



September 26, 2018

Legislative Health & Human Services Committee
New Mexico State Legislature
352 Don Gaspar
Santa Fe, NM 87501

Dear Committee Members,

I write today on behalf of America's Health Insurance Plans regarding recent proposals for a Medicaid Buy-In program in New Mexico. America's Health Insurance Plans (AHIP) is a national association whose members provide coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. AHIP and our members support access by all consumers to affordable health coverage without regard to health status and through the coverage program that best meets their needs based on their specific circumstances and eligibility.

New Mexicans have expressed concern with health care affordability and access. This stems from a combination of rising health care prices and some instability in the commercial private insurance market. We fully support having robust discussions on how best to address these issues.

As we begin this important dialogue in the state, we believe it is most prudent to ask this fundamental question: What problem are we trying to solve? If the goal is finding avenues to provide access to affordable health care services to New Mexicans, there are many ways to achieve this goal.

While Medicaid Buy-In proposals on their face present a workable solution to access and affordability to health care services; these programs, in fact, have the potential to be extremely disruptive to the health care system serving those patients, and patients themselves. Therefore, such proposals must undergo a careful review with respect to how such a program will be implemented, and the various consequences that are very real possibilities. For these reasons, we would like to discuss several critical considerations regarding this proposal.

Operational Concerns

As a threshold matter, we note that no specific Medicaid Buy-In proposal has been proposed in New Mexico. Two popular formulations of Medicaid Buy-In programs¹ exist, and which could serve as the basis for the development of a Medicaid Buy-In program in New Mexico. One would permit individuals not currently eligible for Medicaid to purchase Medicaid coverage. The second would create specific health care plans that are administered by Medicaid Managed Care Organizations and make them available on the individual market. These plans would share some of the features with the Medicaid program, but would not be Medicaid coverage. Both of these options have their operational hurdles.

The first hurdle that both of these formulations must overcome before being considered is securing either a Section 1115 Medicaid waiver or Section 1332 State Innovation waiver from the federal government. As you may know, developing a waiver application is tremendously time-consuming and must be carefully constructed to meet federal requirements. Specific program details with respect to how the program will function must be included as part of the waiver submission process.

Several other operational questions must be answered in any proposal, including:

- eligibility criteria of enrollees,
- provider participation and reimbursement,
- what health care services are covered under the program,
- what would enrollees pay for premiums or copays, and
- how it will be financed.

None of these details have been presented at this time and must be thoroughly evaluated so that the impacts on New Mexicans can be understood and explained to all affected stakeholders.

Fiscal Concerns

In New Mexico, approximately 31 percent of the residents are covered by Medicaid, CHIP, or have dual eligibility and are also covered by Medicare.² Spending on Medicaid programs in New Mexico exceeds \$900 million and has placed considerable strain on the state's budget.³

¹Anderson, David, and Emma Sandoe. "A Framework for Evaluating Medicaid Buy-In Proposals." The Physician Payments Sunshine Act. March 23, 2018. Accessed September 17, 2018. <https://www.healthaffairs.org/doi/10.1377/hblog20180320.297250/full/>.

² "Health Insurance Coverage of the Total Population." Kaiser Family Foundation. September 2017. Accessed September 17, 2018. <https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22new-mexico%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Other%20Public%22,%22sort%22:%22asc%22%7D#notes>

³ Lee, Morgen. "Medicaid Strains New Mexico State Finances." U.S. News & World Report. September 15, 2017. Accessed September 17, 2018. <https://www.usnews.com/news/best-states/new-mexico/articles/2017-09-15/medicaid-strains-new-mexico-state-finances>.

Expansion of New Mexico's Medicaid program may add to this budgetary pressure. Moreover, it is unknown how much federal financial support would be made available for this endeavor.

New Mexico's population is unique because the majority are already covered by Medicaid or Medicare. Therefore, a smaller segment of the New Mexico Insurance Market purchases private coverage is vulnerable to market instability and rising costs. Any Medicaid Buy-In proposal could further eliminate choices in the individual market and drive up prices for those that continue to purchase their own insurance. Implementation of a Medicaid Buy-In program could diminish the size of the individual market and cause people to lose the plans they currently have. Approximately 49,792 New Mexicans purchased coverage on New Mexico's individual market during the open enrollment period for 2018.⁴ Eliminating choice and disrupting current options for those individuals is not a favorable outcome. Any proposal should include a study of how those individuals that purchase insurance individually, on the exchange, for example, would be impacted.

Resource Allocation Concerns

Because the Medicaid program currently serves vulnerable populations, careful consideration must be paid to what effects this program will have on current Medicaid beneficiaries. It is estimated that 230,000 New Mexicans remain uninsured.⁵ The state will need to identify and possibly add infrastructure and hire more staff to accommodate changes to the current Medicaid program. Appropriate timelines are necessary to reduce unnecessary disruption or impacts to those in the current Medicaid program and those in the individual market.

Possible Alternatives

To achieve the goal of improving health care coverage affordability and access for New Mexicans, there are other options that should also be evaluated:

- Improving marketing and outreach for those already eligible for Medicaid but not enrolled. This outreach could expand coverage to 83,000⁶ residents, while pulling additional federal funds to help cover the cost of providing health care to more New Mexicans;

⁴ "Final Weekly Enrollment Snapshot For 2018 Open Enrollment Period." Centers for Medicare & Medicaid Services. Accessed September 26, 2018. <https://www.cms.gov/newsroom/fact-sheets/final-weekly-enrollment-snapshot-2018-open-enrollment-period>.

⁵ "Health Insurance Coverage of the Total Population."

⁶ Garfield, Rachel, Anthony Damico, Kendal Orgera, Gary Claxton, and Larry Levitt. "Estimates of Eligibility for ACA Coverage among the Uninsured in 2016." The Henry J. Kaiser Family Foundation. June 19, 2018. Accessed September 19, 2018. <https://www.kff.org/health-reform/issue-brief/estimates-of-eligibility-for-aca-coverage-among-the-uninsured-in-2016/>.

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- Implementing state-based premium assistance programs and/or reinsurance programs. Specifically, reinsurance programs have been shown to lower premiums in other states that have recently implemented them. For example, Alaska's reinsurance program was projected to lower premiums by 20% in the individual market;
- Providing incentives for small business owners to provided employer-sponsored health insurance coverage; and
- Taking steps to lower costs for everyone, including improving the transparency, competition, and value in prescription drug pricing, which is a leading cost driver today. Additionally, the state should protect consumers from surprise out-of-network bills, and eliminate taxes and fees that harm consumers and increase premiums.

We look forward to participating in the discussions to come on this important issue. If you have any questions about the concerns raised in this letter, please to contact me at sorange@ahip.org or (703) 887-5285; or our counsel J. Brent Moore at bmoore@montand.com or (505) 986-2648.

Sincerely,



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Regional Director, State Affairs
America's Health Insurance Plans

Cc. Health Action New Mexico
New Mexico Center on Law and Policy