

Fiscal Impact of Health Reform
New Mexico Health Care Reform Financial Modeling Tool
Evaluation of the Basic Health Program Costs

*Analysis excludes baseline programs that predated Health Reform and were not altered by Health Reform**

(State funds only, midpoint of range, in millions)

RANGE
(plus/minus 25%)

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	TOTAL	LOW	HIGH
I. Impact on State Budget												
A. New Costs												
1. Medicaid Coverage Expansion	\$0	\$0	\$0	\$0	\$0	\$15	\$24	\$30	\$43	\$111	\$83	\$139
2. Medicaid "Woodwork" Effect	\$0	\$0	\$5	\$12	\$15	\$17	\$20	\$23	\$27	\$119	\$90	\$149
3. Medicaid and CHIP Administration	\$2	\$4	\$10	\$13	\$14	\$15	\$16	\$17	\$19	\$112	\$84	\$139
4. Reduction in Medicaid DSH	\$0	\$0	\$3	\$9	\$10	\$12	\$13	\$14	\$16	\$78	\$58	\$97
5. Insurance Exchange Administration	\$0	\$0	\$0	\$2	\$4	\$4	\$4	\$4	\$4	\$22	\$17	\$28
6. State Employees/Retirees Health Insurance	\$7	\$7	\$8	\$8	\$8	\$9	\$9	\$9	\$10	\$75	\$56	\$93
7. Admin costs (non-HSD agencies, outreach, etc.)	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$18	\$14	\$23
Category Total	\$11	\$13	\$29	\$47	\$53	\$73	\$88	\$100	\$119	\$534	\$401	\$668
B. Programmatic Savings (Negative Costs)												
1. Enhanced Title XXI FMAP rate	\$0	\$0	\$0	\$0	-\$5	-\$6	-\$7	-\$7	-\$2	-\$27	-\$20	-\$34
2. Transfer of SCI Adults: <139% FPL to MA Expansion	\$0	\$0	-\$23	-\$48	-\$49	-\$40	-\$34	-\$32	-\$23	-\$249	-\$187	-\$311
3. Transfer of SCI Parents: <139% FPL from XXI to MA Expansion	\$0	\$0	-\$10	-\$20	-\$21	-\$16	-\$14	-\$13	-\$10	-\$103	-\$77	-\$129
4. Transfer of SCI Enrollees 139%-200% FPL to Exchange	\$0	\$0	-\$2	-\$5	-\$5	-\$5	-\$6	-\$6	-\$6	-\$36	-\$27	-\$45
5. Medicaid drug rebates extended to MCOs	\$0	-\$5	-\$6	-\$7	-\$7	-\$8	-\$9	-\$10	-\$11	-\$64	-\$48	-\$79
6. Medicaid: Breast & Cervical Cancer converts to insurance	\$0	\$0	-\$1	-\$2	-\$2	-\$2	-\$3	-\$3	-\$3	-\$16	-\$12	-\$20
Category Total	\$0	-\$5	-\$43	-\$83	-\$90	-\$78	-\$71	-\$70	-\$55	-\$494	-\$371	-\$618
OVERALL TOTAL	\$11	\$8	-\$14	-\$35	-\$36	-\$5	\$16	\$30	\$65	\$40	\$30	\$50

VI. Basic Health Program (BHP)												
State's Gross Total Costs of BHP	\$0	\$0	\$73	\$277	\$314	\$359	\$393	\$427	\$463	\$2,306	\$1,730	\$2,883
Federal Payments through BHP (Million \$)	\$0	\$0	-\$58	-\$222	-\$250	-\$285	-\$310	-\$335	-\$362	-\$1,821	-\$1,366	-\$2,276
BHP Enrollees' Maximum Premiums Payments	\$0	\$0	-\$9	-\$33	-\$38	-\$43	-\$48	-\$52	-\$57	-\$280	-\$210	-\$350
State's Net Total Costs of BHP	\$0	\$0	\$6	\$23	\$27	\$31	\$36	\$40	\$44	\$206	\$154	\$257

Enrollees Premiums are based on Maximum Allowed by Law.

