New Mexico Human Services Department

# 2013 Annual Report



## Agency Staff

### OFFICE OF THE SECRETARY

Sidonie Squier
Cabinet Secretary

Charissa Saavedra
Deputy Cabinet Secretary

Brent Earnest
Deputy Cabinet Secretary

### DIVISIONS

Danny Sandoval, Director
Administrative Services Division

Diana McWilliams, Director
Behavioral Health Services Division

Betina McCracken, Deputy Director
Child Support Enforcement Division

Johnna Padilla, Director
Office of Human Resources

Marilyn Martinez, Acting Director
Income Support Division

Sean Pearson, Director
Information Technology Division

Francis (Frank) Sherman, Director
Office of the Inspector General

Julie Weinberg, Director
Medical Assistance Division

## Contents


| | |
|---|---|
| Office of the Secretary | 1 |
| Administrative Services Division | 5 |
| Behavioral Health Services Division | 8 |
| Child Support Enforcement Division | 11 |
| Human Resources Division | 13 |
| Income Support Division | 15 |
| Information Technology Division | 17 |
| Office of the Inspector General | 20 |
| Medical Assistance Division | 23 |



## Message from Secretary Sidonie Squier

The previous year was a year of hard work and accomplishments for the Human Services Department, during which we saw many reforms. The next year promises to be just as busy, but will be a year of implementation.

Our 1115 waiver for our new Medicaid program, Centennial Care, was approved by the federal government, after many months of negotiation. With this approval, New Mexico has become an example and national leader for other states that are designing Medicaid managed care systems. Centennial Care increases care coordination for recipients so that they receive the right services, at the right time, in the right setting. We are looking forward to seeing improved health outcomes and healthier New Mexicans in the years to come. We look forward to the implementation of Centennial Care throughout 2014.

Medicaid expansion, which Governor Susana Martinez announced at the beginning of 2013, continues apace and hand-in-hand with the implementation of Centennial Care. Extending Medicaid coverage will reduce the numbers of uninsured individuals and add up to 205,000 New Mexicans to the program. This, in tandem with Centennial Care and its emphasis on care coordination, will result in better care for children and low-income citizens of the state.

The overhaul of our 25-year-old eligibility and enrollment system pilot and rollout continues. This has proven to be the largest IT project in State history, and has come in on time and on budget. The rollout was planned in three waves. The first two waves, in southern and northern areas of New Mexico, occurred in 2013. Wave 3 in Bernalillo County took place at the end of January 2014.

This project and system, called ASPEN, underwent a rigorous audit by the Legislative Finance Committee in 2013, and received an excellent appraisal and glowing reviews. ASPEN received the highest compliment that could have been paid when the LFC auditor stated that the project should be used, "…as a model for other state agencies' large IT projects." HSD Deputy Secretary Charissa Saavedra and HSD Chief Information Officer Sean Pearson have been the driving forces behind this project, and I must recognize them for their tenacity and drive - these are two primary reasons for the project's success. We look forward to seeing a positive impact in our Income Support Division field offices, which are already in the top five in the nation on a regular basis.

HSD's New Mexico Works program continues to assist Temporary Assistance for Needy Families (TANF) recipients with job preparation while resolving barriers to employment. New Mexico Works tailors employment assessments and plans to meet the needs of families and the business community. Through this program, new job starts are up, and work participation rates are higher than ever. Early results of our new initiatives are encouraging. In addition, we plan to initiate a program of mandatory requirements for work experience and community service for able-bodied adult SNAP recipients without dependents, similar to those in TANF. These requirements are designed to help individuals achieve self-sufficiency while maintaining core benefits for children and families.

Three initiatives are planned for the Behavioral Health Services Division. An agency audit during 2013 revealed compliance issues, and one of the three planned initiatives is for a compliance audit function. This will include HSD staff working in coordination with external auditing overview and quality assurance. A second initiative involves value-added services, including transitional living assistance. This second initiative also expands the NM Crisis and Access Line, so people can receive immediate help for mental health and substance abuse issues. The third initiative will enhance community based programs such as supportive housing for veterans and peer support workforce development.

And our Child Support Enforcement Division (CSED) just keeps getting better at serving the children of our state. In FY 13, CSED collected a record amount of child support. The percentage of cases with support orders also continues to rise. This means more children in New Mexico are getting the support they need and deserve.

As we have demonstrated, HSD is willing to take on hard issues, and we will continue to do so in 2014. We will do this while continuing to fulfill our mission of providing support services that help families break the cycle of dependency on public assistance. It is what we do every day. We look forward to continuing that work.

Here's to a healthy, happy, and successful 2014.

## Message from
## Deputy Secretary Charissa Saavedra



This was a year that saw HSD's new eligibility system, the Automated System Program and Eligibility Network (ASPEN), start to deliver services to support the needs of New Mexico families. In addition to helping the approximately 800,000 people in New Mexico who qualify for food, medical, income, energy, and other assistance programs, the ASPEN system will, in time, help make our HSD caseworkers, clerks, and other employees more efficient.

In July 2013, the ASPEN system went live with the pilot office in Española (the Rio Arriba County office). Española was chosen as pilot through a meticulous selection process in which offices were evaluated based on caseload and worker size; caseload mix; timeliness, efficiency, and error rates; proximity to training; and other factors. Staff in Rio Arriba were very excited about the opportunity to go first. Their experiences and lessons learned were invaluable when we rolled out our Wave 1 (southern New Mexico) implementation on September 23, and Wave 2 (northern New Mexico) on November 18. Wave 3 (Bernalillo) was implemented on January 21, 2014.

