

Office of Superintendent of Insurance

Update on Health Care Affordability Fund



Presentation to the Legislative Health and Human Services Committee
Superintendent of Insurance Russell Toal
November 23, 2021



The Health Insurance Marketplace

- beWellnm.com is a Marketplace where New Mexicans can shop, compare, and enroll in health plans.
- All plans must cover pre-existing conditions and can't charge more because of a person's health history or status.
- beWellnm.com is a key source of coverage for small businesses and their employees and self-employed entrepreneurs. Most enrollees qualify for financial help to lower their premiums, though many still struggle with costs.

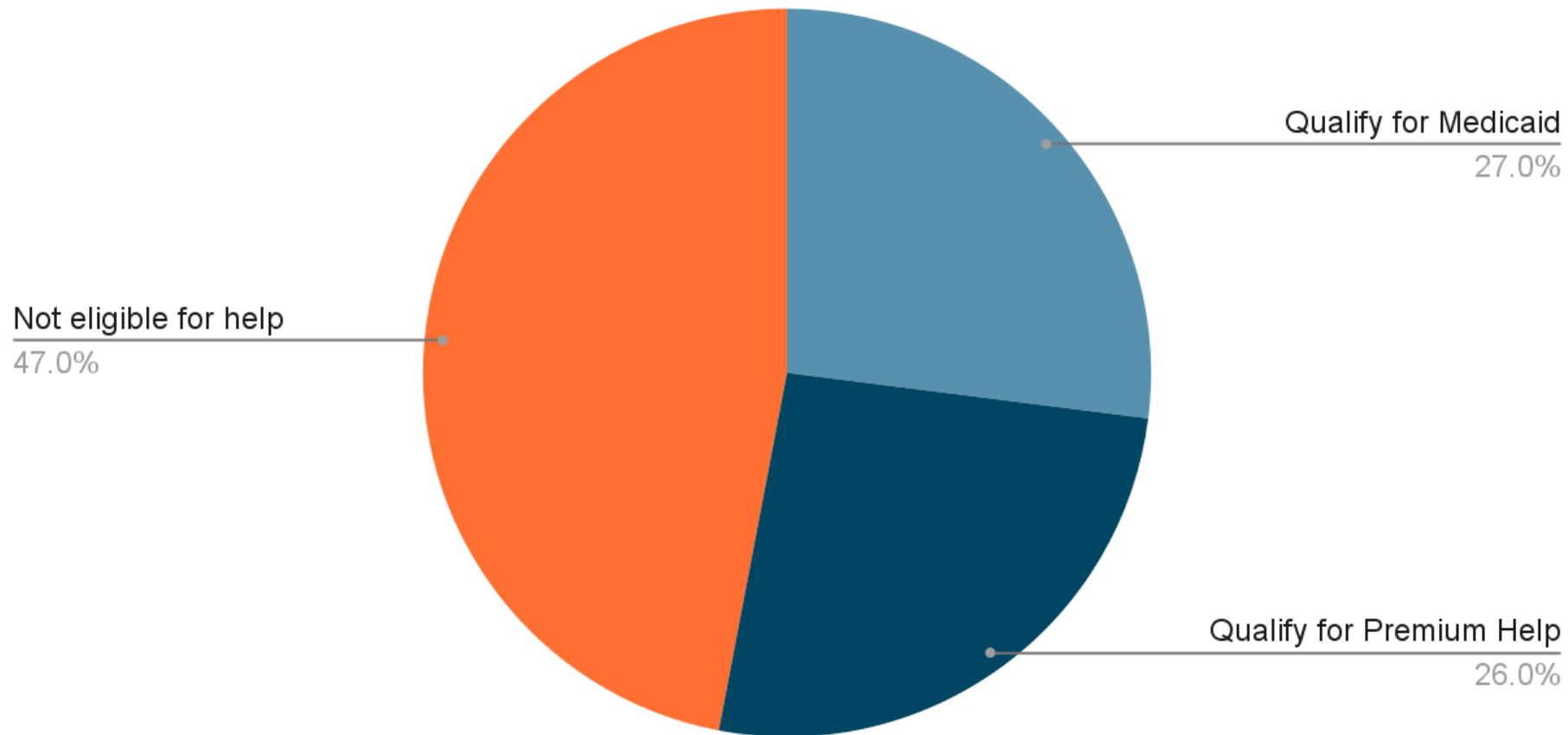


Small Business Health Insurance

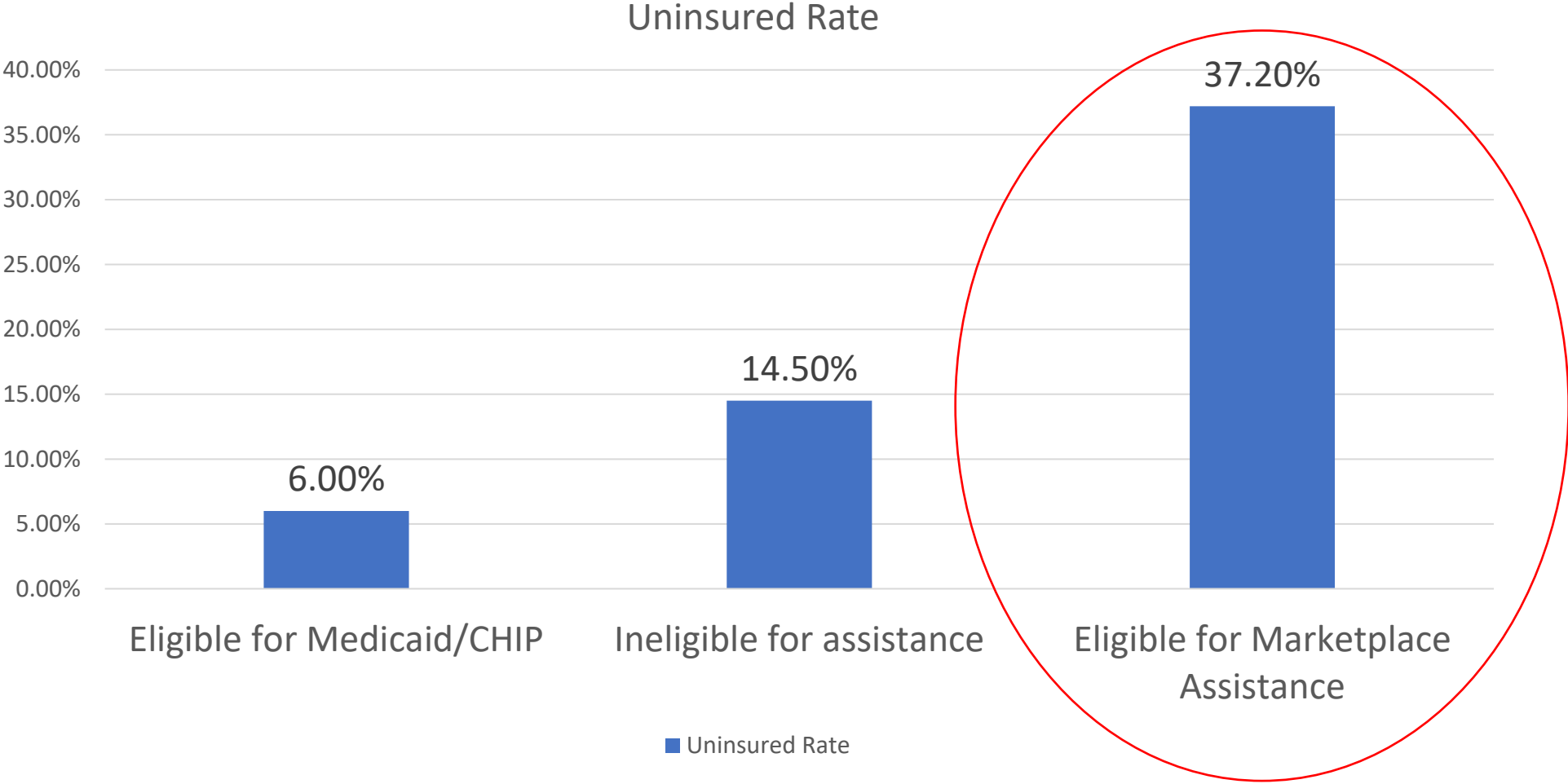
- Small businesses can purchase coverage in New Mexico's small group market if they have fewer than 50 employees.
- About 45,000 New Mexicans get their coverage through the small group market. The remainder of small business owners and employees primarily get coverage through the individual Health Insurance Marketplace, Medicaid, the Medical Insurance Pool, or they are uninsured.
- The small business platform of beWellnm covers approximately 800 employees. This number has remained fairly constant.

