



Medicaid Forward

Unlocking affordable coverage for all New Mexicans

Legislative Health & Human Services Committee

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New Mexico Together for Healthcare Campaign



- Statewide campaign of families and community organizations working together across multiracial, intergenerational, and geographically diverse communities to advance Healthcare for All New Mexicans.
- Policy advocacy is guided by and empowers community priorities identified by our family leaders.



Overview of Presentation

- Healthcare Coverage & Gaps for Families, Providers, and Employers
- “Medicaid Forward” Proposal
 - Simple
 - Popular
 - Feasible
 - Cost-saving
 - Affordable

Healthcare Coverage in New Mexico

Coverage by Type (2021)

Uninsured

10.0%

Non-Group

4.4%

Military

1.6%

Medicaid

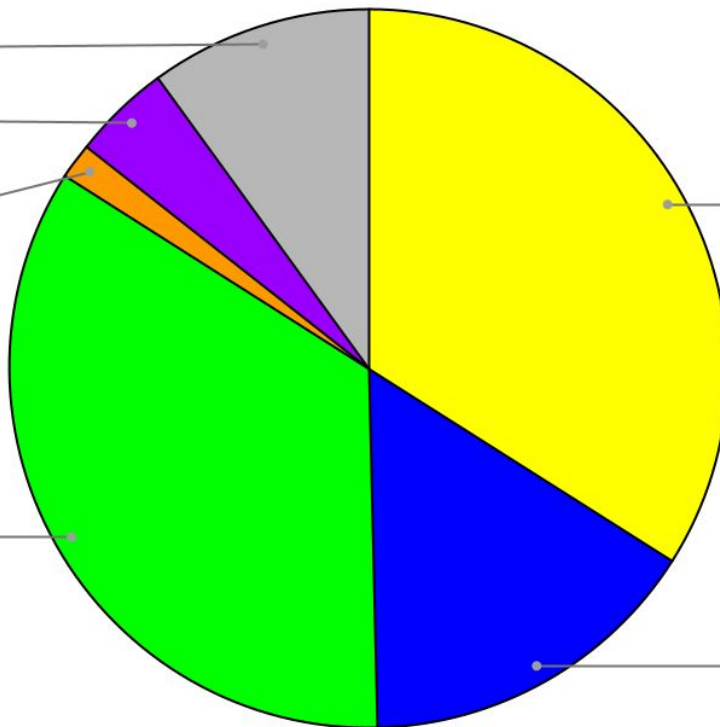
34.4%

Employer

34.0%

Medicare

15.6%



Source: KFF, *Health Insurance Coverage of the Total Population* (2021), <http://bit.ly/3hYJtOv>.

Exchange Coverage

- Enrollment in New Mexico Exchange
 - 42,984 (2021)
 - 45,664 (2022)
- Affordability Concerns
 - Premiums and out-of-pocket costs are often a significant barrier to accessing or using coverage.
 - Workers with an employer-sponsored health plan can't access affordable coverage on the Exchange under federal law.
- Concerns with Covered Services
 - Different plans may cover different services.
 - Insurers can be unpredictable and restrictive when reviewing claims, which imposes additional administrative burdens on providers.

Employer-Sponsored Coverage

- **Concern for small businesses**

- Cost of healthcare coverage is consistently viewed as [the most severe problem](#) for small businesses.
- [Survey data](#) of NM businesses further show the impact of providing coverage:
 - **Only 25% of NM small businesses** offer healthcare coverage.
 - Average premiums in 2021 per employee were \$7,797 for single coverage and \$21,820 for family coverage.

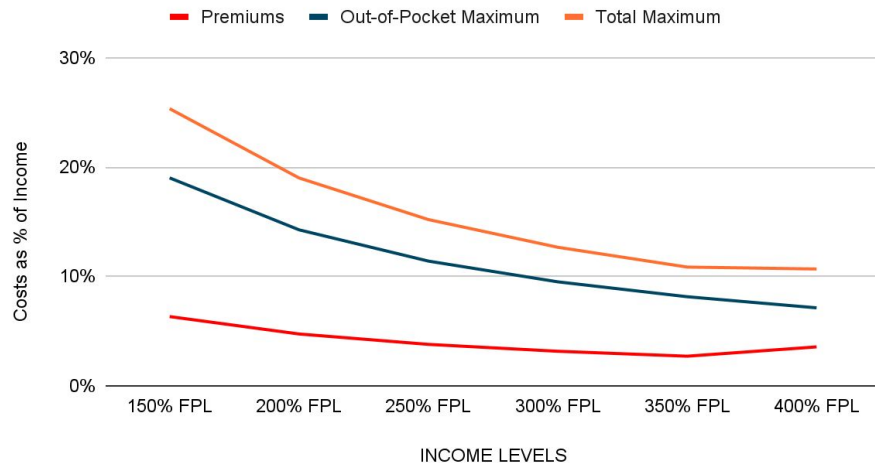
- **Concerns for employees**

- **Coverage isn't portable**—they lose health benefits if they switch jobs.
- Average employee contributions in 2021 per small-business employee were \$2,518 for single coverage and \$9,507 for family coverage.

