

1 SENATE JOINT MEMORIAL 32

2 **50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

3 INTRODUCED BY

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10 A JOINT MEMORIAL

11 REQUESTING THE HUMAN SERVICES DEPARTMENT TO CONDUCT A STUDY ON
12 THE POTENTIAL BENEFITS AND COSTS OF APPLYING THE ACCOUNTABLE
13 CARE ORGANIZATION MODEL TO THE STATE'S MEDICAID HEALTH CARE
14 DELIVERY AND FINANCE SYSTEM.

15
16 WHEREAS, the accountable care organization is a model of
17 health care delivery and finance whereby health care providers
18 share responsibility for the cost and quality of care for a
19 defined population; and

20 WHEREAS, there is no set definition for an "accountable
21 care organization", but most models emphasize that the many
22 different types of health care providers involved in a person's
23 care should monitor and coordinate the person's care to achieve
24 positive health care outcomes and administrative efficiency
25 targets; and

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1 WHEREAS, unlike the managed care model, which has been
2 criticized for promoting cost efficiencies at the expense of
3 the quality of a person's care, the accountable care
4 organization model is designed to promote efficiency in
5 achieving health care cost efficiencies while achieving health
6 care quality targets; and

7 WHEREAS, health care payers', providers' and patients'
8 incentives are aligned in the accountable care organization
9 model both in order to provide the patient with a good quality
10 of life and to achieve cost savings by preventing later decline
11 of the patient's health condition; and

12 WHEREAS, the accountable care organization model relies
13 upon health information technology to allow communication among
14 health care providers, patients and payers; and

15 WHEREAS, in states such as Colorado, Illinois, North
16 Carolina, Minnesota, North Dakota and South Dakota, there are
17 successful accountable care organization models already working
18 to save health care dollars, improve care and promote
19 administrative efficiencies; and

20 WHEREAS, the United States congress has recognized the
21 potential for accountable care organizations to promote
22 accountable, high-quality and efficient health care service
23 delivery by creating in the federal Patient Protection and
24 Affordable Care Act of 2010 the "medicare shared savings
25 program" to promote accountable care organizations; and

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1 WHEREAS, accountable care organizations nevertheless have
2 the potential to harm consumers if health care providers use
3 their cooperative agreements to increase prices and avoid
4 transparency and quality targets; and

5 WHEREAS, while the state's medicaid program health care
6 cost inflation is generally lower than that of the private
7 health care market, the state's single greatest expense is the
8 medicaid program; and

9 WHEREAS, the state's medicaid program is based on
10 uncoordinated health care delivery, wherein providers do not
11 share information or coordinate a patient's care; and

12 WHEREAS, most health care delivered in the state's current
13 medicaid program is reimbursed under a fee-for-service model
14 that promotes health care utilization rather than health care
15 quality and efficiency; and

16 WHEREAS, the accountable care organization model has great
17 potential for addressing the pitfalls in the current medicaid
18 health care delivery and reimbursement model; and

19 WHEREAS, the accountable care organization model should be
20 carefully studied in light of the benefit and cost potential
21 that the model presents to the state's medicaid program;

22 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
23 STATE OF NEW MEXICO that the human services department be
24 requested to conduct a study of the accountable care
25 organization model as it may be applied to the state's medicaid

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1 program to improve health care quality and efficiency; and
2 BE IT FURTHER RESOLVED that the study include a review of
3 the different types of payment arrangements, cost-sharing
4 plans, quality incentives and administrative efficiency
5 measures that would best serve the state's medicaid recipients,
6 medicaid providers, taxpayers and state government; and

7 BE IT FURTHER RESOLVED that the group the human services
8 department convenes to study accountable care organizations
9 include experts on medicaid, health care finance, health care
10 delivery and existing accountable care organization models as
11 well as stakeholders and medicaid consumer advocates; and

12 BE IT FURTHER RESOLVED that the human services department
13 present its findings to the legislative health and human
14 services committee and the legislative finance committee by
15 November 1, 2012; and

16 BE IT FURTHER RESOLVED that copies of this memorial be
17 transmitted to the governor, the secretary of human services,
18 the chair of the legislative health and human services
19 committee and the director the legislative finance committee.