



## Medicaid Expansion in New Mexico

### Presentation to the Board of the New Mexico Health Insurance Exchange

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# Topics for Today's Presentation

- NM Medicaid and Expansion Background
- Enrollment Estimates
- Estimating the Budget Impact
- Centennial Care and Medicaid Expansion

# NM and Medicaid Expansion

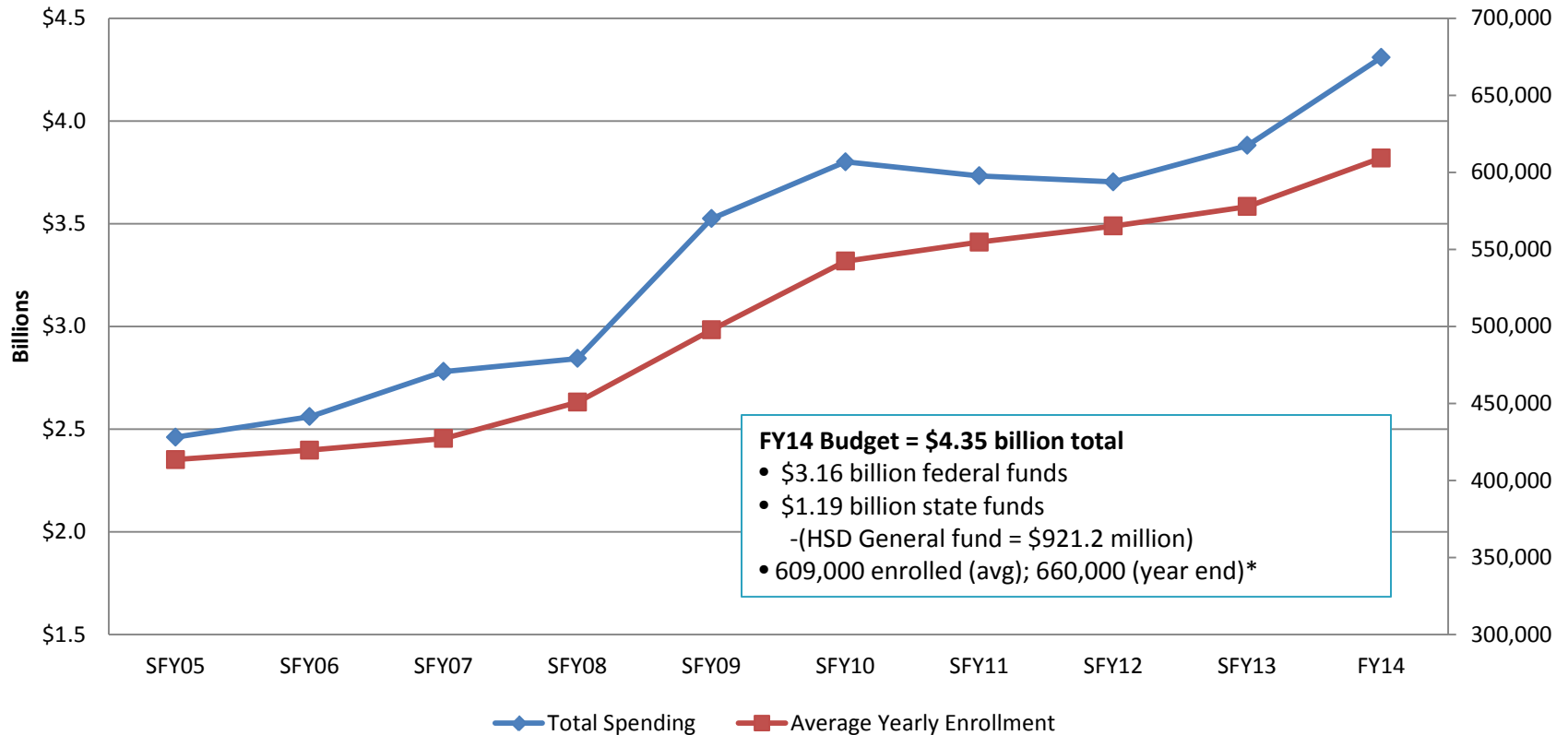
- On January 9, Governor Martinez announced that New Mexico would expand the Medicaid program under the Affordable Care Act.
- About 170,000 New Mexicans will be eligible for Medicaid under this expansion
- About 130,000 projected to enroll in 2014 (combination of new adults, current SCI enrollees and other current enrollees in limited benefit programs)
- Total enrollment by the end of fiscal year 2014 estimated to be about 660,000.
- By 2020, we project up to 800,000 New Mexicans will be enrolled in the Medicaid program.