State Employees' & Public School Employees' Coverage

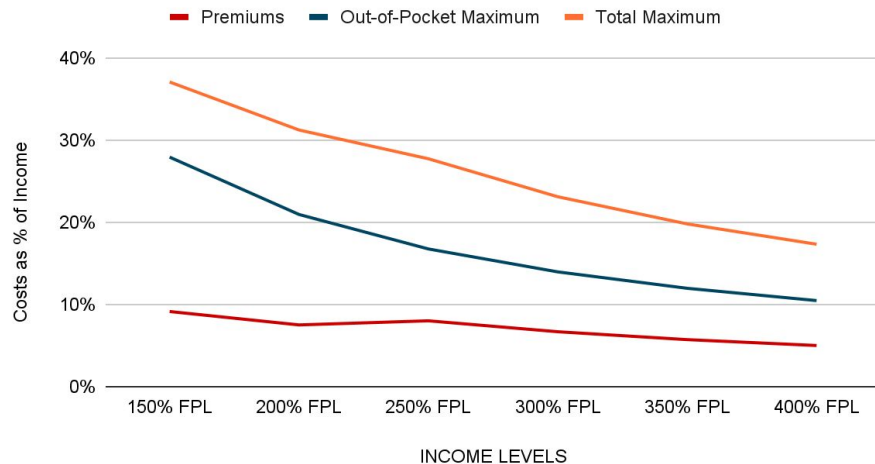
- **General Services Department** - health benefits for state and local employees and their dependents.
 - In FY21, [57,554 were enrolled](#) in GSD's health benefits.
 - In 2022, Legislature dedicated \$431 million to cover these health benefits.
- **Public School Insurance Authority** - health benefits for school districts outside of Albuquerque Public Schools.
 - In FY21, [45,810 were enrolled](#) in PSIA's health benefits.
 - In 2022, Legislature dedicated \$354 million to cover these health benefits.
- **Affordability Concerns**
 - Premiums and out-of-pocket costs are unaffordable for many employees.
- **State Costs**
 - Because these are self-insured plans, **the state bears 100% of the costs—no federal match.**

GSD - Employee Costs (Family of 1)



State Employees - Premiums & Out-of-Pocket Costs

GSD - Employee Costs (Family of 4)

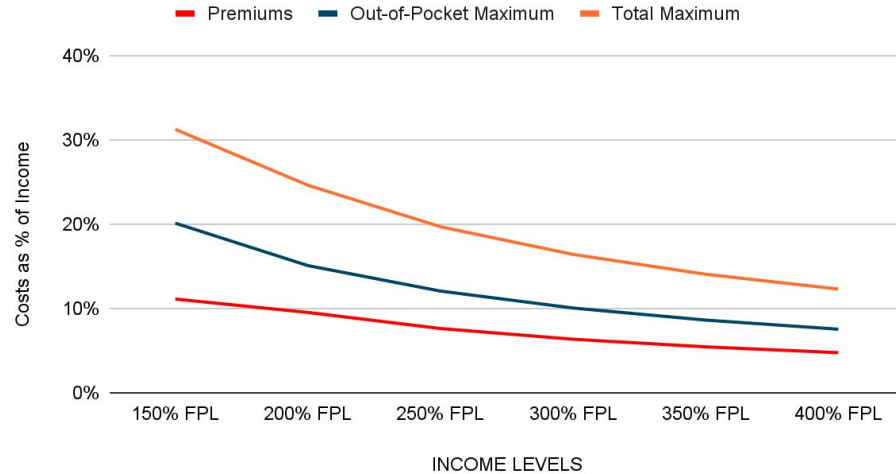


Health benefits for public employees and public school employees are regressive—**placing a significant cost burden on lower-income families.**

