpatient Services	**$88,201,019**	**35.37%**
Value Added Services	**$5,025,419**	**2.02%**
Outliers	**$1,305,153**	**0.52%**
Total	**$249,375,717**	**100.00%**

FY12 Total Expenditure by Age Group		
	Total Expenditure	**% of Total Service $'s**
21 & over	**$77,882,899**	**31.23%**
18-20	**$7,931,670**	**3.18%**
Under 18	**$163,561,147**	**65.59%**
Total	**$249,375,717**	**100.00%**

The Behavioral Health Services Division focused on developing and planning strategies for mental health promotion and substance abuse prevention and treatment for Centennial Care in 2014. Behavioral health will continue to be part of New Mexico's Medicaid program, but now integrated with physical health and long term care for members, including members of the expanded Medicaid population in 2014. This is an opportunity to ensure NM is addressing all health issues with an individual, not just one area of health.

Strategies for Wellness, Prevention & Treatment

Several task forces met throughout 2012 to determine specific recommendations around crisis, mental health promotion and substance abuse prevention.

- Senate Memorial 18 – Drug Policy Task Force
- House Memorial 17 – Crisis Memorial – reducing the Need for Law Enforcement Intervention in Mental health
- House Joint Memorial 21 – Substance Abuse
- State Epidemiological Outcomes Workgroup
- Behavioral Health Promotion and Substance Abuse Prevention 5 year Plan

Utilizing the recommendations from the different task forces and reports, the Behavioral Health Collaborative adopted a Substance Abuse Prevention strategy for 2013 in four different key areas, incorporating ten different recommendations to be implemented throughout the year to be completed throughout the year.

Ensure Access to Treatment

- Increase the number of intensive outpatient providers[1]
- Ensure a link from every intensive outpatient provider to a Core Service Agency[2]
- Pursue funding sources and enhancing regulatory requirements for implementing SBIRT[3]

[1]Intensive Outpatient: public treatment clinics in the community that provide evidence-based, intensive substance abuse treatment and are certified to provide these particular services by the State Medicaid Program

[2]Core Service Agency: public behavioral health service providers in communities throughout the state that provide the full array of evidence-based, mental health and substance abuse services to individuals in the surrounding community

[3]Screening, brief intervention and referral to treatment – an evidence based practice assisting individuals needing substance abuse services, traditionally in emergency rooms and physical health settings

Utilizing the recommendations from the different task forces and reports, the Behavioral Health Collaborative adopted a Substance Abuse Prevention strategy for 2013.



- Review current Collaborative agency regulatory guidelines to ensure prescription practices are monitored for abuse, and consumers are able to manage their pain effectively under the monitoring of a physician or psychiatrist.

Enhance Recovery Supports

- Train all Core Service Agency, community support workers in the use of CORE to ensure statewide consistency and fidelity to practice in providing CCSS or comprehensive community support services – a primary service for supporting recovery from substance abuse.
- Continue to support the Behavioral Health Planning Council efforts of mapping support services in communities statewide that have non State funding sources, or may be volunteer run.

Link Prevention Efforts

- Identify and communicate the existence of all grants and dollars being spent at the city, county, and state level across New Mexico agencies to ensure linkages between programs can be encouraged, supported and sustained.
- Refurbish the Behavioral Health Collaborative website to provide ongoing updated information on recovery services and prevention efforts at the community level.

Address Public Safety

- Implement a statewide 24/7 emergency behavioral health line that will ensure access to a mental health and substance abuse clinician who can link an individual back to services in their community, and actually start a secure online clinical record if necessary.
- Provide training on Mental Health First Aid to 200 individuals, representing each of the different Judicial Districts across the state - a 12 hour training course to help individuals and first responders in their communities learn the signs and symptoms of mental illness, including depression and anxiety, and assisting people to access services in crisis.

Behavioral Health Symposium

The Symposium brought together state champions in the provision of trauma, addiction, and crisis services that were developing innovative behavioral health services and linked them with nationally recognized authorities in order to begin the process of integrating services into a more effective service system. The Symposium is part of a 24 month process that engages a wide range of stakeholders to form Practice Enhancement Workgroups that will take the next steps to support the enhancement and expansion of services embedded within a system of care. The Symposium had five tracks:

- Recovery Oriented System of Care,
- Trauma,
- Crisis Services,
- Buprenorphine Medication Assisted Treatment and
- Performance Outcomes

Continuation activities linked to the Symposium include:

Ongoing learning communities for understanding trauma, developing a recovery oriented system care across the state, and performance outcomes. Additional training modules will be conducted in Motivational Interviewing, Trauma Informed Care, and developing community based recovery services.



Stephen Klump, *Acting Director*

Child Support Enforcement Division

Program Mission: The purpose of the Child Support Enforcement Division (CSED) is derived from title IV-D of the Social Security Act: to enhance the well being of children by assuring that assistance in obtaining support, including financial and medical, is available through locating parents, establishing parentage, establishing support obligations, and monitoring and enforcing those obligations.

SFY12 Appropriations: $31.7 million operating budget; 400 FTE.

State Performance Measures

1. **Collections** – CSED collected a record $129.6 million in child support, exceeding the SFY12 target of $111.1 million by $18.5 million as well as the SFY11 record collections by $6.1 million. A number of projects have been implemented to help improve child support collections. They include the Bench Warrant Sweep Project, the creation of a specialized locate unit in CSED's central office, and special outreach programs to new obligors.

