

New Mexico's Process of Universal Health Care Reform

Presentation to Academy Health
Coverage Institute Final Meeting
July 29, 2009



Points for Today's Discussion

1. *Insure New Mexico!* and Health Coverage Initiatives
2. Governor's 5-Point Plan to Close the Uninsured Gap in New Mexico
3. Health Coverage for New Mexicans Committee
4. Governor's HealthSOLUTIONS New Mexico
5. 2008-2009 Health Reform Process
6. 2010 & Beyond



***Insure New Mexico!* and Health Coverage Initiatives 2003-2006**



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New Mexico's Uninsured

- ◆ Over 400,000 (21.9%) people in New Mexico do not have health insurance (2005-2007 three year average)
 - 41% of NM employers do not provide health insurance
 - 85,000 (16.3%) children 0-18 are uninsured
- ◆ 26% of New Mexicans under age 65 and not institutionalized are uninsured 6 months or more
- ◆ Most part-year uninsured are children 6-18 and adults under age 30 (especially adults under 100% FPL)
- ◆ Half of New Mexicans who are uninsured 6 months or more during the year are now Medicaid/SCHIP eligible
- ◆ “Churning” (moving in and out of coverage in commercial or public markets) increases administrative cost and may compromise access and quality of care



Insure New Mexico! Background

- ◆ 2003 & 2004 – Health Care Coverage and Access Task Force
 - Identified issues re coverage and access
 - Recommended legislation

- ◆ 2005 & 2006 – *Insure New Mexico!* Council, chaired by Lieutenant Governor, recommended legislation:
 - To reduce the number of people in NM without health insurance
 - To increase the number of small employers, including non-profits, offering health insurance to their employees



Insure New Mexico! Initiatives

- ◆ Expanded the State Coverage Insurance (SCI) Program for small employers and self-employed individuals currently without insurance, now serving 40,000 New Mexicans
- ◆ Lowered the premiums for the Health Insurance Alliance (HIA), now enrolling 4,300 New Mexicans
- ◆ Created the *Insure New Mexico!* Solutions Center to serve as a “connector” to public and quasi-public health plans to assist employers and individuals to find options for coverage that meet their needs



Insure New Mexico! Initiatives (continued)

- ◆ Expanded health coverage for unmarried dependents allowing them to stay on parents' individual & group plans until age 25
- ◆ Required insurers to offer health insurance plans for part-time employees when employers choose to offer this coverage
- ◆ Expanded Medicaid eligibility for pregnant women to 185% FPL
- ◆ Created Premium Assistance for Kids (PAK) and Premium Assistance for Maternity (PAM) programs for uninsured children and pregnant women who are not Medicaid eligible



Funded enhanced Medicaid outreach to children, with a special initiative for Native American and Hispanic children
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Insure New Mexico! Initiatives (continued)

- ◆ Provided enhanced Medicaid outreach to the Navajo Nation, urban Indians and Apache tribes
- ◆ Changed Medicaid recertification and income disregards to encourage easier enrollment for eligible children
- ◆ Expanded New MexiKids income disregards for children ages 0 to 19 with family incomes of up to 235% FPL
- ◆ Expanded Medicaid eligibility to foster children to age 21
- ◆ Initiated expanding Medicaid for adults up to 100% FPL



***Governor Bill
Richardson's 5-Point
Plan to Close New
Mexico's Uninsured
Gap 2006***



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Governor Richardson's 5-Point Plan

1. Vendors of the State Will Offer Employees Insurance – Phase-in requirement that employers doing business with the state will offer health coverage to their employees
2. Assure State Employees Are Insured – Identify state employees who decline state health insurance coverage; encourage their coverage through the state, a spouse or elsewhere
3. Maximize Medicaid for Low-Income Adults – Increase Medicaid coverage for adults up to 100% FPL
4. Expand the State Coverage Insurance (SCI) Program – Cover more working adults up to 300% FPL with cost-sharing based on income
5. Analyze Models for Universal Health Coverage for New Mexico – Creation of *Health Coverage for New Mexicans Committee (HCNMC)* to identify and analyze 3-5 universal health coverage models and recommend next steps



***Health Coverage for
New Mexicans
Committee (HCNMC)
2006-2007***



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Health Coverage for New Mexicans Committee (HCNMC) COMPOSITION

- ◆ Appointed in August 2006 jointly by Governor and Legislative Leadership, chaired by Lieutenant Governor
- ◆ 23 voting members (of which 6 were legislators); and 4 advisory members (of which 2 were legislators)
- ◆ Included regional and ethnic representation from the NM Senate and House, business, labor, insurance industry, health care providers and advocates
- ◆ Met 11 times from August 2006 to June 2007



Health Coverage for New Mexicans Committee (HCNMC) PROCESS

- Reviewed NM efforts to date including the work of the *Insure New Mexico!* Council
- Received presentations from various national health care reform experts and learned about other states' current efforts
- Solicited presentation of models and had 5 models presented to the Committee
- Developed and prioritized criteria and components
- Selected 3 models for analysis by a national expert
- Rejected a proposal by the AMA that would enable consumers to select and buy their own health insurance using tax credits because state could not do alone without national health reform
- Rejected another models because did not provide universal coverage
- Consistently received feedback from the public
- Assisted Legislative Council Service in procurement of Mathematica Policy Research Inc. to conduct analysis of 3 models



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Highlights of Mathematica's NM Study

