

New Mexico State Planning Grant
Insure New Mexico! Initiative

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Executive Summary

New Mexico initially received funding through the Health Resources and Services Administration (HRSA) in September 2003. This state planning grant (SPG) provided the resources that enabled the state to refine its focus on the state's uninsured population in several ways:

- An extensive household survey that generated comprehensive data about New Mexico's uninsured populations, barriers to health coverage and the types of coverage that would meet their needs;
- A survey of New Mexico employers done in partnership with the New Mexico Health Policy Commission (HPC) to determine the percentage of employers which currently do not provide coverage, the reasons why coverage is not provided, and to identify factors that might encourage employers to provide health insurance for their employees;
- A focused survey of New Mexico non-profits that highlighted the specific issues of this significant but unique group;
- A survey of state employees to determine reasons some chose not to take up employer sponsored insurance.

In 2005 New Mexico received an additional grant for pilot planning (SPPG) purposes to undertake continued evaluation of targeted uninsured populations and measure the effectiveness of several programs initiated to address the needs of New Mexico's uninsured.

Background Addressing Needs of the Uninsured

According to the most recent census population survey, New Mexico remains second in the number of uninsured. However, the percentage of New Mexicans without health coverage remained unchanged, while the nation as a whole lost coverage. Specifically, for the 2004-2006 three year average, 21.0 percent of New Mexicans were uninsured (a decrease from the 2003-2005 average of 21.1 percent).

Prior to the receipt of the 2003 SPG, New Mexico had taken several regulatory and legislative initiatives to address the growing problem of un-insurance:

- Medicaid Health Insurance Flexibility and Accountability Waiver (Section 1115);
- Revision of eligibility regulation in state's section 1931 Medicaid program to increase earning disregards and eliminate resource based tests to expand pool of potential eligibles;
- Implementation of a Medicaid for Working Disabled Individuals program with special provisions to extend Medicaid coverage to individuals receiving Social Security disability insurance but not yet entitled to Medicare, as well as individuals with disabilities who work;
- Implementation of a breast and cervical cancer Medicaid program;
- Creation of a high risk pool for the chronically ill and uninsurable;
- Tax incentives for individuals; a deduction for un-reimbursed medical care expenses and an exemption for medical savings accounts;
- Creation of a purchasing alliance to assist small businesses with the purchase of small group health insurance.

Since 2002, several surveys were conducted and study groups charged to examine the needs of the uninsured and other related health care issues:

- A telephone survey of random households to obtain information on the status of uninsured adults;
- A legislated Medicaid Reform Committee, charged with re-examining New Mexico's health care system and examining funding options;
- A Health Care Coverage and Access Task Force convened in 2003 charged to develop a set of concrete action items and proposals to serve as a framework for comprehensive health reform in the state.

The *Insure New Mexico!* Council, created by Governor Bill Richardson in 2004, was a culmination of the efforts that preceded it. This council consisted of diverse stakeholders and representatives of small business, employer groups, non-profit organizations, labor unions, insurance brokers, human resource management, health insurance carriers, legislators, and state government officials. The council was charged to reduce the number of uninsured and increase the number of small employers who offer health insurance as a direct result of the work done through the funding of the original HRSA SPG. The council used the New Mexico Health Care Coverage and Access Task force's model to formulate its guiding principles but adopted a more pragmatic and incremental approach toward adopting insurance reform.

The HRSA SPG was instrumental in identifying multiple data sources, analyzing other states' initiatives and providing technical assistance to the council as it formulated and recommended policy options to the executive. Framework for policy options included: affordable health insurance options for small employers, methods to increase small employers' knowledge about health insurance options, and ways to decrease barriers impeding access to health insurance.

The legislative initiatives which were driven as a result of these options included six *Insure New Mexico!* initiatives that were enacted in 2005:

- The Small Employer Insurance Program- legislation which created a pooling structure for small employers to voluntarily purchase health insurance;
- The Health Insurance Alliance- legislation which lowered the mechanism that governs the premium rate structure making coverage through the Alliance more affordable;
- Health coverage for unmarried dependants- legislation which allows unmarried dependents to remain on their parents' individual health plans until age 25, regardless of student status;
- Part time employee health benefits coverage- legislation which requires insurers to offer a health insurance plan to part-time employees (working on average 20 hours per week) for employers who opt to insure such employees;
- State Coverage Insurance- legislation which appropriates 4 million dollars to cover approximately 10,000 low income working adults (at or below 200% FPL) in a subsidized employer style health benefit plan;
- Medicaid outreach to Native Americans and Hispanics- legislative appropriation to encourage enrollment among these disproportionately uninsured populations.

These pieces of legislation marked the first phase of the *Insure New Mexico!* initiatives to provide health coverage to all New Mexicans.

Goals of the Pilot Project Planning Grant

The goals of the 2005 Health Resources and Services Administration Pilot Planning Grant were continued collaboration with the *Insure New Mexico!* Council to enhance further understanding of the state's uninsured population and to design additional approaches to deal with issues surrounding un-insurance. Enhanced information about the uninsured allows further collaborative construction and planning to address the needs of this large segment of New Mexico's population.

One of the *Insure New Mexico!* Council's recommendations to Governor Bill Richardson was to create a group endorsed by both the Executive and the Legislative branches to select models of health coverage for financial analysis that would move toward coverage for all New Mexicans. This recommendation was acted on and resulted in the Health Coverage for All New Mexicans Committee which was charged with selecting models for universal coverage for analysis by national experts. This group and its new, broader charge replaced the *Insure New Mexico!* Council's limited scope and pushed the state's agenda to a new level. Further analysis on the state of the uninsured in New Mexico was thoroughly examined by a nationally recognized vendor chosen through a request for proposal process at the behest of the Health Coverage for New Mexicans Committee.

Summary of Activities Under Pilot Planning Grant and Implementation Status

New Mexico used Mathematica Policy Research, Inc to undergo a cost analysis of three universal health coverage models. Updated information on the uninsured and on health care costs in New Mexico was obtained during that process. [Mathematica Study Final Report](#). **Status- complete**

The significant demographic disparities originally identified in Hispanic and Native American populations in the studies funded by the SPG led to further analysis especially in the Native American population. A study funded with the Pilot Planning Grant by Research and Polling Inc. and New Mexico State University found unique barriers that prevent Native Americans from seeking health insurance and obtaining health coverage. [Native American Study](#) **Status- complete**

The State Coverage Insurance Program, New Mexico's Health Insurance Flexibility and Accountability Waiver demonstration project was evaluated for efficacy of its eligibility and enrollment process and significant mid course corrections were made. More evaluation is needed but significant information was gained from examination of processes. [State Coverage Insurance - Home Page](#) **Status- complete**

New Mexico used two consultants to research and assist with policy recommendations for health insurance coverage among vendors who do business with the state. This work resulted in an [Executive Order 2007-49](#), which sets the standards for requiring health insurance coverage for employees of state contracted vendors. **Status- complete**

New Ventures Consulting provided additional information to *Insure New Mexico!* to assist with strategies for enrollment of non-profit organizations. **Status-complete**

The Small Employers Insurance Program required an actuarial study to accurately set pooling parameters and place the product in a position ready for implementation. Legal analysis focusing on ERISA issues and employer pooling was also done. The Health Insurance Alliance (HIA) function which was designed to enable employers to have one-stop no- hassle shopping for an insurance product that fit the needs of their particular demographics came to fruition but in a different format than originally planned. The NM Human Services Department initiated the *Insure New Mexico!* bureau which established a mini-connector type group reenrollment and resource center for employers which incorporates the features originally designed to be incorporated in the HIA model. [Risk Management Division - Small Employer Insurance Program](#) **Status complete**

The state took part in an America Speaks type Town Hall which incorporated residents from all areas of the state. State officials participated in and helped to host this event which was sponsored by Citizens Health Care Working Group.

The state chose not to duplicate this effort. Results from this event can be viewed at- http://www.citizenshealthcare.gov/community/mtng_files/14abqnm/summfnlalbuquerque.pdf

Status-complete

Recommendations to the Federal Government

Support from the federal government, particularly related to Medicaid waivers, provides flexibility to offer coverage to targeted populations in a creative and cost effective manner which allows the state to tailor a program that meets the needs of its unique population. State Coverage Insurance is one such demonstration model. New Mexico has now covered 10,000 previously uninsured adults on this program. States are the laboratories where the experimentation for health care reform is taking place and effective models are being tested. Recognition of the value of this process through continued support with federal funding is critical for health coverage initiatives to survive.

Background and Previous HRSA SPG Accomplishments

Uninsured Individuals and Families

After a thorough analysis of preliminary information from both national and state uninsured data, HRSA staff confirmed that New Mexico lacked a detailed base of knowledge of the uninsured population. This validated the need to gather in-depth demographic information in order to have a clear picture of the different subpopulations involved. The HRSA Project implemented the statewide household survey on the uninsured in New Mexico.

HRSA staff consulted with the State Health Access Data Assistance Center (SHADAC), and identified willing joint venture partners at New Mexico State University (NMSU) and Research & Polling, Inc., a respected in-state research group. Under this partnership, NMSU acted as the contract manager while Research & Polling, Inc. designed the survey instrument, pre-tested it, and conducted a statewide survey of New Mexico's uninsured. In addition, NMSU offered academic-based, socioeconomic data supporting the survey and, upon completion of the project, performed an analysis and produced a final report. The statewide [household survey](#) was conducted in the fall of 2004 and provided data to answer a variety of questions about the uninsured including the following:

- What is the demographic breakdown of the uninsured within Federal Poverty Levels (FPL)?
- What is their relative attachment to the labor force?
- How many can afford (by their own definition) some type of health insurance, but did not elect to purchase it?
- How many uninsured individuals (by FPL) do not elect to take their employer-sponsored health insurance and why?
- How many are eligible for, but not enrolled in, Medicaid?

- How many received health care from a number of service providers, such as Indian Health Services (IHS), the Veterans Administration, Federally Qualified Health Centers (FQHC) and university clinics?