SFY	Amount	Increase
2012	$129.6	+5%
2011	$123.5	+7%
2010	$115.4	+4%
2009	$111.1	+8%

2. **Obligated Case Percentage** – CSED surpassed the SFY12 target of 70% set for Percent of Cases with Support Orders by reaching 78.1%. This represents a 5.6% increase over SFY11.

SFY	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
2012	75.0%	75.2%	76.7%	78.1%
2011	68.3%	68.7%	70.0%	72.5%
2010	68.5%	67.2%	66.9%	67.5%
2009	65.4%	65.7%	65.7%	66.2%

3. **Current Support** – CSED was within 3.4% of the SFY12 target of 60% for Percent of Current Support Owed that is Collected. Although this was a 0.8% decrease from SFY11, CSED was within 5% of the national average. CSED continues efforts to improve this performance measure.

SFY	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
2012	56.6%	56.5%	56.6%	56.6%
2011	57.5%	57.3%	57.3%	57.4%
2010	58.3%	58.0%	57.8%	57.8%
2009	58.8%	59.5%	59.1%	59.3%

4. **Paternity Establishment** – CSED surpassed the SFY12 target of 75% for Percentage of Children in the IV-D Caseload with Paternity Acknowledged or Adjudicated by 24.4% to attain 99.4%. This represents a 2.2% increase over SFY11.

SFY	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
2012	94.8%	95.7%	96.9%	99.4%
2011	79.1%	83.6%	89.7%	97.2%
2010	70.5%	70.2%	73.6%	73.6%
2009	68.8%	69.0%	69.1%	69.8%

National Child Support Enforcement Association (NCSEA) notified CSED that the NM IV-D Program was awarded the "Most Improved Program" in the nation.





National Recognition: On June 25, 2012, the National Child Support Enforcement Association (NCSEA) notified CSED that the NM IV-D Program was awarded the "Most Improved Program" in the nation. NCSEA serves as the voice of the child support community. The award is based on the last three years of consistent, broad based improvements.

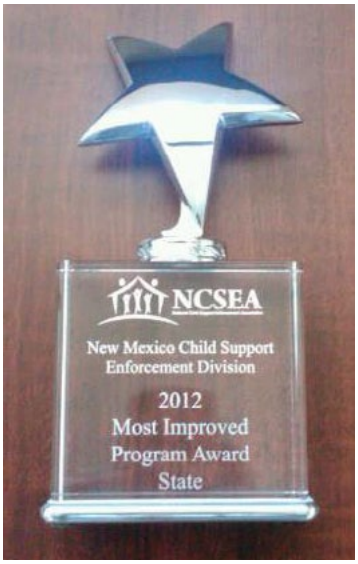
Visit from the Governor: On July 18, 2012, NM Governor Susana Martinez visited the Santa Fe's CSED Central Office in recognition of CSED's SFY12 achievements. She greeted each staff member and personally thanked them for their service to NM children who depend on child support payments.

Bench Warrant Program: In September 2011 CSED had bench warrants served in Bernalillo, Roswell, Silver City, Deming, Hobbs, and Alamogordo to all non-custodial parents (NCPs) who failed to pay outstanding child support. During the program's amnesty period, 216 NCPs paid $80,341. Actual arrests brought in another $71,757 from 48 NCPs. The program brought in a total of $152,098 in child support.

CSES Audit Tool: Together with the HSD IT Division, CSED installed an audit tool in the automated case management system (Child Support Enforcement System (CSES)) that automatically calculates child support amounts paid, amounts due, delinquency, and amounts unpaid, including interest. This system enhancement saves hours of caseworker time and effort, and eliminates human error in the calculation of child support balances retroactively across time and rate periods.

Data Reliability Audit: CSED once again successfully passed its Federal Data Reliability Review Audit, qualifying CSED to receive federal incentive payments based on federal performance measures. In order to pass this audit, CSED must obtain a minimum data reliability score of 95% from federal auditors. CSED stands to receive more in federal Incentive due to NM'S improvement in federal performance measures in FFY12.

Streamlining Costs and Activities: CSED continues to reduce staff, maintain mandated vacancies, and freeze all non-essential expenditures. In SFY12 CSED closed its Socorro and Taos offices due to vacancies and case load size. Cases were transferred to the Los Lunas, and Las Vegas offices respectively.





Ted Roth, *Director*

Income Support Division

The Income Support Division (ISD) continues to provide much needed services to more New Mexicans than ever before. In December 2012, 197,629 families (442,631 individuals) or 1 in 5 New Mexicans were receiving Supplemental Nutrition Assistance Program (SNAP) benefits, and 19,423 families (42,907 individuals) were receiving some type of Cash Assistance (either Temporary Assistance for Needy Families (TANF), General Assistance (GA) or Education Works). 73,161 households were approved and received Low Income Home Energy Assistance Program (LIHEAP) benefits during FFY12. The total number of persons served, including Medicaid, has reached over 809,000 or over 1 in 3 New Mexicans. The number of cases per actual caseworker is 1,007. Even with these challenges, ISD has received some awards and grants to help better serve the community.