* As of June 2011, The New Mexico Human Services Department Medical Assistance Division estimates the general fund cost increase in the baseline program for FY 2014 through FY 2020 to be \$270 million. The sum of the cost to the general fund of implementing the ACA in New Mexico (\$40 million) plus the cost of the baseline program (\$270 million) through FY 2020 totals \$310 million. These estimates assume that SCI enrollees and those on the SCI waiting list will be considered newly eligible under the ACA. If New Mexico is determined to be an "Expansion" state, the \$352 million in estimated savings in this model will not materialize and the state will incur additional costs to maintain coverage.

V. Enrollment Projections with Health Care Reform

A. Population Insurance Coverage Status	Fiscal Years						
	2014 *	2015	2016	2017	2018	2019	2020
Total New Mexico Population	2,206,121	2,242,856	2,278,407	2,313,958	2,349,510	2,385,061	2,420,612
Medicaid **	679,675	741,530	750,926	770,638	789,390	810,360	831,567
Medicare**	358,033	370,711	387,209	403,707	420,205	436,703	453,201
CHAMPUS/Tricare	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Commercial Insurance	732,440	754,769	764,865	769,431	774,011	777,944	782,262
New Mexico Exchange	52,055	96,718	106,958	118,397	127,549	134,796	141,930
Uninsured	339,698	235,006	224,422	207,851	194,513	181,509	167,996
Adjustment for MA & MC Dual Coverage	-5,782	-5,878	-5,972	-6,065	-6,158	-6,251	-6,344
Total Coverage including Dual Coverage	2,211,903	2,248,734	2,284,379	2,320,023	2,355,668	2,391,312	2,426,956

B. Medicaid Enrollment							
1. Current Medicaid + SCI without HC Reform	621,073	622,914	629,745	646,494	661,090	678,155	695,403
2. Total Increase in Medicaid (D.1+D.2)	58,602	118,616	121,181	124,144	128,300	132,205	136,164
3. Medicaid + SCI with HC Reform (B.1+B.2)	679,675	741,530	750,926	770,638	789,390	810,360	831,567
4. Total Uninsured Medicaid Eligible (w/o HCR)	194,150	193,006	192,460	194,627	193,377	195,508	197,638
5. Remaining Medicaid Eligible Not Enrolled	135,548	74,390	71,279	70,483	65,077	63,303	61,474
Medicaid Uptake Rate	83.4%	90.9%	91.3%	91.6%	92.4%	92.8%	93.1%

C. Exchange Enrollment							
1. Total Exchange (Sum of Rows D.3 thru D.6)	52,055	96,718	106,958	118,397	127,549	134,796	141,930
2. Potential Exchange Enrollment (US Citizens not Enrolled, Including Native Americans)	222,996	177,300	166,603	158,229	147,707	143,478	139,361
2.a. Potential Exchange Enrollment (US Citizens not Enrolled, Excluding Native Americans)	164,417	120,389	109,721	101,163	90,389	85,767	81,252
2.b. Potential Exchange Enrollment (Native Americans) greater than 138% FPL	58,579	56,911	56,882	57,066	57,318	57,711	58,110
2.b.1. Potential Exchange Enrollment (Native Americans) between 138-300% FPL	41,198	39,864	39,814	39,868	39,987	40,208	40,434
Health Insurance Exchange Uptake Rate	18.9%	35.3%	39.1%	42.8%	46.3%	48.4%	50.5%