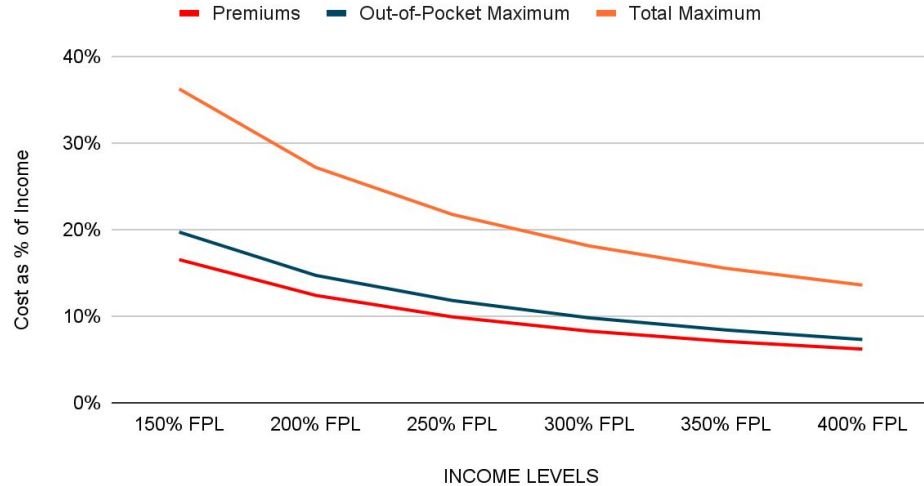
*Data in graphs was generated from an average of each carrier's least expensive health plan offered to employees.

Public School Employees - Premiums & Out-of-Pocket Costs

PSIA - Employee Costs (Family of 1)



PSIA - Employee Costs (Family of 4)



Medicaid Coverage

- HSD projects over 44% of New Mexicans will be covered by Medicaid in FY23.
- Federal government pays the lion's share of these costs.
 - [HSD projects](#) a “traditional” federal match rate of 72.92% in FY24.
- [67% of New Mexicans](#) agree that “Medicaid is a quality, trusted source of health insurance in New Mexico.”
- Providers and patients favor Medicaid because of its breadth of benefits, predictability of coverage, and simplicity of enrollment and reimbursement.
 - But providers want higher Medicaid reimbursement rates.
 - Medicaid's income cap can force families to choose between accepting a raise/new job and keeping their coverage.

82% of New Mexicans believe the state should “take action to ensure that healthcare is affordable for all people who live in New Mexico.”

- A recent poll conducted by a national, non-partisan research firm found **bipartisan support**:
 - 91% of Democrats
 - 79% of Independents
 - 69% of Republicans



Robert Wood Johnson Foundation

**PERRY
UNDEM**

Robert Wood Johnson Foundation, *How New Mexicans Feel About Affordability & Healthcare Reform* (Mar. 2022), available at <https://rwjf.ws/3wCe5t1>.

Medicaid Forward

1. Raise Medicaid income cap.
2. Allow New Mexicans to purchase a Medicaid plan.
3. Use new federal revenue to increase reimbursement rates.

Medicaid Today



In New Mexico, adults qualify for Medicaid if they have incomes below 133%* of the poverty level

(*138% of poverty level, with the 5% income disregard)

Household Size	Monthly Income
1	\$1,563
2	\$2,106
3	\$2,649

75% of New Mexicans support “opening up Medicaid” so everyone can buy into the program

- A recent poll conducted by a national, non-partisan research firm found **bipartisan support**:
 - 85% of Democrats
 - 72% of Independents
 - 64% of Republicans



