



HUMAN
SERVICES
DEPARTMENT



COVERAGE AFFORDABILITY INITIATIVES
PRESENTATION TO LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE
9/4/2020

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INVESTING FOR TOMORROW, DELIVERING TODAY.



MISSION

To transform lives. Working with our partners, we design and deliver innovative, high quality health and human services that improve the security and promote independence for New Mexicans in their communities.

GOALS



We help NEW MEXICANS

1. Improve the value and range of services we provide to ensure that every qualified New Mexican receives timely and accurate benefits.



We communicate EFFECTIVELY

2. Create effective, transparent communication to enhance the public trust.



We make access EASIER

3. Successfully implement technology to give customers and staff the best and most convenient access to services and information.



We support EACH OTHER

4. Promote an environment of mutual respect, trust and open communication to grow and reach our professional goals.



AGENCY PRIORITIES

1. Preserve current Medicaid benefits for every qualified applicant
2. Maintain access to care for Medicaid members by ensuring adequate provider reimbursement
3. Invest in Information Technology to improve service to our customers, facilitate data-driven decision-making, and assure HSD compliance with state/federal regulations
4. Become the "HSD of the future" by assuring and building upon our COVID-19 pandemic response

INTRODUCTION

- In the 2019 Legislative Session the Human Services Department was charged with evaluating coverage options
- Goals of additional study
 - address the remaining uninsured population
 - improve affordability
- First phase of study – completed December 2019
 - Assessment of remaining uninsured
- Second phase of study – presenting today
 - Analysis of additional coverage options

BACKGROUND

Investing for tomorrow, delivering today.

HEALTH COVERAGE IN NEW MEXICO

Term	Definition
Medicaid/CHIP	Public health insurance program providing no cost care for New Mexicans with low incomes – children, pregnant women, seniors, people with disabilities, and adults with low-incomes.
Medicare	Public health insurance program for people over 65 (or younger, if you have a disability).
Exchange	“Marketplace” to buy private health insurance for people who do not qualify for Medicaid, Medicare, or have coverage through their employer. Only place to get federal subsidies to help pay for coverage.
Employer-Sponsored Insurance (ESI)	Insurance offered through a person’s employer.
Other Public Programs	Indian Health Services (IHS); Veteran Affairs (VA), etc.

KEY TERMS

Term	Definition
Federal Poverty Level	A federal measurement of the minimum amount of annual income that is needed for individuals and families to pay for essentials (i.e. shelter, food, clothes, transportation).
Premium	A monthly payment a person/family pays to an insurance company to maintain their health coverage.
Out-of-pocket costs (also called cost sharing)	Payments to your provider when you use services, such as co-pays, co-insurance, and deductibles.
Premium tax credit	An income-based tax credit that offsets how much you pay for your monthly premium. Qualifying individuals between 0-400% FPL are eligible for tax credits in the Exchange marketplace.
Cost sharing reductions (subsidies)	A program for lower income enrollees that lowers their out-of-pocket costs by reducing co-pays, deductibles and co-insurance.

FEDERAL POVERTY LEVEL – INCOME EXAMPLES

Household Income (Federal Poverty Level)	Monthly Income (Gross)		
	Individual	Two-Person Household	Four-Person Household
100% FPL	\$1,063	\$1,437	\$2,183
138% FPL	\$1,467	\$1,983	\$3,013
150% FPL	\$1,595	\$2,155	\$3,275
175% FPL	\$1,861	\$2,514	\$3,821
200% FPL	\$2,127	\$2,873	\$4,367
250% FPL	\$2,658	\$3,592	\$5,458
300% FPL	\$3,190	\$4,310	\$6,550
400% FPL	\$4,253	\$5,747	\$8,733

HOW THE AFFORDABLE CARE ACT (ACA) PREMIUM ASSISTANCE WORKS

- The ACA caps monthly premiums based on annual household income.
- Administered using a sliding scale where lower income households pay a lower portion of their income than higher income households.
- Individuals between 0-400% FPL who do not have employer health insurance, Medicaid, or Medicare may qualify for premium assistance.

