

**MINUTES OF THE**  
**STATE OF NEW MEXICO**  
**HEALTH POLICY COMMISSION**  
**MEETING**

**August 19, 2005**

**CALL TO ORDER**

Chairman Andy Lopez called a regular meeting of the State of New Mexico Health Policy Commission (HPC) to order on Friday, August 19, 2005, at approximately 9:05 a.m. at the Health Policy Commission Office, 2055 South Pacheco, Santa Fe, New Mexico.

**Members Present**

Waldo Anton  
Dr. Frank Hesse  
Andy R. Lopez  
Seferino Montano  
Dr. Miles Nelson  
Alicia Roman  
Dr. Michael Trujillo

**Members Absent**

Rick Crabtree (Excused)  
Moises Morales (Unexcused)

**Welcome and Introductions**

Chair Lopez welcomed everyone to the meeting. Dr. Patricio Larragoite introduced himself as well as the new Deputy Director, Kristine (Kooch) Jacobus, who came to HPC on the Governor's recommendation. Ms. Jacobus stated she was born in Las Vegas, New Mexico, her maiden name was Apodaca, and she is a retired school educator, counselor, and principal. She worked for Senator Jeff Bingaman for seven years in Albuquerque as a field representative dealing with issues such as education, veterans' health, and judicial issues. She also worked on the Governor's campaign on education, and most recently was employed with DFA, Office of Education Accountability.

Staff members Dr. Larragoite, Kooch Jacobus, Kevin McMullan, Cindra Stahl, Lori Quintana and Joel Flores were present at the meeting. Kathy Kunkel, agency attorney for the HPC, was also present.

Wes Day was the only guest in attendance. Mr. Day is applying for the economist position and was interested in learning more about HPC.

### **Approval of Agenda**

**Commissioner Montano moved for approval of the agenda. Commissioner Anton seconded the motion, which passed by unanimous voice vote.**

### **Approval of Minutes from July 8, 2005 Meeting**

**Commissioner Anton moved for approval of the July meeting minutes as written and Commissioner Nelson seconded the motion, but asked for the following changes to be made:**

Dr. Nelson requested that the minutes be changed as follows: page four, paragraph three, the language, "In response to a question by Dr. Nelson," should be replaced with: "Dr. Nelson asked if the WCA, in addition to pursuing a positive work environment for businesses to operate in New Mexico, was also pursuing worker safety in the state."

On page four, paragraph four, first line, the word "state" should be changed to "stated."

On page five, paragraph four, the following language should be added to the end of the first sentence: "because the testimony of the WCA seems to indicate that the requested information will be used primarily for cost containment with no indication it would also be used for increasing worker safety in the state."

**The motion passed by unanimous voice vote.**

### **UPDATE FROM KATHY KUNKEL, AGENCY ATTORNEY**

#### **Changes to Policies & Procedures, By-laws**

Kathy Kunkel, Agency Attorney from the Attorney General's Office, explained the process of how a deputy director is appointed to an agency. She explained that the HPC was created by statute and is administratively attached to DFA. Even though the HPC has by-laws, the by-laws have no legal authority and can only be used to the extent they don't impact the statute. The Commission can recommend applicants for positions such as the director or deputy director, but has no authority to hire or fire personnel.

Ms. Kunkel stated HPC's by-laws needed to be changed to include language stating that any Commissioner, under unusual circumstances, could attend a meeting telephonically,

pointing out an HPC meeting could not typically be held telephonically because of the Open Meetings Act.

### **Implications of new Legislation on Health Information Systems Act**

Dr. Larragoite reported that SB786, titled Data on Health Care Disparities and introduced by Senator Bernadette Sanchez, directs the HPC in the collecting of information regarding the state's health care system, to identify disparities in health care access and quality by population subgroups to include race, ethnicity, gender and age. HPC is further directed to include the language preference of those surveyed, and to obtain information regarding participation in clinical research trials.

Dr. Larragoite explained the main concern with this bill would be the impact it would have on certain collection processes. He stated the administrative code now in effect dictates what is collected and what is needed from that data. This rule will have to be amended with language explaining exactly what cultural competency data now needs to be collected.