Awards

- Timeliness Performance Award – In September 2012, New Mexico was ranked 4th in the Nation for SNAP application processing timeliness.

Program Updates

- Visits to field offices - In FY12, ISD had over 1.3 million individuals visit one of our 34 offices statewide.
- Timeliness of application processing – For FFY12 the ISD timeliness rate for processing SNAP applications was at 98.8%.
- Payment Error Rate - New Mexico had the lowest ever state reported Payment Error Rate at 3.57%.
- Interim Assistance Reimbursement (IAR) – ISD was able to recoup $2,779,871 in IAR from Social Security in FY12, which was 6.7 percent more than the amount received for FY 11.
- Notices - Revised and implemented all program assistance approval and denial notices with language updates and policy citations in both English and in Spanish.
- New Mexico Works TANF Regulations – In April 2012, HSD implemented new section of the NM Works regulations to ensure that all participants receiving cash assistance participate in work activities. The level of participation is based on individual circumstances and includes supports and training for those with barriers to getting jobs, help in finding a job and learning the skills to keep a job.
- New Employment - In FY12 SL Start, the NM Works work contractor, averaged 624 new employments per month for TANF clients.
- Community Food Distribution – For FY12, ISD distributed 9,136,631 pounds of commodity entitlement pounds, valued at $8,680,685 to schools in New Mexico and an additional 74,416 pounds of bonus commodities valued at $139,038.
- The Emergency Food Assistance Program (TEFAP) - For FY12, ISD distributed 2,565,896 pounds of household commodity entitlement pounds, valued at $1,676,598 and 1,747,992 pounds of household bonus commodities valued at $1,083,133.
- Homeless Meals Program – In FY12, provided funding to support 549,325 meals at eight (8) homeless, day and domestic violence shelters.
- Electronic Benefits Transfer (EBT) – Twenty-six (26) farmers markets accepted EBT this past year, and clients spent a total of $68,906.93.
- SNAP-Ed Program - HSD administered SNAP Ed through 5 implementing agencies, providing nutrition education classes to low income families across the state. 663,857

ISD continues to provide much needed services to more New Mexicans than ever before.

children and adults were exposed to SNAP Ed and 441,846 individuals received one of more classes in nutrition, food budgeting, cooking and healthy, active lifestyles.

Waivers – New Mexico implemented the USDA/FNS SNAP Waiver of the Recertification Interview for Elderly and Disabled Individuals without Earned Income. This waiver allows the department to process re-certifications for this population without requiring an interview. This waiver provides for administrative relief for the department and the targeted group of recipients.

Automated System Program and Eligibility Network (ASPEN)

The Division continues to spend a large amount of its efforts on implementing our new eligibility system ASPEN. ISD expects their staff to be fully immersed in every phase of the project through June 2014, including:

- Requirements – Staff from all levels of the organization statewide attended Joint Application Design sessions to outline the necessary requirements that must be included in the system to meet HSD's business needs.
- Design – Staff attended sessions that captured gaps between the defined requirements and the transfer system's current functionality, designing screens, rule engines, drop down menus and help features.
- Development - ASPEN project staff wrote over 5,500 test scripts, which contain as many scenarios as possible to thoroughly test the system during User Acceptance Testing that begins in January of 2013.
- Implementation – Staff are working with the local offices to prepare for the implementation of the system, starting with the pilot office in July 2013. Staff are working hard to standardize business processes, develop a change network called the ASPEN Change Experts (ACES), and develop training materials and office readiness activities.

Administration

- ISD Business Reengineering – ISD expanded the business process model to all field offices statewide increasing administrative efficiencies, timeliness, accuracy and improved customer service this process is also in line with the new business process that are being developed for the ASPEN System.
- EBT Savings - Income Support Division renegotiated the Electronic Benefits Transfer (EBT) contract with JP Morgan. The new pricing began in February of 2011. Prior to the renegotiation, this contract was projected to expend $2,315,800.00 in SFY12. The Actual expenditures in FY12 were $2,089,060.00. Original projections for FY13 were $2,400,000.00 and are now expected to be $2,244,000.00
- EBT Cash Expungement - A total of $1,769,657 has been expunged from 90,116 stale SNAP and cash accounts.

SNAP
Putting Healthy Food Within Reach



Julie Weinberg, *Director*

Medical Assistance Division

Medicaid Enrollment & Budget

During the year, more than one in four New Mexicans receive health insurance through Medicaid, the Children's Health Insurance Program (CHIP), the State Coverage Insurance (SCI) program, or through other medical assistance programs that are administered by the Human Services Department's Medical Assistance Division (HSD/MAD). There are approximately 570,000 New Mexicans currently receiving coverage through HSD/MAD medical assistance programs, including about 337,000 children. The fiscal year 2013 budget for the Medicaid program is just under $3.8 billion in state and federal dollars.

New Mexico Centennial Care

In August, HSD/MAD submitted a proposal for an 1115 Global Demonstration Waiver to the federal Centers for Medicare and Medicaid Services (CMS) to modernize the state's Medicaid program. The name of New Mexico's modernized program is "Centennial Care", a reflection of both New Mexico's 100th anniversary of statehood, and of HSD's goal to create a Medicaid program that is financially and administratively sustainable for the next 100 years and beyond. New Mexico's vision for Centennial Care is to build a health care system that delivers the right amount of care at the right time and in the right setting. This vision includes educating recipients to become savvy health care consumers, promoting integrated care, delivering proper care coordination for the most at-risk recipients, involving recipients in their own wellness, and paying providers for good health outcomes.

