

***New Mexico  
Human Services Department  
National Health Reform***

**Presentation to  
Legislative Finance Committee**

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**New Mexico Human Services Department**

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# Highlight's for today's discussion

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- ◆ Health care reform at the federal level
- ◆ Key components
  - Insurance reform
  - Medicaid & SCHIP
  - The Exchange
  - Benefits
  - Individual & employer mandates
  - Funding

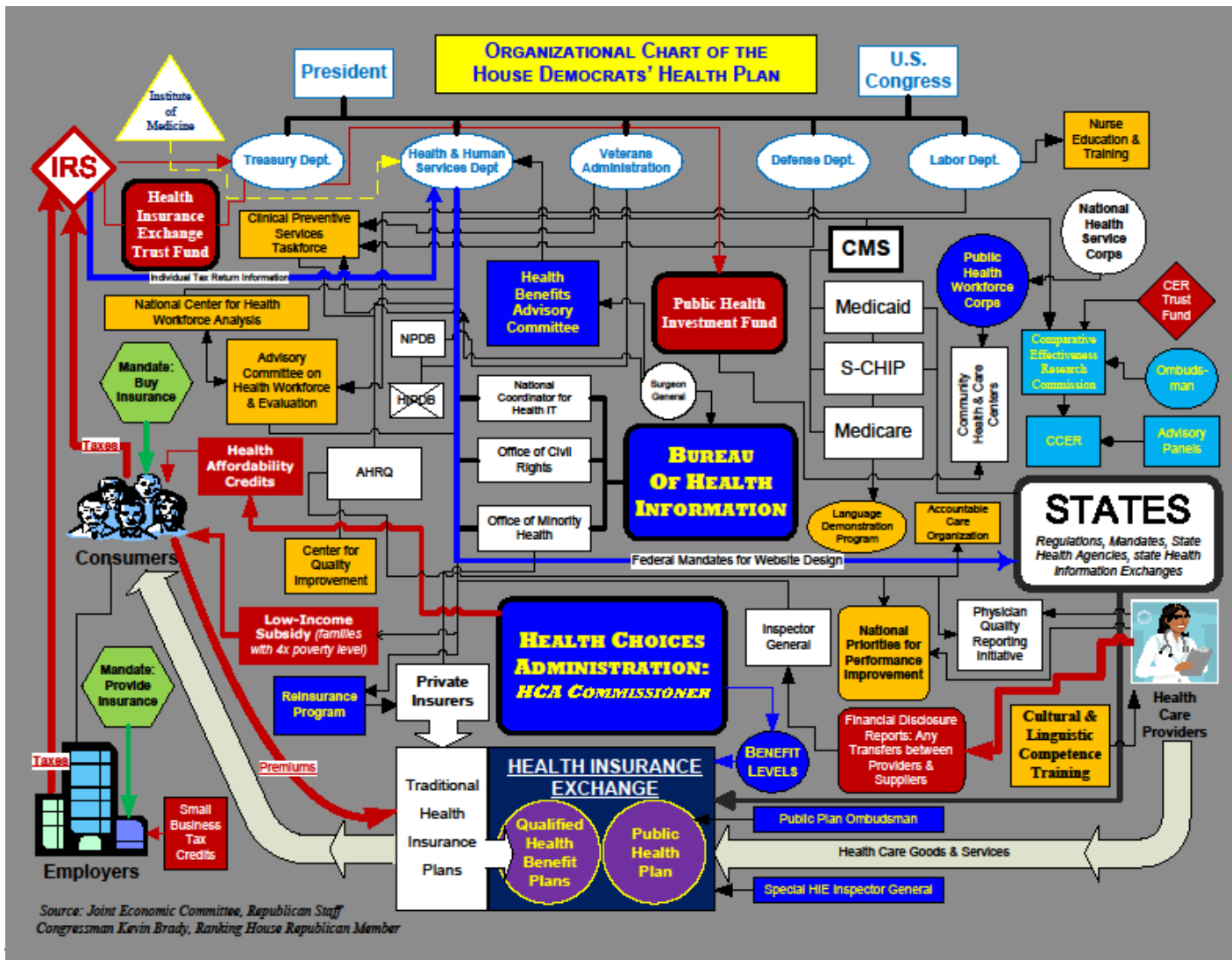
## ◆ Impact on State & Medicaid



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# Federal health care reform