Among the cohort of approximately 19,000 individuals, Hispanics and Native Americans were each undercounted by five percentage points. Results were weighted so that these groups received their actual proportion of their representation in the 2000 Census of Housing and Population. Young adults were slightly under-represented and older adults were slightly over-represented, resulting in a representative, weighted sample by age. Households below the poverty line were slightly under-represented in the sample, primarily because low-income households were less likely than higher income households to have a telephone. Results were weighted by income to mitigate this situation and the demographics of the sample were representative of the state's population with respect to ethnicity, gender, age, income (percent below poverty line), and county population.

The sample size of the survey was 7,566 individuals. Research & Polling, Inc. conducted in-depth telephone interviews of 1,500 randomly selected households with at least one uninsured member. Sample quotas were set at the county level to mitigate bias of telephone penetration variation among counties. A random digital dial sample was used so that unlisted and unpublished numbers were included. For purposes of this survey, participants were screened to assure they had no form of insurance coverage for a full twelve months immediately preceding the survey, which was completed in late November 2004.

Overall Level of Uninsurance

According to the Household Survey, 18 percent of the people in New Mexico were uninsured. As expected, household income was a significant predictor of the likelihood that people had health insurance. Among people residing in households below the poverty line, 34 percent did not have insurance. Among people who resided in households earning less than 185 percent of the federal poverty level, 30 percent did not have health insurance. Only 6 percent of the people residing in high-income households (household income over 300 percent of FPL) did not have health insurance.

Characteristics of the Uninsured

The age group most likely to have no health insurance is adults between the ages of 18 to 24, followed by adults between the ages 25 to 34. Thirty-one percent of adults 18 to 24 years old and 29 percent of adults 25 to 34 years old do not have insurance. The education level of adults is also a major predictor of whether they have health insurance coverage. Of the uninsured population, 39 percent have some high school as their highest level of education, while 9 percent were college graduates.

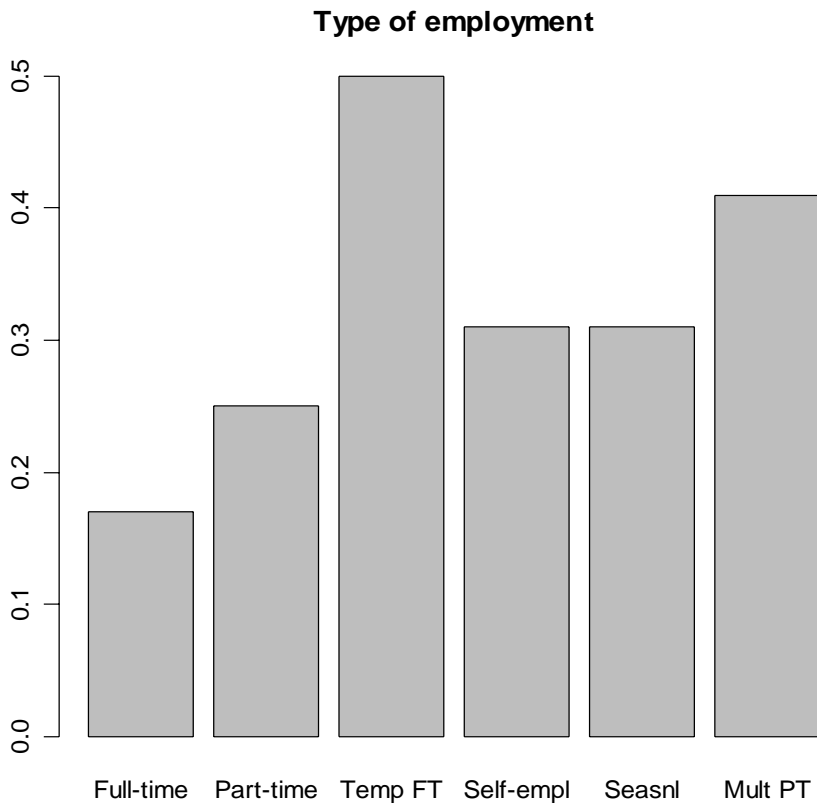
The patterns of uninsurance are also strongly influenced by ethnicity. Statewide, 23 percent of Hispanics lacked health insurance for the previous twelve months. Among non-Hispanic whites, only 11 percent lacked insurance and among Native Americans 28 percent were uninsured.

Restating these rates in terms of fractions of the uninsured is illustrated in the table below. Hispanics and Native Americans are disproportionately uninsured.

<u>Ethnicity</u>	<u>Fraction of Uninsured</u>	<u>Population Fraction (2000)</u>
Hispanic	55.9%	45%
Non-Hispanic White	28.0%	42%
Native American	13.5%	10%
Other Non-Hispanic	2.6%	3%

Geographic areas also affect the incidence of uninsurance. People residing in the rural areas of the state are less likely to have health insurance than are city dwellers. Insurance penetration was lowest in the southern sector (35 percent of Hispanics living in this region lacked insurance compared to 23 percent of Hispanics state-wide) and northwestern sector (nearly 25 percent of all residents lack insurance compared to 18 percent state-wide).

Employment status is a predictor of insurance status. Forty-one percent of the people working multiple part-time jobs are uninsured.



Uninsurance rates are significantly elevated for all employment categories other than permanent full-time employees. The highest uninsured rate occurs among temporary full-time workers (50 percent).

How Much are the Uninsured Willing to Pay?

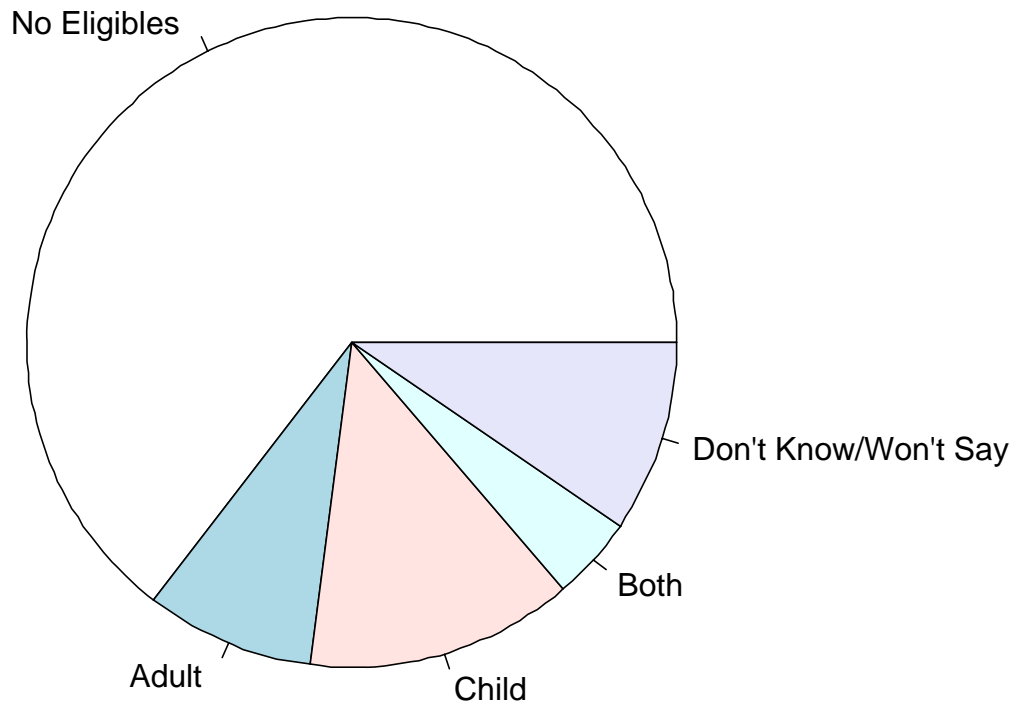
The uninsured do feel a need for health coverage: three quarters of the respondents felt they needed comprehensive¹ health insurance coverage for the uninsured members of their household. Fifty-five percent of the respondents said that the uninsured members of their household needed a catastrophic² plan. These rates do not vary significantly with household income. Willingness to purchase coverage is very sensitive to price. Only 25 percent of the respondents said they would be willing to pay \$400 per month for comprehensive coverage. Lowering the hypothetical price to \$200 per month raises the fraction willing to purchase to 33 percent. Catastrophic plans attracted more resistance: only 20 percent of the respondents said they would be willing to pay \$300 per month to cover the uninsured members of their household. Lowering the price point to \$100 per month raised the interest level to about two-thirds of respondents.

¹Comprehensive health insurance covers most health care needs, including the costs of vaccinations, drugs, and routine office visits, as well as major health needs such as broken bones and surgery.

²Catastrophic health insurance is less expensive but only covers major medical situations like broken bones, accidents and surgery, but will not cover routine office visits or prescription medicine.

