New Mexico Waiver: Centennial Care 2.0

Overview

New Mexico's Medicaid population is served through Centennial Care, a demonstration originally approved in 2013 that requires nearly all individuals to receive health care services through a managed care delivery model.[1] On December 14, 2018, the Centers for Medicare & Medicaid Services approved an extension of the waiver, Centennial Care 2.0, through December 31, 2023. As initially approved, Centennial Care 2.0 contained a broad array of initiatives, including several that applied to certain adult Medicaid beneficiaries, including premium requirements tied to healthy behavior incentives and a waiver of retroactive eligibility.[2,3] However, these initiatives were removed from the Centennial Care 2.0 demonstration in an amendment approved on February 7, 2020.[4,5]

This fact sheet discusses New Mexico's waiver as it was approved in December 2018. For more on the details of section 1115 demonstration waivers used to test new approaches to coverage, please see *Testing New Program Features through Section 1115 Waivers*.

Demonstration Goals

Centennial Care 2.0 seeks to accomplish several goals through its initiatives. These goals will inform the hypotheses in the state's evaluation design plan and include, but are not limited to, determining whether the demonstration aided in:

- improving continuity of coverage;
- encouraging individuals to obtain health coverage as soon as possible after becoming eligible;
- increasing utilization of preventive services;
- promoting administrative simplification and fiscal sustainability of the Medicaid program through the waiver of retroactive eligibility; and
- building upon policies that seek to enhance members' ability to become more active and involved participants in their own health care, including the introduction of modest premiums for adults with higher income.[6]

Populations Included

The demonstration covers the managed care population (i.e., most of the state's Medicaid population, including the new adult group). Individuals who are eligible for institutional care, pregnant women, and children under age 19 are not subject to premiums and are excluded from the waiver of retroactive eligibility.

Eligibility and Enrollment

The December 2018 waiver extension changes the effective date of coverage, as New Mexico is not required to provide the usual three months of retroactive coverage for beneficiaries. For most beneficiaries included in the managed care demonstration, coverage will begin one month prior to the date of application beginning in calendar year 2019. Retroactive eligibility will be eliminated entirely in 2020, and coverage will begin the first day of the month in which the member applies. Individuals who are eligible for institutional care, pregnant women, and children under age 19 are not subject to these changes.

Beginning July 1, 2019, adult beneficiaries age 19–64 with incomes above 100 percent FPL who are subject to premiums will be enrolled prospectively, with coverage beginning on the first day of the month after receipt of the required premium payment. This group will receive one month of retroactive coverage until July 1, 2019.

Premiums and Cost Sharing

Beneficiaries with incomes at or below 100 percent of the federal poverty level (FPL) or in Medicaid fee for service are not subject to premiums or cost sharing. Members of the new adult group with income over 100 percent FPL are subject to both premiums and cost sharing at the point of service beginning July 1, 2019. In the first year of the demonstration, monthly per member premium payments are limited to 1 percent of household income (capped at $10 per month). After the first year of the demonstration, the state has the authority to increase premiums once per year, to a maximum of 2 percent of household income (capped at $20 per month). Beneficiaries must pay the first month's premium before coverage begins. Total out-of-pocket spending on premiums and cost sharing cannot exceed 5 percent of income, consistent with federal requirements.

Penalties for non-compliance

Beneficiaries who fail to pay their monthly premiums will be suspended from coverage after a three-month grace period, beginning the month after a premium was not paid on time and in full. If the beneficiary makes a premium payment for one month during the grace period, it is applied to the first missed payment, thus extending the grace period by one month. If no payments have been made at the end of the grace period, coverage will be suspended for three months. Beneficiaries may only reenroll following the three-month suspension if they pay the outstanding premiums accrued during the grace period and the prospective payment for the next month of coverage. Beneficiaries who request and receive a hardship exemption are not subject to premium payments or the three-month lockout period.

Cost sharing

Individuals will also be subject to co-payments as specified in the state plan, including non-emergent use of the emergency department and for using higher-cost prescription drugs when a lower-cost alternative is available.