I could not agree more with Secretary Squier that the highest compliment ASPEN has received from our LFC auditor was that ASPEN should be used as a model for other IT projects in state government. ASPEN is on schedule, on time, and on budget, all thanks to an amazing team of dedicated and hard-working professionals who made this possible. I am honored to work with them.

We are now preparing for the challenge of replacing the IT system in the Child Support Enforcement System (CSED). I began my career at HSD 23-plus years ago in CSED, and am looking forward to seeing a more user-friendly system for our staff and customers in that division as well. These old antiquated computer systems eventually reach their end-of-life and need to be replaced. CSED focuses on getting support to New Mexicans who need help the most; our children. We are doing that through continuing our work of enforcing parental support obligations. New programs to help us achieve our goals include an early intervention project, focusing on increasing the percentage of current support, and continuing the successful Bench Warrant Project that offers a one-week amnesty period for non-compliant parents to bring their accounts up to date without fear of arrest.

I am gratified when I think about the staff of HSD and their hard work to make HSD better serve the needs of New Mexicans. Thank you.

## Message from
## Deputy Secretary Brent Earnest



HSD's mission is to provide support services. We do that through many programs of our Medical Assistance Division, Behavioral Health Services Division, Income Support Division, Child Support Enforcement Division and Administrative Services Division -- helping some 800,000 New Mexicans access services and assistance they need. Providing support services while being financially responsible stewards of the budget we are given from the state and federal governments sometimes proves challenging, but we showed in 2013 that HSD can accomplish these tasks.

On January 1, 2014, the Medical Assistance Division rolled out the Medicaid modernization program, Centennial Care. During the last year, in preparation of this roll-out, HSD staff fanned out across the state to introduce the program and inform people of the opportunities offered to them through Centennial Care. Over the past year, staff of the Medical Assistance Division and the Behavioral Health Services have also worked with the four new Centennial Care managed care organization to ensure their readiness to manage the new program. HSD's modernization program is proceeding hand-in-hand with Medicaid expansion as directed by Governor Susana Martinez, and we look forward to providing coverage for a large percentage of New Mexico's uninsured adults as well as for children in the state. Centennial Care and its managed care approach will get health care to people when they need it, and we believe more affordably as well.

Core components of Centennial Care are the integration of behavioral health services into a comprehensive array of Medicaid services and the coordination of that care to ensure New Mexicans receive the right care at the right time – all the more important given the expanded Medicaid eligibility that will give some 205,000 new adults access to Medicaid health care coverage for the first time. Centennial Care also includes new behavioral health services, and the shift of coverage to Medicaid will allow our Behavioral Health Services Division to focus on services not provided by Medicaid. This presents a unique opportunity for the state to improve the behavioral health system and the services it offers. This is particularly timely following the audit of 15 behavioral health agencies' that resulted in allegations of fraud and mismanagement, suspension of Medicaid payments, and referral to the New Mexico Attorney General's office for further investigation. HSD has a responsibility to oversee how taxpayer dollars are spent and ensure that consumers have access to care. By ensuring that taxpayer dollars are spent appropriately, by improving the quality of care, and by expanding access to that care, HSD is committed to improving health care services for the thousands of New Mexicans relying on our help.

Making medical and behavioral health services available to more people while being good stewards of taxpayer dollars continues to underscore HSD's mission. I am proud of being part of the team that is implementing program improvements that will result in the availability of more and better services to more New Mexicans.

## Danny Sandoval, Director
## Administrative Services Division



The Administrative Services Division (ASD) provides HSD with support services, f
and reporting for its budget of more than $4.5 billion annually. ASD is responsible for ensuring compliance with directives from the Department of Finance and Administration (DFA), the State Treasurer's Office, the Office of the State Auditor, and federal oversight agencies related to financial reporting. In 2013, ASD provided timely, complete, and accurate financial information to HSD management and oversight agencies using the following processes:

- Budget projections were supplied to HSD leadership on a quarterly basis;
- Federal financial reports were submitted in accordance with the terms and conditions of grants;
- Trial balances were supplied to ASD management on a monthly basis; and
- HSD's Public Assistance Cost Allocation Plan (PACAP) was approved by the U.S. Department of Health and Human Services, Division of Cost Allocation.

## Accomplishments

***Warrant Issuing Agency***

NMAC Rule 2.20.6 outlines the eleven standards and conditions a state agency must meet in order to issue warrants or exceptions from prior submission of vouchers, purchase orders, or contracts to DFA. In order to qualify for warrants and exceptions from DFA, an agency must submit a written request explaining why efficiency and economy will be achieved by the state agency. The standards require a department to describe how a strong internal control framework is maintained and that the department meets requirements for both federal and state oversight agencies. ASD has 18 Chief Financial Officer (CFO) Directives and HSD Model Accounting Practices (HMAPs) that provide staff the background to maintain internal controls. HSD is one of the few agencies that receive approval to issue warrants annually from the DFA Cabinet Secretary. This has proven more efficient and economical through third-party systems for Medicaid, LIHEAP and Child Support.