Participation in Public Programs

Approximately one-quarter of the households with an uninsured member said that a household member was eligible for Medicaid during the past 12 months. Thirteen percent said a child was eligible, 8 percent said an adult was eligible and 4 percent said that both a child and adult were eligible. Hispanics, female adults, and adults between the ages of 25 to 34 were more likely to say a child in their household was eligible for Medicaid during the past 12 months. A graph for the statewide response is given below:

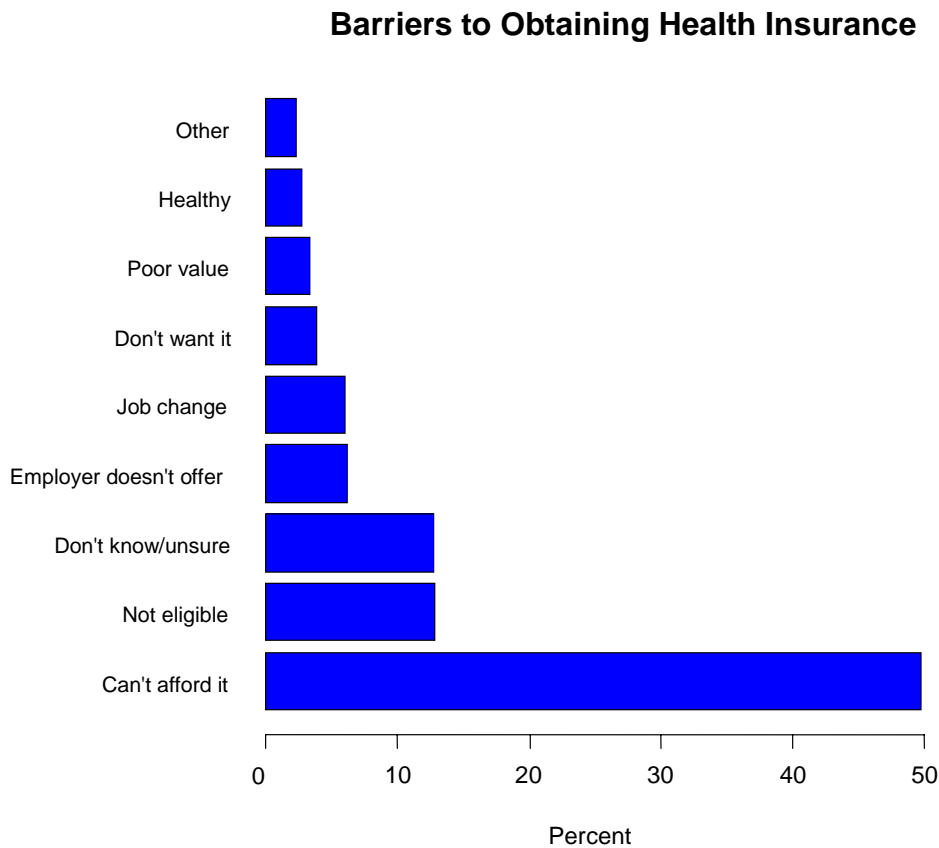


Participation in Employer Sponsored Insurance

Among those adults who were employed and had at least one household member who was uninsured, 29 percent said their employer offered health insurance. Middle income households (185 percent FPL – 235 percent FPL), Native Americans, less educated adults and residents of Northwestern New Mexico were most likely to be uninsured and have an employer that offered health insurance. Half of the businesses that offered health insurance offered family coverage, while a third of the respondents were unsure whether their employer offered family coverage. The primary reason for the uninsured to not pick up health insurance coverage from their employer was affordability. It was interesting to note that many of the people who fell into this category were Native Americans. It is possible that they were less motivated to enroll in a health plan that costs additional money since many Native Americans already receive basic health care through the IHS. Follow-up targeted investigation of Native Americans was done to help clarify these issues.

Barriers (Including Affordability) Preventing the Purchase of Insurance

Respondents who had an uninsured household member were read a list of seven reasons why some people did not have health insurance and asked how well each item described their situation. Affordability was the most frequently mentioned reason for not having insurance with 67 percent of the respondents saying this reason described their circumstance very well. Thirty-eight percent said that “not being eligible for health insurance,” described their situation very well. Twenty-eight percent said that “changing their job status,” described very well the reason they did not have health insurance. Twenty percent said that “because they are healthy” was a reason that described very well why they did not have health insurance. Nineteen percent said that “health insurance not being important to their household” described their situation very well. A graphic is given below:



The Development of Targeted Populations Coverage Expansion Options

In summary, the key findings of the household survey are as follows:

- Non-Hispanic whites are half as likely to be uninsured (11 percent) as compared to Hispanics (23 percent). Native Americans are most likely, among major ethnic/racial groups, to be uninsured (28 percent).
- Uninsured rates peak among 18 to 24 year olds (31 percent) and 25 to 34 year olds (29 percent). Twenty-two percent of 35 to 49 year olds are not insured.

- Uninsured rates are highest in Northwestern and Southern New Mexico sectors of the state; they are lowest in the Albuquerque metro area.
- Among households below the poverty line, 35 percent had at least one household member who was uninsured. Among households earning less than 185 percent of poverty line, 30 percent had a household member who was uninsured. Among households earning less than 235 percent of poverty line, 18 percent had an uninsured household member.
- Among uninsured adults, 17 percent report working full-time, 31 percent is self-employed, 31 percent work in seasonal employment and 41 percent work multiple part-time jobs.

Based upon this data, the *Insure New Mexico!* Council agreed that populations to target for purposes of insurance expansion are Hispanic and Native Americans between the ages of 18 to 34 in Northwestern and Southern New Mexico living in or just above the federal poverty level.

Additionally, among workers in all populations, part-time employment status has a negative impact on insurability. This part-time worker population also received targeted attention from the *Insure New Mexico!* Council during the 2005 legislative session.

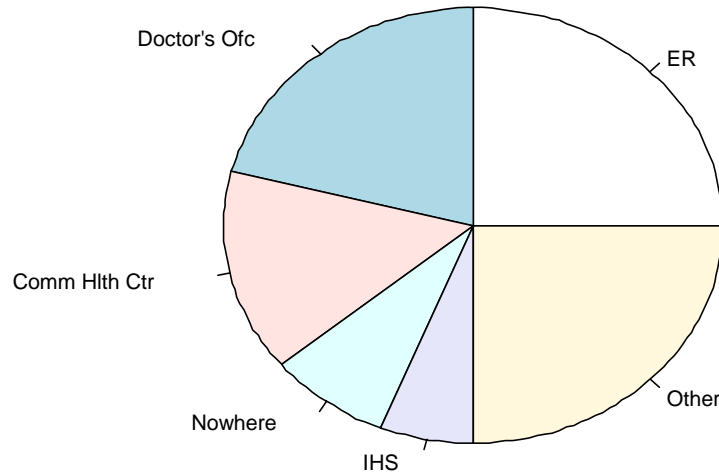
Legislative initiatives that were a direct result of information collected in the household survey included:

- **Health Coverage for Unmarried Dependents** - Allows unmarried dependents to stay on their parents' plan until they turn 25 years old.
- **Part-time Employee Insurance Coverage** - Requires insurers to offer a health insurance plan to part-time employees (those working on average over 20 hours per week) working for employers who choose to insure such employees.
- **State Coverage Insurance (SCI)** - Funding was secured through the legislative process for the State's contribution to SCI premium. With a sliding scale contribution for the employee that is limited to \$35 at the 200 percent FPL level, SCI has the potential to address the affordability issue that low-income workers face as they seek to participate in company sponsored insurance plans.

Access to Medical Care

Respondents were asked, "When an uninsured member of your family needs urgent or minor medical care, such as a bad sore throat or an ear infection, where would you go?" The open-ended format generated an enormous variety of answers, but five categories accounted for three fourths of the answers. The answer provided most often was a hospital emergency room (25 percent of responses). Twenty-one percent said they would go to a doctor's office, and 15 percent gave a community health center (FQHC) as their source. Eight percent said they would not go anywhere (or that they couldn't afford it.) The other category was a mixture of sources, among them: urgent care centers, natural healers, Mexico, school clinics, and VA clinics, etc.

Sources for acute medical care among the uninsured



Summary

The insurance penetration rate in New Mexico correlated strongly with income, ethnicity, (Hispanics and Native American), level of education, geographic region, and age. Specifically, as income increases, so does the likelihood of being insured. Health insurance penetration is low in the state of New Mexico, 18 percent of the population lack health insurance. The distribution of those insured varies by geographic region – a disproportionate amount of the population in the south and northwest areas lack health insurance. In the age range between 19 and 49, the uninsurance rate is greater than the average. The principal perceived barrier among the uninsured was cost, cited by 75 percent of the uninsured respondents as describing the reason they are uninsured.

Employer-Based Coverage

Because the character of New Mexico's economy changed since the first Health Policy Commission's (HPC) [Employer Survey](#) was conducted in 2000, the HPC, in collaboration with the HRSA state planning oversight committee, authorized a new survey of employers. The survey generated updated information about employer-sponsored coverage in New Mexico; explored in greater depth the reasons that businesses and employers did not offer coverage to their employees; and asked about alternatives that might positively impact the current low rates of employer-based coverage.

The survey instrument assessed factors, including:

- Establishment size;
- Industry sector;
- Geographic location;
- Reasons for offering/not offering insurance;
- Influences on employer decisions about whether or not to offer coverage;
- Decisions to drop insurance coverage in the last year;
- Perceptions of reasonable total premiums for single coverage;
- Perceptions of desired benefits packages for employees; and
- Experiences of administrative burden or difficulty in establishing insurance coverage.

New Mexico State University, Research & Polling, Inc. and a project team headed by the New Mexico HPC drafted the questionnaire for the [Employer Survey](#). Research & Polling, Inc. pre-tested the survey instrument at various stages of survey design.

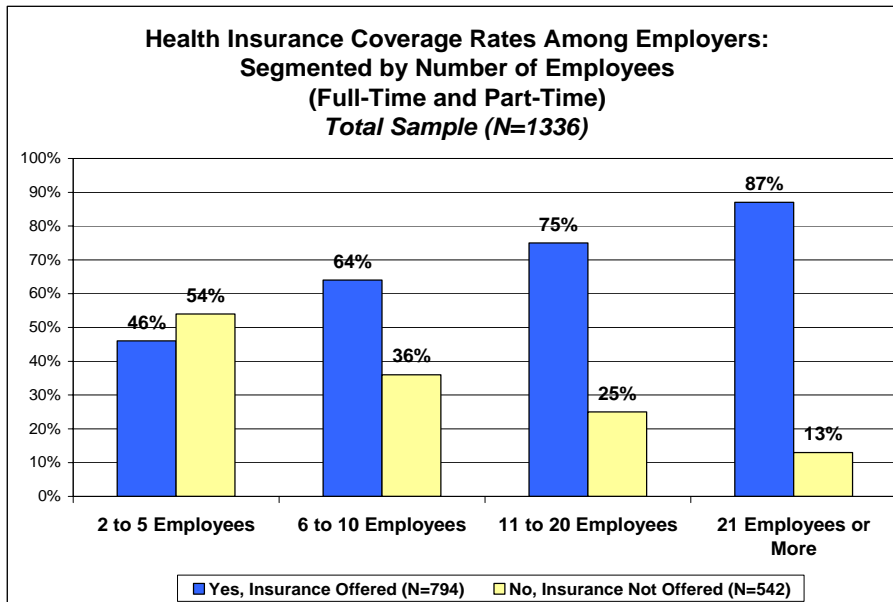
Research & Polling, Inc. conducted 1336 telephone interviews among employers in the State of New Mexico with two or more employees. A random sample of employers was generated from a list obtained from the New Mexico Department of Labor (DOL). Businesses with less than two employees were omitted. Organizations in which the decision-making authority regarding employee benefits occurred outside of New Mexico were also omitted. An attempt was made to screen out multiple branch locations from the sample list. In circumstances in which Research & Polling, Inc. contacted a branch location, the interviewers asked for a referral to the appropriate staff contact at the state headquarters. Telephone interviews were conducted between December 1, 2004 and January 7, 2005.