The four key guiding principles of Centennial Care are:

1. To develop a comprehensive service delivery system that provides the full array of benefits and services offered through the state's Medicaid program;
2. To encourage more personal responsibility so that recipients become active participants in their own health care and more efficient users of the health care system;
3. To increase the emphasis on payment reforms that pay for performance rather than for the quantity of services delivered; and
4. To simplify administration of the program for the state, providers and recipients where possible.

On August 31, 2012, HSD/MAD issued a request for proposals (RFP) for managed care organization (MCO) participation in the Centennial Care program. The finalists were selected in late December 2013, which begins the process to embark upon an extensive review of MCO readiness criteria throughout 2013 to ensure Centennial Care implementation on January 1, 2014. In addition, HSD/MAD recently announced an administrative reorganization of MAD staff to better support the new structure of the Centennial Care program.

Public Input, Tribal Involvement and Interagency Collaboration

As part of the work that was done to design the Centennial Care program, HSD/MAD sought extensive public and tribal input during 2012, including holding multiple public meetings throughout the different regions of New Mexico and engaging in several formal and informal tribal consultations that resulted in extensive feedback and from which the state organized a series of work groups around the major principles of the Centennial Care initiative. HSD/MAD has also engaged all key state agencies involved in providing services to affected populations in the Centennial Care program design. As a result of this widespread consultation and stakeholder outreach, the state's vision of a movement toward integration and payment reform emerged with the participation of these stakeholders, and their input was ultimately woven into the Centennial Care proposal. Through its meetings with the tribes and tribal providers, specifically, HSD/MAD gathered input and ideas about how Centennial Care could meet the needs of Native

The name of New Mexico's modernized program is "Centennial Care", a reflection of both New Mexico's 100th anniversary of statehood, and of HSD's goal to create a Medicaid program that is financially and administratively sustainable for the next 100 years and beyond.

Americans in both urban and rural areas, and many valuable suggestions were incorporated into the Centennial Care federal waiver submission, RFP and contract.

The state continues to use its Medicaid Modernization website to post critical information and to seek input from the public about Centennial Care.

Patient-Centered Medical Homes

The HSD/MAD Quality Assurance Bureau continued working with the contracted Medicaid MCOs in the delivery of primary care to high-risk members through a patient-centered medical home (PCMH) model. This model ensures that members enrolled in MCO PCMHs are linked with their doctor and a care manager or care team. The PCMH program now involves more than 90 community-based practice sites with approximately 770 primary care clinicians throughout the state. These PCMHs target chronic conditions such as diabetes or asthma, as well as preventive interventions like immunizations and well-child visits. Over time, we predict that investing in PCMHs will result in improved quality of care and patient experiences, as well as reductions in expensive hospital and emergency department utilization rates.

In addition, CMS approved a proposal for HSD to work collaboratively with the University of New Mexico (UNM) Health Sciences Center and Molina Healthcare of New Mexico to establish a PCMH pilot project for SCI members receiving services through UNM. The pilot provides a specific management model of care that focuses on improving significant chronic conditions, including diabetes, depression, hypertension, hyperlipidemia, obesity, and metabolic syndrome.

HSD was able to offer new enrollment opportunities to individuals on the SCI waiting list residing in the UNM Health Sciences Center service area, which includes Bernalillo, Sandoval, Torrance and Valencia counties. Approximately 2,400 new individuals have been enrolled into the SCI program through the pilot to date.

Project ECHO

In March 2012, UNM's Project ECHO (Extension for Community Health Outcomes) was awarded a prestigious innovation grant from CMS. This grant will study the effect of using outpatient intensivist teams (OITs) on Medicaid's most chronically ill patients. The study will evaluate the outcomes and economic impacts of using OITs at the primary care level. The involvement of Medicaid in the project has been critical from a data analysis and managed care participation perspective.

System Changes and Enhancements

Following a lengthy procurement overseen by the State Purchasing Division, HSD/MAD awarded a new Medicaid fiscal agent contract to Xerox State Healthcare (formally ACS) in March. The contract requires Xerox to enhance New Mexico's Medicaid Management Information System (MMIS) and continue providing fiscal agent services for four years, with three more optional years that could extend the contract through the end of 2019. Among the enhancements required by the contract is a new web portal that will allow providers to apply for enrollment online and submit electronic claims. The web portal will also give Medicaid recipients online access to their own eligibility data and enable them to select an MCO. A new fraud and abuse detection system will give HSD additional tools to identify and recover inappropriate payments.

A team of MAD, Information Technology Division (ITD) and Xerox staff completed a major project to implement new electronic transaction standards required by the Health Insurance Portability and Accountability Act (HIPAA). The new standards, which affect claims submitted by providers and encounter data submitted by MCOs, were successfully implemented more than six months prior to the federal deadline, ensuring uninterrupted payment to New Mexico's health care providers.

In addition, many HSD/MAD member services and eligibility experts have been deployed to assist with the ASPEN eligibility transfer system project that is being led by the HSD Income Support Division (ISD).