D. Health Care Reform Components	2014 *	2015	2016	2017	2018	2019	2020
1. Medicaid Expansion	54,911	109,735	110,774	111,986	114,406	116,495	118,602
2. Medicaid "Woodwork" Effect	3,691	8,881	10,407	12,158	13,894	15,710	17,562
3. Exchange (138-200% FPL) with Subsidy	24,384	44,935	49,147	54,211	57,269	60,021	62,662
4. Exchange (200-400% FPL) with Subsidy	16,547	31,055	34,747	38,577	42,357	45,065	47,772
5. Exchange (Above 400% FPL) without Subsidy	5,992	15,420	17,669	20,166	22,435	24,184	25,932
6. Small Business Health Options Program (SHOP)	5,132	5,307	5,395	5,443	5,488	5,527	5,564
7. Change in Coverage by Employers	26,398	22,329	10,096	4,566	4,580	3,933	4,318
Total New Coverage	137,056	237,662	238,234	247,107	260,429	270,935	282,413
E. Uninsured							
1. Uninsured without Health Care Reform	494,287	491,882	490,748	496,254	493,359	498,776	504,194
2. Remaining Uninsured with HC Reform	339,698	235,006	224,422	207,851	194,513	181,509	167,996
3. Remaining Uninsured US Citizens	284,354	178,741	167,264	149,801	135,571	121,676	107,270
4. Uninsured Non-Citizens	55,344	56,266	57,158	58,050	58,941	59,833	60,725
Uninsured as % of Total Population (w/o HCR)	22.4%	21.9%	21.5%	21.4%	21.0%	20.9%	20.8%
Uninsured as % of Total Population (with HCR)	15.4%	10.5%	9.8%	9.0%	8.3%	7.6%	6.9%
Uninsured US Citizens % of Population (w. HCR)	12.9%	8.0%	7.3%	6.5%	5.8%	5.1%	4.4%
F. Native Americans (NA)							
1. NA Total Population	221,556	224,734	227,957	231,227	234,544	237,908	241,321
2. NA Current Medicaid	95,276	96,643	98,029	99,435	100,861	102,308	103,776
3. NA Woodwork Medicaid	295	710	833	973	1,112	1,257	1,405
4. NA Medicaid Expansion	18,822	18,833	19,208	19,646	20,105	20,570	21,040
5. Uninsured NA <138% FPL (eligible for Medicaid not enrolled)	34,630	34,656	34,544	34,562	34,524	34,509	34,487
6. Uninsured NA >138% FPL (eligible for Exchange not enrolled)	58,579	56,911	56,882	57,066	57,318	57,711	58,110
6.a. Uninsured NA 138% to 400% FPL (eligible for Exchange not enrolled)	49,254	47,792	47,765	47,860	48,027	48,310	48,599
6.b. Uninsured NA 138% to 300% FPL (eligible for Exchange, not enrolled)	41,198	39,864	39,814	39,868	39,987	40,208	40,434
7. NA Medicare	6,856	6,954	7,054	7,155	7,258	7,362	7,467
8. NA Uninsured	93,209	91,567	91,426	91,628	91,841	92,220	92,597

Notes:

- *- Health Care Reform programs start on January 2014. Hence, most of the data for FY 2014 correspond to 6 months of enrollments.**
- ** - There are some overlap in insurance coverage. Medicare coverage includes individuals dually eligible for Medicare and Medicaid.**
- Medicaid Expansion enrollment numbers include new expansion enrollees, plus SCI Parents and Childless Adults with income less than 139% of FPL.
- Section F does not show commercial and other coverage of Native Americans.
- Changes in Remaining Uninsured (without HC Reform) reflect improvements in the economy through the forecast period.

Input Data for New Mexico Health Care Reform Financial Model

Do Not Delete Any Data. Otherwise, the model will not produce any results.