Sample quotas were set at the county level so that each county received its proportional share of surveys based upon DOL employer statistics. The sample distribution of the number of employers by employee size was representative of DOL employer statistics. Small employers were slightly under-represented in the sample while large employers were slightly over-represented. The surveys were weighted by employee size so that the small and large employers received their representative share of the total sample based upon actual employer counts. The maximum margin of error for a random sample of 1336 was 2.7 percent at a 95 percent confidence level. Questions were only asked to employers who do not offer health insurance.

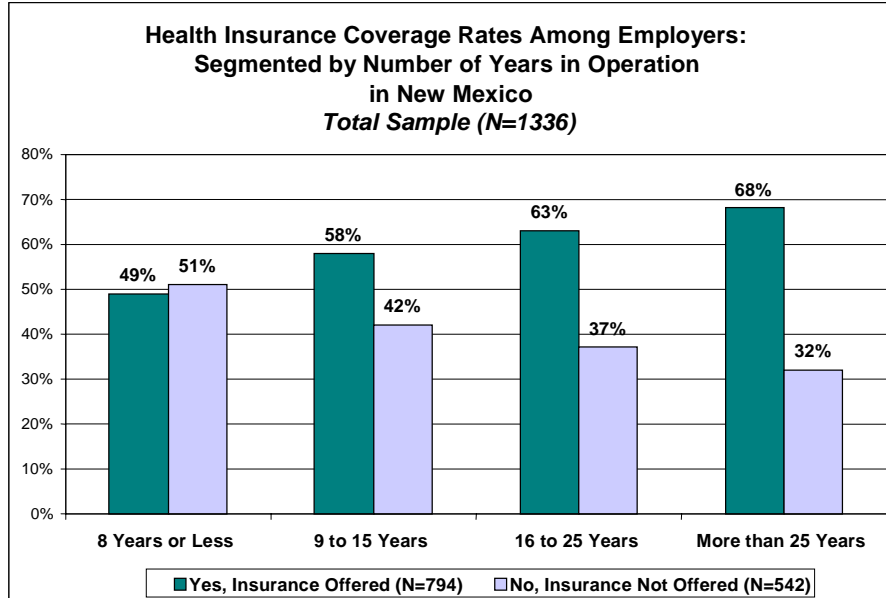
Up to ten callbacks were made to organizations that Research & Polling, Inc. was unable to successfully contact (no answer, busy signal, decision-maker unavailable). Most phone calls were made during regular weekday business hours. Among organizations that were difficult to reach (no answer, decision-maker unavailable) phone contacts were also attempted during non-traditional business hours. One attempt was made to convert each organization that initially refused to participate in the interview. The completion rate, which was the proportion of organizations interviewed among all eligible organizations contacted, was 68.5 percent.

Characteristics of Firms that Do Not Offer Coverage

Forty-one percent of New Mexico’s employers (with two or more employees) do not provide health insurance coverage for their employees. There was a strong correlation between health care coverage rates and employer size; specifically, more than half (54 percent) of employers (2 to 5 employees) did not offer health insurance to their employees. As organizational size increased, so too did the likelihood of providing employer sponsored health care coverage. Only 13 percent of employers with 21 or more employees did not provide health care coverage.



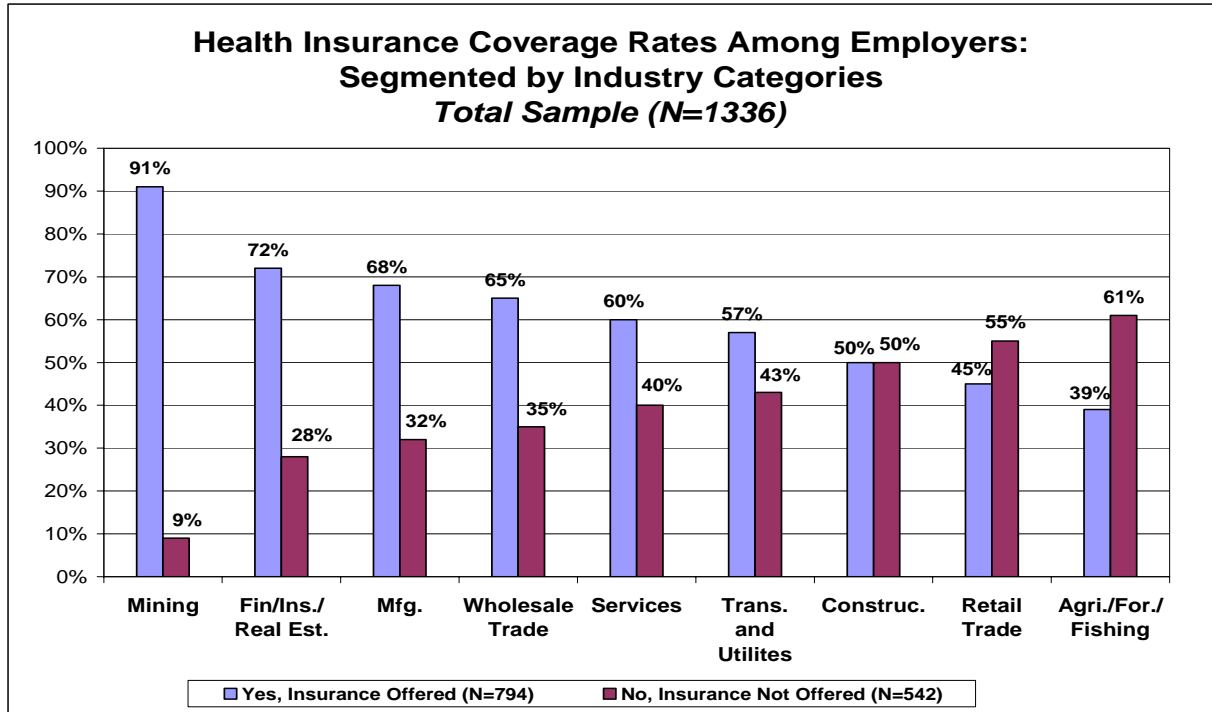
The survey also demonstrated that younger organizations that had been in operation for less than eight years were less likely to offer health insurance coverage than more mature companies.



A correlation is seen between average salary level paid to employees and whether the organization offered a company sponsored plan. When salaries are less than \$30,000, the rate of insurance dropped. For example, 34 percent of employers who paid *all* of their employees less than \$30,000 offered insurance compared to 68 percent of the employers who paid only *some* of their employees less than \$30,000. Small employers are more likely to pay all of their employees less than \$30,000, as compared to larger organizations. Thus, the employees who were working for small employers were not only more likely to be earning less than \$30,000, they were also more likely to be employed by an organization that did not offer health coverage.

The organizational structure of a company plays a role in health care coverage. Seventy-four percent of non-profit organizations offer insurance compared to 57 percent of for-profit organizations.

Health insurance coverage rates also vary by industry classification: mining sector (91 percent); financial/insurance/real estate sector (72 percent); and manufacturing sector (68 percent) were most apt to offer health insurance, whereas construction (50 percent); retail (45 percent); and agriculture (39 percent) were least apt to offer insurance.

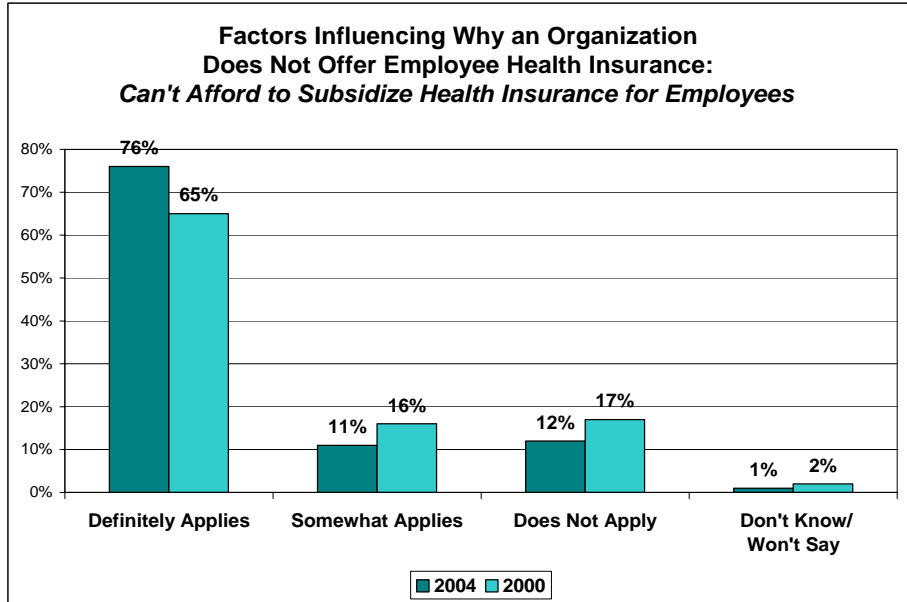


The Primary Reasons for Electing Not to Provide Coverage

There were a variety of barriers that employers faced when it came to offering a health plan, but the primary obstacle was cost. When asked in an unaided, open-ended manner what are the major reasons they do not offer health insurance, 81 percent of the respondents said, “it is too expensive” or “I can’t afford it.” In comparison, the second most common reason given was a lack of interest/participation by employees, though this was mentioned by just 10 percent of the employers who did not offer insurance. Furthermore, when employers were given a list of different factors that may have influenced their decision not to offer health insurance, 76 percent said the inability to afford health insurance “*definitely applies*” to them and another 11 percent said it “*somewhat applies.*” Cost tended to be a concern among companies that had all employees earning less than \$30,000 a year.