Milton Sanchez, *Director*

Office of Health Care Reform

OHCR resides in the Human Services Department providing expertise for the state to prepare for requirements of health care reform legislation and regulation. OHCR acts as liaison among HSD and other state agencies to assure implementation of health care requirements are consistent across the state. We maintain an up-to-date web page on the HSD web site with OHCR activities and information about exchanges in general. OHCR testified before the Legislative Health and Human Services Committee and provided a progress report about grant fund expenditures and other activities related to the Exchange.

Advisory Task Force and Work Groups

HSD is seeking feedback from targeted groups through a stakeholder consultation process to inform decisions about Exchange implementation and operation. To this end, OHCR has formed a Health Insurance Exchange Advisory Task Force to assure that New Mexico's health insurance exchange meets the needs of all New Mexicans. The Advisory Task Force is leading the process by overseeing Work Groups representing a broad range of stakeholders. Work Groups are considering specific, directed questions, and reporting their findings to the Advisory Task Force. Work Groups are titled Essential Health Benefits; Outreach, Education, Adoption and Enrollment; Legislative; Exchange Market Regulation; Program Integration; Native American; Financial Sustainability; and Employer Participation. The Advisory Task Force and Work Groups consists of representatives from hospitals, health care providers, health care plans, consumers, state agencies, small employers, underserved populations, and Native Americans, in order to get a cross-section of opinions. Sound files and presentations of the Advisory Task Force meetings are posted on the OHCR web page, as are agenda, minutes, hand-outs, and presentations for the Work Groups. When the Work Groups have completed reporting their findings to the Advisory Task Force, recommendations will be prepared by the Advisory Task Force and reported to HSD.

Essential Health Benefits

The ACA requires that Qualified Health Plans (QHPs) will offer a comprehensive package of items and services, known as "essential health benefits" in the individual and small group markets, both inside and outside of the Exchanges. The essential health benefits (EHB) must include items and services within at least 10 categories.

Facilitated through work by the Advisory Task Force and Work Groups, NM's "benchmark" plan was submitted to HHS on October 1, 2012.

The Health Insurance Alliance and the Exchange

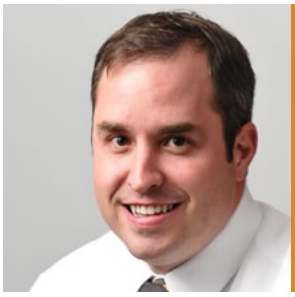
The New Mexico Health Insurance Alliance (the "Alliance"), a statutorily created quasi-governmental agency, has been designated as the entity that will house the Exchange. This will allow for rapid development of the infrastructure and processes to stand up the Exchange. HSD has executed a Memorandum of Understanding with the Alliance. Under the terms of the Memorandum of Understanding, the Alliance will be responsible for developing functionality, implementing a business plan, assuring program integrity and oversight mechanisms, and operating an Exchange call center, among other duties. The Memorandum of Understanding also allows the Alliance to access grant funds, and the Alliance is now in the process of securing qualified information technology and project management vendors to establish the Exchange.

OHCR provides expertise for th estate to prepare for reqirements of the Affordable Care Act.

Blueprint

OHCR has submitted a federally-required Exchange Blueprint Application to HHS CCIIO. This Blueprint will demonstrate to HHS that New Mexico meets, or will meet, all legal and operational requirements associated with the Exchange model it has chosen to pursue.





Sean Pearson, *Chief Information Officer*

Information Technology Division

The Information Technology Division (ITD) maintained the momentum of the previous year, by continuing to actively support a number of major projects department-wide, as well as implementing tools to increase efficiencies within the division.

ASPEN – Automated System Program and Eligibility Network

One of the Department's top priorities is the implementation of the ASPEN system. This system will serve as a replacement for the existing legacy system which processes eligibility determination, benefit calculations and the delivery of benefits for over 800,000 clients who receive Supplemental Nutrition Assistance (SNAP), Medicaid, and Cash Assistance benefits. ASPEN will perform these functions in addition to establishing claims and interfacing with other systems within the Department, including the Child Support Enforcement System (CSES) and the Medicaid Management Information System (MMIS). The system will also interface with external entities such as other New Mexico state agencies and Federal Agencies. While 2011 proved to be a very busy and exciting year for this project, 2012 was even more so.

"Requirements" sessions were conducted from October through December of 2011 to finalize detailed requirements for the new ASPEN system. Once requirements were completed, the "Design" phase was conducted over the next four (4) months to create the detailed design and system flows based upon the finalized requirements. Throughout both the Requirements and Design sessions, over 50+ dedicated state business and technical staff where involved. With requirements and detail design completed, the project entered a six (6) month development phase beginning in May 2012.

Concurrent with requirements, design and development, critical ASPEN training and implementation activities were conducted. The pilot office location and the statewide implementation/ rollout strategies were finalized. The approach for training state staff, the curriculum, schedule and facilities has already been initiated. ASPEN Change Experts (ACEs) were selected from the Income Support Division (ISD) to help facilitate communication and provide support to field offices during pilot and rollout. An "Ideal Office Committee" was formed to define how offices and centralized units should operate after ASPEN is live and stabilized, including office business processes, procedures, roles and responsibilities. Additionally, an "Office Readiness Committee" was established to create a detailed task and checklist for each county office to prepare for conversion to ASPEN. These various groups have been created to ensure a smooth transition before, during, and after the pilot and state-wide implementation phases.