***Timely Single and Financial Statement Audit***

The 2012 Single and Financial Statement Audit was completed on December 17. The auditor's opinion was that the financial statements present fairly the financial position of all funds. The overview of financial activities for State Fiscal Year 2012 can best be seen in the statement of activities for the year ended June 30, 2012. The Statement of Activities reports the HSD programs as healthcare services, financial assistance and general government. Healthcare services consist primarily of transactions in the Medicaid Fund, and financial assistance consists primarily of transactions for Low Income Home Energy Assistance Program (LIHEAP), Temporary Assistance

for Needy Families (TANF) and Supplemental Nutritional Assistance Program (SNAP) benefits. Transactions classified as "general government" in all other funds accounts for the administrative expenses to support those program functions.

| Functions/Programs | Expenses | Program Revenue: Charges for Services | Program Revenue: Operating Grants | Net Revenue (Expense) & Changes in Net Assets |
|---|---|---|---|---|
| PRIMARY GOVERNMENT | | | | |
| GOVERNMENTAL ACTIVITIES | | | | |
| Healthcare services | $3,659,733,799 | $85,394,709 | $2,584,436,826 | $ (989,902,264) |
| Financial assistance | 814,462 | 2,830,744 | 801,040,573 | (10,591,146) |
| General government | 257,908,389 | 11,537,349 | 168,299,792 | (78,071,248) |
| Total govermental activities | $4,732,104,651 | $99,762,802 | $3,553,777,191 | (1,078,564,658) |
| General revenues and transfers: | | | | |
| State General Fund appropriations | | | | 1,010,406,815 |
| Reversion of State General Fund appropriations - 2012 | | | | (79,965) |
| Transfers from other state agencies | | | | 163,774,839 |
| Total general revenues and transfers | | | | 1,174,101,689 |
| Change in net assets | | | | 95,539,031 |
| Net assets (deficit), beginning of year | | | | (89,632,984) |
| Reinstatement | | | | (14,218,647) |
| Net assets (deficit), beginning of year, as restated | | | | (103,851,631) |
| Net assets, end of year | | | | (8,314,600) |

### *ASPEN (Automated System Program and Eligibility Network) Financial Reports*

In 2013, ASD submitted federal financial reports related to ASPEN system to CMS, the USDA Food and Nutrition Services, and DFA (state severance tax bonds), all of which funded portions of the $118 million ASPEN project. The accurate and timely federal financial report resulted in continued funding for the ASPEN project; and is a positive step towards receiving federal funds for future information system projects.

***ASD Continued Success and Accomplishments***

ASD continues to support other HSD divisions to provide the budget and financial reporting, both federal and state, to support initiatives to replace third-party systems for Medicaid and Child Support in the coming years.

Through a collaborative effort of ASD and Medical Assistance Division, $72 million was collected in drug rebate revenues in State Fiscal Year 2013. The increase is largely due to new billing of managed care organizations, as allowed by the federal Affordable Care Act (ACA).

## Diana McWilliams, Chief Executive Officer and BHSD Director Behavioral Health Collaborative and Behavioral Health Services Division



In 2013, the Behavioral Health Services Division focused on planning strategies for mental health promotion and substance abuse prevention and treatment in light of changes proposed for 2014. Medicaid Expansion will expand access to services for many adults with behavioral health needs who previously relied on state and locally funded services. Centennial Care, the state's new Medicaid program, will replace the current waiver services by integrating traditional physical health services with behavioral health and long term care, into a consolidated waiver. Integrated care is an opportunity to ensure that Medicaid services address all health care needs of an individual, with an emphasis on providing the right care, at the right time, in the right place.

**FY13 Total Dollar Amount & Percentage**

| Service | Expenditure Amount | Percentage |
|---|---|---|
| Inpatient | $ 22,037,113 | 9.09% |
| Residential | $ 76,080,401 | 31.37% |
| Intensive Outpatient | $ 12,182,971 | 5.02% |
| Recovery | $ 40,427,251 | 16.67% |
| Outpatient Services | $ 83,471,195 | 34.42% |
| Value Added Services | $ 4,910,907 | 2.03% |
| Uncategorized | $ 3,397,196 | 1.40% |
| Total | $242,507,034 | 100% |

The Behavioral Health Collaborative brings together the 15 state agencies that provide funding or have programs related to behavioral health in New Mexico. The Collaborative oversees an annual contract for behavioral health services (state, federal, and Medicaid). The services are managed under a Medicaid waiver that allows blending of funding for behavioral health services by a Statewide Entity, OptumHealth.

**FY13 Total Expenditure by Age Group**

| | Total Expenditure | % of total Service $'s |
|---|---|---|
| 21 & over | $73,956,669 | 30.50% |
| 18-20 | $8,255,578 | 3.40% |
| Under 18 | $160,294,787 | 66.10% |
| Total | $242,507,034 | 100% |

## Making a Difference in Critical Situations

BHSD and the Collaborative accomplished many significant changes in 2013 that will make a real difference in the most critical situations affecting New Mexicans:

- Implemented a Core Service Agency model to ensure services are available in all areas of the state to help people with the most complex and serious mental illnesses and chronic substance abuse;
- Obtained a new, 5-year federal grant for Screening, Brief Intervention and Referral to Treatment (SBIRT);
- Expanded the Intensive Outpatient Treatment programs for substance use to unserved areas of the state;
- Launched the first statewide Behavioral Health Crisis and Access Line (NMCal);
- Expanded supportive housing access for consumers from 5 to 13 counties;
- Provided training in Mental Health First Aid throughout the state;
- Coordinated behavioral health services to people affected by fire and flood disasters;
- Issued guidelines on Community Engagement Teams for use by communities;
- Provided technical assistance to three communities actively working on local crisis systems of care;
- Developed community supports for Recovery Oriented Systems of Care; and
- Supported a volunteer initiative of licensing boards to provide counseling services to veterans needing behavioral health services.

