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OFFICE OF
SECRETARY OF STATE

State of New Mexico

Susana Martinez
Governor

April 2, 2011

HOUSE EXECUTIVE MESSAGE NO. 7

The Honorable Ben Luján and
Members of the House of Representatives
State Capitol Building
Santa Fe, NM 87501

Honorable Speaker Luján and Members of the House:

Pursuant to the Constitution of the State of New Mexico, Article IV, Section 22, I have this day VETOED and am returning HOUSE BILL 35, enacted by the Fiftieth Legislature, First Session, 2011.

This bill instructs the New Mexico Human Services Department (HSD) to establish an Accountable Care Organization (ACO) Demonstration Project task force to study the feasibility of implementing an ACO program in Hidalgo County.

I am unfamiliar with any evidence or reports that indicate this program will be effective or manageable. Additionally, this bill could have unintended fiscal implications resulting from its directive to the State's Human Services Department (HSD) to specify in each of its contracts with Medicaid managed care organizations that the contractor allocates funds for the operation of the ACO task force. This would require HSD to enter into a contract negotiation process that could result in increased costs which are not provided for in this legislation.

In a time when State government is attempting to cut back on spending, I cannot justify investing in new programs that have the potential to burden State agencies and departments which I have already directed to identify additional ways to save taxpayer dollars. It would appear that this issue would have been more appropriately addressed through a legislative memorial.

Respectfully yours,

Susana Martinez
Governor

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The Honorable Ben Luján

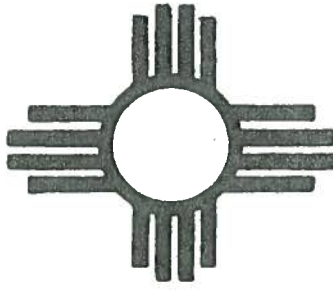
April 2, 2011

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Time: 2:07 a.m. p.m.
Date: 4/21 2011 By Larry Dominguez
Secretary of State

Time: _____ a.m. p.m.
Date: _____ 2011 By _____
Chief Clerk of the House



The Legislature
of the
State of New Mexico

50th Legislature, 1st Session

LAWS 2011

CHAPTER _____

HOUSE BILL 35

Introduced by

REPRESENTATIVE DANICE PICRAUX

SENATOR DEDE FELDMAN



VETOED

FOR THE LEGISLATIVE HEALTH AND
HUMAN SERVICES COMMITTEE

AN ACT

RELATING TO PUBLIC ASSISTANCE; DIRECTING THE SECRETARY OF HUMAN SERVICES TO ESTABLISH AN "ACCOUNTABLE CARE ORGANIZATION DEMONSTRATION PROJECT TASK FORCE" TO STUDY THE FEASIBILITY AND PARAMETERS OF AN ACCOUNTABLE CARE ORGANIZATION DEMONSTRATION PROJECT FOR MEDICAID, STATE CHILDREN'S HEALTH INSURANCE PROGRAM AND STATE COVERAGE INSURANCE PROGRAM RECIPIENTS IN HIDALGO COUNTY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. TEMPORARY PROVISION--ACCOUNTABLE CARE ORGANIZATION DEMONSTRATION PROJECT TASK FORCE.--

A. By July 1, 2011, the secretary of human services or the secretary's successor in interest shall convene an "accountable care organization demonstration project task force" and work with representatives from the human services department, the New Mexico health policy commission, the university of New Mexico health sciences center, managed care contractors, a nonprofit primary care organization and others as the secretary deems necessary to devise a strategic plan for implementing an accountable care organization demonstration project in Hidalgo county pursuant to a prospective federal waiver. The task force shall devise a two-year strategic plan and report on the plan to the legislative health and human services committee and the

1 legislative finance committee by August 1, 2012. The
2 strategic plan shall contain recommendations regarding:

3 (1) the feasibility of implementing a
4 financial model for an accountable care organization in
5 Hidalgo county that provides incentives to improve health
6 outcomes and reduce per capita costs in the accountable care
7 organization;

