

**MINUTES
of the
FIRST MEETING
of the
LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE**

**June 25, 2007
Room 322, State Capitol**

The 2007 organizational meeting of the legislative health and human services committee (LHHS) was called to order by Senator Dede Feldman, chair, on Monday, June 25, 2007, at 10:11 a.m. at the state capitol. Handouts are in the meeting file.

Present

Sen. Dede Feldman, Chair
Rep. Danice Picraux, Vice Chair
Sen. Rod Adair
Rep. Keith J. Gardner
Rep. Joni Marie Gutierrez
Sen. Mary Kay Papen
Rep. Gloria C. Vaughn

Absent

Sen. Steve Komadina

Advisory Members

Sen. Sue Wilson Beffort
Rep. Ray Begaye
Rep. Nora Espinoza
Rep. Daniel R. Foley
Rep. Miguel P. Garcia
Rep. John A. Heaton
Rep. Antonio Lujan
Rep. James Roger Madalena
Sen. Gerald Ortiz y Pino
Rep. Jeff Steinborn
Rep. Luciano "Lucky" Varela

Rep. Jose A. Campos
Sen. Clinton D. Harden, Jr.
Sen. Timothy Z. Jennings
Sen. Gay G. Kernan
Sen. Linda M. Lopez
Rep. Rick Miera
Sen. Nancy Rodriguez
Rep. Mimi Stewart
Sen. David Ulibarri

Staff

Raúl Burciaga
Jennie Lusk
Tim Crawford

Welcome and Introductions

Senator Feldman welcomed returning members and asked all members to introduce themselves. New committee members Representatives Nora Espinoza, Jeff Steinborn and Joni Marie Gutierrez were recognized, and Senator Feldman noted that she, the staff and long-time members of the committee are happy to serve as resources for the newcomers at any time. Senator Feldman mentioned that the health coverage for New Mexicans committee had recently

completed its work and that, while the legislative health and human services committee's charge includes maximizing health care coverage, health care reform is its charge and focus.

History of Health Coverage for New Mexicans Committee (HCNMC)

Mr. Burciaga gave background on the work that led to the Mathematica report. He mentioned that Senator Feldman and Representative Madalena co-chaired the medicaid reform committee and that they found truth in the truism that "when you're surrounded, you can shoot in any direction". He said that the complexity of problems in getting, maintaining, affording and accessing health care coverage in one of the country's poorest states remains a problem.

Through executive fiat and legislative mandate, the health care coverage and access task force was created some four or five years ago, Mr. Burciaga said. Then, during the 2006 legislative session, a bill was introduced that created a task force to select someone to prepare an actuarial study of the costs of health care. The bill died in committee and the appropriation was vetoed. Therefore, the human services department and legislative council together funded a study, to be performed by a group selected by the HCNMC, which heard bids from three candidates. The Mathematica group selected to perform the study included not only its permanent staff, but also professionals from the university of New Mexico's bureau of business and economic research, institute of public law and institute of public health.

The HCNMC heard the Mathematica report on the final days of the previous week and made a list of recommendations based on the Mathematica results, Mr. Burciaga said. Among those recommendations are that the state create a health care authority to monitor and organize New Mexico health services and that the LHHS consider the findings and recommend legislation to be heard and critiqued over the 2007 interim.

Explanation of the Mathematica Study

Mathematica project manager Dr. Deborah Chollet reviewed the major findings of the health coverage task force and answered questions posed by committee members. The report and a summary of the report are in the meeting file.

Dr. Chollet noted that the cost study indicated that 26% of New Mexicans under age 65 lack health care coverage. Her report analyzed three primary types of funding for health care reform, including what she summarized as a market-based model, a single-payer plan and a hybrid that essentially works as a purchasing collaborative. A high-deductible plan was not included among the models studied. She reported that medicaid and the state children's health insurance program (SCHIP) dollars are vital to New Mexico, as the state currently receives a 70%-80% match for every dollar spent on medicaid and SCHIP.

Dr. Chollet emphasized some important findings: More than one-half of adults and more than 70% of children in New Mexico are uninsured for some part of every year. While most New Mexico employers are small businesses, most New Mexicans who have health insurance work for a larger business. Any change to one of the plans would promise positive results, if not sizeable ones.

Dr. Chollet put together hypotheticals for the members, comparing the plans. The first plan discussed, called the "Health Security Act", is financed by payroll taxes, and employers are exempt from the payroll tax for workers enrolled in a health coverage plan. There is automatic enrollment in a state-operated program where clients are eligible.

The second plan, "Health Choices", includes enrollment by individuals in a state-operated purchasing pool and state administration of income-scaled vouchers that could be used by clients. Insurers would bear the risk, though self-financed risk adjustment or reinsurance would also be available. The program would be financed by a payroll tax or, alternately, a payroll tax with an exemption for workers enrolled in a health insurance plan. In the alternate health choices plan, employers would pay a payroll tax only if they do not offer a self-insured plan.

The last plan, the "Health Coverage" plan, makes no change in the status quo except that eligibility for the state coverage insurance would be raised to 300% of the federal poverty level and employers would be required to make a fair-share payment for each employee if they do not offer a health insurance plan.

In each of the coverage plans, all New Mexicans would be eligible for coverage. All plans would strive to improve quality and manage costs. Even the plan offering the least change would lower cost to New Mexicans for health coverage by one percent — a significant amount in a \$6-billion-per-year industry. Dr. Chollet said that \$6 billion is spent each year for persons who are under 65 and live outside of institutions.

