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SENATE MEMORIAL 54

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

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A MEMORIAL

REQUESTING THE LEGISLATIVE FINANCE COMMITTEE TO STUDY A BASIC HEALTH PROGRAM FOR LOW-INCOME PERSONS WHO DO NOT QUALIFY FOR MEDICAID; REQUESTING THE HUMAN SERVICES DEPARTMENT AND THE NEW MEXICO OFFICE OF HEALTH CARE REFORM TO DEVELOP AN AUTOMATED ENROLLMENT SYSTEM AND APPLICATION PROCESS THAT IS CAPABLE OF INTEGRATING A BASIC HEALTH PROGRAM.

WHEREAS, the federal Patient Protection and Affordable Care Act requires that most Americans obtain health insurance coverage by January 1, 2014; and

WHEREAS, individuals with incomes under four hundred percent of the poverty level will receive federal tax credits and subsidies to purchase health insurance through a health insurance exchange; and

WHEREAS, even with federal tax credits and subsidies,

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1 health insurance is likely to remain unaffordable for low-
2 income families with incomes less than two hundred percent of
3 the federal poverty level who are expected to incur premiums
4 and out-of-pocket costs that add up to over one thousand five
5 hundred twenty-four dollars (\$1,524) a year per individual,
6 according to a national study; and

7 WHEREAS, a family of four with an income at one hundred
8 fifty percent of the poverty level could incur as much as five
9 thousand three hundred eight dollars (\$5,308) in premiums,
10 annual deductibles and inpatient, outpatient and prescription
11 copayments before federal cost-sharing limits would prevent
12 further expenditures; and

13 WHEREAS, the federal Patient Protection and Affordable
14 Care Act gives states the option to establish a basic health
15 program that can be designed to provide an affordable bridge
16 between medicaid and private health insurance for individuals
17 who are not eligible for medicaid and whose incomes are below
18 two hundred percent of the federal poverty level; and

19 WHEREAS, the federal government will pay the full costs of
20 coverage through a basic health program by paying states
21 ninety-five percent of what the federal government would have
22 spent for tax credits and cost-sharing subsidies if basic
23 health program members had enrolled in the health insurance
24 exchanges; and

25 WHEREAS, under the federal Patient Protection and

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1 Affordable Care Act, any excess federal funds must be used to
2 expand benefits, reduce costs or otherwise improve care for
3 basic health program enrollees; and

4 WHEREAS, according to a national study, the basic health
5 program can be structured in New Mexico to save low-income
6 individuals, on average, approximately one thousand three
7 hundred twenty-one dollars (\$1,321) annually; and

8 WHEREAS, a national study estimates that seven thousand
9 four hundred more New Mexicans under the age of sixty-five
10 would gain coverage through the basic health program who would
11 otherwise remain uninsured; and

12 WHEREAS, a basic health program could be structured so
13 that Native Americans have no out-of-pocket costs compared to
14 an exchange where Native Americans would be required to pay a
15 portion of the premiums; and

16 WHEREAS, a national study estimates an annual savings of
17 over two million seven hundred thousand dollars (\$2,700,000) to
18 New Mexico if the state provides coverage under the basic
19 health program to individuals who are currently covered under
20 the state coverage insurance program; and

21 WHEREAS, ensuring that more New Mexicans have health
22 insurance coverage would result in fewer cases of uncompensated
23 care and in a healthier and more productive New Mexico;

24 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
25 OF NEW MEXICO that the legislative finance committee be

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1 requested to conduct a study to determine the feasibility and
2 financial impacts of implementing a basic health program in the
3 state to cover eligible individuals with low incomes who do not
4 qualify for medicaid; and

5 BE IT FURTHER RESOLVED that, in conducting its basic
6 health program study, the legislative finance committee solicit
7 and consider comments from the governor, the secretary of human
8 services and stakeholders. Stakeholders would include:
9 persons with low incomes; small employers; representatives of
10 federally recognized Indian nations, tribes or pueblos; off-
11 reservation Native Americans; and organizations that represent
12 people with disabilities, women, the elderly and low-income
13 families; and

14 BE IT FURTHER RESOLVED that the legislative finance
15 committee's study address the affordability of health care
16 coverage for low-income populations earning between one hundred
17 thirty-three percent and two hundred percent of the federal
18 poverty level, including the effect of increases or reductions
19 in premium levels and cost sharing on coverage; and

20 BE IT FURTHER RESOLVED that the legislative finance
21 committee's study address out-of-pocket and premium costs for
22 Native Americans and the impact on coverage if these costs were
23 eliminated; and

24 BE IT FURTHER RESOLVED that the legislative finance
25 committee study options for making basic health program

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1 coverage contiguous with medicaid coverage to ensure a seamless
2 transfer for individuals who move between medicaid and basic
3 health program coverage; and

4 BE IT FURTHER RESOLVED that the legislative finance
5 committee study the impact of a basic health program on any
6 health insurance exchange established in New Mexico,
7 considering factors such as rate-setting rules and risk
8 adjustment processes for the exchange, and the risk of adverse
9 selection to the exchange; and

10 BE IT FURTHER RESOLVED that the human services department
11 and the New Mexico office of health care reform be requested to
12 develop an automated enrollment system and application process
13 for medicaid and the exchange capable of integrating the basic
14 health program if the program is established at a later time;
15 and

16 BE IT FURTHER RESOLVED that copies of this memorial be
17 transmitted to the governor, the secretary of human services,
18 the legislative finance committee and the New Mexico office of
19 health care reform.