Calendar Year	2006	2007	2008	2009	2010
New Mexico Population Projections					
Selected Age Groups					
0-4	143,460	147,120	149,144	151,988	144,981
5-20	414,622	414,575	415,053	416,879	434,860
21-44	657,886	661,891	661,411	666,706	658,138
45-64	484,692	497,149	505,981	512,756	548,945
65+	241,948	247,996	255,174	261,342	272,255
Total	1,942,608	1,968,731	1,986,763	2,009,671	2,059,179

Source: University of New Mexico Bureau of Business and Economic Research

Estimates of Citizenship Status of New Mexico Population

1,988,385	Total:
1,775,093	U.S. citizen, born in the United States
21,596	U.S. citizen, born in Puerto Rico, U.S. Island Areas, or born abroad of Ame
60,211	U.S. citizen by naturalization
131,485	Not a U.S. citizen
93.4%	% US Citizen
6.6%	% Not a U.S. citizen
100.0%	Total

Source: U.S. Census Bureau, 2007-2009 American Community Survey

Total Number of Uninsured by Poverty Level 2009

SOURCE: Current Population

Age	100% to					Total
	Below 100%	below 200%	below 300%	below 400%	400% and above	
00 to 17	25,772	22,859	14,693	2,970	6,598	72,892
18-64	108,989	99,242	59,527	31,644	65,943	365,345
65 and over	1,542	4,848	0	899	994	8,283
All Ages	136,303	126,950	74,221	35,513	73,535	446,521

Number of Employees by Firm Size Class	< 50	50 to 99	> 100	Total
2008	309,233	90,317	234,408	633,958
2009*	298,125	85,481	217,616	601,222
2008-2009 Average	303,679	87,899	226,012	617,590
2009*	49.59%	14.22%	36.20%	100%
2010+	294,199	81,852	208,629	584,680
% of Total	50.32%	14.00%	35.68%	100%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages program (from web-site of DWFS).

Estimate of 2009 Total Employees with Coverage	122,601	34,110	86,942	243,653
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Medicaid & SCHIP Administrative Cost Percentage 5.0%

Average Annual Costs Per Person

	2010
Aged, Blind, Disabled	\$18,097
Medicaid Families & Children	\$4,384
SCI	\$8,058
Premium for Coverage through Insurance Exchange (includes 15% Admin Costs)	\$4,537

Healthier Population Cost Adjustment Factor (Woodwork Effect) 70%

Based on Urban Institute Publication (Davidoff, et al, 2000), Medicaid eligible but not enrolled are healthier than current Medicaid enr
Similar results were reported by Holahan, et al, August 2010.

Average Standard FMAP Rates (%) -- Not ARRA Enhanced

Aged, Blind, Disabled	71.35%
Medicaid Families & Children	71.35%
SCI - Childless Adults	71.35%
SCHIP and SCI Parents	79.95%

% Allocation of

% Allocation of Total Health Expenditures by Provider Type:

Total, All Professional Services

Total, Hospital Services

Total Pharmacy

Other Health Services

Total

**Medicaid Expansion Take-up Rates of
Non- Native Americans, by Poverty
Status**

Below 50%

50-138%

**Medicaid Expansion Take-up Rates of
Native Americans, by Poverty Status**

Below 50%

50-138%

Increase in Disabled Take-up Rate (Woodwork Effect)

Increase in Not Disabled Take-up Rate (Woodwork Effect)

Increase in SCI Take-up Rate

Current Medicaid:

Increase in current Medicaid Take up Rates

Disabled

Without Disability

SCI Take-up rate

Federal Assessment of Employers

% Subject to Assessment (excludes 1st 30 Employees)

< 50 Employees

0%

50 to 99 Employees

50%

> 100 Employees

20%

New Mexico Government & Education Employment Growth Rate (Input) (From DWFS)

US Unemployment Rate Projections

9.6%

US Unemployment Rate Projections are based on Congressional Budget Office "Budget and Economic Outlook", dated January 2011.

