



Key Takeaways from the Recent Fiscal Analysis of the Health Security Plan

KNG Health Consulting's recent Final Report of the fiscal analysis of the Health Security Plan confirms what two prior New Mexico studies demonstrated: that **the Health Security Plan guarantees universal health coverage and controls rising health care costs.**

Background: The state's Legislative Finance Committee hired KNG to determine whether the Health Security Plan's estimated revenue will pay for its costs, assuming a 2024 start date. Because there are so many variables and unknowns, KNG was asked to develop several possible options (scenarios).

Top 4 Report Takeaways:

1. The Health Security Plan slows the rate of increasing health care costs.

Report data show that under all four Health Security scenarios, the rate of increase in health care costs is substantially less than what is projected under the current system.

2. "In some scenarios, the HSP [Health Security Plan] may be funded through existing revenue, while in other cases there may be a funding shortfall." –KNG Final Report, p. vii.

In fact, the fourth scenario produces a funding *surplus*. It provides a clear pathway to a viable funding approach. In the other three scenarios, the shortfalls decrease each year.

3. Reasons why, according to KNG, the Health Security Plan leads to universal coverage and reduces rising costs.

- reduced administrative costs for the state when merging Medicaid, state employees, and the health insurance exchange programs into the Health Security Plan
- lower drug costs through bulk purchasing
- billing and insurance administrative cost reductions for hospitals and providers
- stable revenues for hospitals through global budgets, enabling them to invest in better systems of care

4. Additional positive impacts noted by KNG but *not* included in the scenario estimates:

- lower workers compensation and automobile insurance premiums – a boon to businesses, employees and consumers
- more jobs due to direct health care spending (more medical providers) and indirect health care spending (suppliers of goods and services to providers)
- over a 10-year period, the Health Security Plan, which focuses on prevention and patient-centered care, will result in a healthier population and increased productivity

Next step: What happens next is up to us. We can continue on the current path of rising out-of-pocket costs, escalating drug prices, hospitals on the brink of bankruptcy, health care providers exasperated with a system in which they spend more time on a computer than with patients, employers frustrated that they can't afford health benefits for employees, and insured patients getting sued by hospitals for unpaid, inflated bills.

Or we can invest in the Health Security Plan.