During 2013, the ASPEN project will be entering the pilot and rollout phases, with the final rollout anticipated to be complete in January 2014.

Meeting the "NEW HIPAA" Requirements

In 2009, the federal government required an update to the HIPAA Transaction Standards (the standards that govern how electronic medical claims and other health care related electronic transactions are organized and formatted) from the original "4010" standard to the new "5010" standard by January 1, 2012. The federal government also issued requirements for the update of disease classification standards from the "ICD 9 CM" standard to the "ICD 10"standard by October 2013. Altogether, ITD supported the Medical Assistance Division and the State Medicaid Fiscal Agent in converting to the 5010 standard by the 2012 deadline and performed background work to prepare for the ICD 10 update set due in 2013.

During 2013, the ASPEN project will be entering the pilot and rollout phases, with the final rollout anticipated to be complete in January 2014.

Portfolio Management System

ITD is currently managing a number of projects with combined budgets totaling upwards of $110 million. One of the challenges in managing IT projects and programs is the need to monitor and control IT resources. Tracking the resources, schedules, and overall requirements of these and other projects requires specialized software that can both report project status as well as track resource availability. ITD has initiated a pilot effort to organize its IT resources and projects under a single project portfolio management system. This system also allows managers to obtain a quick dashboard type view of project status at any point in time.

Disaster Recovery

The ability to recover after a major system shut down from any cause is a key federal requirement for HSD IT systems. In June 2012 a disaster recovery exercise was held by the Department of Information Technology in which a back up of the HSD ISD2 system (which processes client benefit eligibility files) was shipped to Pittsburgh, Pennsylvania and restored in a disaster recovery back up data center. The critical issue related to this exercise was to confirm the ability of the ISD2 system to transmit Medicaid eligibility files to the Medicaid Management Information System. The transmissions were confirmed by HSD staff working with the recovered system.

CMS Medicaid Subsystem Inventory

This past year, the Centers for Medicare and Medicaid Services (CMS) requested all states to inventory their Medicaid Management Information Systems (MMIS) and subsystems that support Medicaid operations. The challenge was that CMS utilized a single submission form making it difficult to provide an overall view of the total inventory of subsystems or track which systems were inventoried. ITD organized an online web based database to enable multiple vendors to submit their system profiles to ITD. These submissions were organized into a single inventory report detailing 17 major subsystems, which was then submitted to CMS. The database will be an ongoing tool used to update CMS as it continues requests for information updates related to these subsystems.

aspen
Automated System Program and Eligibility Network



Corinne Jameson, *Director*

Office of Human Resources

HSD's Office of Human Resources (OHR) is an instrumental component of the Program Support team as its responsibilities cover a range of personnel issues, which include the recruitment and retention of quality employees statewide. But their work does not stop there. They are also responsible for development and training, mediation, disciplinary issues, union issues, and medical issues for the 1892.5 Full Time Equivalent (FTE) in HSD. Combined, all of those responsibilities kept OHR busy in 2012.

In an effort to minimize turnover costs and retain quality employees, HSD worked closely with the State Personnel Office (SPO) on a plan that focused on the entry level positions in the Income Support Division (ISD) and the Child Support Enforcement Division (CSED). The result was a salary increase for the Family Assistance Analyst I (FAA I) and Child Support Legal Assistant (CSLA I) classifications to $15.30/hour. Simultaneously, all HSD entry salaries were adjusted to 82.85% of the Pay Band compa ratio and the Department began hiring all new employees at, or above, the 82.85% compa ratio. In addition, a Supervisory Classification Study was conducted by the SPO in July 2012. Employees receiving a supervisory pay differential were moved to the new SPO supervisory classifications. As most are aware, in November 2011, the new SPO recruiting system, NEOGOV, was implemented. To date, the OHR has recruited 555 job openings through NEOGOV.

In accordance with House Bill (HB) 2, HSD eliminated 108.5 FTE for Fiscal Year (FY) 13. Six new term positions were created for the new Automated System Program and Eligibility Network (ASPEN). Nineteen additional term positions will be added and forty-six classified positions will be double filled to assist with the implementation of the system. ASPEN will help to ensure effective and efficient eligibility determination and benefit delivery for those New Mexicans who qualify for HSD public assistance programs.

The OHR Staff Development and Training Section has completed its third year providing federal, state, department, and union mandated courses as well as professional development training online and on demand to all HSD employees through IDEAL-NM. Division specific trainings requested by the Child Support Enforcement Division (CSED) and the Income Support Division (ISD) have been developed to meet federal mandates. The section develops training and maintains the online learning management system without incurring additional operating costs to HSD. Online training through IDEAL-NM continues to provide consistent, relevant training to HSD employees at a significant cost savings to the agency.

The ability of Department employees to quickly and easily complete the National Safety Council Certified Defensive Driving course online has been favorably received by HSD managers and staff. It continues to save the agency costs associated with time and travel.

The OHR Staff Development and Training Section has collaborated with the SPO Training and Development Bureau (TDB) to achieve Governor Susana Martinez' request to centralize organizational learning. Experienced in developing and deploying courses online through IDEAL-NM, the HSD section mentored the TDB, providing knowledge and skills necessary for the scheduled November 2012 statewide deployment of the first course being offered under the Governor's mandate.