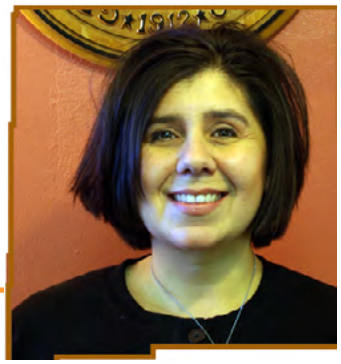
## Building quantity and quality of behavioral health services

The BHSD and the Collaborative also focused on building the statewide network of providers and improving the quality of services:

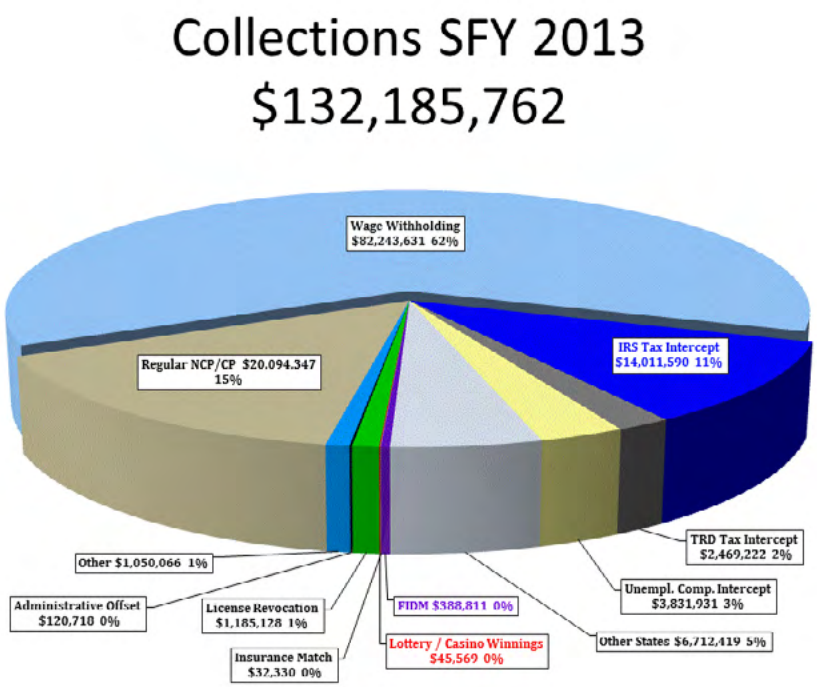
- Performed an audit that revealed provider compliance issues, uncovered overpayments/ overbilling, looked into suspect business relationships between providers, and took action to ensure the integrity of behavioral health programs. Through action on this audit, suspicious activity reports, and other quality of care concerns raised through whistleblower reports, the Department is moving New Mexico toward better behavioral health outcomes. In addition, the report and audit have been referred to State and Federal law enforcement and are now being investigated.
- Expanded Medicaid to low income adults to increase available treatment services to uninsured people with substance use disorders and mental illness

- Added three new behavioral health benefits to Medicaid service package to help people sustain their recovery;
- Increased the overall provider network by 24 percent, including more Native American providers than in the previous administration;
- Increased access to care by Native Americans by 40 percent more than the prior administration; and
- Increased access to care through telehealth services by 85 percent.

## Betina McCracken, Deputy Director
## Child Support Enforcement Program



The purpose of the Child Support Enforcement Program is to establish and enforce the support obligations owed by parents to their children and thereby improve the quality of lives of children and reduce the number of families reliant on public assistance.




In 2013, the NM Child Support Enforcement Division (CSED) saw some changes, developed approaches to upcoming challenges, and kept its focus on the most important part of its mission – child support collections for families. In Fiscal Year 2013, collections totaled $132.2 million, and more cases with child support court orders were issued, which increased the obligated case percentage measure to 84%.

Preparing for upcoming challenges in CSED has been a priority in 2013. Some of the anticipated changes are:

- Planning and Implementing the Child Support Enforcement System (CSES) IT replacement system. CSES has been in operation since 1998 and is in dire need of replacement. A more user-friendly system for both the CSED staff and CSED customers is in the planning phase. Replacement of the system will take several years, and a top to bottom business review of CSED is underway to ensure that processes are as efficient, effective and streamlined prior to replacement of the system.
- Early Intervention Project. In an effort to reduce child support payment delinquency and prevent the accumulation of child support arrearages, CSED is embarking on an Early Intervention Project (EIP) with the ultimate goal of increasing the percentage of current support paid and overall collections.



- Governor Susana Martinez proclaimed August as Child Support Awareness Month in New Mexico. The Governor saluted those parents who support their children, and encouraged those who don't to assume responsibility for improving the economic and social well-being of their children.



STATE OF NEW MEXICO EXECUTIVE OFFICE SANTA FE, NEW MEXICO

Proclamation

*WHEREAS*, THE PURPOSE OF THE CHILD SUPPORT ENFORCEMENT PROGRAM IS TO ESTABLISH AND ENFORCE THE FINANCIAL SUPPORT OBLIGATIONS OWED BY PARENTS TO THEIR CHILDREN AND THEREBY REDUCE THE NUMBER OF FAMILIES RELIANT ON PUBLIC ASSISTANCE; AND

*WHEREAS*, THE NEW MEXICO CHILD SUPPORT ENFORCEMENT PROGRAM PUTS CHILDREN FIRST BY ENCOURAGING BOTH PARENTS TO ASSUME RESPONSIBILITY FOR IMPROVING THE HEALTH, STABILITY, ECONOMIC, AND SOCIAL WELL-BEING OF THEIR CHILDREN; AND