There are other reasons why employers did not offer health insurance. When asked specifically, 28 percent indicated that they definitely did not need to offer insurance in order to attract workers (this response is most prevalent among those in the construction trade and larger organizations). Other employers said employee preference of higher salaries to health insurance “*definitely applies*” (25 percent) to them. Approximately 70 percent of employers also said a lack of employee interest or participation in a health insurance program “*definitely applies*” to them. This statement was more common among larger organizations.

Compared to four years ago, employers were now more likely to cite inability to contribute to an employee’s health insurance as the reason for not offering insurance.



Decision-Making Processes in Offering Health Insurance

Cost is a crucial factor in the decision whether or not to offer insurance. Just 10 percent of the employers said they would be willing to contribute up to \$300 per month, per employee to offer a plan. However, 24 percent of the employers said they would be willing to contribute up to \$200 per month, per employee for a health plan. It should also be noted that employers tended to be more interested in a comprehensive¹ health plan rather than a catastrophic² plan.

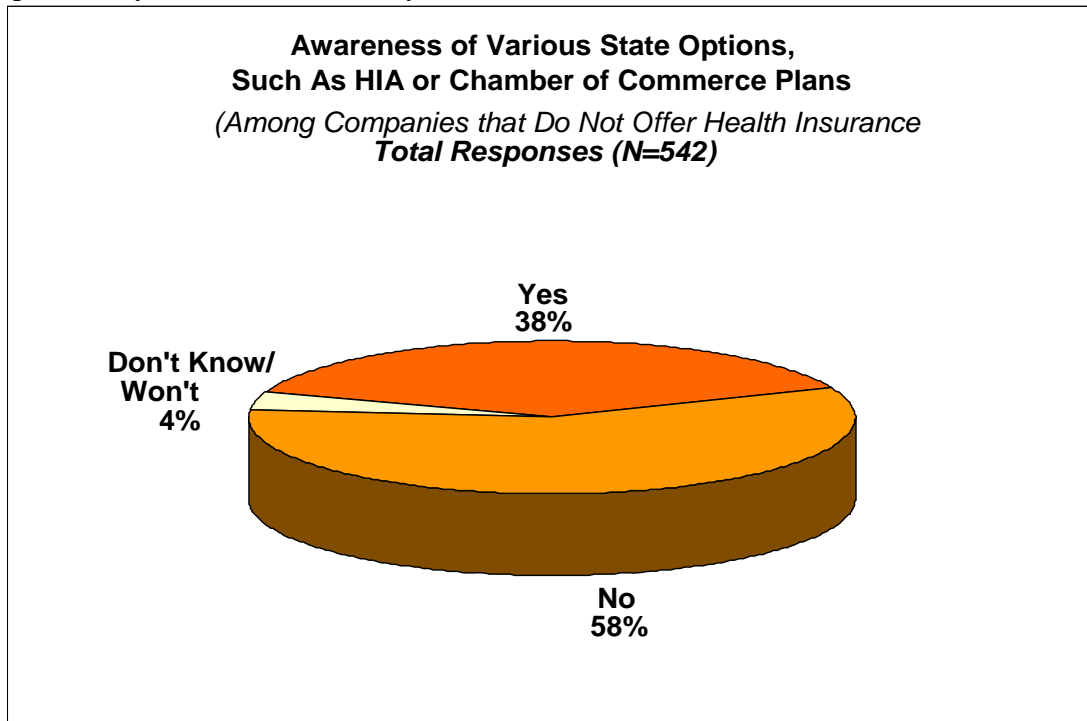
Economic Considerations and the Continued Increase in Costs

Concern over future health care costs also “definitely applies” to 71 percent of the organizations that did not currently offer health insurance. In fact, in the past five years, concern over future health care costs dramatically escalated as an obstacle for organizations to provide health insurance coverage to their employees based on 2000 Employer Survey Report Bureau for Business and Economic Research (BBER). Employers were now much more concerned about cost, and in particular, the future cost of health care premiums as compared to 37 percent citing this reason in 2000. Promisingly, approximately one-in-four employers (26 percent) who did not offer health insurance said they were likely to do so in the near future. Six percent of the organizations that did not currently offer insurance said they discontinued their health plan within the past year. Organizations that had more than five full-time or part-time employees were more than twice as likely as smaller organizations to have discontinued their employee health plan in the past two years (10 percent and 4 percent, respectively). Again, cost (60 percent) and a rise in premiums (36 percent) were cited most frequently as the reasons for discontinuing their health plan.

¹Comprehensive health insurance covers most health care needs, including the costs of vaccinations, drugs, and routine office visits, as well as major health needs such as broken bones and surgery.

²Catastrophic health insurance is less expensive but only covers major medical situations like broken bones, accidents and surgery, but will not cover routine office visits or prescription medicines.

The survey results made it clear that outreach and awareness measures were necessary for utilization of existing resources in the state. The *Insure New Mexico!* Council addressed this issue with its recommendation to expand the Health Insurance Alliance's (HIA) role to include outreach and other promotional activities. As shown below, approximately two-fifths (38 percent) of employers that did not offer health insurance were aware of the various options available throughout the state such as the Health Insurance Alliance or Chamber of Commerce plans, whereas 62 percent were not familiar with these options. The HIA was planned to act as a central clearinghouse for outreach and information. Those plans were not implemented. Instead, the *Insure New Mexico! Bureau* assumed responsibility for this functionality.



Non-profit Survey

The HRSA project directed some funds to support a small survey of non-profits in the state to address issues relating to the lack of health insurance coverage in New Mexico non-profit organizations. Non-profit organizations are excluded from Department of Labor reporting requirements and may tend to be under-reported in the Employer Survey. There are also some solutions for easing the burden of health insurance for employers, such as tax credits, rebates, etc. that are not applicable to non-profits. The survey queried non-profit organizations throughout New Mexico with similar questions to the Health Care Professional (HPC) Employer Survey to gather answers to the following questions:

- If a New Mexico non-profit did not offer health insurance coverage - why not?
- What would it take for a non-profit to purchase a health insurance plan?
- What type of health care plan appeals to them?
- What administrative barriers prevented non-profits from exploring health care coverage?

The 91 agencies that responded represented over 3,200 employees and approximately five percent of the nonprofit sector that filed IRS 990 form (1,900-plus agencies). Agencies representing a wide spectrum of fields were represented, with the majority (66) involved in health and human services. Of those agencies, 63 provided health insurance and 28 did not provide coverage for employees. Agencies, whether they provided coverage or not, had similar concerns about insurance challenges and barriers as well as similar priorities. The primary difference between the “insured” and “uninsured” groups was that agencies providing insurance tended to be larger, have more resources, and provide a broader array of benefits than smaller agencies.

What are the most important issues for nonprofits?

- Nonprofits are most concerned about the cost of insurance to the agency as well as costs for employees.
- Agencies are interested in pooling with other non-profits to create cost savings.
- Comprehensive insurance is strongly preferred over catastrophic options, although some of the smaller agencies that did not provide coverage indicated interest in catastrophic options.

What issues do nonprofits characterize as being less important?

- Nonprofits are less interested in administrative issues or options to reduce administrative burdens than for-profit employers.

General Services Department – State Employee Survey

In cooperation with the New Mexico General Services Department/Risk Management Division (GSD/RMD), the HRSA State Planning Grant helped develop a survey of state employees to identify why, when offered a comprehensive health insurance package, many chose not to enroll in state-sponsored coverage. This survey was implemented after a July 1, 2004 benefit change, increasing the state’s share of health care insurance to 80 percent for employees earning less than \$30,000. Prior to the July 1, 2004 cost-sharing change, roughly 5,000 (24 percent) employees had not selected health insurance through their state employment. After July 1, the number was reduced to 1,921 (9.2 percent), indicating that cost was a significant factor in the decision to take up insurance. The GSD survey reached 580 respondents, of which only 11 (1.9 percent) reported having no form of coverage. This survey verified that most employees that did not select the state employee health benefit had coverage through other sources, typically a spouse/partner, and that the increased percentage paid for by the state significantly reduced the number of employees not participating in any plan.

Policy Options Providing the Most Incentive to Offer Coverage

The majority of employers (56 percent) in New Mexico utilize part-time workers. This was a major factor in *Insure New Mexico’s!* recommendation for part-time employee insurance coverage. This legislation is designed to encourage employers to cover their part-time employees and is intended to address the fact that part-time workers make up a significant portion of the workforce.

The survey clearly demonstrated the need for small employers to provide financial assistance with the burden of offering health insurance. Given the concern that employers had about the cost of insurance, it was not surprising that 70 percent said they would be interested in state tax relief, with 60 percent saying they would be “*very interested*” in this type of assistance. Half (51 percent) of the employers also expressed interest in state subsidies for low-income employees enabling them to enroll in programs already offered by employers. Although tax credits were seen as important, the high cost of this approach compared to number of new insured it could generate make this approach difficult to justify. As discussed in a previous section, the State Coverage Insurance (SCI) plan is designed to assist employers in addressing affordability for the low-income employees. Through the legislative process, the State committed \$4 million to fund SCI premiums that would allow 7,000 newly insured working individuals to obtain coverage.