More than half of uninsured New Mexicans qualify for Medicaid or premium assistance

What portion of New Mexicans qualify for help with coverage costs?



Nearly 4-in-10 people who qualify for premium assistance remain uninsured



The Health Care Affordability Fund



- To address issues of affordability, uninsurance and underinsurance, the Legislature passed SB 317 this year and Governor Lujan Grisham signed the bill into law.
- SB 317 creates the Health Care Affordability Fund (HCAF).
 - Financed by changing the state's existing health insurance surtax from 1% to 3.75% and distributing a portion of the revenue to the Fund.
 - Allows the state to capture revenue that was previously collected at the federal level to lower costs for working families & small businesses.
 - The new surtax rate takes effect January 1, 2022.





The Health Care Affordability Fund

- The law allows the Fund to be used to:
 - Help individuals purchase coverage on New Mexico's Health Insurance Marketplace, beWellnm.com
 - Help small businesses with health insurance costs
- SB 317 also directs OSI to develop a plan to use the Fund to help cover those who don't qualify for federal health coverage programs such as Medicaid or the Marketplace. The plan must be submitted to LHHS and LFC by July 1, 2022.

Health Care Affordability Fund Initiatives

Affordability for individuals in the Health Insurance Marketplace

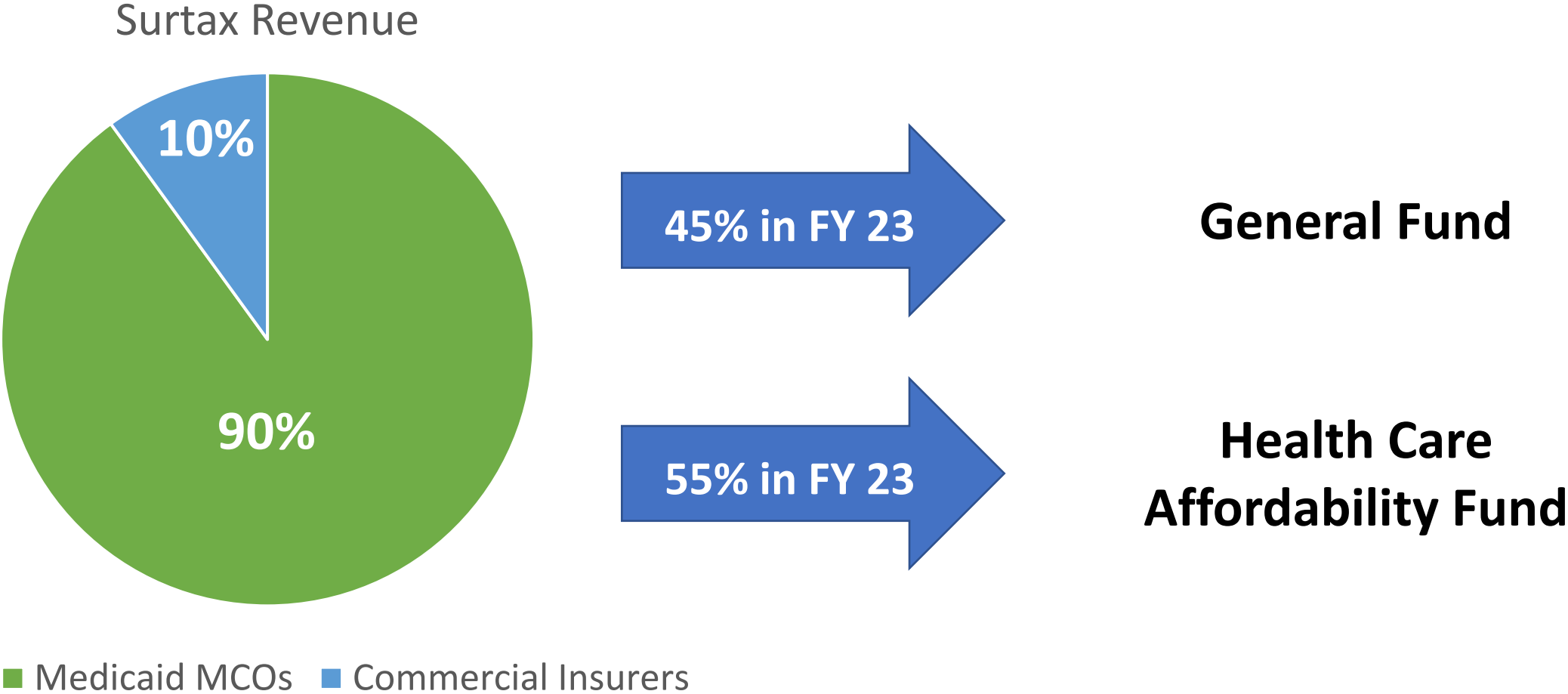
Affordability for small businesses and their employees