Household Income (Federal Poverty Level)	Percent of Annual Income Spent on Premiums	Individual Monthly Premium
0%-138% FPL	2.06%	\$5-\$30
139%-150% FPL	3.09%-4.12%	\$50-\$64
151%-200% FPL	4.12%-6.49%	\$65-\$97
201%-250% FPL	6.49%-8.29%	\$137-\$216
251%-300% FPL	8.29%-9.78%	\$217-\$305
301%-400% FPL	9.78%	\$306-\$407

HOW THE ACA'S PREMIUM ASSISTANCE WORKS

- An individual or family pays their portion of the premium and the remainder is covered by a Premium Tax Credit.

Two Adult
Household
175% FPL

Income: \$30,170/yr (~\$2,514/mth)*

Full Premium (Family Plan): \$611

Premium Tax Credit: -\$478

What the Household Pays: \$133

***Gross income**

PLAN TYPES

- The ACA has four types of metal tiers (actuarial values) for plans:

Bronze

Bronze covers about **60%** of costs on average and the consumer covers about **40%**.

Silver

Silver covers about **70%** of costs on average and the consumer covers about **30%**.

Gold

Gold covers about **80%** of costs on average and the consumer covers about **20%**.

Platinum

Platinum covers about **90%** of costs on average and the consumer covers about **10%**.

Higher out of pocket costs

Lower out of pocket costs

HOW THE ACA'S COST SHARING ASSISTANCE WORKS

- Individuals and family under 250% FPL qualify for Cost Sharing Reductions (CSRs) if they enroll in a Silver plan. The Cost Sharing Reductions will reduce their out-of-pocket costs – lower co-pays, deductibles, and co-insurance.

100-150% FPL

Large Cost Sharing Reduction

Normally Silver plans cover about **70%** of costs on average but with a Cost Sharing Reduction, the plan now covers **94%** of costs.

151-200% FPL

Medium Cost Sharing Reduction

Normally Silver plans cover about **70%** of costs on average but with a Cost Sharing Reduction, the plan now covers **87%** of costs.

201-250% FPL

Small Cost Sharing Reduction

Normally Silver plans cover about **70%** of costs on average but with a Cost Sharing Reduction, the plan now covers **73%** of costs.

HOW THE ACA'S COST SHARING ASSISTANCE WORKS

<p>100-150% FPL</p> <p>Large Cost Sharing Reduction</p>	→	<p>Annual Out-of-pocket max: \$1,500 (per person) Annual Deductible: \$0 (per person) Primary doc visit: \$0 Generic meds: \$0</p>
<p>151-200% FPL</p> <p>Medium Cost Sharing Reduction</p>	→	<p>Annual Out-of-pocket max: \$2,700 (per person) Annual Deductible: \$750 (per person) Primary doc visit: \$5 Generic meds: \$5</p>
<p>201-250% FPL</p> <p>Small Cost Sharing Reduction</p>	→	<p>Annual Out-of-pocket max: \$6,500 (per person) Annual Deductible: \$3,500 (per person) Primary doc visit: \$20 Generic meds: \$14</p>
<p>Lowest Cost Silver Plan</p> <p>No Cost Sharing Reduction</p>	→	<p>Annual Out-of-pocket max: \$8,500 (per person) Annual Deductible: \$6,000 (per person) Primary doc visit: \$25 Generic meds: \$15</p>

IMPROVING HEALTH COVERAGE AFFORDABILITY FOR NEW MEXICANS

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EZEKIEL & SOFIA FLORES

- Ezekiel is currently self-employed
- Sofia is going to school full-time for her Master's degree
- Their household income is 175% FPL: \$30,170/yr (\$2,514/mth)
- They are looking to buy health insurance through the Exchange
- Under ACA, their required premium contribution would be \$133/mth for a Silver plan; they look at Bronze plans, but the out-of-pocket costs are high.
- They want coverage but cannot afford it with Sofia's school expenses, so they decide not to buy a plan and remain uninsured
- They figure they can pay for doctor's visits and medications out of pocket, if they come up
- During the year, Sofia develops a serious case of asthma that requires regular doctor visits and access to an expensive inhaler