Two-thirds (67 percent) of the employers surveyed expressed interest in a purchasing alliance that would allow employers to group together with the goal of leveraging lower premium rates. Based upon this finding, a bill was passed calling for the formation of the Small Employer Insurance Program (SEIP) to be administered by the State General Services Department (GSD). SEIP would allow small employers to join together to offer a plan that would take advantage of a pooling concept to benefit from spreading risk and GSD’s experience managing employee health plans.

Summary

While New Mexico has large employers in the sectors of defense, research, military, education, health care, high-tech manufacturing, state and federal government, the majority of organizations in New Mexico employ five or less people. These small businesses are faced with many challenges, one of which is being able to provide affordable, comprehensive, health care coverage for their employees. The multi-faceted approach identified by *Insure New Mexico!* to address the affordability issues as identified by the survey includes expanding an existing program, HIA, while launching two new programs, SCI and SEIP. Health insurance carriers are required by statute to expand their eligibility to include part-time workers and dependents to age 25.

The Health Care Marketplace

The Legislative Health and Human Services Committee (LHHS) was charged with completing a health care cost study to determine the amount of public and private money expended on health care in the state, as well as the economic impact and the effect of health care reform efforts. Mandated by House Bill 955 (HB 955) during the 2003 legislative session, the study was conducted and presented to the LHHS in November 2004.

The committee was tasked with conducting a comprehensive study, in consultation with the New Mexico Health Policy Commission, to review and determine the:

- Expectations and outcomes of state and national health care reform efforts over the last 10 to 15 years;
- Public and private costs of providing health care to all New Mexicans; and
- Impact of health care expenditures on the health care industry and the state's economy, including compensated and uncompensated care costs.

Through House Bill 955, the *Insure New Mexico!* Council was given another opportunity to look at the health care marketplace from a broader perspective, such as how health care could be an opportunity for economic development or how the marketplace could be impacted by certain reform measures.

Government Influence as a Purchaser of Health Care/HB955

In 2002, the estimated cost of providing health care to New Mexicans was \$7.9 billion. Approximately 75 percent of health care expenditures were publicly financed (\$5.9 billion). Of the almost \$5.9 billion that came from public sources, the federal government paid for 84 percent (\$5 billion) compared to 14 percent contributed by state government (\$820 million). Counties covered about 1.5 percent of health care costs (\$94 million) and only \$3.4 million came from out-of-state sources. Spending for hospital services and for medical and other professional services and supplies accounted for 28 percent of health care dollars, and spending on long-term care services accounted for another 12 percent. While categories were created based on comparable types of services utilized by the National Health Accounts (CMS, 1960-2002), some sources did not tend to collect or report data by types of services.

Impact of Federal Health Care Spending on New Mexico's Economy

- Federal health care-related spending in New Mexico totaled \$4.4 billion and represented about 25 percent of all federal spending in the state.
- Historically, as a result of federal spending on health care, New Mexico's gross state product increased by over \$8.5 billion, earnings for New Mexicans increased by \$6.3 billion and the number of jobs in the state economy increased by 226,000.
- Federal spending on health care was responsible for about 15 percent of New Mexico's economy.
- Total earnings for New Mexico in 2002 were \$33.3 billion. Federal spending on health care was responsible for 18.8 percent of all earnings in New Mexico.
- Federal spending on health care was responsible for 23 percent of all non-farm jobs in New Mexico.

Self-Insurance

As stated above, New Mexico has some large employers, especially in the sectors of defense research, education, health care, high tech manufacturing, as well as local, state and federal government. A large percentage of public employer groups are self-insured.

A smaller percentage of non-public large employers are self-insured. These employers comprise a small percentage of the total employers in the state, but they do reflect a very large percentage of employees.

There are a disproportionately large number of small employers in New Mexico. The majority of New Mexico organizations employ five or fewer people. Less than half (46 percent) of these very small employers offer health insurance compared to 87 percent of companies with more than 20 employees who do offer insurance. Three-quarters of employers with 11 to 20 employees offer health insurance coverage, as do 64 percent of employers with between six and ten employees. In New Mexico, the likelihood of employer-sponsored health care insurance coverage increases with the size of the employer. Clearly, the state's disproportionately large percentage of small employers in the state is an important issue in the analysis of the high percentage of uninsured.

The Safety Net

New Mexico's safety net providers are a significant part of the delivery system, particularly for low-income residents. New Mexico has 33 counties; 26 counties are considered to be full medically underserved areas (MUAs) – a federal designation based on population and health status factors – and six are determined to be partial MUAs. Primary care services are available at 132 delivery safety net sites across the state, including 90 medical sites, 29 dental sites, and 34 school-based health centers. School-based health centers were granted additional funding in the past legislative session with the intention of doubling the number of these sites to 68, locating at least one in each county of New Mexico.

These primary care facilities are located in 95 communities, 80 percent of which are in rural or frontier areas. It is estimated that of the approximately 260,000 patients served at these sites each year, 44 percent – or about 115,000 – are uninsured. Approximately 78 percent of these patients live in households below 200 percent FPL, and an estimated one-third are pediatric or adolescent patients.

In 2003, the U.S. Department of Health and Human Services ranked New Mexico's primary care clinics eleventh in the nation for the rate of penetration in caring for the underserved. Roughly one-quarter of New Mexico's uninsured residents are able to access not only comprehensive primary care through the clinics but also referrals to specialists, discounted pharmaceuticals, and some dental and mental health care. Additionally, the clinics spent a large proportion of their limited human and fiscal resources on outreach, education, case management, and disease prevention.

The Experience of Other States

The *Insure New Mexico!* Council reviewed extensive information from many states that had unique and multi-faceted approaches to resolving the problem of uninsurance including:

- Premium assistance programs;
- Reinsurance;

- Scaled-back benefit plans/review of state regulatory reform;
- Statewide voluntary purchasing alliances; and
- Tax relief/credits for employers.

Specifically, Maine’s Dirigo Health Plan, Connecticut’s Municipal Employee Health Insurance Plan (MEHIP), Healthy New York and California’s Pay or Play legislation were all presented to the Council. Other initiatives presented to the Council included a comparison of Oregon and New Mexico’s HIFA waiver. In addition, the HRSA project has looked at other factors pertinent to policy formulation, including ERISA, Industrial Revenue Bonds, benefit design and cost considerations, and consumer-driven plans. The HRSA project continues to research and interface with state representatives to monitor these initiatives and explore new ideas, such as Maryland’s “Wal-Mart” bill.

Summary

Government financing has a large impact on New Mexico’s economy while providing necessary mechanisms for access to health care for the uninsured population. Because of House Bill 955 and the approaches implemented and investigated by other states, the *Insure New Mexico!* Council recommended: expansion of Medicaid for targeted populations including low-income adults with children, and infants and toddlers up to 300 percent of the federal poverty level; extended use of federally qualified health centers, and revenue generating options to support these endeavors. In 2005, the Council was successful in generating outreach efforts to Native American and Hispanic populations especially children, via Medicaid, and will continue in the next legislative session to identify the best use of governmental funding to expand health care coverage in New Mexico.

Options and Progress in Expanding Coverage

Insure New Mexico! Coverage Options

The Council initially considered nearly 100 ideas during its course of deliberation in the first year. The Council arrived at its recommendations to the Governor through a process of learning, generating ideas and then prioritizing and analyzing those ideas. The Council recognized that in order to address the uninsurance problem, a multi-faceted approach was necessary to provide options for employers and individuals. The *Insure New Mexico!* Council remains committed to continuing to explore additional ideas, implement its recommendations, and assess the effects of recommendations on usage. The following is the full list of their recommendations to Governor Richardson.

Recommendations to Decrease the Cost of Health Insurance

Increase Insurance Options for Small Employers and Individuals/Families

1. Implement the State Coverage Initiative (SCI) beginning in FY 2006 to insure up to 7000 adults below 200 percent of the federal poverty level (FPL); explore expansion possibilities for as much of the eligible population as possible in future years. Seek county funds to expand this program further.

Cost: \$4 million general fund annually for SCI (generates \$16 million in federal funds match and up to \$8 million in private premiums), and \$100,000 general fund annually (generates \$700,000 in federal funds) for the Human Services Department (HSD) to administer and expand this program.

2. Allow buy-in to a General Services Department/Risk Management Division (GSD/RMD) sponsored health plan for small employers, including nonprofits, with 50 or fewer employees that have not offered health insurance for at least 12 months. This option should be fully funded by small employers who buy in and assumes premium contributions are actuarially sound and operating within established budget levels.

Cost: \$500,000 in non-recurring general fund to begin the development of and to administer the program; employers participating when the program is up and running will pay initial and on-going costs.

3. Expand the role of the Health Insurance Alliance (HIA) and reduce the cost of the premiums of HIA-offered health insurance plans by revising the HIA rate structure set in statute.
4. Amend the state law applicable to individual health insurance plans so that individuals ages 19-24 can stay on their parents' health insurance, even if they are not students.
5. Require insurers to offer domestic partner health insurance benefits to employers of any size who want to provide this coverage.
6. Require insurers to offer health insurance to employees working 20 hours per week or more. Currently, some insurers do not offer insurance for employees working less than 30 hours per week.
7. Provide more catastrophic or specialty health insurance plan options for targeted groups (e.g., young healthy adults) through commercial insurers and the Health Insurance Alliance (HIA).
8. Create a short-term task force of insurers and the Department of Insurance (DOI) as a subgroup of the *Insure New Mexico!* Council to explore barriers to offering flexible, inexpensive limited insurance plans, including requiring all carriers to offer such a benefit plan and/or reducing state mandates (e.g., New York, Texas and Maryland).
9. Consider a state-subsidized reinsurance plan similar to the HealthyNY model.
10. Explore allowing employers to put high-risk employees in the New Mexico Medical Insurance Pool (NMMIP), the state's high-risk pool.

Provide Tax Incentives for Small Employers

1. Provide a tax credit for all businesses that provide health insurance for part-time employees working at least 20 hours a week. This credit is estimated to benefit 7,000 part-time employees (a total of 10,000 individuals, with families).