Household Size	100%	133%	138%	185%	235%
1 person	\$11,172	\$14,868	\$15,420	\$20,676	\$26,256
4 persons	\$23,052	\$30,660	\$31,812	\$42,648	\$54,168

\* Enrollment estimates updated May 2013

# NM and Medicaid Expansion

**Medicaid Spending and Enrollment**  
(FY12 thru FY14 are projections)

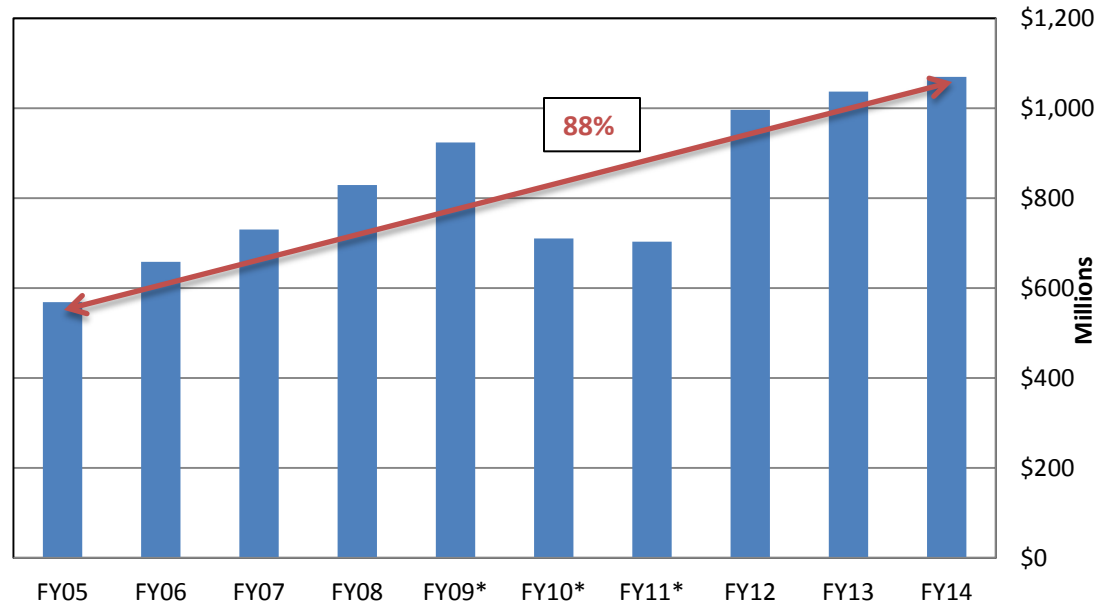


\*Enrollment projection updated May 2013

# NM and Medicaid Expansion

- General Fund appropriations for Medicaid have almost doubled since FY05.
- Medicaid makes up 18 percent of the state's general fund budget (FY14).