*WHEREAS*, NEW MEXICO SALUTES THOSE PARENTS WHO SUPPORT THEIR CHILDREN; AND

*WHEREAS*, ENSURING THAT CHILDREN RECEIVE THE FINANCIAL SUPPORT THEY DESERVE INVOLVES WORKING PARTNERSHIPS BETWEEN CITY, COUNTY, STATE, AND FEDERAL AGENCIES, PARENTS, LEGISLATORS, JUDGES, HEALTHCARE PROFESSIONALS, ADVOCACY GROUPS, EMPLOYERS, AND MANY OTHERS; AND

*WHEREAS*, THROUGH THESE PARTNERSHIPS, NEW MEXICO COLLECTED MORE THAN $132 MILLION IN CHILD SUPPORT DURING STATE FISCAL YEAR 2013, PROVIDING CHILD SUPPORT SERVICES FOR MORE THAN 87,000 CHILDREN IN NEARLY 60,000 CASES;

*NOW, THEREFORE I*, SUSANA MARTINEZ, GOVERNOR OF THE STATE OF NEW MEXICO, DO HEREBY PROCLAIM THE MONTH OF AUGUST 2013, AS

**"AUGUST CHILD SUPPORT AWARENESS MONTH"**

THROUGHOUT THE STATE OF NEW MEXICO AND I ENCOURGE ALL NEW MEXICANS TO WORK TOGETHER TO FOSTER A BETTER UNDERSTANDING OF THE IMPORTANCE OF FULFILLING FINANCIAL RESPONSIBILITIES TO OUR CHILDREN.

SIGNED AT THE EXECUTIVE OFFICE THIS 27TH DAY OF JULY 2013

ATTEST:

DIANNA J. DURAN
SECRETARY OF STATE

WITNESS MY HAND AND THE GREAT SEAL OF THE STATE OF NEW MEXICO

SUSANA MARTINEZ
GOVERNOR



## Johnna Padilla, Director
## Office of Human Resources

HSD's Office of Human Resources (OHR) is an integral part of the Program Support team. Customer service is a major focus of OHR and includes recruiting quality employees as well as assisting HSD staff with their personnel needs throughout their careers with the Department. OHR is sincere in its efforts to provide excellent training and professional development to HSD employees, recruit and retain first-rate staff, assist with employee benefits, and provide advice in addressing discipline, union, and performance issues. With approximately 1900 full-time employees, OHR staff was engaged and committed to helping HSD employees in 2013.

Last year, the State Personnel Office (SPO) assigned the Department's complete recruiting responsibilities to the HSD OHR, including posting job opportunities on the SPO website. OHR's Transactions Section approved and independently managed over 550 job postings. OHR analysts prepared ranked-applicant lists for hiring managers while simultaneously processing over 1,900 human resource actions. These included over 215 new hires, 77 promotions, 55 transfers, and 319 separations.

The OHR Classification and Compensation Section created ninety-seven (97) new positions and reclassified numerous positions, which enabled the Department to function more efficiently and effectively while remaining fiscally responsible. Simultaneously, the Classification and Compensation Section worked with SPO and DFA to gain approval to double-fill more than 50 positions, allowing ISD to hire critical additional staff to assist with the implementation of the State's new $118 million eligibility system, ASPEN.

The OHR Staff Development and Training Section has completed its fourth year of providing federal, state, department, and union-mandated courses, as well as professional development training online and on demand, to all HSD employees. Training is offered through IDEAL-NM's Learning Management System, Blackboard, without incurring additional operating costs. This represents a significant cost savings to HSD, and was made possible by the Public Education Department (PED).




The OHR Staff Development and Training Section supported CSED and ISD by providing federally mandated divisional trainings online. Through Blackboard, the Training Unit began supporting eligibility training required for ISD newly hired employees, as well as training for the ISD ASPEN eligibility computer system. The OHR Staff Development and Training Section was also effective in providing onsite training through deployment

of systems developed and customized for the needs of individual offices. The objective of these systems was to strengthen customer service, interpersonal communication, and interoffice relationships.

In 2013, the Employee and Labor Relations (ELR) Section played a crucial role in assisting and educating managers in numerous facets of personnel issues, including employee retention, performance improvement, disciplinary actions, complaints, union grievances, and medical issues. Addressing workplace-related issues properly and efficiently is crucial to the Department in minimizing potential liabilities.

The ELR continued to work closely with the Staff Development and Training Section, as well as the Office of General Counsel and the Office of Inspector General, in addressing current issues and trends regarding department staff. The ELR continued to collaborate in the joint training of the Managing Employee Performance system to provide supervisors and managers with information and tools for evaluating employee performance and addressing poor employee performance.

The ELR prides itself on coordinating activities and utilizing available alternative dispute resolution methods to proactively address and resolve labor/management issues at the lowest possible level.

## Marilyn Martinez, Acting Director
## Income Support Division



The Income Support Division (ISD) continues to provide much-needed services to more New Mexicans than ever before. In FY13, 199,316 families (443,784 individuals), or 1 in 5 New Mexicans, were receiving Supplemental Nutrition Assistance Program (SNAP) benefits and 17,394 families (37,669 individuals) were receiving Temporary Assistance for Needy Families (TANF). Over 68,462 families received an average benefit of $122 for the Low Income Home Energy Assistance Program (LIHEAP) during FFY13. The total number of persons served by ISD, including those covered by Medicaid, has grown to 869,034 (over 1 in 3 New Mexicans). Each ISD caseworker services 998 cases. Even with these heavy caseload challenges, ISD has received an award for timeliness for application processing.

### Awards

- Timeliness Performance Award – For the third consecutive year, New Mexico received a timeliness bonus in FFY12 for SNAP application processing.