Ms. Kunkel stated that guidance from those who structured the bill would be helpful. Dr. Larragoite stated he would be scheduling a meeting with Senator Sanchez to get clarification. He suggested that health care organizations, hospitals, clinics, etc. should be contacted and asked for the data on a voluntary basis before it is mandated. Dr. Trujillo suggested prior to the meeting, Dr. Larragoite formulate suggestions as to what would be advantageous for the HPC. He also suggested that perhaps out of particular surveys, questions could be developed which would be collectable in a data format.

Commissioner Nelson asked if the data currently being collected indicated discrepancies in the outcome based on ethnicity. Dr. Larragoite explained that while ethnicity data is collected, it does not affect the outcomes.

Dr. Hesse pointed out that with the new legislation passed during the last session, members appointed to the HPC were to be made up of a majority of consumers and a minority of providers. He added that since the Governor had made appointments (which were excellent appointments), the membership now consisted of a majority of providers and a minority of consumers and asked what could be done about this.

Ms. Kunkel stated HPC was not the only board or commission whose composition was not in accordance with their statute. Dr. Larragoite stated he was assured by the Governor's office that the appointments are good. He also pointed out that the confirmation of Commissioners Morales and Nelson has been done during the summer interim.

### **BUDGE UPDATE – LORI QUINTANA**

#### **End-of-Year FY05**

Lori Quintana provided the commission with HPC's budget for FY06 and pointed out the difference of \$287,192 from the FY05 actuals expended at year end June 30, 2005 (\$1,120,508) and the request for FY05 (\$1,407,700.) Of the \$287,192, which will be reverted to the general fund, \$23,432 was from personnel due to high turn over. There were six vacant positions, including the deputy director, economist, management analyst, network administrator, and two computer analysts, which calculated to six months savings.

Ms. Quintana pointed out the \$180,000 BAR adjustment from professional contract services to the 400 category of other costs was expended on the IT servers. She explained the budget for FY06 is \$1,368,200, with the budget request for FY07 being flat.

### **Preparation for FY07**

Ms. Quintana reported the FY07 budget request, as recommended by DFA, includes calculations for vacancies at the lowest salary, with benefits at a single HMO. However, in order to hire and keep staff, beginning salaries needed to be at midpoint level. If the agency does becoming fully staffed with 17 FTEs, there will be a short fall in personnel, but money from professional contracts can be transferred into personnel. In response to a question by Chair Lopez, Ms. Quintana explained the reclassifications issued by State Personnel. Reclassification is done annually and includes an increase in the starting salary for employees.

In response to a question by Chair Lopez, Dr. Larragoite explained that the ability to contract out for temporary workers can be done out of contract services, but with the budget being tight, it has not been done. Ms. Quintana added the when the Governor came into office he did away with non-essential professional contracts.

Ms. Quintana explained the network administrator position has been frozen by the CIO. Dr. Larragoite added that he wanted to reclassify the position so it isn't lost, but intends to fill the economist position first.

Ms. Quintana reported the requested budget for FY07 will be flat, but can be supplemented with a request for additional funding. Ms. Quintana asked for approval of the FY07 the request.

**Commissioner Anton moved for approval of the FY07 budget request.  
Commissioner Roman seconded the motion, which was passed by unanimous voice vote.**

### **SMALL WORK GROUPS**

#### **Access, Cost and Quality**

Dr. Larragoite provided the Commission with a copy of his memorandum regarding the creation of three subcommittees formulated on the components of health policy, including: access, quality, and cost. The subcommittees, arbitrarily assigned by Dr. Larragoite, will work on various health issues between monthly Commission meetings. Dr. Nelson, because of his background, asked that he be moved from the Cost subcommittee to either the Access or Quality sub-committees, and Commissioner Anton asked that he be moved from the Quality subcommittee to the Cost subcommittee.

### **Potential Legislative Proposals**

Chair Lopez stated the Governor wanted to create 34 new school based health centers yet the existing school based centers are under funded. He added the existing centers should be funded before new centers are created. Dr. Larragoite will send a policy statement to the Governor pointing this out. Dr. Larragoite also noted that oral health had not been included in the creation of school based centers which the Commission may want to add to the policy statement.

