

HOUSE JOINT MEMORIAL

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

INTRODUCED BY

DISCUSSION DRAFT

FOR THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE

A JOINT MEMORIAL

REQUESTING THE HUMAN SERVICES DEPARTMENT TO UNDERTAKE A STUDY ON THE POSSIBLE BENEFITS OF IMPLEMENTING A BASIC HEALTH PROGRAM TO SERVE INDIVIDUALS WITH LOW INCOMES WHO DO NOT QUALIFY FOR MEDICAID.

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

WHEREAS, according to a 2010 Henry J. Kaiser family foundation survey, the average cost of health insurance premiums in the United States is, currently, four thousand five hundred three dollars (\$4,503), with three thousand six hundred six dollars (\$3,606) in premiums and nine hundred twenty-four dollars (\$924) in cost-sharing; and

WHEREAS, many Americans with low incomes cannot afford to

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1 pay health insurance copayments and premiums of four thousand
2 five hundred three dollars (\$4,503); and

3 WHEREAS, the federal Patient Protection and Affordable
4 Care Act provides that individuals and families with incomes
5 below four hundred percent of the federal poverty level that
6 purchase coverage through health insurance exchanges are
7 eligible for tax credits and cost-sharing subsidies to offset
8 the cost of health insurance; and

9 WHEREAS, according to research by the nonpartisan urban
10 institute, even with these federal tax credits, individuals and
11 families with incomes of one hundred fifty percent of the
12 poverty level will have to pay premiums of approximately six
13 hundred fifty dollars (\$650) a year, in addition to office
14 visit and prescription copayments; and

15 WHEREAS, according to the same urban institute study,
16 individuals and families with incomes of two hundred percent of
17 the federal poverty level that receive a tax credit and
18 cost-sharing subsidy will incur approximately one thousand
19 three hundred sixty-five dollars (\$1,365) in premiums, annual
20 deductibles and inpatient, outpatient and prescription
21 copayments; and

22 WHEREAS, the federal Patient Protection and Affordable
23 Care Act forces individuals and families to estimate their
24 annual incomes in order to receive federal tax credit and
25 cost-sharing subsidies for health insurance purchases on a

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1 health insurance exchange; and

2 WHEREAS, when individuals and families underestimate their
3 annual incomes, the federal Patient Protection and Affordable
4 Care Act mandates that premium and cost-sharing subsidy
5 recipients with household incomes under two hundred percent of
6 the federal poverty level repay the federal internal revenue
7 service as much as three hundred dollars (\$300) for individuals
8 and six hundred dollars (\$600) for joint filers; and

9 WHEREAS, the federal Patient Protection and Affordable
10 Care Act also gives states the option to provide an alternative
11 to what may be unaffordable insurance in the private market,
12 the basic health program, which would provide coverage to
13 individuals who are not eligible for medicaid and whose incomes
14 are below two hundred percent of the federal poverty level; and

15 WHEREAS, the federal Patient Protection and Affordable
16 Care Act provides states with an incentive to offer the basic
17 health program to low-income individuals by paying states
18 ninety-five percent of what they would have spent for tax
19 credits and cost-sharing subsidies if basic health program
20 members had enrolled in private insurance on the states' health
21 insurance exchanges; and

22 WHEREAS, New Mexico currently covers some single adults
23 with incomes below two hundred percent of the federal poverty
24 level under the state coverage insurance program; and

25 WHEREAS, New Mexico currently covers children under the

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1 children's health insurance program whose household incomes are
2 below two hundred thirty-five percent of the federal poverty
3 level; and

4 WHEREAS, the urban institute's health insurance reform
5 simulation model estimates an annual state savings of two
6 million seven hundred thousand dollars (\$2,700,000) in New
7 Mexico if the state provides coverage under the basic health
8 program to individuals who are currently covered under the
9 state coverage insurance and children's health insurance
10 programs; and

11 WHEREAS, the urban institute estimates that New Mexico
12 could control roughly two million two hundred sixty thousand
13 dollars (\$2,260,000) a year in federal funds by providing basic
14 health program coverage to eligible individuals with low
15 incomes who do not qualify for medicaid; and

16 WHEREAS, according to the urban institute's health
17 insurance reform simulation model, the average individual
18 eligible for a basic health program would save approximately
19 one thousand three hundred twenty-one dollars (\$1,321) a year;
20 and

21 WHEREAS, the urban institute estimates that, in New
22 Mexico, the lower premiums available through a state basic
23 health program would result in seven thousand four hundred
24 individuals who are currently uninsured gaining coverage; and

25 WHEREAS, obtaining coverage for individuals who could not

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1 otherwise afford it, even with federal tax and cost-sharing
2 subsidies, would result in fewer cases of uncompensated care
3 and in a healthier and more productive New Mexico;

4 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
5 STATE OF NEW MEXICO that the governor and the secretary of
6 human services be requested to work with stakeholders,
7 including individuals with low incomes, small employers and
8 interested health maintenance organizations, to undertake a
9 study to determine the feasibility and potential benefits of
10 implementing a basic health program in the state to cover
11 eligible individuals with low incomes who do not qualify for
12 medicaid; and

13 BE IT FURTHER RESOLVED that the basic health program study
14 include consideration of the state's options for making basic
15 health program coverage contiguous with medicaid coverage to
16 ensure a seamless transfer for individuals who move between
17 medicaid and basic health program coverage; and

18 BE IT FURTHER RESOLVED that the basic health program study
19 include estimates on a basic health program's effect on the
20 health care work force and any health insurance exchange
21 operating in the state; and

22 BE IT FURTHER RESOLVED that copies of this memorial be
23 transmitted to the governor and the secretary of human
24 services.