Beneficiary-managed accounts

All demonstration enrollees have the option of participating in the Centennial Rewards program. This program provides beneficiaries with an account, managed by their managed care plan. Beneficiaries can accrue credits in the account by completing state-specified healthy behavior activities. Beneficiaries required to pay premiums can use credits to offset up to half of their premium requirements. If a beneficiary fails to pay the premium on time, account credits can be applied by the state toward that premium, and the beneficiary would be considered compliant. Beneficiaries may also use account credits to pay for health-related items and services specified by the state.

Benefits

Centennial Care 2.0 enrollees will receive the New Mexico state plan benefit package, except for the new adult group who will receive the alternative benefit plan (ABP). Medically frail individuals have the option of the ABP with the 10 essential health benefits or the ABP with the state plan package.[7,8]

Delivery System

Waiver enrollees receive medical services through the state's existing managed care plans.

For a summary of the Section 1115 waivers used to expand Medicaid to the new adult group please see *Testing New Program Features through Section 1115 Waivers*.

Endnotes

[1] On July 12, 2013, New Mexico received federal approval to use a Section 1115 demonstration waiver to shift to a Medicaid managed care delivery system and provide home- and community-based services to enrollees with a nursing facility level of care. This demonstration also included a hospital uncompensated care (UC) pool and a hospital quality improvement incentive (HQII) pool. Centennial Care 2.0 extends UC pool funding for one additional year, extends HCII pool funding for three additional years, expands substance use disorder (SUD) treatment benefits, and establishes two pilot programs for home visitation and tenancy supports for individuals living with serious (SMI). These demonstration features are beyond the scope of this fact sheet.

[2] Centennial Care 2.0 also extends UC pool funding for one additional year, extends HCII pool funding for three additional years, expands SUD treatment benefits, and establishes two pilot programs for home visitation and tenancy supports for individuals living with SMI. These program changes are beyond the scope of this fact sheet.

[3] For information on other states with approved or pending requests to implement beneficiary contribution requirements, see *Using Section 1115 Waiver Authority to Implement Beneficiary Contribution Programs in Medicaid.*

[4] The decision to remove these provisions was made following the election of a new governor: Governor Michelle Lujan Grisham announced this action soon after taking office in February 2019 (Lujan Grisham 2019).

[5] Of the initiatives described in this fact sheet, only the restrictions on retroactive eligibility took effect. Effective February 8, 2020, the state resumed providing three months of retroactive eligibility.

[6] Demonstration goals also include those related to other provisions in the waiver, including changes to the managed care delivery system, the waiver's home and community-based services provisions, SUD benefits, and pilot programs for individuals living with SMI, but they are beyond the scope of this fact sheet.

[7] The 10 essential benefits are ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric services, including oral and vision care.

[8] The December 2018 waiver extension also expanded opioid use disorder and other SUD treatment benefits to all New Mexico Medicaid enrollees, including services provided in residential and inpatient treatment facilities. Without the waiver, federal financial participation would not be available for these services. Without the waiver, federal financial participation would not be available for residential and inpatient services provided in institutions for mental diseases.

References

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2020. Section 1115 of the Social Security Act Medicaid demonstration amendment: Centennial Care 2.0. February 7, 2020. Baltimore, MD: CMS. https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nm/nm-centennial-care-ca.pdf.

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2018. Section 1115 of the Social Security Act Medicaid demonstration extension: Centennial Care 2.0 1115 Medicaid Demonstration. December 14, 2018. Baltimore, MD: CMS. https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nm/nm-centennial-care-ca.pdf.

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2013. Section 1115 of the Social Security Act Medicaid demonstration: Centennial Care. July 12, 2013. Baltimore, MD: CMS. https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nm/Centennial-Care/nm-centennial-care-appvl-ltr-07122013.pdf.

Office of Governor Michelle Lujan Grisham, State of New Mexico. 2019. Gov. Lujan Grisham announces plan to reverse Medicaid policies that create barriers to accessing coverage. February 13, 2019, press release. https://www.governor.state.nm.us/2019/02/13/gov-lujan-grisham-announces-plan-to-reverse-medicaid-policies-that-create-barriers-to-accessing-coverage/.