Cost: \$15 million in general fund annually.

2. Provide a graduated tax credit for small businesses (25 employees or less) that offer health insurance for their employees. Small businesses currently offering health insurance would receive a five percent tax credit, while small businesses not currently offering health insurance would receive a 10 percent tax credit declining to five percent in the second year. This tax credit is designed to entice small businesses to begin and continue to offer health insurance for employees. This tax credit is estimated to benefit 5,000 employees (a total of 7,500 individuals, with families).

Cost: \$9 million in general fund annually.

3. Explore mechanisms such as financial or tax incentives to encourage employers to pay a higher proportion of health insurance premiums for lower paid employees.

Use Medicaid for Targeted Populations

1. Establish a state policy that moves toward increasing Medicaid coverage (thereby maximizing federal financial participation) for all adults up to 100 percent of the federal poverty level (FPL), as resources allow, by developing a limited benefit plan for such adults with appropriate cost-sharing beginning in FY2006 for uninsured adults with children at the lowest poverty levels. This recommendation would cover approximately 19,200 individuals.

Cost: \$17.8 million in general fund annually (assuming 50 percent take-up rate); generates \$46.6 million in matching federal funds.

2. In FY 2006, create a limited benefit plan within Medicaid for adults with children up to 50 percent of the federal poverty level. Currently, only adults with children up to approximately 33 percent of the federal poverty level are covered through the TANF program. This recommendation would insure approximately 5,487 new individuals (assuming a 50 percent participation rate).

Cost: Estimated \$5.1 million general fund annually; generates approximately \$13 million in federal funds.

3. In FY 2006, conduct enhanced outreach targeted toward Native American and Hispanic children currently eligible for Medicaid. This recommendation will cover approximately 3,800 children.

Cost: Approximately \$2 million in general fund annually; generates up to \$8 million in federal funds.

4. Expand Medicaid eligibility for prenatal care for individuals up to 235 percent of the federal poverty level (currently at 185 percent), and for infants and toddlers up to 300 percent of the federal poverty level (currently at 235 percent), with appropriate cost sharing by covered individuals. This recommendation targets the most preventive interventions for young children and will help prevent more expensive care later. These program changes could impact over 11,500 mothers and children (assuming a 50 percent participation rate).

Cost: Up to \$7.2 million in general fund annually; generates up to \$26.8 million in federal funds.

5. Establish a state policy using limited or reduced benefit packages as the state strives to maintain or potentially expand the Medicaid program in an effort to maximize the number of individuals covered by the Medicaid program.

Use New Mexico Clout to Promote an Increase in Insurance Offerings

1. Expand the use of federally qualified health centers (FQHCs) and state-funded primary care clinics by maintaining and expanding the rural primary health care network and conducting additional targeted outreach, especially to those who could use such clinics in lieu of using emergency rooms for primary care.

Cost: \$2 million in general fund annually.

2. Encourage New Mexico health care payers to assist providers to submit claims electronically by providing equipment, training, capacity building and technical assistance. A cooperative partnership between payers and providers is encouraged to increase the use of technology and telehealth practices that decrease costs and improve health outcomes, thereby minimizing the rising costs of health insurance.
3. Design the health infrastructure and develop in-state health care capacity in New Mexico so fewer dollars are spent out-of-state and are instead redirected towards in-state providers.
4. Give preference in conducting business with the state to companies who offer health insurance for their employees. The Governor should call on New Mexico businesses to give preference to vendors, contractors and suppliers that offer health insurance for their employees.

Recommendations to Increase Knowledge of Health Insurance Options

1. Collaborate with the Department of Health (DOH) to educate the public about the link between prevention and wellness and reducing the cost of health insurance premiums.

2. Charge HIA with creating a website and other mechanisms to educate targeted populations about the value of health insurance and options to obtain it, with the population targets to be based on the findings of the Household Survey.
3. Educate individuals 19-24 years old and their parents about the importance of health insurance and the value of staying on their parents' health insurance plans, using HIA, DOH, insurance brokers and commercial insurance outreach efforts.
4. Partner with the Association of Independent Insurance Agents to add to its continuing education units (CEUs) opportunities to educate and encourage insurance brokers regarding insurance options such as SCI (public-private partnership for employers and low-income adults), and SEIP (for small businesses and nonprofits), and commercial flexible benefits plans.

Recommendations to Reduce the “Hassle Factor”

1. Create collaboration between the Health Insurance Alliance (HIA) and insurance providers to build an insurance technical assistance, outreach and ombudsman capacity for small employers; conduct outreach for small employers to provide information and assistance with tax incentives, insurance options and plan selection; and build and market the “business and economic development” case for offering health insurance.

Cost: Approximately \$500,000 in general fund annually, beginning in FY 2006 for this recommendation, along with the recommendation above to create a public education capacity within HIA.

2. Encourage and support the insurance industry's efforts to simplify underwriting guidelines and increase customer service for small employers.

Recommendations to Increase Revenue to Offset Cost of New Programs

1. Generate revenue earmarked for decreasing the number of uninsured individuals by closing the tax loophole for smokeless tobacco products. A tax increase on smokeless tobacco products from 25 percent to 40 percent would generate an estimated \$2.3 million.
2. Generate revenue earmarked for decreasing the number of uninsured individuals by increasing the liquor excise tax. A tax increase on liquor from five cents a drink to 15 cents a drink would generate an estimated \$72 million.
3. Use part of any uncompensated care savings to pay for the health insurance of low-income populations after the insurance options are implemented (e.g., ME model).

4. Assure that individuals and employers participate appropriately in the cost of insurance made available through these recommendations (e.g., appropriate co-pays, premiums based on income, etc.).
5. Maximize federal revenue through use of Medicaid for low-income and targeted populations.

Administration of Programs

Four of the five *Insure New Mexico!* sponsored bills passed and were signed into law. The administration and implementation of the programs below has been a challenging process, requiring creativity from the agencies charged with realizing them. They are intricately linked requiring carefully planned implementation to achieve cost effectiveness while emphasizing ease of access for small employers throughout New Mexico.

The Small Employer Insurance Program (SEIP) – Implements a program that will provide options for small employers (50 or fewer employees) to voluntarily buy into a state administered health insurance program. This program contains a crowd out provision that requires employers that have been without insurance for a period of 12 months before joining the program.

The Health Insurance Alliance (HIA) – Expands the HIA’s responsibility for outreach, public awareness and assistance to employers in obtaining and maintaining health insurance for their employees and modifies the composition of the HIA board of directors to include a non-profit representative. It also changes provisions in the Health Insurance Alliance statutes to make insurance more affordable for small businesses and individuals by lowering the premium rate structure.

Other existing key pieces within the *Insure New Mexico!* package includes:

State Coverage Insurance (SCI) – In early 2001, the New Mexico Human Services Department (HSD) partnered with various stakeholders to apply for planning and implementation funding through the Robert Wood Johnson State Coverage Initiatives program. This enabled New Mexico to work with the state’s employers and entities from the health care market to develop viable coverage options targeting the state’s uninsured. New Mexico received SCI grant awards for planning and implementation in April and October 2001, respectively.

A Health Insurance Flexibility and Accountability (HIFA) waiver was approved by the Centers for Medicare and Medicaid Services in August 2002. The waiver program utilizes unspent SCHIP funds to provide basic health benefits for New Mexicans with incomes up to 200 percent of the federal poverty level through an employer based buy-in insurance plan. The SCI benefit plan is structured like a traditional commercial plan rather than the traditional Medicaid benefit package. Funding is contributed from the employer for each eligible employee.

The employee contributes a share based on income level, while state general funds are matched with federal funds to complete the premium package. Cost sharing provisions are carefully crafted to include premiums and copayments that ensure affordability and access to care for those in lower household income levels. There are annual dollar maximums on benefits as well as annual out of pocket expense maximums. SCI is a managed care model that contracts with Managed Care Organizations (MCO) who successfully bid through a RFP process. SCI uses the existing infrastructure of the Human Services Department's Medical Assistance Division and the Managed Care Organizations to administer the plan in a unique and innovative blending of the public/private health care system. In the 2005 legislative session, \$4 million was appropriated from New Mexico's general fund to begin the implementation of SCI.

The New Mexico Medical Insurance Pool (NMMIP) – Established in 1987 by the state legislature, the pool was created to provide medical insurance access to New Mexicans who were denied access to health insurance because they were considered uninsurable. The NMMIP also provides health coverage to New Mexicans who have exhausted COBRA benefits and have no other portability options available to them. Blue Cross/Blue Shield of New Mexico administers eligibility, enrollment, member services, and claims processing for the NMMIP.

One feature unique to the NMMIP is the provision that qualifying individuals with incomes up to 200 percent FPL may receive a subsidy of from 25 to 75 percent of the premium. NMMIP developed an interim prescription drug insurance product for seniors pending implementation of the Medicare Prescription Drug Program in 2006. Currently, there are approximately 4000 individuals covered by NMMIP.

Interaction of New and Existing Programs

Coordinating new and existing programs will be critical to reducing the “hassle factor” for small employers. The *Insure New Mexico!* Solution Center will act as the central point of contact for small employers looking to identify and purchase a health insurance package for their group. The options available through *Insure New Mexico!* include the Health Insurance Alliance's (HIA) benefit plans, the Small Employer Insurance Program, State Coverage Insurance, and the New Mexico Medical Insurance Pool. The Solution Center staff initially evaluate small employers about their employees' eligibility for programs and demographics (i.e. income level, health status, crowd-out considerations, gender, age, etc.) in order to identify the most appropriate program to provide maximum coverage and cost effectiveness.

Employees will be directed into the various programs which best suit their needs. Employees who meet the FPL requirements and crowd-out provisions would be directed into the SCI program. Other employees with household incomes above 200 percent of FPL would be directed into SEIP while high-risk individuals will be screened for participation in the NMMIP. In addition, the HIA's lowered rate structure may be a viable option for employers to consider. The *Insure New Mexico!* Solutions Center will design the group premium amount and provide enrollment materials to the employees while packaging it as one employer plan.