NIA – UNSUBSIDIZED COVERAGE



- Nia makes \$54,230/yr; \$4,519/mth (425% FPL)
- Under the ACA, she does not qualify for any premium tax credits or cost-sharing reductions
- To buy a plan for herself, she must pay full price at \$326/mth

IMPROVING HEALTH COVERAGE AFFORDABILITY

- The New Mexico Human Services Department worked with the Urban Institute to study several options to improve coverage affordability.
- The Urban Institute modeled:
 - A range of Enhanced Premium and Cost Sharing Assistance Scenarios
 - Basic Health Program
 - Reinsurance

ENHANCED PREMIUM AND COST SHARING ASSISTANCE

- Layers on top of the ACA's financial assistance to make coverage and care more affordable for lower and middle-income consumers (0-400% FPL).
- Directly lowers costs for lower and middle-income consumers who qualify for subsidized coverage.
- Indirectly lowers premiums for unsubsidized enrollees by attracting higher enrollment, particularly of healthier people.

BASIC HEALTH PROGRAM

- Option under ACA to provide a public coverage program for people under 200% FPL.
- Offers Medicaid-like coverage to lower income people.
 - Reduced premiums and out of pocket costs
 - Additional health benefits
 - Year-round enrollment option
- Comes with trade offs
 - Reduces Marketplace enrollment
 - Often has lower provider reimbursement
 - Current federal rules make the program challenging to finance

RESULTS FROM COVERAGE AFFORDABILITY STUDY

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URBAN INSTITUTE PRESENTATION

ANALYSIS OF COVERAGE AFFORDABILITY OPTIONS

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COMPARISON - COVERAGE AFFORDABILITY OPTIONS

Reform Option	New Covered Lives	Total Lives Potentially Impacted	Avg. Annual Savings Per Marketplace Subsidized New Mexican	Avg. Annual Savings Per Marketplace Unsubsidized New Mexican (Silver Plan)	State General Fund Cost	Total Federal Spending on Premium Tax Credits in New Mexico	Increase in Federal Spending Over Current Spend on Premium Tax Credits
EPA 1	11,000	79,000	\$254 (8%)	\$372 (9.0%)	\$14 million	\$159 million	\$7 million
EPA 2	14,000	83,000	\$477 (14%)	\$483 (11.7%)	\$31 million	\$158 million	\$7 million
EPA 3	18,000	87,000	\$727 (22%)	\$576 (13.9%)	\$52 million	\$159 million	\$7 million
EP+CSA 1	20,000	90,000	\$933 (28%)	\$634 (15.3%)	\$26 million	\$191 million	\$40 million
EP+CSA 2	22,000	92,000	\$1,162 (35%)	\$698 (16.9%)	\$45 million	\$191 million	\$39 million
EP+CSA 3	23,000	94,000	\$1,420 (43%)	\$767 (18.5%)	\$68 million	\$189 million	\$38 million
BHP	12,000	81,000 30,000 of these in BHP	\$615 (19%) \$1,252 (66%) BHP enrollees	\$62 (1.5%)	\$90 million	\$144 million	(\$7 million decrease)

ANALYSIS - COVERAGE AFFORDABILITY OPTIONS

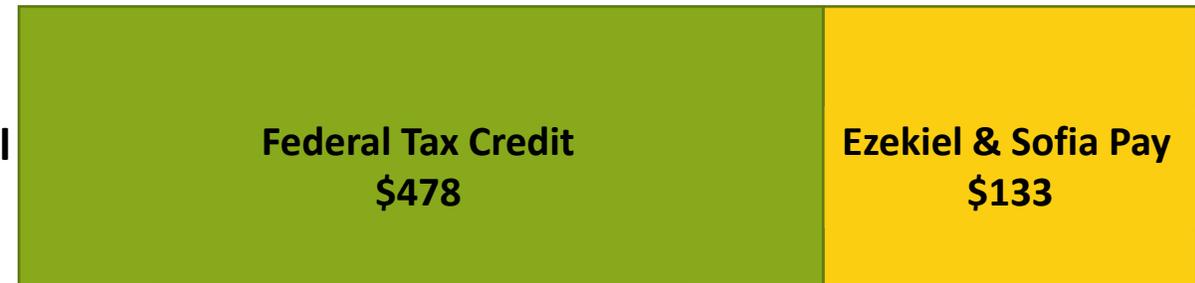
- The most effective options for meeting goals of improving affordability and boosting enrollment are the EPA and EP+CSA scenarios that enhance premium and cost-sharing assistance.
- The Basic Health Plan (BHP) may not be the best fit for New Mexico at this time
 - Increased enrollment and improved affordability for fewer New Mexicans;
 - Lower provider reimbursement concerns, especially during a pandemic;
 - Reduced Exchange participation.

