

LFC Requester:

Chenier

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*Date Prepared: 1/30/25

Check all that apply:

Bill Number: HB0186Original  Correction Amendment  Substitute 

Sponsor: Szczepanski  
 Short Title: STATE-ADMINISTERED HEALTH COVERAGE PLAN

Agency Name and Code

New Mexico Health Insurance Exchange

Number:

Person Writing Sara FitzgeraldPhone: 505-607-4815 Email sfitzgerald@nmhix.co**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$2,000	Nonrecurring	General Fund

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
	*See Fiscal Implications section			

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

##### Synopsis:

HB 186 directs the Health Care Authority (HCA) and the Office of the Superintendent of Insurance (OSI) to update the state's Medicaid plan to effectively include all New Mexicans who are under age 65. It directs HCA to establish an affordability scale for premiums and cost-sharing, based on household incomes, following an actuarial analysis. The bill allows HCA and OSI to pursue necessary federal waivers and allows these agencies to collaborate with the New Mexico Health Insurance Exchange (NMHIX) to establish necessary systems, conduct consumer outreach, and make these state-administered health coverage plans available for enrollment. The bill contains an appropriation of \$2 million to cover the costs of staffing, consulting, and/or technical assistance to develop this program.

#### **FISCAL IMPLICATIONS**

HB 186 contains no mention of the Health Care Affordability Fund (HCAF) or other funding mechanisms to guarantee the long-term sustainability of this new state-administered health program. While the bill does allow (but stops short of directing) HCA and OSI to pursue federal waivers, such waivers or even Medicaid state plan approval by federal authorities are not guaranteed. If this bill were implemented and federal approval was not granted and/or the state was unable to obtain necessary federal funding, it is unclear how the state would comply with and pay for the coverage mandates of this legislation.

\*Based on current enrollment for PY2025, New Mexicans are receiving approximately \$35.5 million per month to reduce the cost of their monthly premium. If Medicaid eligibility is extended to all New Mexicans under 65 years old, premium tax credits will not be provided, resulting in reduced federal tax credits of \$426 million per year.

#### **SIGNIFICANT ISSUES**

BeWell, also known as the New Mexico Health Insurance Exchange (NMHIX), was created under the federal Affordable Care Act and in state statute to facilitate New Mexicans' access to affordable health insurance coverage. The marketplace it operates is where consumers can purchase health insurance if they do not already receive it from their employer or through a program like Medicaid or Medicare. BeWell, as the federally approved Exchange, is the only place New Mexicans can receive federal tax credits to reduce the cost of health insurance.

BeWell's purpose is to:

- Maintain functional and secure technology to allow consumers to shop for and enroll in health insurance plans that fit their needs
- Facilitate consumer access to federal financial assistance like advance premium tax credits (APTC) and certain other cost-sharing reductions (CSRs)
- Conduct extensive, year-round outreach to educate New Mexicans – particularly Native Americans and residents of rural communities – about health insurance and the financial assistance and customer service available to them at BeWell

Currently, more than 50% of BeWell’s consumers pay \$10 or less per month in premiums. Two-thirds (67%) of consumers pay \$100 or less per month for their coverage. Marketplace enrollees receive, on average, \$591.88 in APTCs; approximately \$35.5 million per month in APTC funding is accessed through the marketplace.

On average, consumers save \$40.26 through New Mexico Premium Assistance and \$21.20 through Native American Premium Assistance, both funded by HCAF. Less than 15% of BeWell enrollees receive no subsidies for their premiums.

More than two-thirds (68%) of BeWell consumers are enrolled in a Turquoise Plan, which have lower out-of-pocket costs, due to funding from HCAF. Turquoise plans are available to consumers with incomes up to 400% of the FPL which allow them to receive HCAF-funded state subsidies.

BeWell’s marketplace currently serves a record 70,373 enrollees. During Open Enrollment for the 2025 Plan Year, the greatest growth was in the 138-200% FPL segment; 28% of consumers enrolled in medical coverage through the marketplace have household incomes of 200% FPL or lower.

The legislature commissioned two studies into a state-administered health coverage plan in SB 1 in the 2022 special legislative session and HB 400 in 2023. Both the Urban Institute study conducted in 2023 and the Mercer study conducted in 2024 predict a Medicaid Forward proposal substantially increasing Medicaid enrollment would all but eliminate marketplace enrollment. The Urban Institute report suggests BeWell’s enrollment – with or without financial assistance – would decrease by 100% in both high- and low-uptake scenarios for a state-administered health coverage plan. Likewise, Mercer suggests BeWell’s enrollment would decline by as much as 88.9%.

The direct result of such a precipitous decline in enrollment would be the effective elimination of New Mexicans’ access to federal subsidies. BeWell is the only place consumers can access financial assistance like APTCs and CSRs, and consumers are only eligible for APTCs/CSRs or Medicaid; they cannot be eligible for both types of financial assistance. If this bill were to be enacted, New Mexico would forfeit any federal funding consumers would otherwise receive in the form of APTCs or CSRs, which currently measures at approximately \$35.5 million per month. It is important to note that this federal funding cannot simply be redirected to fund other programs, including Medicaid: these funds are paid directly to insurance carriers on behalf of consumers and are not allocated as direct grants to states, so states do not have discretion over their use.

Additionally, BeWell currently covers lawfully present immigrants, including DACA recipients, who are ineligible for Medicaid due to their immigration status. Under HB 186, these consumers would not be covered under the proposed state-administered health coverage plan. With a marketplace enrollment of just 12% of its current numbers, as the Mercer report suggests, premiums would be significantly greater due to a dramatically smaller risk pool, and potentially out-of-reach for these New Mexicans. Ineligible for Medicaid and unable to afford marketplace coverage, it is unclear how these state residents would then attain health coverage.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Section 2(A) describes the development of a system and consumer outreach programming that duplicate those BeWell currently utilizes.

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

BeWell will continue to carry out its mission of educating and enrolling uninsured New Mexicans in affordable health insurance coverage.

## **AMENDMENTS**