Affordability for uninsured New Mexicans who don't qualify for Medicaid or Marketplace coverage

Begin
in
FY 23

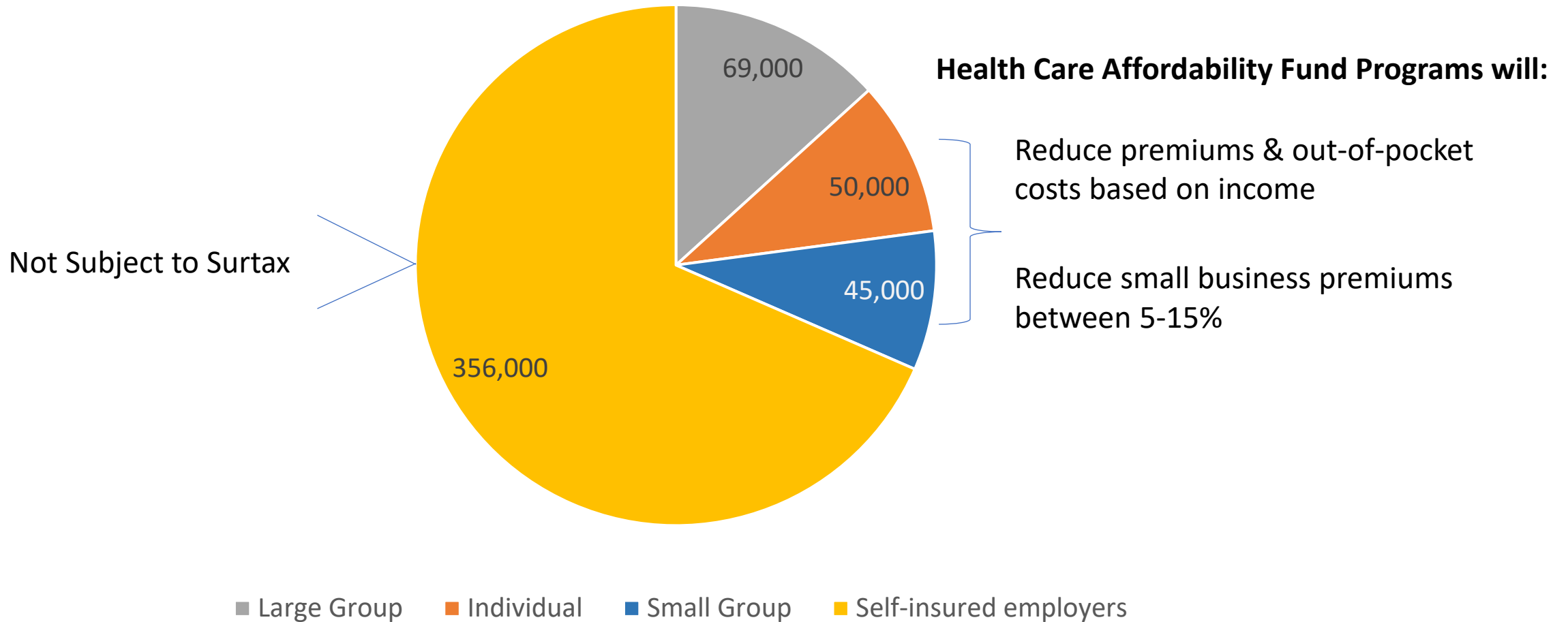
Plan
due
July 1

Health Care Affordability Fund Revenues



Private Insurance in New Mexico

Enrollment in Private Insurance in New Mexico



Federal Updates

- Congress passed the American Rescue Plan Act in February of 2021.
- The law provides additional assistance for monthly premiums and expands assistance to those who previously made too much money to qualify. The assistance is scheduled to expire in 2023 but there are efforts to make it permanent through the Build Back Better Act.
- The assistance does not address out-of-pocket costs like deductibles, small business affordability, or coverage for those who don't qualify for beWellnm or Medicaid. For some, premiums may still be too high.