Projection of Price & Costs of Medical Services (from CMS):

Change in Medical Price Deflator	3.2%	2.8%
Projected Growth Rate of Private Health Insurance Expenditure (From CMS)	2.8%	1.9%
Growth Rate in Prescription Drug Costs	5.2%	5.6%
Change in Hospital Care Expenditures (from CMS)	5.9%	3.7%

Projections of Model Variables Without Health Care Reform

2009

2010

Percent Change from Base Year in:

Relative price of medical care (Insured with Subsidies to Uninsured)		3.0%
Employment-sponsored insurance premiums per Individual (From CMS)		7.4%
Net Employee Premium (From CMS)		4.0%
Percent of Premium Costs covered by Employer		-0.4%
Availability of public insurance		0.0%
Average state income tax rate		0.0%
Average worker income (Constant \$, From CBO)		-1.7%
% of State Population in MSAs		0.6%
% full-time workers in Firms w <50		0.2%
% full-time workers in Firms w 50-100		0.1%
% full-time workers in Firms w >100		-0.1%

Projections of Model Variables With Health Care Reform

Percent Change from Base Year in:

Annual Employer Penalty for Individual not enrolled		0.0%
Relative price of medical care (Insured with Subsidies to Uninsured)		0.0%
Employment-sponsored insurance premiums per Individual		7.4%

Net Employee Premium	4.0%
Percent of Premium Costs covered by Employer	-0.4%
Availability of public insurance	0.0%
Availability of safety net services	0.0%
Average state income tax rate	0.0%
Average worker income (Constant \$, From CBO)	-1.7%
% of State Population in MSAs	0.5%
% full-time workers in Firms w <50	0.2%
% full-time workers in Firms w 50-100	0.1%
% full-time workers in Firms w >100	0.1%

2011	2012	2013	2014	2015	2016	2017	2018	2019
148,506	152,031	155,555	159,080	162,605	164,347	166,089	167,831	169,573
435,578	436,296	437,013	437,731	438,449	444,332	450,215	456,097	461,980
666,888	675,638	684,388	693,138	701,888	713,034	724,179	735,325	746,470
561,457	573,968	586,480	598,991	611,503	613,668	615,834	617,999	620,165
283,486	294,717	305,949	317,180	328,411	343,026	357,642	372,257	386,873
2,095,914	2,132,650	2,169,385	2,206,121	2,242,856	2,278,407	2,313,958	2,349,510	2,385,061

merican parent(s)

Survey

Number of Uninsured Native Americans by FPL, 2009

Age	Below 100%	100% to below 200%	200% to below 300%	300% to below 400%	400% and above	Total
00 to 17	8,729	2,128	2,761	0	1,159	14,777
18-64	26,848	21,062	13,688	10,439	4,797	76,834
65 and over	0	839	0	899	994	2,732
All Ages	35,577	24,029	16,449	11,338	6,950	94,343

5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0%

2011	2012	2013	2014	2015	2016	2017	2018	2019
\$17,995	\$17,995	\$18,588	\$19,239	\$19,932	\$20,649	\$21,393	\$22,184	\$23,005
\$4,138	\$4,138	\$4,274	\$4,424	\$4,583	\$4,748	\$4,919	\$5,101	\$5,290
\$6,976	\$5,570.04	\$5,754	\$5,955	\$6,170	\$6,392	\$6,622	\$6,867	\$7,121
\$4,543	\$4,543	\$4,692	\$4,857	\$5,031	\$5,213	\$5,400	\$5,600	\$5,807

ollies.

69.78%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%
69.78%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%
69.78%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%	69.36%
78.85%	78.55%	78.55%	78.55%	78.55%	78.55%	78.55%	78.55%	78.55%

Total Health Expenditures by Provider Type:

2020

171,315

467,863

757,616

622,330

401,488

2,420,612

#REF!

5.0%

2020

\$23,856

\$5,485

\$7,384

\$6,022

69.36%

69.36%

69.36%

78.55%

FY 20
16.0%
70.0%
8.0%
6.0%
100.0%

64%
54%

44%
34%

0.5%
2.5%
8.7%

0.10%
1.29%
0.50%

1%

5.2%

3.7%

5.7%

7.6%

6.4%

2020

3.0%

5.3%

6.2%

-0.4%

-1.0%

0.0%

2.1%

0.6%

0.2%

0.1%

-0.1%

6.0%

-3.0%

3.0%

3.0%
-4.0%
1.0%
2.0%
0.0%
3.0%
0.5%
0.2%
0.1%
0.1%