Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (<u>www.nmlegis.gov</u>) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

| SPONSOR | Ortiz | z y Pino | ORIGINAL DATE LAST UPDATED | HB | |
|---|-------|----------|-------------------------------|---------|--------|
| SHORT TITLE Basic Health Program Task Force | | | | SJM | 3/aSRC |

ANALYST Boerner

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY14 | FY15 | FY16 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|-------|------|------|------|----------------------|------------------------------|------------------|
| Total | | | NFI | NFI | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Joint Memorial 2, which would request the Superintendent of Insurance to convene a working group to make recommendations on the value of applying for an innovation waiver under the federal Patient Protection and Affordable Care Act to create a sustainable health care system to address the health care needs of New Mexicans.

LFC Files

<u>Responses Received From</u> Department of Health (DOH) Superintendent of Insurance (OSI)

SUMMARY

Synopsis of SRC Amendment

The Senate Rules Committee amendment makes a technical correction changing "quality" to "qualify" on page 1, line 20 to state, "WHEREAS, the federal Patient Protection and Affordable Care Act, also known as the "Affordable Care Act" or "Obamacare", provides states may establish a health insurance program for low-income individuals who do not *qualify* for medicaid coverage;"

Synopsis of Original Bill

Senate Joint Memorial 3 would request the New Mexico Legislative Council charge the Health and Human Services Committee with convening a basic health program working group to determine the feasibility of implementing a basic health program for low income individuals not eligible for Medicaid. The work group would make recommendations regarding:

• Options for financing the program using federal grants;

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- Whether state funds should be allocated to keep premiums and cost sharing affordable;
- What safeguards are available for avoiding adverse risk pooling or for adverse selection;
- Possibilities for reducing "churn" between public and private health coverage;
- Effects of a Basic Health Program on the the New Mexico Health Insurance Exchange;
- Costs of administering a Basic Health Program; and
- Legislation necessary to create a Basic Health Program.

Among those invited to participate in the working group are representatives from the Superindendent of Insurance, the Human Services Department, and the Legislative Finance Committee.

FISCAL IMPLICATIONS

None noted.

SIGNIFICANT ISSUES

DOH provided the following background information:

New Mexico has a high rate of uninsured citizens, as well as one of the highest rates of working poor. Forty percent of New Mexico's working families are classified as low income, below 200 percent federal poverty level. known "FLP" the also as the (http://www.workingpoorfamilies.org/pdfs/Overlooked_Dec2011.pdf). Even though Medicaid benefits were greatly expanded to individuals under the Federal Patient Protection and Affordable Care Act (ACA), 56 percent of New Mexicans cite affordability as the primary reason they do not have health insurance according to the NM Health Insurance Exchange.

Currently the average monthly Silver plan health insurance premium for an individual under 40 years old is \$232. Workers who gross more than \$15,856, which is 138 percent of the FPL, do not qualify for Medicaid and must purchase insurance on the NM health insurance exchange. For a worker making 170 percent of the FLP, grossing \$19,839 annually and claiming one dependent, state and federal taxes reduce the take home pay to \$598.96 every two weeks (http://www.adp.com/tools-and-resources/calculators-and-tools/payroll-calculators/salary-paycheck-calculator.aspx).

SJM3 also notes Minnesota has implemented a "look-alike" health coverage program with premiums of only \$33 per month, \$33 annual deductible, and \$3 co-pay.

New Mexico residents need help with their health care premiums in order to avoid medical bankruptcy. Out-of-pocket deductibles can range from \$2,000 to \$6,000 a year depending on the age of the individual. SJM3 would address concerns related to the affordability of health care insurance options for New Mexicans.

Health disparities are a significant issue in New Mexico with 23 percent of Hispanic and 28 percent of Native American individuals lacking insurance vs. 11 percent of Whites (New Mexico Behavioral Health Eliminating Disparities Plan, 2009). According to the Centers for Disease Control and Prevention (CDC), in July 2013, New Mexico had the highest percentage of Hispanic population at 47.3 percent. Nationally, the percentage of Hispanics who lacked health insurance in 2012 was 29.1 percent

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(http://www.cdc.gov/minorityhealth/populations/REMP/hispanic.html).

TECHNICAL ISSUES

On page 1, line 13, states "...basic health program task force...". On page 4, lines 14-15, line 21, and page 5, lines 2-3, states "...basic health program working group...".

These differing references make it unclear whether a "task force" or a "working group" is proposed.

CEB/bb