### Program Accomplishment Updates

- Visits to field offices - In FY13, nearly 1.2 million individuals visited one of our 34 ISD offices statewide.
- Timeliness of application processing – For FFY13, ISD's timeliness for processing SNAP applications was 98.9%.
- Interim Assistance Reimbursement (IAR) – ISD was able to recoup $2,888,992 in IAR from Social Security in FY13, which is nearly 4 percent more than the amount received in FY 12.
- Work Participation Rates – This year New Mexico has the achieved some of the highest work participation rates in years at 46.2% for all-families and 52.9% for two-parent families. This is higher than the national rate, based on 2009 statistics.
- New Employment - In FY13, SL Start, the NM Works work contractor, averaged 537 new employment placements per month.
- USDA Food Distribution to Schools – In FY13, ISD distributed 5,310,774 pounds of commodity entitlement foods, valued at $9,206,419, to schools in New Mexico and an additional 39,972 pounds of bonus commodities valued at $163,485.
- The Emergency Food Assistance Program (TEFAP) – In FY13, through a statewide network of regional food banks, ISD distributed 2,940,650 pounds of household commodity entitlement foods, valued at $1,710,503, and 3,903,289 pounds of household bonus commodities valued at $3,663,276.
- Homeless Meals Program – In FY13, ISD provided funding to support 495,378 meals at six homeless, day, and domestic violence shelters.

SNAP-Ed Program – HSD administered SNAP Ed through five implementing agencies, providing nutrition education classes to low income families across the state. 859,439 children and adults were given SNAP Ed education, and 333,154 individuals attended one or more classes on topics including nutrition, food budgeting, cooking and the importance of healthy, active lifestyles.

- SNAP Employment and Training (E&T) Regulations – In June 2013, HSD implemented a new mandatory E&T program for childless adults which requires them to complete either a group or individual job search annually.

## Automated System Program and Eligibility Network (ASPEN)

ISD continues to spend a large amount of effort on implementing ASPEN, its new eligibility system. ISD expects staff to be fully immersed in every phase of the project through June 2014; following are the accomplishments for 2013:

- Development - ASPEN project staff wrote over 6,200 test scripts that contained as many scenarios as possible to thoroughly test the system.
- UAT began in January of 2013 and lasted six months. This testing gave staff the opportunity to test all functionality of the system before going live with the pilot office in Española in July 2013.
- Conversion – In June 2013, ISD converted 2.3 million unique applicants at a 99.93% success rate into our new Master Client Index.
- Implementation – Staff worked with the local offices to prepare for the implementation of the system, starting with the pilot office in July 2013. Staff members have developed standardized business processes to compliment the new system, utilized a network of support staff called the ASPEN Change Experts (ACES) to lead office readiness activities, developed training materials, conducted training, and deployed site support to assist staff with the new system.

## Customer Service Enhancements

In FY13, ISD added new features to enhance our customers' experience.

1. Developed a Self-Service Website (Yes-NM) - allows New Mexicans to apply for benefits online at www.yes.state.nm.us (Effective October 1, 2013)
2. Expanded our Customer Service Center - allows increased access to benefit and customer information.
3. Developed a new Centralized ASPEN Scanning Area (CASA) - allows a recipient to mail eligibility paperwork to CASA, where it is scanned and made available to the caseworker on their computer for processing a case.
4. Developing an Interactive Voice Response System (IVR) - allows New Mexicans to use their phones to inquire on the status of their benefits (Effective February 2014).

## Sean Pearson, Director
## Information Technology Division



The Information Technology Division (ITD) maintained its momentum from previous years. ITD worked on several important initiatives for HSD, with a focus on building IT services that support the Department's strategic goals as well as those of the state as a whole. The following are just a few of ITD's 2013 projects.

### MMIS Enhancements

The Medicaid Management Information System (MMIS) has undergone major changes in order to interface with the ASPEN system, support the roll-out of Centennial Care, and comply with federal HIPAA rules that govern the exchange of electronic health care transactions required by the Affordable Care Act. Compliance with Phase 1 of the HIPAA rules was required by January 1, 2013; New Mexico's Medicaid program was among the nation's only to meet the deadline. In April 2013, HSD launched a new Medicaid Client Portal that provides Medicaid recipients with online self-service capabilities for the first time. Customers are able to perform functions such as selecting a Managed Care Organization or requesting a replacement identification card through the portal. This portal expands the capabilities offered to providers as well. Providers can now submit enrollment applications online and enter Medicaid claims for real-time processing, and they learn immediately if their claims will be paid or if corrections are needed.

### The Wire Goes Live

In 2013, ITD launched a new intranet website, The Wire, to share information and offer collaborative tools throughout HSD. The Wire is a central location for announcements, newsletters, forms and documents for HSD staff that can be updated by each division. In 2014, ITD plans to build on this framework to reduce paperwork and streamline business processes throughout the Department. As the Wire evolves, ITD has targeted Human Resources paper forms to convert to electronic versions and will introduce a new process to track collaborative approval of documents including legislative analysis and contract pre-approvals. This will allow for more efficient workflow in approval and completion processes.

## ASPEN – Automated System Program and Eligibility Network

One of the Department's top priorities continues to be the implementation of the ASPEN system. ASPEN is an integrated eligibility system that will improve access for New Mexicans to services through the web and streamline services for HSD field staff with more efficient and technically advanced tools.