Commissioner Montano reported a request had been sent to the New Mexico Primary Care Association asking for secured pharmacy funding. He has not received a response but would like to obtain access to pharmaceuticals that are not bought from physicians. Commissioner Montano requested that \$1 million be appropriated to fund Pharmacy Technicians within Community Primary Care Centers. \$1 million would fund approximately 30 technicians who, in turn, help communities to access pharmaceutical drugs from government programs (possibly as much as \$30 million in community benefit).

Dr. Larragoite explained that during the next 30 day legislative session, the only legislative appropriations will be from the Governor's call. The Commission has an excellent opportunity to make policy recommendations directly to the Governor.

Chair Lopez requested \$4 million for the implementation of electronic medical records. The appropriation would come from the Governor's capital pool of funds. Dr. Larragoite added the \$4 million falls right in line with telehealth which will be discussed later on.

**Commissioner Anton moved for a recommendation from HPC to appropriate \$4 million on electronic medical records. Commissioner Montano seconded the motion, which passed by unanimous voice vote.**

Commissioner Montano suggested there be some way of increasing Medicaid reimbursement to cover costs of electronic medical record in the private sector.

Dr. Nelson asked what cuts, if any, were being considered for Medicaid. Dr. Larragoite explained that cuts of 1.5% to 2% were already made in reimbursement for providers.

Dr. Hesse suggested Medicaid enrollment be changed back to annual enrollment instead of every six months because people forget to enroll every six months. Chair Lopez

pointed out that an article in the Albuquerque Journal reported that 14,000 New Mexicans had been dropped from Medicaid because of the six month enrollment. Ms. Stahl stated at the July Legislative Health and Human Services Committee meeting, this issue was discussed at length and was a prominent issue of concern.

**Dr. Hesse moved for HPC's recommendation to move the enrollment in Medicaid from every six months to annually. Dr. Nelson seconded the motion, which passed by unanimous voice vote.**

Dr. Nelson suggested the issue of provider's reimbursement be discussed and that HPC make a recommendation. Dr. Larragoite reported the medical director of Medicaid, Dr. Lowell Gordon, had recommended an increase in provider's reimbursement. He pointed out the largest line item of expenditure in the Medicaid budget is for a pharmaceutical formulary, which may be the place to cut rather than cutting programs and access.

Dr. Hesse recommended that the Medicaid pharmaceutical formulary be standardized for HMOs and reviewed every six months.

**Dr. Hesse moved for HPC's recommendation for the improvement of access to the Medicaid population. Commissioner Montano seconded the motion, which passed by unanimous voice vote. Dr. Nelson abstained from voting.**

**Dr. Nelson moved for HPC's recommendation of \$50 million for development and implementation of the state trauma system. Dr. Hesse seconded the motion, which passed by unanimous voice vote.**

Dr. Larragoite reported that behavioral health collaboratives had been formed to discuss how new services were being developed, particularly in rehabilitation and the youth population.

**Dr. Trujillo moved for HPC's support of the local collaboratives. Commissioner Anton seconded the motion, which passed by unanimous voice vote.**

**Dr. Hesse moved for HPC's recommendation to continue the efforts toward covering more of the uninsured in New Mexico. Commissioner Roman seconded the motion, which passed by unanimous voice vote.**

**Dr. Trujillo moved for HPC to support initiatives and programs that emphasize prevention, lifestyle change and early community intervention. Commissioner Montano seconded the motion, which passed by unanimous voice vote.**

**Commissioner Montano moved for HPC's support and recommendation to the Governor's office to look into the area of Medicaid waivers being developed and incorporated to cover additional uninsured persons. Dr. Nelson seconded the motion, which passed by unanimous voice vote.**

Additional Commission recommendations included:

- ✓ Recommendation to congressional delegation—limit advertising of “new” drugs until one year after introduction.
- ✓ Recommend that Capital Pool Fund for Primary Care be increased by \$3 million for expansion projects.
- ✓ Recommend that HPC support Senator Bingaman’s efforts to maintain funding for Medicaid and eliminate drastic funding swings due to changes in the FMAP.
- ✓ Recommend that HPC (the staff and agency) update the Physicians Survey.