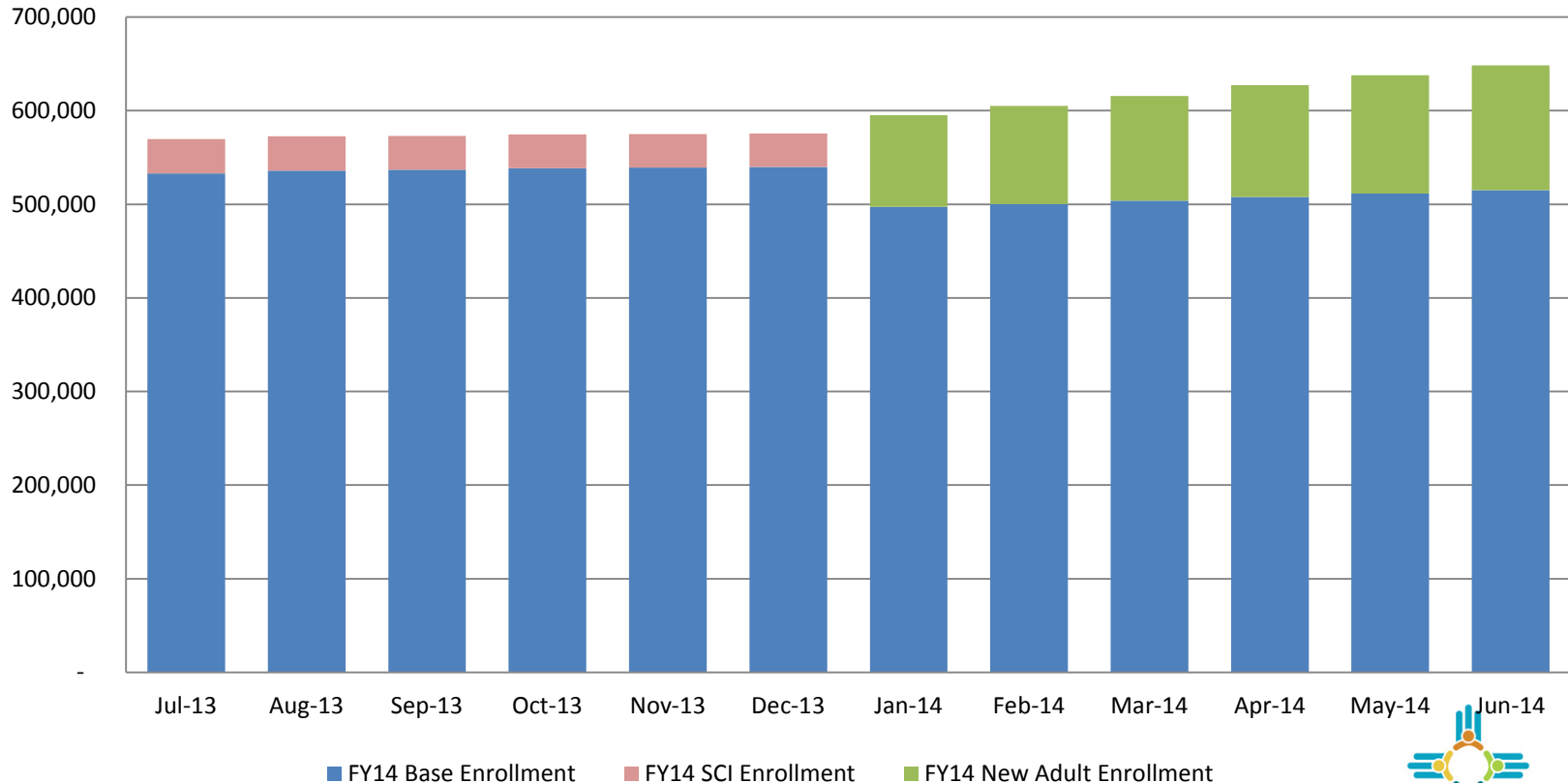
General Fund Appropriations to Medicaid Programs