During 2013, ASPEN project personnel, including senior management, business leads, application, testing, and technical infrastructure staff, were fully focused on the completion of critical tasks necessary to ensure the start date of the successful pilot on July 22, 2013. During the project, HSD assigned up to 100 employees to ASPEN in a variety of capacities. This resulted in the following accomplishments:

### Development-Related Accomplishments:

- A transfer solution was built according to New Mexico requirements, resulting in the base ASPEN system, the ASPEN Electronic Document Management system and the YES New Mexico portal.
- Data conversion, consisting of data mapping from legacy systems to ASPEN, testing of converted data in the ASPEN application and data clean-up in legacy systems was completed.
- Quality Assurance Testing (QAT) and User Acceptance testing (UAT) testing including test scripting, data creation, and testing lab setups was performed.
- Performance testing of the application to simulate user load and capacity planning carried out.
- Disaster Recovery site setup and preliminary testing finalized.

### Implementation and Training Accomplishments:

- Preparation for statewide field office training included production and testing of training materials, development of training data, onboarding and training of instructors, setting up training labs, and statewide video conferencing rollout
- Preparation of implementation activities included training of Site Support and Help Desk staff, rollout of a new service desk solution, and statewide equipment delivery and installation.
- Statewide deployment of ASPEN Content Experts (ACEs) to work on cases converted by association with cases from an office included in an earlier wave (called spider web cases).

- Installation of customer lobby kiosk equipment so customers can access YES New Mexico.
- Installation of scanners accessible to customers for uploading of paper documents
- Statewide system network upgrades.

## Electronic Document Management Accomplishments:

- Paper files from most ISD offices were taken to a central facility to be scanned and indexed, resulting in greater accessibility of information and more efficient use of office space.
- ISD offices were retrofitted to interact with an ASPEN central scanning facility with three high capacity scanning/indexing machines; these will eventually scan 60% of all paper received by ISD.

## Federal Initiatives:

- Planning for interface with the federal hub to comply with the Affordable Care Act.
- Implementation of interface to the federal insurance Marketplace, accomplished November 2013
- Implementation of Medicaid expansion.

## Successful External Reviews Included:

- The Centers for Medicare and Medicaid Services (CMS) performed an Operational Readiness technical gate review, which was passed May 2013.
- External security audit performed June 2013.
- A security audit by the Social Security Administration was passed in May 2013.
- The New Mexico Legislative Finance Committee performed an IT Audit with results in October 2013.

## Successful On-Time and on-budget milestones:

- ASPEN Pilot occurred in July 2013
- ASPEN Wave 1 roll-out occurred in September 2013
- YES New Mexico on-line portal was rolled out in October 2013
- ASPEN Wave 2 roll-out occurred in November 2013

Full statewide implementation of the ASPEN systems will conclude with the Wave 3 rollout in January 2014.

## Francis (Frank) Sherman, Director
## Office of the Inspector General



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

### Investigations Bureau

There were over 1,200 referrals made to the OIG fraud hotline regarding suspected fraud. Of the full investigations opened and assigned, $1,326,810.00 was identified for collection from HSD recipients and Medicaid providers.

- Fifty-three (53) cases were referred for criminal prosecution and are currently awaiting trial. Eight (8) recipients were convicted of public assistance fraud.
- Sixty-three (63) cases were submitted for an administrative disqualification hearing (ADH) regarding allegations of intentional program violations (IPV) by HSD recipients.
- Two (2) 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-five (45) investigations were closed as unsubstantiated.
- Fifty (50) Medicaid provider fraud reviews were performed.
- Thirty-six (36) preliminary reviews were performed which identified credible allegations of fraud; those reports were forwarded to the New Mexico Attorney General's Medicaid Fraud and Elder Abuse Division for prosecution or civil recovery.
- Nineteen (19) Professional Standards Investigations were performed.
- One (1) collaborative investigation with United States Department of Agriculture (USDA) and Homeland Security Investigations (HSI) on a vendor involved in EBT Trafficking was referred for federal prosecution.

### Internal Review Bureau (Formerly Internal Audits and Medicaid Fraud Bureau)

Fiscal Year 2013 has been a year of restructuring and refocus for this Bureau; the process will continue into FY 2014. The following information is provided to show the use of our resources during 2013. We will continue monitoring and adjusting our activities to ensure resources are allocated appropriately.

Core Services:
Resource allocation by core service is represented in Table 1.

- Consulting. Provided services to help address specific issues and concerns. Assistance was provide to outside agencies such as the DEA, New Mexico Medical Board, New Mexico Board of Pharmacy, and the Taos Police Department, to mention a few. There were eleven (11) projects completed that required 1,650 staff hours.
- Information Technology. Ensuring that information technology controls, primarily security related, were effective. This was achieved through PC imaging and analysis. There were a total of ten (10) PC forensic analyses performed during the year comprising 800 staff hours.
- Integrity. Investigating allegations regarding employee misconduct and nonviolent criminal acts involving Human Service Department resources. These investigations were in response to situations that required immediate action and therefore consumed a substantial amount of resources. This service included Special Investigations and Fraud Detection Best Practices. There were forty-one (41) projects completed which consumed 4,148 staff hours

We remain focused on our mission of being the preeminent provider of value-added internal review services and to continual improvement of our review processes. Our success would not be possible without the support of the Administration of HSD and the cooperation of our customers.