## **DIRECTOR’S REPORT – DR. LARRAGOITE**

### **UNM Update**

Dr. Larragoite reported that UNM’s CEO, David Harris, has consolidated three entities, the Health Science Center, the Hospital, and the main campus, to report under one financial institution. Dean Paul Roth has been named the Interim Vice-President of the Health Science Center, replacing Dr. Eaton.

Mr. McMullen reported that the Governor is taking an active interest in UNM Hospital issues and has appointed a Task Force to investigate indigent care issues, collection policies and the overall operation of the hospital. Meetings have been held, but the outcomes have not been shared publicly. The current administrator has been criticized and programs have been severed from the University program. The University Hospital is a separate entity from the University of New Mexico. A statewide UNM Hospital summit is scheduled for October 4, 2005.

### **Presentation to LHHS on August 26, 2005-08-20**

Dr. Larragoite reported the presentation to the LHHS is scheduled for Friday, August 26, 2005 at 9:00, in Albuquerque and invited the Commission to attend.

### **Strategic Planning – IT and Agency-Wide**

Dr. Larragoite reported that the Information Technology Strategic Plan needed to be finished for approval of the budget. Since HPC did not have a network administrator on staff, a contract with Renee Martinez of Bency and Associates was formed. Ms. Martinez has prepared a preliminary document which will be included in the package for budget submittal on September 1, 2005. Part of the budget submittal will include the Hospital Inpatient Discharge Data (HIDD) modernization project. HIDD is HPC’s chief data collection component.

Dr. Larragoite reported the network, which formerly had 20 IP addresses, had been expanded to accommodate up to 263 IP addresses and will now provide the capability of creating a VPN (Virtual Private Network) so that electronic connections to hospitals will be secure. Part of this modernization project will include training hospital staff with this new electronic update.

Dr. Larragoite stated Ms. Martinez had contacted DOH and other private researchers asking for particular data collection to ask how it (data collection) can be improved. She also interviewed some Commissioners and staff as to what HPC's IT technology needs are. This will be very helpful for HPC to technically do its jobs in a more efficient manner.

Dr. Larragoite reported Howard Gershon, Principal, New Heights Group, had also contracted with HPC to address HPC's agency strategic plan for the next five years. It will address public relations; identify where we've been, where we're at, and where we need to go. The image and the direction of the Commission needs to be changed and this process will help. All commissioners will be interviewed individually and as a group by the contractor so that a quality plan can be established.

Kevin McMullen reported SM7, titled Medical Malpractice Task Force, sponsored by Senator Campos, requested the HPC and the Insurance Division of the PRC to convene a task force of representatives from statewide health care practitioner groups to examine the medical malpractice insurance dilemma and its impact on providers and patients. Providers and midwives are facing a liability insurance crisis because premiums have increased substantially resulting in uninsured certified registered nurses. The task force is made up of attorneys, insurance representatives and insurance providers and has met monthly. They have drafted a preliminary report.

Dr. Larragoite provided the Commission with a copy of the preliminary draft and asked the Commission to review and comment at the next HPC meeting. He stated the Department of Insurance will be doing a rate analysis to see if rates have increased or decreased which will be helpful to the task force.

Mr. McMullen pointed out the differences between the current medical malpractice act and the one proposed by this task force: it will be open to all providers; it will have a cap of \$800,000; it will not have a patient compensation fund; it will be funded by participants; it will offer either claims or an occurrence provision; there will not be a medical legal panel; and it will not supercede the current medical malpractice act which will remain in place.

Cindra Stahl reported SJM37, titled Nurse Retention Task Force, has met six or seven times and has drafted preliminary recommendations which she provided to the Commission. The general thought in the task force is that incentives work better than mandates and positive actions work better than negative actions. She added that one of the task force's main concerns was with faculty pay being low compared to nursing staff pay. Therefore, teaching institutions are losing faculty to staff positions. Many of the

recommendations may be incentives or collaborative effort as opposed to mandates. There was no inclination among task force members to specify staffing ratios.

