

New Mexico Medical Insurance Pool and Federal Temporary High Risk Pool Update

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**Presented By:
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NEW MEXICO MEDICAL INSURANCE POOL**

A BRIEF LOOK BACK

The New Mexico Medical Insurance Pool (NMMIP) was established in 1987 by the **New Mexico State Legislature** as a **quasi-governmental non-profit** entity to provide access to health insurance coverage to New Mexico residents that have been **denied health insurance in the private market** due to a pre-existing medical condition and who are ineligible for group coverage or any public plan such as Medicaid or Medicare.

NMMIP also provides individual health coverage to New Mexicans who have lost group coverage, as one of two of the State's "Alternative Mechanism" under HIPAA (Health Insurance Portability and Accountability Act).

See NM Medical Insurance Pool Act [59A-54-1 NMSA 1978]

Note: Act was amended in 2010 to provide authority to offer high risk pool program under federal law

NMMIP GOVERNANCE and ADMINISTRATION

- Board of Directors (11 members)
 - Superintendent of Insurance (Chair), Insurance Reps (4), Physician, Statewide Health Planner, Consumers (2) and Community members (2)
- Administration *By Contract*:
 - Executive Office ~ Delta Consulting Group
 - Executive Director ~ Deborah Armstrong
 - Plan and Network Administrator ~ Blue Cross and Blue Shield of New Mexico – BCBSNM handles eligibility, enrollment, member services and claims processing

FUNDING MECHANISMS

2010 PERCENTAGES

The 1987 enabling legislation for NMMIP provides for the assessment of the losses of the high risk pool program to all insurance companies licensed to offer health coverage in New Mexico based on their annual share of the premiums within the state.

The statute also provides a premium tax credit to the health insurance carriers for a portion of their assessments. (Premium tax credits are determined by formula but are equivalent to approximately 55% of assessment.)

Other Funding Mechanisms:

Premiums ~ 21%

Federal Grant and Other ~ 2%

The STATE Pool - The New Mexico Medical Insurance Pool (NMMIP)

Snapshot

As of 7/1/11 NMMIP currently serves more than **8,406** uninsurable New Mexico residents.

As of December 2010:

Average Age: 48

Median Age: 53

Sample of Enrollees by Condition:

Kidney Disease: 568

Cancer: 567

HIV/AIDS: 763

Neurological: 1014

Arthritis and Joint Disorders: 519

Diabetes: 260

The FEDERAL Pool – The Pre-Existing Condition Insurance Plan (PCIP)

The Patient Protection and Affordable Care Act, signed by President Obama on March 23, 2010, created a **temporary national high-risk pool** to provide health coverage to people with pre-existing medical conditions who have been uninsured for six months or more.

The federal high-risk pools were intended to be implemented quickly and have attempted to provide many individuals with temporary coverage until the broader coverage provisions, including the Health Insurance Exchanges, take effect in January 2014.

New Mexico's federal high risk pool has been regarded as one of the most **successful** in the nation based on its enrollment and its July 2010 start date of coverage.

SUCCESSFUL DRIVERS of The FEDERAL Pool – Pre-Existing Condition Insurance Plan (PCIP)

- Must be affordable to assure uptake
 - New Mexico one of poorest states
 - New Mexico has one of highest rates of uninsured
- Must be comparable/equitable to our existing State Pool
 - Premium rates shouldn't drive consumer to State Pool, which has low-income discounts
- Consumer-friendly in comparing and enrolling
 - Keep deductible options and benefits same in both pools
- Minimize administrative burden and confusion
 - Standardize application & enrollment processes

The FEDERAL Pool – The Pre-Existing Condition Insurance Plan (PCIP)

- New Mexico Human Services Department (HSD) is the designated state agency under contract with HHS
- Operations are delegated to NMMIP
- PCIP began accepting applications July 1st, 2010
- New Mexico received a \$37 Million Allocation
- PCIP Enrollees must transfer to Exchange January 1, 2014

The FEDERAL Pool – The Pre-Existing Condition Insurance Plan Snapshot

**As of July 1, 2011, PCIP currently serves
534 uninsurable New Mexico residents.**

PCIP Enrollees by Age:

55-64	39%
20-34	23%
45-54	19%
35-44	13%
0-19	3%
65+	1%

The FEDERAL Pool – The Pre-Existing Condition Insurance Plan Snapshot

HEALTH REASON	Percentage
OTHER	20.34%
CANCER	11.03%
HYPERTENSION	10.69%
PSYCHOLOGICAL	8.62%
HEART RELATED	7.59%
DIABETES	6.55%
THYROID RELATED	5.52%
DIGESTIVE RELATED	4.14%
HIV/AIDS	4.14%
BRAIN RELATED	3.79%
BACK RELATED	2.76%
CHOLESTEROL	2.76%
GYN RELATED	2.76%
SPINE RELATED	2.76%
ARTHRITIS	2.41%
HEPATITIS C	2.07%
SUBSTANCE ABUSE	2.07%

Eligibility Comparison Snapshot

STATE HIGH RISK POOL

- Resident
- Pre-Existing Condition
 - Qualifying Medical Condition
 - Rejection notice
 - Premium above qualifying rate
 - Policy Limitation/Rider
- Or HIPAA qualifying
- Ineligible for Medicaid, Medicare or Comprehensive Group

FEDERAL PCIP

- Resident, citizen/legal status
- Uninsured for 6 months
- Pre-Existing Condition
 - Qualifying Medical Condition
 - Rejection Notice
 - Premium above qualifying rate
 - Policy Limitation/Rider
- Ineligible for Medicaid, Medicare

PREMIUM RATES

- Based on AGE, *GENDER (State only)* and DEDUCTIBLE

- State Currently at 105% of “Standard Risk Rate” (SRR)

SRR determined through actuarial assessment of top 5 “new issue” individual policies on private market

- *By law, cannot be more than 150% SRR*

- *SRR re-determined and Premiums set every 6 months*

Choice of Deductible ~ State and PCIP

\$500, \$1,000 or \$2,000 ~ 80% Plan (20% Co-Pay)

State Pool also has choice of:

\$5,000, \$7,500 or \$10,000 ~ 100% Plan (0% Co-Pay)

Out-of-Pocket Limits (excluding premiums)

\$5,950 for PCIP

State limits based on deductible chosen

NMMIP's Low-Income Premium Program's (LIPP)

In 2009, the New Mexico State Legislature codified into law the NMMIP Low-Income Premium Program's (LIPP) three-tiered premium discount structure of: 75% premium discount for persons under 200% of the Federal Poverty Level (FPL); 50% premium discount for persons between 200-300% FPL; and 25% premium discount for persons between 300-400% FPL.

WHAT DOES THE FUTURE HOLD FOR HIGH RISK POOLS?

As of 2014, insurers will not be able to deny people coverage or charge higher premiums based on their health status and a pre-existing medical condition.

The **federal** high-risk pool (PCIP) will terminate on January 1, 2014 when the state-based Health Insurance Exchanges are established and other insurance market reforms go into effect, providing new coverage options for people with pre-existing health conditions.

The state high-risk pool (NMMIP) does not terminate on January 1, 2014. People who currently obtain health coverage through a state high-risk pool may maintain their current coverage.

Procedures will be developed in the future to ensure that there are no lapses in coverage. Individuals without employer health coverage and small businesses with up to 100 employees will also be able to purchase coverage through the Exchanges.

FOR ADDITIONAL INFORMATION

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