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FISCAL IMPACT REPORT

SPONSOR Armstrong/ ORIGINAL DATE 1/23/18
Small LAST UPDATED 1/25/18 HM 9

SHORT TITLE Explore Medicaid Buy-In Plan SB _____

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications	See Fiscal Implications			

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Memorial 3, Study NM Medicaid Buy-In Plans

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of Superintendent of Insurance
 Public School Insurance Authority
 Retiree Health Care Authority
 University of New Mexico Health Sciences Center

Response Not Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Memorial 9 requests the interim Legislative Health and Human Services Committee analyze the policy and fiscal implications of offering a Medicaid buy-in plan to non-Medicaid eligible New Mexico residents to increase low-cost health coverage options. The bill charges the Legislative Health and Human Services Committee to work with the Office of the Superintendent of Insurance, Human Services Department, other state agencies, the New Mexico health insurance exchange, health insurers, and health care providers to provide health plan cost and coverage information.

FISCAL IMPLICATIONS

The memorial does not include an appropriation.

The Human Services Department may need to utilize the services of its actuarial contractor and other Medicaid staff to analyze the provisions contained in the memorial.

The Office of Superintendent of Insurance may need to utilize its health insurance regulatory staff to analyze the provisions contained in the memorial.

SIGNIFICANT ISSUES

The University of New Mexico Health Sciences Center (UNMHSC) reports the memorial could analyze creation of an insurance option for Medicaid buy-in for individuals and families with incomes between 138 percent of the federal poverty level (FPL) and 200 percent FPL. This concept has been proposed in New Mexico historically as the “Basic Insurance Plan” that would provide a coverage option with reduced benefits for members with higher incomes, and was the broad concept behind the implementation of the State Insurance Coverage Plan (SCI) in which UNM Hospital was a participant along with several other SCI plans.

UNMHSC indicates lower income households can struggle with the deductions, co-pays and co-insurance requirements of health insurance plans offered on the New Mexico health exchange. These plans have also offered narrower provider networks resulting in less choice and access for patients. With the elimination of the individual mandate to obtain coverage by the federal government, it is likely that offerings under the ACA through the New Mexico health exchange will continue to decline or become cost prohibitive. Consideration of implementing a buy-in product for households with income below 200 percent FPL merits discussion in the current healthcare environment.

ADMINISTRATIVE IMPLICATIONS

The University of New Mexico Health Sciences Center (UNMHSC) indicates the memorial does not specify if other administrative requirements for Medicaid, with the exception of the income limit, would remain in force or not. There is already significant statewide infrastructure around determining Medicaid eligibility and to add a Medicaid buy-in product to that existing platform might not prove to be excessively administratively burdensome, along with the collection of premiums or other out-of-pocket costs. This would require either the Human Services Department or Medicaid managed care organizations (MCOs) to develop premium payment and tracking mechanisms related to collecting member premiums, deductibles and co-pays, similar to existing MCO infrastructure. Also, the Medicaid program would have to determine if a Medicaid buy-in product would require a federal state plan amendment, which it probably would, and would need to conduct those administrative processes.

The New Mexico Retiree Health Care Authority reports it can provide information requested regarding health plan cost and coverage to the Legislative Health and Human Services Committee or other legislative entities within existing resources.

OTHER SUBSTANTIVE ISSUES

The Office of Superintendent of Insurance (OSI) indicates the memorial explores a national current issue regarding affordable health care access in conjunction with stabilizing risk pools. OSI suggests the committee explore how a Medicaid-buy in program will change the risk make-

up of the commercial market and Medicaid market risk pools, analyze churn between these markets, and consider how continuous coverage through one managed care organization impacts continuity and quality of care.

The University of New Mexico Health Sciences Center (UNMHSC) reports a Medicaid buy-in product line would need to be better defined and decisions around the proposed benefits package outlined. It is unclear if the proposal envisions a product that has a benefit package like Medicaid, or if the product would function more like a commercial product with benefit limitations and potentially narrower defined networks, or a hybrid of the two. How these issues are determined would have a significant impact on the viability and sustainability of this product and the establishment of a provider network willing to accept patients under the new product. If the vision of this new product is that it would be basically a Medicaid benefit that is extended to higher income groups the reimbursement dynamics may prove to be challenging for providers as there is already significant cross subsidization required for existing Medicaid services based on lower reimbursement rates. If the vision is to move to a commercial-like product with benefit limits and other commercial insurance attributes, the reimbursement structure may be attractive to more healthcare providers.

RAE/sb