AMERICAN RESCUE PLAN ACT OF 2021



Preparing for end of federal PHE

- States cannot disenroll people from Medicaid during the federal Public Health Emergency (PHE) unless requested by the member.
- After PHE ends, tens of thousands of New Mexicans will no longer qualify for Medicaid and risk losing coverage.
- There is uncertainty around the timing of when the federal PHE will end.
- **To ensure a smooth transition, OSI may request authorization to use the Health Care Affordability Fund or other available funds to create a smoother transition from Medicaid to the Marketplace for those who qualify.** This would require authorization from the legislature and significant advance planning with beWellnm & HSD as soon as possible.

Health Insurance Marketplace Proposals

- If the American Rescue Plan assistance is not extended:
 - OSI will maintain the assistance by using the Affordability Fund and will reduce out-of-pocket costs for New Mexicans between 150-250% FPL.
- If the American Rescue Plan assistance is extended through Build Back Better (BBB):
 - OSI will enhance premium assistance up to 400% FPL and extend/improve cost sharing assistance up to 300% FPL.
- Study results will be released by end of November.
 - OSI has technical and actuarial assistance to analyze policy options.

Lower Premiums (if BBB passes)

Proposed Premium Sliding Scale

Federal Poverty Level	OSI Proposal: Premium as % of household income	Current ARP/BBB: Premium as % of household income
Up to 150%	0%	0%
150-200%	0-1%	0-2%
200-250%	1-2%	2-4%
250-300%	2-5%	4-6%
300-400%	5-8.5%	6-8.5%
400%+	8.5%	8.5%

*OSI is also studying a version that would provide \$0 Silver option for those under 200% FPL

ARP = American Rescue Plan

BBB = Build Back Better Legislation

Lower Out-of-Pocket Costs (if BBB passes)

Federal Poverty Level	Under 150%	150-200%	200-250%	250-300%
Example of CURRENT* Plan Out-of-Pocket Limits				
Deductible	\$400	\$750	\$3,000	\$4,000
Max Out of Pocket	\$1,000	\$2,900	\$6,950	\$8,700
Maximum Percent of Income Spent on Out-of-Pocket Costs	6%	13%	24%	25%
Example of OSI Proposed Out-of-Pocket Limits				
Deductible	\$0	\$50	\$750	\$1,500
Max Out of Pocket	\$200	\$1,500	\$2,000	\$3,000
Maximum Percent of Income Spent on Out-of-Pocket Costs	1%	7%	7%	8%

*CURRENT plans are based on a plan currently offered in the Marketplace. Proposed limits were created by OSI.

Other Marketplace Policies Under Consideration



- Providing no-cost options to Native Americans under 300% FPL who qualify for Marketplace coverage.
- Inclusion of dental and vision benefits for lower-income enrollees.
- Expanding enrollment opportunities for lower-income enrollees.
- Programs to ensure that lower-income enrollees can retain coverage throughout the year.

Small Business Affordability Proposal

- OSI proposes a reinsurance program for businesses with 50 or fewer employees who purchase health insurance through the small group market that is regulated by OSI.
- Currently exploring options that would reduce small business rates between 5-15%.
- Study results will be released by end of November.
 - OSI has technical and actuarial assistance to analyze policy options.



Target Implementation Dates in FY 23

- Premium relief for those transitioning from Medicaid to Marketplace could begin as soon as July 1, 2022.
- Small business affordability program could be in place as soon as July 1, 2022; January 1, 2023 at the latest.
- Full program implementation for Health Insurance Marketplace will be in place by November 1, 2022, with benefits active on January 1, 2023.



Questions?

Superintendent Russell Toal

Russell.Toal@state.nm.us

(505) 690-5818

1120 Paseo De Peralta #4th, Santa Fe, NM 87501