The OHR Staff Development and Training Section has also been very effective in providing onsite training. A new series of trainings designed to strengthen customer service, interpersonal communication and interoffice relationships has been very favorably received and is in high demand.

OHR is an instrumental component of HSD's program support team.



Since HSD resumed hiring and promoting employees, the Employee and Labor Relations (ELR) Section has played a vital role in providing assistance and education to managers in a variety of areas, including employee retention, performance improvement, disciplinary actions, Department complaints or union grievances, and medical issues. Ensuring proper actions are taken to address employee issues is important to the department to minimize potential liability. The ELR continues to work closely with the Staff Development and Training Section, as well as the Office of General Counsel, and the Office of Inspector General to address current issues and trends regarding all Department staff. Recently, the ELR has participated in the joint training of Managing Employee Performance to provide supervisors and managers with information to properly evaluate employee performance and to appropriately address poor employee performance.

The ELR has also successfully coordinated activities and utilized available mediation tools to proactively address labor/management issues at the lowest level.



Randy Scott, *Inspector General*

Office of Inspector General

As part of the Human Services Department (HSD) Program Support Team, the Office of Inspector General's (OIG) mission is to detect and investigate fraud in public assistance programs administered by HSD and conduct hearings related to those same programs. The OIG does this through three Bureaus: Investigations, the Fair Hearings Bureau, and the Medicaid Fraud Bureau.

Investigations Bureau

There were over 1,500 referrals made to the OIG fraud hotline regarding suspected fraud. Of the full investigations opened and assigned, $786,027 was identified for collection from HSD recipients.

- Twenty-one (21) cases were referred for criminal prosecution and are currently awaiting trial. Four (4) recipients were convicted of public assistance fraud.
- Seventy-eight (78) cases were submitted for an administrative disqualification hearings (ADH) regarding allegations of intentional program violations (IPV) by HSD recipients.
- Nine (9) cases were closed where investigators could not substantiate the allegation of fraud, but could document an overpayment. Those cases were referred to the Income Support Division and the Administrative Services Division for collection.
- Forty-three (43) investigations were closed as unsubstantiated.
- Auditors and investigators assisted the New Mexico Board of Pharmacy, the Drug Enforcement Agency, U.S. Secret Service, the Food and Drug Administration, and other law enforcement and investigative agencies to regarding homicides, drug prescription forgeries, abuse of controlled drugs, drug trafficking, drug kickback schemes, and work to identify the importation of illegal drugs into the United States, and bank fraud.

Medicaid Fraud Bureau

The Medicaid Fraud Bureau completed sixty-three (63) Medicaid provider fraud reviews and three (3) Professional Standards Investigations.

The bureau conducted twenty-four (24) preliminary reviews which identified credible allegations of fraud and forwarded those reports to the New Mexico Attorney General's Medicaid Fraud and Elder Abuse Division for prosecution or civil recovery.

The bureau identified $125,305 in misdirected or fraudulently paid Medicaid funds paid to providers or individual associated with the Medicaid program.