- ◆ Within five years, it will cost NM more to do nothing and have the number of uninsured New Mexicans grow than to implement some form of coverage for all residents of New Mexico
 - Prior to adjustment for FY07 & FY08 provider rate increases, an estimated \$6.11 billion will be spent in New Mexico by government, employers and individuals on health care in 2007 (for those under age 65 who are not in institutions)
- ◆ Cost of any model studied may be lowered (or increased) by changing assumptions about rates paid to providers, type and amount of services or benefits offered, wellness and public health initiatives, and actions to reduce non-medical costs



Highlights of Mathematica's NM Study (continued)

- ◆ Any model that achieves coverage for all New Mexicans will have positive impacts on the state's economy due to increased federal dollars and spending, especially in rural areas
- ◆ Many New Mexicans are currently or soon will be eligible for employer-sponsored or public programs of health coverage, if adequate state general fund is appropriated to draw available federal match and if efforts are made to require those eligible to enroll
- ◆ ERISA and federal tax laws may impact (but not necessarily impede) implementation of some aspects of each of the NM universal coverage models studied and needs to be considered to avoid unintended consequences



***Health Coverage for
New Mexicans
Committee (HCNMC)
Recommendations
2007***



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HCNMC Policy Recommendations

- ◆ **Creation of a Single Statewide Unified Appointed Health Care Authority**
 - Manage products to increase coverage and set minimum benefits
 - Serve as a connector for coverage products
 - Set standards for performance by insurance carriers & providers
 - Identify and implement activities to increase quality and access and control growth in costs
 - Consolidate state & quasi-state health coverage/policy agencies
- ◆ **Create a “Culture of Coverage”**
 - Require individuals to have coverage by 2010
 - Require employers to offer insurance or contribute
 - Create a package within Medicaid that persons not covered by public programs can buy into based on income under 400% FPL
 - Allow employers not currently offering insurance and not eligible for public programs to buy into state employees risk pool



HCNMC Policy Recommendations (continued)

◆ Insurance Reform

- Require insurance companies to spend 85% of premium on medical services
- Require insurance companies to offer coverage to anyone with limits on percent that can be charged above average cost
- Phased reduction of rating up based on experience of individuals/groups
- Require providers to accept any form of insurance coverage with limits
- Common data reporting for all insurance companies products
- Require brokers/agents to offer public products
- Risk equalization

◆ Health Care Cost, Access & Quality

- Require phased-in electronic health transactions
- Increase provider recruitment/retention activities
- Moratorium on insurance benefit mandates until 2010





Governor Bill Richardson's Proposals to Achieve Universal Health Coverage in New Mexico

October 2007 – February 2008



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HealthSOLUTIONS New Mexico

Principles, Components, Evaluation & Budget

1. **Principles** – Agreed to by Stakeholders in Many Processes
2. **Health Coverage Authority** – A Single Point of Accountability for Data, Analysis, Plan Management & Policy to Increase Coverage & Access and Control Costs
3. **Insurance Reform** – To Make Coverage More Affordable and Accessible
4. **Coverage Mechanisms & Participation** – To Assure Every New Mexican has Coverage
5. **Electronic Health Transactions and Information** – To Help Control Cost and Increase Quality
6. **Evaluation** – To Assure Policy/Structures Meeting Identified Goals
7. **Budget Proposals** – To Project What It Will Take to Meet Our Goal and To Take the Next Steps in FY09

Legislation Failed to Pass in Senate

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New Mexico's Health Reform Process 2008-2009

◆ **Senate Working Group Spring 2008**

- Met March-June 2008 to arrive at consensus re health reform legislation
- No consensus achieved

◆ **Special Session on Health August 2008**

- Establish a Health Care Authority with Administrative Consolidation of Certain Insurance Pools
- Small Group and Individual Commercial Insurance Reform
- Assure Privacy and Developing Health Information Exchange and Electronic Medical Records
- Provide Health Care Coverage for Those Currently Without it
- Policy measures failed to pass; Passed additional \$20M in funding to cover more Medicaid-eligible children



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New Mexico's Health Reform Process 2008-2009 (continued)

◆ 2009 Regular Legislative Session

- Package of 10 bills focused on Electronic Medical Records, Consolidation of Public Coverage Programs, Insurance Reform to Increase Access to Coverage & Quality Health Care
 1. Electronic Medical Records Act (PASSED)
 2. Consolidation of Health Policy Commission with Dept of Health
 3. Consolidation of Health Insurance Alliance with HSD
 4. Require Joint Purchasing of Health Plans by Public Entities
 5. Require Carriers to Offer Domestic Partner Coverage Product
 6. Small Group Rating Reduction
 7. Guaranteed Issue for Individuals & Elimination of Gender Rating
 8. Require Employers to offer Pre-Tax Premium Withholding Option
 9. Require Carriers to Cap Direct Services Expenditures at 85%
 10. New Mexico Health Care Partnership Act



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New Mexico's Health Reform Process 2010 and Beyond

◆ Lessons Learned, Challenges & Opportunities

- Children's Coverage Popular but May Not be Greatest Need
- Low-Income Adult Coverage Needed but May Not Be Popular
- Polarization Makes Compromise Difficult
 - Single Government Payer vs. Commercial Market
 - Enhanced Coverage/Services vs. Less Benefits for More People
 - Role of Commercial Insurance Market
 - Personal Responsibility vs. Government Assuring Health/Welfare for Most Vulnerable
- Politics are Key
- Don't Underestimate Powerful Lobbies
- Governor's Leadership is Crucial
- Must have Legislative Ownership
- Economy has Provided an Opportunity for Unprecedented Collaboration with all Ideas Open for New Consensus



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