# Red or Green?

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- ◆ Details vary, but both the Senate  and the House  bills include:
  - Guaranteed issue
  - Community rating
  - No pre-existing condition exclusions
  - Employer participation or contribution mandates (pay or play)
  - Mandates for individuals (with exceptions)
  - Grants and proposals for workforce development
  - Grandfather current coverage for individuals
  - Care coordination, medical homes, quality assurance & disease prevention



# Medicaid eligibility increases

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## Senate

- Coverage below 150% federal poverty level
- Federal government contributes 100% FMAP for newly eligible Medicaid until 2015 (under discussion)
- Payments phased down to normal FMAP by 2020
- Financing is under discussion

## House

- Mandatory coverage below 133% federal poverty level
- Federal government contributes:
  - 100% FMAP for newly eligibles
  - 93% in 2015
- For 1115 waivers:
  - 100% FMAP for eligibles under 133% FPL
  - 93% in 2015
- Requires study of FMAP
- Permanently bars states from changing edibility to be more restrictive than as of 6/16/09



# SCHIP

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## Senate

- SCHIP would be considered a “qualifying plan” under the exchange

## House

- SCHIP would go away at the end of current authorization



# Medicaid's relationship to the Exchange

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## Senate

- Multiple options including Medicaid beneficiaries through the Exchange or “No Wrong Door”

## House

- Medicaid would screen & enroll prior to individual entering the Exchange
- Individuals who are Medicaid eligible would be automatically enrolled into Medicaid



# The Exchange

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## Senate

- Creates gateway (Senate HELP)
- State gateway by default; Federal administration if states do not establish
- State-based co-op
- Certifies health plans
- Provides consumers with information on cost, premiums, providers, and options
- Enrolls individuals in plans & responds to complaints
- Navigators assist with plan selection
- Administers subsidies

## House

- Creates Exchange
- Federal Exchange by default; states may apply to administer
- Public plan
- Certifies health plans
- Provides consumers with information on cost, premiums, providers
- No individual plan may be sold outside of the Exchange
- Administers subsidies





# Benefits/coverage requirements

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## Senate

- Standard set of mandated benefits (mental health included)
- HHS set using advisory body
- Existing coverage deemed as qualifying coverage outside of the Exchange
- Qualifying plans would be okay as-is (e.g., State, NMMIP,)

## House

- Mandatory minimum set by Health Benefits Advisory Committee (EPSDT, mental health parity and more)
- New agency with Surgeon General as Chair
- All products must have essential benefit plan within five years
- Individuals in the Exchange are eligible for wrap-around services under Medicaid



# Individual requirements

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## Senate

- Mandate to obtain health insurance in Senate HELP bill (does not apply to Native Americans or where affordable option not available)
- \$750 per year penalty
- Subsidy varies by income from 150% to 400% FPL with a 12.5% cap

## House

- Mandate for individual coverage except in cases of hardship
- Those who don't obtain coverage will pay a penalty not to exceed the premium; and
- Additional tax of 2.5% of income
- Subsidy varies by income from 133% to 400% FPL with a 12% cap



# Employer requirements

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## Senate

- SFC no mandate yet but – “Free Rider” fee to prevent large employer from dumping
- Contribution by employer for non-participating employees who enter the Exchange via affordability test
- HELP Bill – mandate for 25 or more employees; \$750 sanction per employee (first 25 are free)
- Small employer tax credit

## House

- Contribution of 8% payroll tax for non-participation (pay or play)
- Minimum employer contribution of 72.5% of premium for individual coverage – 65% for family coverage
- Limited tax credit for small employers



# Offsets – How we'll pay for it

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## Senate

- Bigger pharmacy rebates in Medicaid
- Cuts in Medicare (Commission to operate like Base Realignment Process)
- Regional realignment
- Taxes on expensive insurance plans

## House

- Reduced DSH for Medicaid and Medicare
- Cuts in Medicare Advantage Plans
- Reduced fraud, waste, and abuse
- Income taxes on wealthy people



# The impact on Medicaid

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- ◆ New Medicaid clients
- ◆ Screening & enrollment function
- ◆ Data sharing between Medicaid & the Exchange
- ◆ Wrap-around services for some individuals
- ◆ Reduced DSH
- ◆ Cuts to Medicare Advantage which could result in fewer SNPs
- ◆ Adoption of not paying for medical errors
- ◆ May increase some provider rates

## Medicaid Enrollment (April 2009)

Total # of NM on Medicaid = 461,416  
Total # of NM Children on Medicaid = 310,156  
Total # of NM on SCI = 32,659