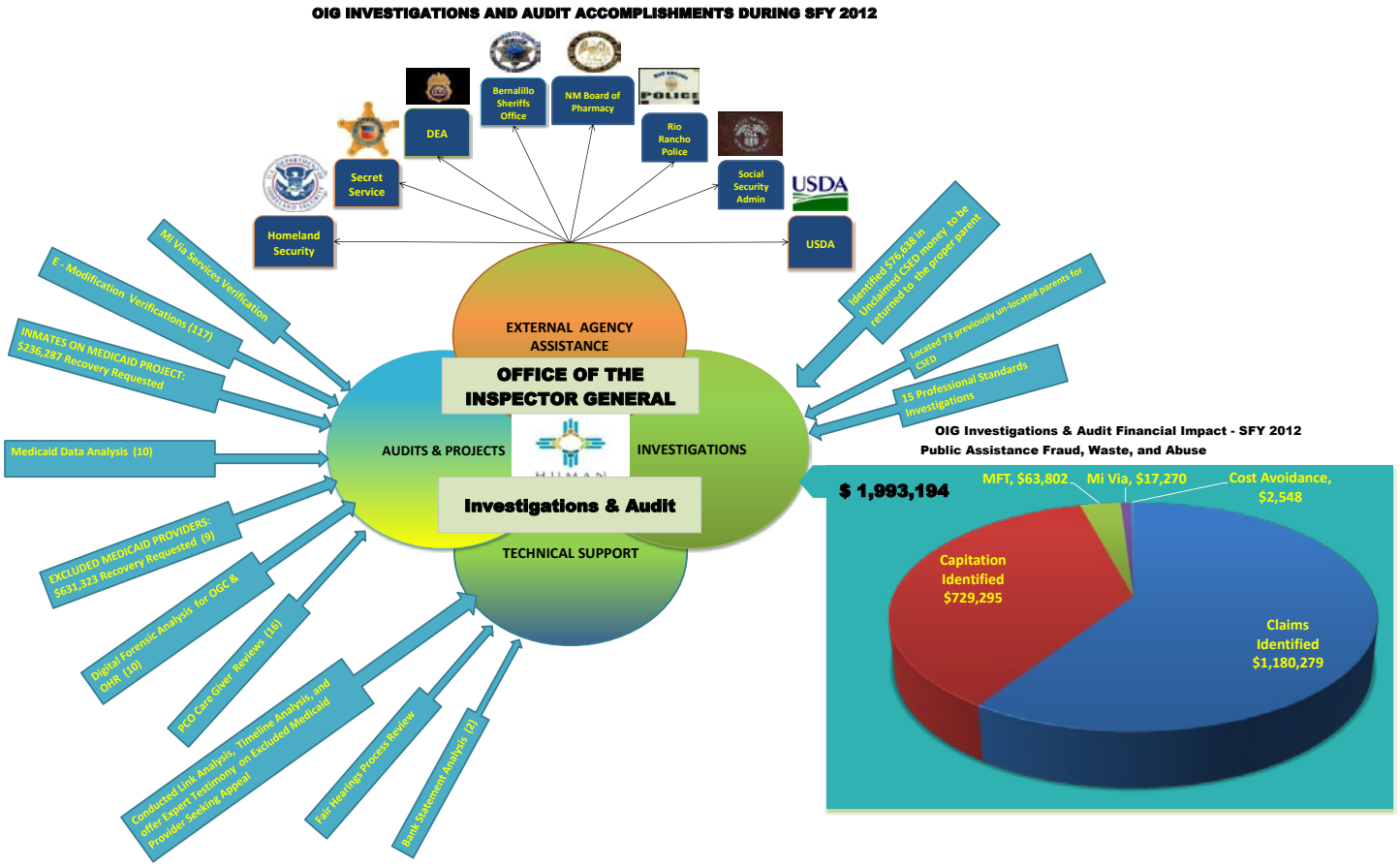
Fair Hearings Bureau

The Fair Hearings Bureau processed hearing requests for more than 20 public assistance programs such as:

- Supplemental Nutrition Assistance Program (SNAP);
- Temporary Assistance for Needy Families (TANF);
- General Assistance;
- Medicaid programs or services such as:
    - Managed Care,
    - Mi Via;
    - Developmental Disabilities waiver program;
    - Nursing home transfer or discharge of Medicaid recipients;

- Personal care option services and;
- State coverage insurance.

Additionally, child support enforcement hearings and administrative disqualification hearings were processed through the Fair Hearings Bureau. In 2012, the bureau processed 6,303 hearing requests, an all-time record number.





Danny Sandoval, *Director*

Administrative Services Division

Balance Sheet -- Governmental Funds as of June 30, 2012

	General Fund	Traumatic Brain Injury	ARRA
ASSETS			
Cash	$ 750	$ -	$ -
Investment in State General Fund Investment Pool	-	2,118,995	-
Federal grants, net	31,822,513	-	183,929
Accounts receivable, net	179,477	41,520	142
Due from other funds	929	-	-
Due from other state agencies	140,120	-	-
Supplies and commodities inventory and other	155,379	-	-
TOTAL ASSETS	32,299,168	2,160,515	184,071
LIABILITIES AND FUND BALANCES			
Accounts payable	12,284,994	241,311	-
Accrued payroll	3,479,462	-	121
Healthcare services payable	-	-	-
Due to State General Fund Investment Pool	13,581,699	-	183,419
Reversion payable to State General Fund	29,815	-	122
Other liabilities	275,070	-	-
Due to other funds	-	-	409
Due to other state agencies	7,212,683	-	-
Deferred revenue	196,061	-	-
Due to other entities	85,869	-	-
Total liabilities	37,145,653	241,311	184,071
FUND BALANCES (DEFICIT)			
Nonspendable - inventory	155,379	-	-
Restricted	338,709	-	-
Committed	-	1,919,204	-
Assigned	-	-	-
Unassigned	5,340,573	-	-
Total fund balances (deficit)	4,846,485	1,919,204	-
TOTAL LIABILITIES AND FUND BALANCES	$ 32,299,168	$ 2,160,515	$ 184,071

Data Processing Appropriations	Income Support L Warrants	Income Support N Warrants	Medical Assistance	Total Governmental Funds
$ -	$ -	$ -	$ 25,000	$ 25,750
7,591,123	-	2,798,596	-	12,508,714
5,348,451	671,656	8,864,637	220,530,011	267,421,197
-	-	56,423	6,475,869	6,753,431
-	-	-	-	929
-	-	-	26,131,257	26,271,377
-	-	53,253	-	208,632
12,939,574	671,656	11,772,909	253,162,137	313,190,030
5,554,294	574,355	5,103,526	3,136,180	26,894,660
84,218	-	61,743	-	3,625,544
-	-	-	179,788,953	179,788,953
-	56,537	-	81,328,598	95,150,253
1	-	76,344	49,506	155,788
4,208	2,517	41,309	228,160	551,264
-	-	-	-	409
11,512	-	6,130,307	471,891	13,826,393
-	-	53,253	19,771,608	20,020,922
-	38,247	21,751	-	145,867
5,654,233	671,656	11,488,233	284,774,896	340,160,053
-	-	-	-	155,379
-	-	-	-	338,709
7,285,341	-	284,676	-	9,489,221
-	-	-	-	-
-	-	-	31,612,759	36,953,332
7,285,341	-	284,676	31,612,759	26,970,023
$ 12,939,574	$ 671,656	$ 11,772,909	$ 253,162,137	$ 313,190,030