8 (2) the parameters of risk in a regional or
9 community-based accountable care organization in Hidalgo
10 county;

11 (3) the role of managed care contractors in
12 providing administrative and other services to successfully
13 implement the demonstration project;

14 (4) the utilization of care and case
15 management, whereby the demonstration project incorporates the
16 following:

17 (a) incentives for the promotion of a
18 comprehensive health care system in which a recipient has a
19 primary health care or social service provider who advocates
20 for and provides ongoing support, oversight and guidance to
21 implement an integrated, coherent, cross-discipline plan for
22 ongoing health care and service delivery that is developed in
23 partnership with the recipient and that includes all other
24 health care and social service providers furnishing care to
25 the recipient;

1 (b) health system utilization
2 management that is designed to assure appropriate access and
3 utilization of services, including specialty and hospital care
4 and utilization of prescription drugs;

5 (c) health risk or functional needs
6 assessments for recipients;

7 (d) a method for reporting on the
8 effectiveness of the demonstration project and its effect upon
9 recipients' utilization of health care services and the
10 associated costs of utilization of those services;

11 (e) mechanisms to reduce inappropriate
12 emergency department utilization by recipients;

13 (f) mechanisms that ensure a robust
14 system of care coordination for assessing, planning,
15 coordinating and monitoring recipients with complex, chronic
16 or high-cost health care or social support needs, including
17 attendant care and other services needed to enable recipients
18 to remain in the community;

19 (g) a comprehensive, community-based
20 initiative to educate recipients about effective use of the
21 health care delivery system, including the use of community
22 health workers or promotoras;

23 (h) strategies to prevent or delay
24 institutionalization of recipients through the effective
25 utilization of home- and community-based support services; and

1 (i) any other components that the task
2 force determines will improve a recipient's health outcome and
3 that are cost-effective;

4 (5) promotion of the health commons model of
5 integrated primary care, specialty, behavioral and dental
6 health care services, including telehealth services;

7 (6) incentives for encouraging longer hours
8 for primary care services, including weekend and evening
9 hours; and

10 (7) recommendations for designing and
11 implementing a comprehensive incentive and risk system whereby
12 providers of care in an accountable care organization in
13 Hidalgo county receive financial incentives for measurable
14 improvements in the health of their patients, including
15 recommendations for quality evaluation and measurement
16 protocols and for increasing community support for improving
17 health care outcomes while addressing the social determinants
18 of health.

19 B. For fiscal year 2012, the human services
20 department shall specify in its contract with each managed
21 care contractor that the contractor allocate funds for the
22 operation of the task force pursuant to Subsection A of this
23 section.

24 C. For the purposes of this section:

25 (1) "accountable care organization" means a

1 set of providers associated with a defined population of
2 patients that is accountable for the quality and cost of care
3 delivered to that population;

4 (2) "managed care contractor" means a
5 managed care organization that provides the health care
6 benefits, items and services to recipients in Hidalgo county
7 under the state's medicaid program, state children's health
8 insurance program or state coverage insurance program;

9 (3) "primary care provider" means a
10 nonprofit community-based entity that provides, or commits to
11 provide, comprehensive primary health care services for
12 residents of Hidalgo county, including a federally qualified
13 health center or a facility serving primarily low-income
14 populations; and

15 (4) "recipient" means a person who is
16 receiving medical assistance under the Public Assistance Act.

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Office of the Governor

S/ BEN LUJAN
BEN LUJAN, SPEAKER
HOUSE OF REPRESENTATIVES

S/ STEPHEN R. ARIAS
STEPHEN R. ARIAS, CHIEF CLERK
HOUSE OF REPRESENTATIVES

S/ JOHN A. SANCHEZ
JOHN A. SANCHEZ, PRESIDENT
SENATE

S/ LENORE M. NARANJO
LENORE M. NARANJO, CHIEF CLERK
SENATE

Approved by me this _____ day of _____, 2011

SUSANA MARTINEZ, GOVERNOR
STATE OF NEW MEXICO