

- Whether state funds should be allocated to keep premiums and cost sharing affordable;
- What safeguards are available for avoiding adverse risk pooling or for adverse selection;
- Possibilities for reducing “churn” between public and private health coverage;
- Effects of a Basic Health Program on the the New Mexico Health Insurance Exchange;
- Costs of administering a Basic Health Program; and
- Legislation necessary to create a Basic Health Program.

Among those invited to participate in the working group are representatives from the Superintendent of Insurance, the Human Services Department, and the Legislative Finance Committee.

FISCAL IMPLICATIONS

None noted.

SIGNIFICANT ISSUES

DOH provided the following background information:

New Mexico has a high rate of uninsured citizens, as well as one of the highest rates of working poor. Forty percent of New Mexico’s working families are classified as low income, below 200 percent the federal poverty level, also known as the “FLP” (http://www.workingpoorfamilies.org/pdfs/Overlooked_Dec2011.pdf). Even though Medicaid benefits were greatly expanded to individuals under the Federal Patient Protection and Affordable Care Act (ACA), 56 percent of New Mexicans cite affordability as the primary reason they do not have health insurance according to the NM Health Insurance Exchange.

Currently the average monthly Silver plan health insurance premium for an individual under 40 years old is \$232. Workers who gross more than \$15,856, which is 138 percent of the FPL, do not qualify for Medicaid and must purchase insurance on the NM health insurance exchange. For a worker making 170 percent of the FLP, grossing \$19,839 annually and claiming one dependent, state and federal taxes reduce the take home pay to \$598.96 every two weeks (<http://www.adp.com/tools-and-resources/calculators-and-tools/payroll-calculators/salary-paycheck-calculator.aspx>).

SJM3 also notes Minnesota has implemented a “look-alike” health coverage program with premiums of only \$33 per month, \$33 annual deductible, and \$3 co-pay.

New Mexico residents need help with their health care premiums in order to avoid medical bankruptcy. Out-of-pocket deductibles can range from \$2,000 to \$6,000 a year depending on the age of the individual. SJM3 would address concerns related to the affordability of health care insurance options for New Mexicans.

Health disparities are a significant issue in New Mexico with 23 percent of Hispanic and 28 percent of Native American individuals lacking insurance vs. 11 percent of Whites (New Mexico Behavioral Health Eliminating Disparities Plan, 2009). According to the Centers for Disease Control and Prevention (CDC), in July 2013, New Mexico had the highest percentage of Hispanic population at 47.3 percent. Nationally, the percentage of Hispanics who lacked health insurance in 2012 was 29.1 percent

(<http://www.cdc.gov/minorityhealth/populations/REMP/hispanic.html>).

TECHNICAL ISSUES

On page 1, line 13, states “...basic health program task force...”. On page 4, lines 14-15, line 21, and page 5, lines 2-3, states “...basic health program working group...”.

These differing references make it unclear whether a “task force” or a “working group” is proposed.

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