A significant savings is projected for any of the plans by reducing the nonmedical or administrative costs. Because of a high rate of "churning" in New Mexico, caused when participant coverage expires and then is reinstated, approximately 18% of health coverage cost is in pure nonmedical costs. Also, New Mexicans pay approximately 19% of health care costs out of pocket, a relatively high percentage.

The coverage plans assume that every person in New Mexico is counted or enrolled in a coverage plan, that state spending as a percentage of cost will remain approximately the same and that carriers have approximately 15% in nonmedical costs.

Legislators asked many questions of Dr. Chollet, including those about conflicts with federal Employment Retirement Income Security Act (ERISA) provisions; payroll costs versus employer contributions; duplicating tax dollars projected for populations, including Native Americans, who use health care; delivery of health care in rural areas; the potential for receiving a waiver allowing the state to cover persons up to 300% of the federal poverty level; whether behavioral health costs are included in the costs study; the importance of including tribal people in the plan and whether tribal employers would be required to pay a "fair share" payment; the process by which the study would account for care that is currently given completely gratis from individual providers to patients; and the concern that legislators examine the benefits and costs to the state carefully, understanding that some providers may leave when faced with any radically changed system.

Dr. Chollet summarized by saying that with a new plan, "Everything turns". That is, she said, people who are now disadvantaged will be better off and higher-income people could be slightly affected. Dr. Tryon, a member of the HCNMC who had to leave early, addressed the committee saying that the medical society he represents has found that one cannot have effective universal coverage without a universal oversight mechanism. He and the medical society advocate forming an overall health authority.

Secretary of Human Services Pamela Hyde was recognized by the chair and said that it is important to note that if the state does nothing, it will be paying more for health care coverage. She said the committee made 11 policy decisions based on a broad consensus and referred committee members to their HCNMC handbook, where the recommendations were reproduced in full. Among the decisions cited were these: the state should do all it can to maximize federal matching funds; the state benefits from combining individual and small group markets by creating a larger pool; and the state should explore establishment of a single health care authority to administer health care coverage and administration. Charlotte Roybal, a member of the HCNMC, said that the information provided by Mathematica would answer many questions for future health policy and that acquiring hard data on costs has been valuable.

The final report of the health care coverage task force is due August 1, at which point the task force will decide whether to consider its business complete or if it needs more work. The committee has requested that at least one draft bill be circulated prior to the legislative session so that stakeholders, agencies and legislators can discuss issues presented in a single format.

Public Comment

The committee took public comment on the Mathematica report. Among the comments and commentators were these:

Paul Eichord from health security for New Mexicans said Canada charges only nine percent of its gross domestic product to cover everyone and the insurance industry in New Mexico is gouging the public.

Bill Jordan from New Mexico voices for children said one thing the state can do immediately to increase health care coverage is to direct the human services department to cease its autoclosure program. He also urged committee members to contact United States Senator Pete Domenici to urge his support for expansion of the SCHIP, which United States Senator Jeff Bingaman and United States Representative Heather Wilson support. Senator Feldman noted that the legislature already passed a memorial to urge congressional support of SCHIP.

Dick Mason suggested asking for Senator Bingaman's input on eliminating bureaucratic waivers.

Terry Riley reported on seeing the Michael Moore film "Sicko".

Mary Feldblum emphasized that the Mathematica study shows that pooling saves money and noted that the conservative projections of the Mathematica report should be taken as a minimum of the expected savings of health care reform.

Celia Amelie with New Mexico health choices took issue with Mathematica's characterization of the Health Choices Version #2 as a voucher program. She also asked that the committee ensure that any newly created health authority be tasked with projection of costs of the three models analyzed by Mathematica.

Susan Chapman-Rodriguez spoke as a consumer, noting that doctors are already leaving the state while it has no overt reform initiatives. She said she is willing to pay more to ensure that everyone is covered. She supports the Health Security Act model.

Discussion of the Legislative Health and Human Services Work Plan

Mr. Burciaga guided the committee through the draft work plan, which requires an unusually vigorous travel schedule for the committee so that various communities will have input into the health reform measures the committee considers during the next legislative session.

Mr. Burciaga read the charge to the committee from the legislative council, which challenged and required LHHS to: (1) make recommendations to the legislature on health coverage; (2) refer requests for funding to the legislative finance committee; (3) continue to focus on prevention and children's issues and oversee performance of state agencies that deliver health services (including the models for delivery chosen and administered by those agencies); and (4) improve recruitment and retention of medical professionals and statewide access to health care.

Representative Begaye suggested that the committee travel to Farmington in October but was told that would be problematic both because the committee met in Shiprock two years ago and because the committee is asked to meet only in Santa Fe after September 30.

Senator Ortiz y Pino suggested that the committee create a subcommittee on veterans' services because the issue of service delivery to veterans is poorly addressed. Representatives Vaughn, Steinborn and Gutierrez and Senator Ortiz y Pino agreed to serve as the core of a subcommittee for veterans' concerns.

Representative Heaton requested that legislation on creation of a health care authority be drafted very early so that input and editing can be widely received. Senator Ortiz y Pino suggested that national conference of state legislatures staff be included in discussions of the health care reform issues.

The work plan was approved with the addition of a subcommittee for veterans' health care.

Adjournment

The meeting was adjourned at 1:55 p.m.