

A MEMORIAL

REQUESTING THE LEGISLATIVE FINANCE COMMITTEE TO STUDY A BASIC HEALTH PROGRAM FOR LOW-INCOME PERSONS WHO DO NOT QUALIFY FOR MEDICAID; REQUESTING THE HUMAN SERVICES DEPARTMENT AND THE NEW MEXICO OFFICE OF HEALTH CARE REFORM TO DEVELOP AN AUTOMATED ENROLLMENT SYSTEM AND APPLICATION PROCESS THAT IS CAPABLE OF INTEGRATING A BASIC HEALTH PROGRAM.

WHEREAS, the federal Patient Protection and Affordable Care Act requires that most Americans obtain health insurance coverage by January 1, 2014; and

WHEREAS, individuals with incomes under four hundred percent of the poverty level will receive federal tax credits and subsidies to purchase health insurance through a health insurance exchange; and

WHEREAS, even with federal tax credits and subsidies, health insurance is likely to remain unaffordable for low-income families with incomes less than two hundred percent of the federal poverty level who are expected to incur premiums and out-of-pocket costs that add up to over one thousand five hundred twenty-four dollars (\$1,524) a year per individual, according to a national study; and

WHEREAS, a family of four with an income at one hundred fifty percent of the poverty level could incur as much as five thousand three hundred eight dollars (\$5,308) in premiums,

annual deductibles and inpatient, outpatient and prescription copayments before federal cost-sharing limits would prevent further expenditures; and

WHEREAS, the federal Patient Protection and Affordable Care Act gives states the option to establish a basic health program that can be designed to provide an affordable bridge between medicaid and private health insurance for individuals who are not eligible for medicaid and whose incomes are below two hundred percent of the federal poverty level; and

WHEREAS, the federal government will pay the full costs of coverage through a basic health program by paying states ninety-five percent of what the federal government would have spent for tax credits and cost-sharing subsidies if basic health program members had enrolled in the health insurance exchanges; and

WHEREAS, under the federal Patient Protection and Affordable Care Act, any excess federal funds must be used to expand benefits, reduce costs or otherwise improve care for basic health program enrollees; and

WHEREAS, according to a national study, the basic health program can be structured in New Mexico to save low-income individuals, on average, approximately one thousand three hundred twenty-one dollars (\$1,321) annually; and

WHEREAS, a national study estimates that seven thousand four hundred more New Mexicans under the age of sixty-five

would gain coverage through the basic health program who would otherwise remain uninsured; and

WHEREAS, a basic health program could be structured so that Native Americans have no out-of-pocket costs compared to an exchange where Native Americans would be required to pay a portion of the premiums; and

WHEREAS, a national study estimates an annual savings of over two million seven hundred thousand dollars (\$2,700,000) to New Mexico if the state provides coverage under the basic health program to individuals who are currently covered under the state coverage insurance program; and

WHEREAS, ensuring that more New Mexicans have health insurance coverage would result in fewer cases of uncompensated care and in a healthier and more productive New Mexico;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF NEW MEXICO that the legislative finance committee be requested to conduct a study to determine the feasibility and financial impacts of implementing a basic health program in the state to cover eligible individuals with low incomes who do not qualify for medicaid; and

BE IT FURTHER RESOLVED that, in conducting its basic health program study, the legislative finance committee solicit and consider comments from the governor, the secretary

of human services and stakeholders. Stakeholders would include: persons with low incomes; small employers; representatives of federally recognized Indian nations, tribes or pueblos; off-reservation Native Americans; and organizations that represent people with disabilities, women, the elderly and low-income families; and

BE IT FURTHER RESOLVED that the legislative finance committee's study address the affordability of health care coverage for low-income populations earning between one hundred thirty-three percent and two hundred percent of the federal poverty level, including the effect of increases or reductions in premium levels and cost sharing on coverage; and

BE IT FURTHER RESOLVED that the legislative finance committee's study address out-of-pocket and premium costs for Native Americans and the impact on coverage if these costs were eliminated; and

BE IT FURTHER RESOLVED that the legislative finance committee study options for making basic health program coverage contiguous with medicaid coverage to ensure a seamless transfer for individuals who move between medicaid and basic health program coverage; and

BE IT FURTHER RESOLVED that the legislative finance committee study the impact of a basic health program on any health insurance exchange established in New Mexico, considering factors such as rate-setting rules and risk

adjustment processes for the exchange, and the risk of adverse selection to the exchange; and

BE IT FURTHER RESOLVED that the human services department and the New Mexico office of health care reform be requested to develop an automated enrollment system and application process for medicaid and the exchange capable of integrating the basic health program if the program is established at a later time; and

BE IT FURTHER RESOLVED that copies of this memorial be transmitted to the governor, the secretary of human services, the legislative finance committee and the New Mexico office of health care reform.