**Table 1**
**Resource Allocation by Core Service - For Fiscal Year 2013**

| Core Service | Type of Project | Numbe of Projects | Estimated Hours |
|---|---|---|---|
| **Administrative** | Support on Division Reports | 2 | 16 |
| **Training** | Training | 13 | 112 |
| **Consulting** | Data Ama;usos fpr Ptjer Agemcoes | 11 | 2,650 |
| **Information Technology** | PCImage & Analysis | 10 | 800 |
| | Education | 2 | 16 |
| **Integrity** | Bank Statement Reviews & Analysis | 2 | 300 |
| | EBT | 16 | 1,280 |
| | Investigation Assist | 9 | 720 |
| | Medicaid | 14 | 1,848 |
| **Grand Total** | | 79 | 6,762 |

## Fair Hearings Bureau

The Fair Hearings Bureau processed hearing requests for public assistance programs administered by the Human Services Department as well as hearings requested by providers contracted by the Medical Assistance Division and in partnership with the Department of Health. More than 20 public assistance programs are included in this service, such as:

- Supplemental Nutrition Assistance Program (SNAP);
- Temporary Assistance for Needy Families (TANF);
- General Assistance;
- Medicaid Eligibility programs
- Managed Care,
- Mi Via Waiver Program;
- Developmental Disabilities waiver program;
- Nursing home transfer or discharge of Medicaid recipients;
- Personal care option services and;
- State coverage insurance.
- Child Support Enforcement Tax Intercept and Financial Institution Data Match activities
- Administrative Disqualification from SNAP participation due to intentional program violation

In State Fiscal Year 2013 the Fair Hearings Bureau processed 6,297 hearing requests.

## Julie Weinberg, Director
## Medical Assistance Division



During the last year, more than one in four New Mexicans received health insurance through Medicaid, the Children's Health Insurance Program (CHIP), the State Coverage Insurance (SCI) program, or through other medical assistance programs administered by the Human Services Department's Medical Assistance Division (HSD/MAD). There are approximately 573,000 New Mexicans currently receiving coverage through HSD/MAD medical assistance programs, including approximately 335,000 children. The fiscal year 2014 budget for the Medicaid program is just under $4.1 billion in state and federal dollars. In 2013, HSD/MAD staff have worked diligently to implement the redesign of the Medicaid program and the Medicaid provisions in the Affordable Care Act.

### New Mexico Centennial Care

In July 2013, HSD/MAD received approval from the federal Centers for Medicare and Medicaid Services (CMS) to modernize the state's Medicaid program through an 1115 Global Research and Demonstration Waiver. The name of New Mexico's modernized Medicaid program is "Centennial Care," a reflection of both New Mexico's 100th anniversary of statehood and HSD's goal to create a Medicaid program that is financially and administratively sustainable for years to come. 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, especially 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 better health outcomes rather than for the quantity of services delivered; and
4. To simplify administration of the program for the state, providers and recipients where possible.

In February, HSD selected four managed care organizations (MCOs) to provide care for most Medicaid recipients. Centennial Care enrollment is mandatory for all Medicaid recipients except for Native Americans who are not in long-term care or who are not covered by both Medicare and Medicaid. The four MCOs are:

- United Healthcare Community Plan of New Mexico
- Blue Cross Blue Shield New Mexico
- Molina Health Care of New Mexico, Inc
- Presbyterian Health Plan, Inc

Once the selection was made, HSD/MAD embarked upon a year-long readiness project with the MCOs to ensure that Centennial Care is fully operational to the standards outlined in the contracts between HSD and the MCOs and the Special Terms and Conditions of the waiver prescribed by CMS. Ten workgroups composed of staff from MAD and the HSD Behavioral Health Services Division were created to focus on certain areas of implementation such as reporting, systems, care coordination and the implementation of the self-directed community benefit.

## Medicaid Expansion and the Affordable Care Act

In January 2013, Governor Susana Martinez announced that New Mexico would expand the Medicaid program to include adults with income at or below 138% of the federal poverty level (FPL) (about $16,100 per year for an individual). Eligibility for the new adult group begins on January 1, 2014. HSD began accepting and processing applications for the new adult group on October 1, 2013, when HSD launched its new streamlined application for all assistance programs and its online application portal, YES New Mexico. HSD anticipates that about 148,000 New Mexicans will enroll in the expanded Medicaid program in 2014.

Most of the low-income adults who will be eligible for the expanded Medicaid program in January will receive their health care benefits through the Alternative Benefit Plan (ABP). The ABP includes doctor visits, preventive care, hospital care, emergency room or urgent care, behavioral health care, prescriptions and other services that are defined as “essential health benefits” by the Patient Protection and Affordable Care Act (ACA). In addition, HSD/MAD has decided to include the current Medicaid adult dental benefit in the ABP.

In preparation for other changes mandated by the ACA, HSD/MAD has prepared over twenty state plan amendments (SPAs) for federal approval to implement a streamlined application, modify the Medicaid eligibility methodology, implement the ABP, and institute new structures for claiming federal financial funds for Medicaid expansion. HSD/MAD eligibility staff have assisted with ACA related changes to ASPEN. Changes to the eligibility rules were proposed for public comment in November and will be promulgated in January 2014.

## Member Education and Tribal Involvement

To spread the word about Centennial Care and the Medicaid expansion, MAD conducted 220 member education events around the state from August through November. Led by the Communication and Education Bureau of HSD/MAD, staff traveled over 20,000 miles to 87 towns in 32 counties to discuss upcoming changes to the Medicaid program with over 9,500 Medicaid recipients and other stakeholders. Staff from the Behavioral Health Services Division were also on hand at many of the events.

MAD created the Native American Technical Advisory Committee (NATAC) in 2102, and it has grown to include fifteen members who are appointed to the board by their Tribal leadership. The group meets monthly to discuss Medicaid and has submitted input to HSD/MAD on issues such as the ACA and Centennial Care. In August, HSD/MAD held a Tribal consultation in Albuquerque to receive input on Medicaid changes related to the ACA. The consultation was attended by over 80 stakeholder representing 19 Tribes, Indian Health Services, and other organizations.