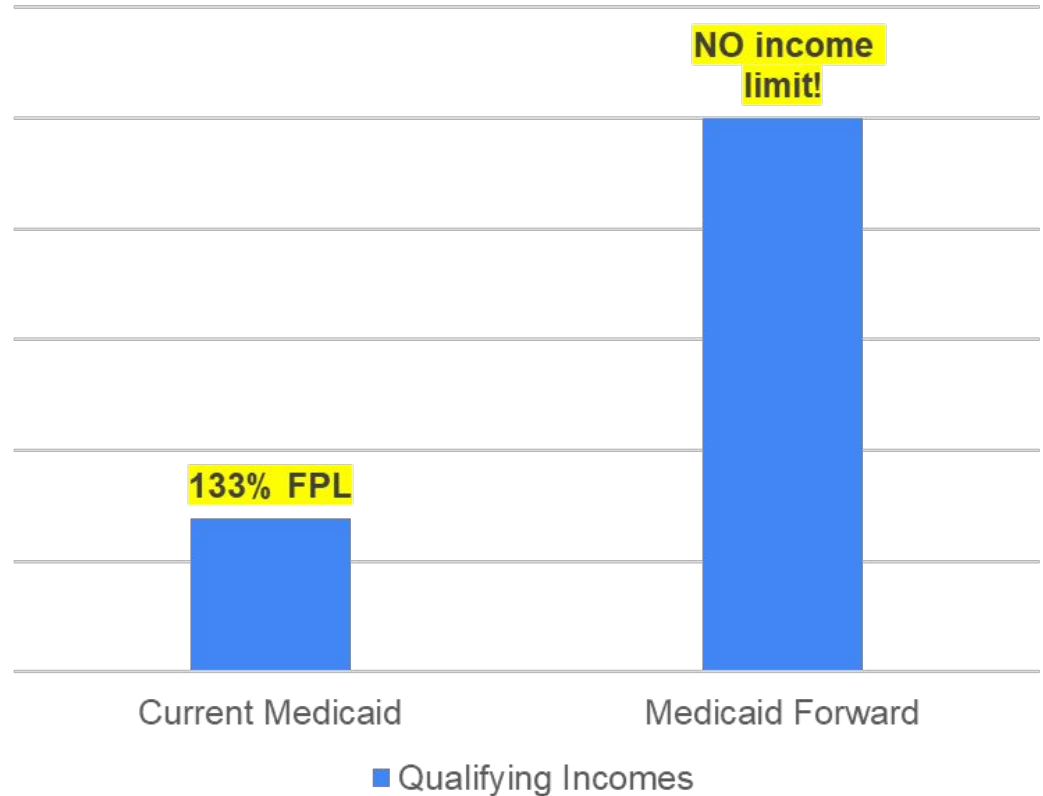
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ACA & Medicaid Expansion

- “Mandatory” Medicaid expansion
 - For individuals under 133% FPL
- **Optional Medicaid expansion***
 - For individuals above 133% FPL



* SSA § 1902(a)(10)(A)(ii)(XX); 42 C.F.R. § 435.218(b)

42 C.F.R. § 435.218

§ 435.218 Individuals with MAGI-based income above 133 percent FPL.

(a) **Basis.** This section implements section 1902(a)(10)(A)(ii)(XX) of the Act.

(b) **Eligibility.** -

(1) **Criteria.** The agency may provide Medicaid to individuals who:

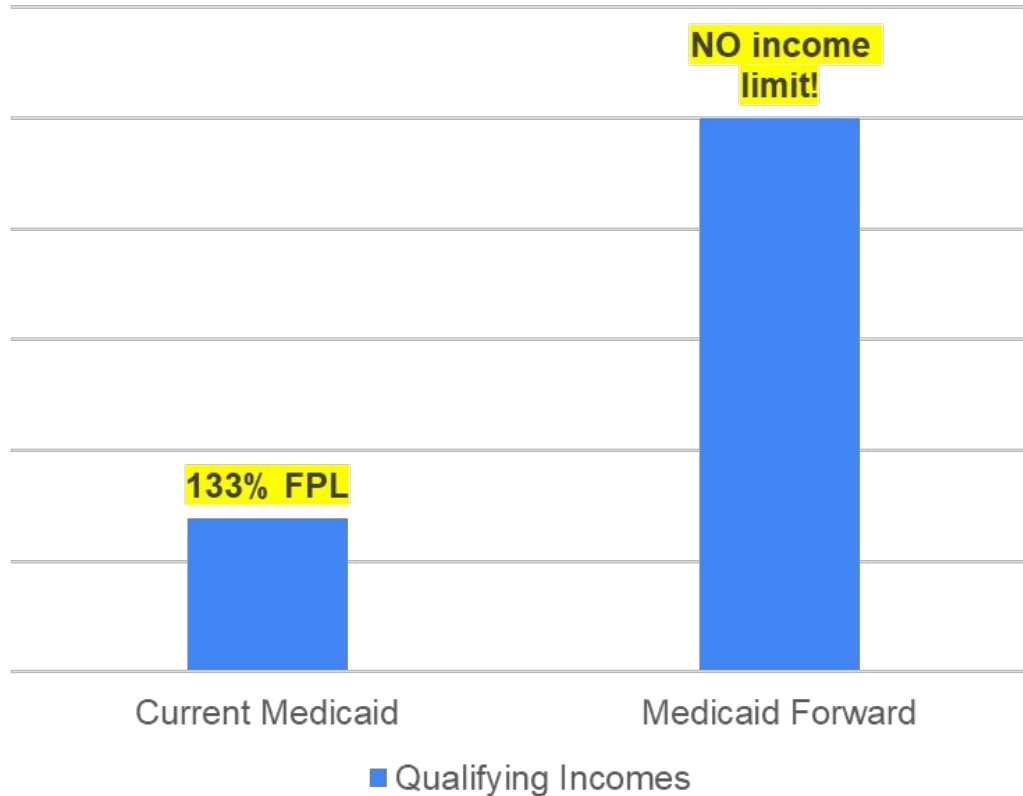
(i) Are under age 65;