**Dr. Nelson moved for HPC's recommendation to the Nurse Retention Task Force to also consider basic staff nurse pay. Dr. Trujillo seconded the motion, which passed by unanimous voice vote.**

Ms. Stahl also reported that the New Mexico Nurses Association was in the process of filing a grant application with the Center for American Nurses. HPC has been asked for a letter of support which she has drafted. Chair Lopez, speaking for the Commission, supported sending the letter.

Mr. McMullen reported HM43, titled Hospital Oversight Memorial, sponsored by Representative Greg Payne, requests a task force to be composed of representatives from the Hospital Association, HPC, and DOH to look at the overall hospital charges, quality of hospital care, and hospital price increases/charge increases. The task force would develop a process by which these three areas could be made available to consumers on a consumer friendly basis. The Hospital Association is concerned with the third issue, hospital price increase/charge increases, because of the potential to control rates.

Dr. Larragoite reported SJM30, titled Office of Women's Health (OWH), has requested HPC, DOH, and others to determine whether a separate OWH should be created to take care of women's health needs. Ms. Stahl added the task force had identified five focus areas for the proposed OWH: serving as an area of collecting research; serving to coordinate services; serving through communication and education; helping to develop policy and advocacy; and helping to develop resources, i.e., helping to apply for grants. Ms. Jacobus stated the task force held forums throughout the state. The task force, which has met weekly, is now in the process of reviewing the comments from the forums to see what women think of the OWH. Women from border communities feel the OWH would be duplicating services already offered by the Commission on the Status of Women (CSW) and instead of creating new offices, additional funding for the CSW should be requested to expand its scope.

Dr. Hesse agreed and stated spending more money on another administrative body would be a complete waste. Commissioner Montano disagreed and pointed out it was the CSW's task to identify problems and then to advocate on behalf of those problems. Dr. Trujillo stated the OWH would bring opportunities for increased interaction and coordination of facilitating information systems for the state.

Dr. Larragoite reported SJM70, titled Health Expenditure Audit, was introduced by Senator Lopez and asks HPC, DOH, DFA and HSD to perform a public health expenditure audit. The secretaries from DOH, DFA and HSD do not want to participate because they do not have the capacity to do so. They also felt they were audited all the time and those audit reports would be available to the legislature.

Dr. Larragoite stated SB473, titled Telehealth Commission, has met once and is made up of 25 members from broad perspectives across the state with 33% of the membership coming from rural communities. Three subcommittees have been created, each to address a different issue. One will address adjusting standards, one to address existing programs, and one to address new programs. Another focus will be on the work force providing support to providers.

Ms. Joel Flores reported HJM98, titled Pharmacy Benefit Managers Group (PBM), has met six to seven times. It is apparent that PBMs do not want to be regulated, while pharmacists are pushing for regulation. The next meeting will be September 7, 2005 and state agencies and companies have been scheduled to present their bills and expenses. The task force plans to have future meetings with Risk Management to discuss concerns, and with the Attorney General's Office to discuss consumer complaints.

Dr. Larragoite added the task force has received quite a bit of information from out-of-state benefit managers but is interested in receiving information from in-state. One of the issues is to determine whether PBMs, independently, should have oversight or be regulated.

Dr. Larragoite reported the Legislative Finance Committee budget hearing will be on October 26, Capital Building Room 321 at 1:00 p.m., and any commissioners are welcome to attend.

**ADJOURN**

**Upon motion by Commissioner Nelson and seconded by Commissioner Anton, the meeting was adjourned at approximately 12:35 p.m.**

Approved by:

\_\_\_\_\_  
Andy R. Lopez, NMHPC Chair

\_\_\_\_\_  
Date

Submitted by:  
Michelle Gorman

**(DRAFT-----DRAFT-----DRAFT)**

**(Minutes shall be approved, amended or disapproved at the next meeting where a quorum is present. Minutes shall not become official until approved by the policy-making body.)**