\*FY09-FY11 represents ARRA period of higher FMAP

# NM and Medicaid Expansion

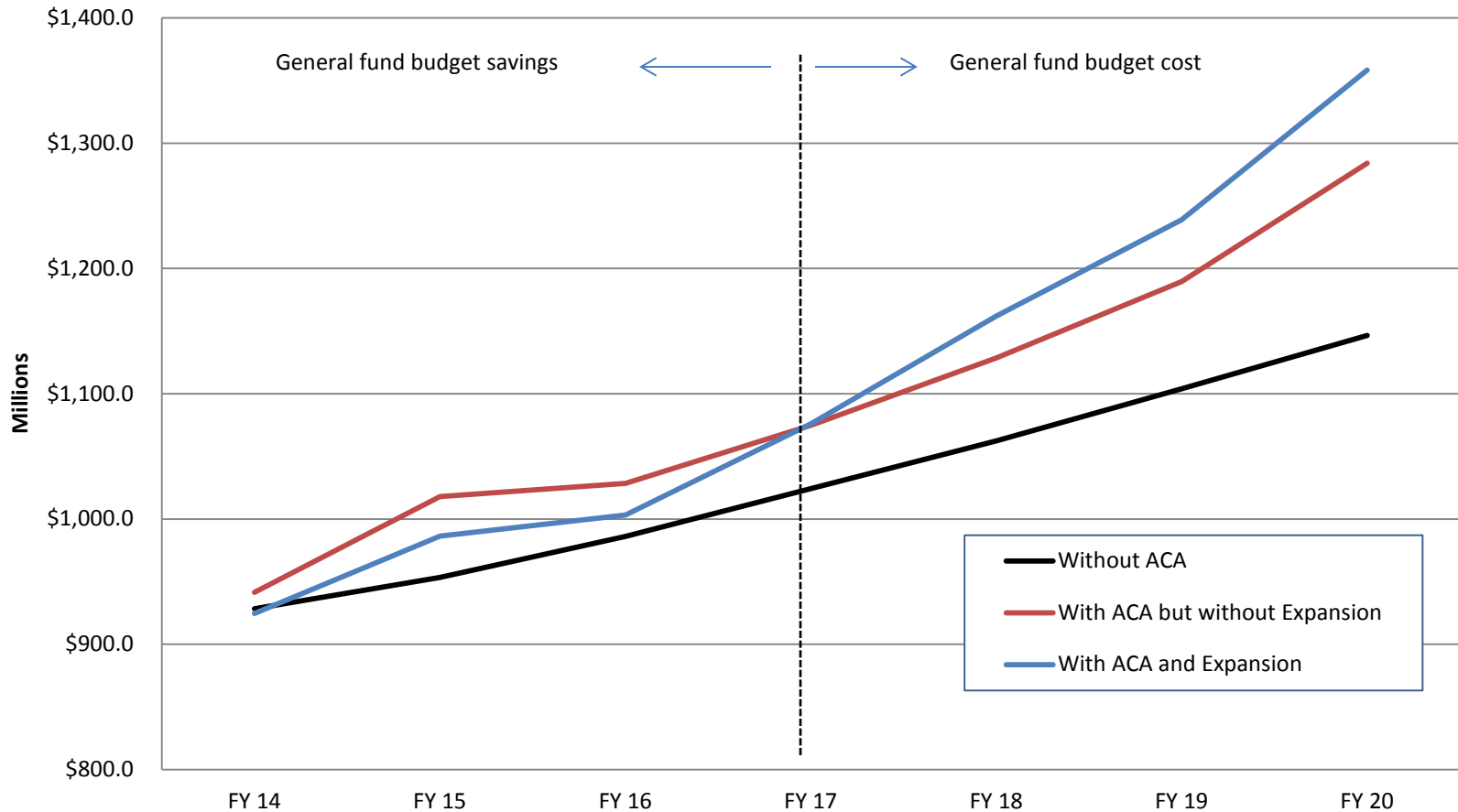
## FY14 Medicaid Enrollment Projection



■ FY14 Base Enrollment   ■ FY14 SCI Enrollment   ■ FY14 New Adult Enrollment

# Medicaid Expansion: Estimating the Budget Impact

## New Mexico Medicaid Scenarios (General Fund)










# Medicaid Expansion: Key Fiscal Issues for NM

- Status of NM's State Coverage Insurance Program, which provides a more commercial-like benefit package to about 40,000 adults who are not eligible for regular Medicaid.
  - With expansion, the state receives higher FMAP for this population.
  - Without expansion, NM would likely be required to discontinue coverage.
- Potential revenue impacts of expansion, in particular the state's health care insurance premium tax.
  - Like all health insurers in the state, Medicaid managed care organizations pay a tax on premium revenue.



# Medicaid Expansion: Assumptions and Risks

(from a budget perspective)

	Risk
High take up rate (rising near 80% by 2020) for woodwork effect and new enrollees	
New federal excise fee on health insurers – NM Medicaid MCOs subject to the fee, costing the state about \$16.4 million per year	
Benchmark package (aka Alternative Benefit Plan) for expansion enrollees assumed to cost as much as current Medicaid benefit	
<u>No reductions in federal funding</u> . The analysis assumed that the federal government will maintain the generous ACA matching rates.	
Per capita cost increases are assumed to rise more quickly under Medicaid with expansion as an increase in demand on services, without a compensating increase in supply, drives up prices, especially in the early years.	
Those enrolled in the State Coverage Insurance now would be considered “newly eligible” on January 1, 2014.	
Pressure to maintain higher primary care provider reimbursement.	



Upside Risk



Downside Risk

# Centennial Care and Medicaid Expansion

- Benefits for the expansion population, called the “alternative benefit plan” can be different than regular Medicaid benefits.
- The alternative benefit plan (ABP) must have the 10 essential health benefits as determined by the Department of Health and Human Services
- HSD developing the ABP for the new adult group.
- Certain subpopulations of the ‘new adult’ group will be exempt from the ABP and enrolled in the regular Medicaid plan.

# Centennial Care and Medicaid Expansion

- Centennial Care is HSD's new Medicaid program that will be implemented on January 1, 2014.
- Expansion Group will be a part of Centennial Care
- Open enrollment period for Centennial Care will begin in October.
- Existing Medicaid enrollees will have from mid-October to early December to select their Centennial Care MCO.

# Education and Communication Planning

## Radio, Television and Print Advertising

- **Wave 1: General messaging** ("What is Centennial Care")  
Beginning June/July; some overlap with Wave 2; end the beginning of August.
- **Wave 2: Event Promos** ("Find out about events in your area")  
Beginning approximately July 15th; some overlap with wave 3; stop at the end of October.
- **Wave 3: MCO Choices** ("The time is now to make the right choice for you about your care")  
These will begin September/October and have some overlap with the wave 2 spots; they will continue through December.