(ii) Are not eligible for and enrolled for mandatory coverage under a State's Medicaid State plan in accordance with subpart B of this part;

(iii) Are not otherwise eligible for and enrolled for optional coverage under a State's Medicaid State plan in accordance with section 1902(a)(10)(A)(ii)(I) through (XIX) of the Act and subpart C of this part, based on information available to the State from an application filed by or on behalf of the individual; and

(iv) Have household income that exceeds 133 percent FPL but is at or below the income standard elected by the agency and approved in its Medicaid State plan, for the applicable family size.

**Federal law allows states to “open up” Medicaid’s income limit
with only a Medicaid state plan amendment**



So far, states have increased income limit only to 200% FPL

- **District of Columbia:** increased Medicaid limit to 200% FPL
- **Oregon:** is increasing Medicaid limit to 200% FPL (to help transition to BHP)



But states can remove Medicaid's income limit altogether!

Medicaid's current income cap creates a “cliff effect”—because they're locked out of Medicaid, families fall through the cracks and often can't access coverage that meets their needs and budgets.

Medicaid Forward offers a solution: “Because there is no maximum income limit, states may establish an infinite income standard, which is equivalent to no income test.”

Implementation Guide: Individuals above 133% FPL under Age 65, CMS 3, available at <https://bit.ly/3Pq8bna>



New Mexico is Uniquely Positioned to Get this Done

- High proportion of residents enrolled in public healthcare coverage.
- High Medicaid federal match rate.
- High potential for cost savings and new federal revenue.



Federal funding is available—at the **traditional Medicaid federal match rate—up to any income level**

- “Mandatory” Medicaid expansion
 - For individuals under 133% FPL
 - Federal match: 90%
- **Optional Medicaid expansion***
 - For individuals above 133% FPL
 - **Federal match: 72.92% for NM (FY24)**



manatt



Confirmed by analysts at:

- Manatt
- NHeLP
- CBPP

Cost Savings & More Federal Revenue

- Costs of public employees enrolling in Medicaid would have federal matching funds.
 - State spent **over \$786 million** on public employee health benefits...with no federal funding.
 - If public employees move to Medicaid, the federal government would pay for 72.92% of their costs—shifting most of these costs to the federal government!
- Premiums for public employees enrolling in Medicaid would **draw down federal \$ through premium surtax**, too!
 - Currently, these self-insured plans aren't subject to the premium surtax.
 - If public employees move to Medicaid, their premiums would be subject to the premium surtax—adding money to the General Fund and the Healthcare Affordability Fund!



NEW MEXICO
GENERAL SERVICES DEPARTMENT



New Mexico
Public Schools
Insurance Authority

New Mexico Could Charge Affordable Costs to Enroll

Federal law permits states to charge:

- Premiums—for enrollees with incomes over 150% FPL
- Out-of-pocket costs—not above 20% of service's aggregate cost

Aggregate premiums and out-of-pocket costs **can't exceed 5% of family's income.**

Employers could contribute toward their employees' Medicaid premiums, which would be excludable from their gross income.

Benefits for Employers and Employees

- Workers would have portable coverage.
- Workers would have access to more affordable coverage—particularly public employees and public school employees.
- Frees up costs for small businesses.



Healthcare Provider Access

Medicaid Forward can be achieved while keeping providers whole.

But reimbursement rates will need to increase.

- HSD would study:
 - What reimbursement rates would be needed to make this possible.
 - Cost savings and new federal revenue associated with this initiative—which could then be used to help pay for those rate increases.

What would HSD need to study?

- Enrollment projections.
- New costs and federal revenue associated with new enrollees.
- What provider reimbursement rates would be needed to make this possible.
- Impacts on individual, group, and self-insured markets.
- Federal waivers needed to ease transition.
- Administrative needs (e.g., for HSD and MCOs).



¡Pa'lante!