REVISITING EZEKIEL & SOFIA FLORES - UNDER ACA

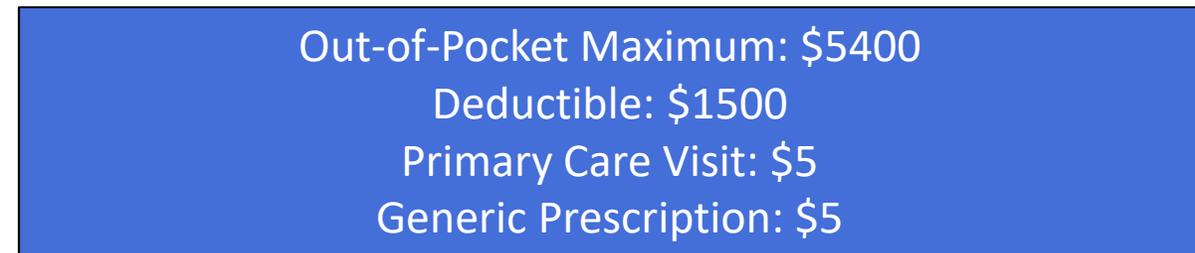


\$611 total

Monthly Premium (Family plan)



Cost-Sharing (Family plan)



EZEKIEL & SOFIA FLORES - UNDER EPA 2

Assumes New Mexico implements “Enhanced Premium Assistance (EPA) 2” option



\$611 total

Monthly Premium (Family Plan)

Federal Tax Credit \$478	State Assistance \$58	Ezekiel & Sofia Pay \$75
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Cost-Sharing for Family plan (same as under ACA)

Out-of-Pocket Maximum: \$5400/yr
 Deductible: \$1500
 Primary Care Visit: \$5
 Generic Prescription: \$5

EZEKIEL & SOFIA FLORES - UNDER EP+CSA 2

Assumes New Mexico implements “Enhanced Premium Assistance (EP) + Cost-Sharing Assistance 2” option



Monthly Premium for Family plan

\$611 total

Federal Tax Credit \$478	State Assistance \$58	Ezekiel & Sofia Pay \$75
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ACA Cost-Sharing (Family plan)

Out-of-Pocket Maximum: \$5400/yr
 Deductible: \$1500
 Primary Care Visit: \$5
 Generic Prescription: \$5

EP+CSA 2 Cost-Sharing (Family plan)

Out-of-Pocket Maximum: \$3000/yr
 Deductible: \$0
 Primary Care Visit: \$0
 Generic Prescription: \$0



REVISITING NIA – UNSUBSIDIZED COVERAGE



- Makes \$54,230/yr; \$4,519/mth (425% FPL)
- Under the ACA, she does not qualify for any premium tax credits or cost-sharing reductions
- To buy a plan for herself, she would have to pay full price at \$326/mth
- If New Mexico implements an affordability option, Nia could see some indirect benefits
- For example, if New Mexico implements EP+CSA 2, it is estimated that unsubsidized premiums for a Silver plan would decrease by an average of 16.9%
- That means Nia's monthly premium could go from being \$326/mth now to \$271/mth

FLORES FAMILY & NIA



- The study of coverage affordability options puts New Mexico in a great position to figure out ways to help residents like the Flores family and Nia by improving access to quality, affordable health care.
- For example, if New Mexico implemented an option like Enhanced Premium + Cost-Sharing Assistance (EP+CSA 2), the Flores family can now afford to buy coverage. Nia will see a decrease in her monthly premium as well.
- With the additional cost-sharing assistance provided by the option, the Flores family can now get plan that allows Sofia to get the care she needs for her asthma without straining the Flores family budget.



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QUESTIONS

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