It is anticipated that the resultant simplification of billing, marketing, packaging, customer service, and overall design, will achieve the three objectives of the *Insure New Mexico!* Council: lowering cost, reducing hassle factor, and increasing knowledge.

Program Implementation

The following implementation challenges were addressed by staff to the *Insure New Mexico!* Council in partnership with the Health Insurance Alliance:

- The “clearinghouse” process or central point of contact, assessment of needs and coordination of service;
- Reporting and tracking needs;
- Funding, rate setting and reserves.

Central Point of Contact

Providing a central point of first contact with small employers and individuals looking for affordable health insurance options is critical in reducing the ‘hassle factor’. The point of first contact should also help clients identify which *Insure New Mexico!* plan best fits their needs. The most important points in the process include:

- Determine role of the “clearinghouse” with regards to requirements of the legislation and expectations of Human Services Department (HSD), General Services Department (GSD) and Department of Insurance (DOI);
- Hire bi-lingual Ombudsman Staff;
- Determine how to coordinate with existing carrier plans;
- Establish policy and procedures; and
- Develop on-line resource guide (similar to California model) that educates public on options, costs, benefits, etc.

Reporting and Tracking Tactics

- Develop measurement and tracking component to determine if customer satisfaction with obtaining insurance is improving;
- Develop process to ensure customer was informed of choices (decline and sign);
- Develop tracking of outreach contact, enrollment, decline, gone to private carrier, etc; and
- Develop audit sample process.

Funding Tactics

- Implement innovative, non-traditional, and private funding opportunities and partnerships;
- HIA to develop proposed budget for Board of Directors;
- Actuarial firm retained to assist with developing premiums and reserves requirements; and
- Design structure that allows for premium aggregation across several insurance programs that an employer may want to have implemented.

Outreach and Enrollment

Having identified a prime opportunity for a more coordinated approach and to expand knowledge and outreach to an employer population, (as noted 62 percent of employers surveyed were unaware of the existing options available to them). *Insure New Mexico!* recommended and included in legislation that HIA be the primary vehicle for outreach, training and marketing activities.

The Secretaries of the Human Services Department (HSD) and the Government Services Department (GSD) helped take the lead to create an implementation team to coordinate a messaging and outreach plan with input from the following audiences:

- Association of Non-profits Organization- NM (NGO-NM);
- HIA;
- Small Employer Groups;
- Chambers/Associations;
- New Mexico's General Services Department/Risk Management Division;
- Brokers (certified and non-certified);
- Health Insurance Carriers; and
- Department of Insurance.

Agent Outreach and Training Tactics:

- Ensure adequate support exists among broker community for Northwestern and Southern New Mexico and other counties with high -uninsured rates.
- Research electronic communication preference of Brokers.
- Develop "Go To" list of community leaders in target populations.
- Develop reward component for brokers. Include ongoing and broker incentive/bonus increase to generate more interest.
- Develop curriculum and receive DOI approval for an agent continuing education class.
- Increase number of agents with HIA certification (currently 1,000 with 300 active).
- Research establishing part-time presence in communities underserved by brokers through hiring or partnering with individuals well established in those communities and training them appropriately.
- Identify all bi-lingual brokers.
- Educate and communicate to insurance agents/brokers about *Insure New Mexico!* purpose, products, benefits, and "case" for economic benefits of having insurance – use cost/benefit comparison matrix.
- Develop communication distribution process/plan for both HIA certified and non-certified Agents/Brokers (may include messaging for increased broker incentive).
- Consider implementation of HIA broker and public hotlines to speed answers to questions from each audience (technical vs. general).
- Develop Broker/Agent Training Schedule. Request coordination and/or sponsorship opportunities with Health Insurance Carriers.
- Develop Brochures/Fact Sheets/Handouts and other collateral materials for HIA certified and non-certified Agents/ Brokers.

- Develop tracking and measurable reporting plan for leads, conversion, and insurable lives. This documentation must be tied to certification and incentive programs.
- Survey agents on ways the HIA can reduce enrollment hassle factors.

Marketing Tactics:

The enabling legislation for HIA mandates measurable growth in health insurance penetration. In the implementation plan, the *Insure New Mexico!* Council wants aggressive, consistent and expanded outreach efforts. Specific items under consideration include:

General Outreach

- Provide checklist of all external (HIA, HSD, GSD) communication and collateral materials for development or revision, including Spanish and Navajo versions.
- Develop matrix, fact sheet and talking points regarding comparison of *Insure New Mexico!* package of programs.

Small Business and Individual Outreach

- Develop or revise existing marketing communication plan(s) to aggressively expand direct sales outreach to:
 - New Mexico Small Business Development Centers
 - Trade Associations
 - Chambers of Commerce
 - Non-Profit Groups
- Include communication distribution process to these targeted audiences with a community focus (on-site, direct mail, business fairs/meetings, trade shows, newsletter inserts, website links, sponsorships, partnerships/endorsed agent, and annual directories).
- Revise marketing outreach plan to include community-gathering places such as churches, community centers, schools, libraries, etc.
- Research and include additional sales/marketing staff needs for HIA.
- Revise booth displays, banners, posters, etc. with new messaging.

Health Plan Carrier Outreach

- Develop on-going outreach and communication distribution plan for all participating health plan carriers.
- Develop training materials for carriers.
- Train health plan carriers on *Insure New Mexico!* products.
- Invite carriers to coordinate or sponsor agent training.
- Work with current carriers to further streamline underwriting requirements.

Crowd-Out Considerations

Crowd out issues were specifically crafted for the Small Employer Insurance Program (SEIP) by exclusively targeting currently uninsured employers and individuals.

Specific requirements to reduce crowd-out include restricting eligibility for Small Employer Insurance Program (SEIP) to small employers who have not offered health insurance to their employees for the previous twelve months and requiring that eligible employees must be New Mexico residents for the previous twelve months.

The State Coverage Insurance (SCI) program was structured with crowd-out provisions similar to the SEIP. In order to be eligible, employers must not have voluntarily dropped coverage in the past twelve months and individuals/employees must not have voluntarily dropped their coverage in the last six months.

Premium-Sharing/Benefit Structure

The SCI benefit package is being utilized for the SEIP program, but with increased cost sharing and higher deductibles. The [benefit package](#) for SCI is a comprehensive package with preventative, diagnostic, physical, behavioral health and prescription services.

Next Steps and Further Recommendations from Insure New Mexico!

Meetings were conducted for both the implementation of the *Insure New Mexico!* package of health care options as well as council meetings during 2005. The Council monitored implementation, continued to examine initiatives from other states, and developed recommendations for the 2006 legislative session.

Summary

By building upon initiatives from the past and bridging the public/private marketplace, the *Insure New Mexico!* Council, with information provided by the HRSA project, had crafted a broad package of options for employers to access comprehensive health insurance with decreased cost. Through a partnership of existing entities, newly crafted legislation, and committed resources, the *Insure New Mexico!* program is expected to achieve an increase in the number of New Mexicans who will have access to employer based coverage.

Consensus Building Strategy

Key State Agencies

The State Planning Grant was overseen by a group representing numerous state agencies including:

- State Planning Grant Staff;
- The Secretary of the Human Services Department;
- The Director of Medicaid;
- The Health Policy Advisor to the Governor;
- The Director of the General Services Department/Risk Management Division;
- The Deputy Director of the Health Policy Commission;
- The Deputy Director of Legislative Health and Human Services;
- The Chief Economist of the Medical Assistance Division; and
- The Project Director of SCI.

This group met monthly to review the progress of the HRSA objectives, discuss problems and find solutions. The working group was quickly able to adopt consensus-building strategies while involving the Healthcare Coverage and Access Taskforce (HCCA), the Medicaid Advisory Committee, the Legislative Health and Human Services Committee at key junctures in the process thus ensuring their input into the questionnaire development, as well as disseminating information as it was obtained. One aspect of notable collaboration was the addition of surveys focused on the identified spotlight of employer-sponsored data.

The working group has added additional members whose expertise was necessary in the implementation phase. The following functionaries were added:

- The Secretary of General Services Department (GSD)/Risk Management Division (RMD);
- The Health Insurance Alliance (HIA) Executive Director;
- The Chief Actuary for the Department of Insurance;
- The Medical Director for Medicaid;
- The Communications Director for the Human Services Department (HSD);
- The Deputy Directors of GSD/RMD and Medicaid; and
- The Chief General Counsel for Human Services Department (HSD).

Involvement of the Executive and Legislative Branches

Because the Governor and the Secretaries of this administration are heavily focused on the issues of health care insurance and access, the HRSA project had the ability to collaborate with the *Insure New Mexico!* Council and to participate in the formation of bills tailored toward the identified uninsured populations. By having key legislators appointed to the Council and through presentations to important legislative subcommittees, this branch of government was heavily involved in the planning process from its earliest stages.

The Input Process

The *Insure New Mexico!* Council ensured the building of consensus through a three-stage process to inform themselves about the healthcare environment.

Stage One of the process included presentations from and facilitated discussions with representatives of small employers, nonprofit agencies, employees, health insurers, state agencies, actuaries, researchers, legislators and other states. Members of the Council also reviewed research, data provided through the HRSA project and policy documents pertaining to the uninsured in New Mexico and nationally.

In Stage Two, the Council expanded its perspective and discussed the information that it received while members generated a wide-range of creative ideas for addressing its goals. Those ideas were then clustered with three objectives: lowering cost barriers, increasing knowledge of existing opportunities and decreasing the ‘hassles’ that could deter employers from providing insurance.

In Stage Three the Council analyzed the more than 100 initiated ideas 65 members had generated. Council members, individually and then as a group, analyzed and prioritized the ideas in terms of their likely impact or effectiveness and the ease or difficulty with which they might be implemented. The Council refined ideas on which there was broad consensus and further discussed ideas on which there were varying views. Members of the Council valued the opportunity to have closed meetings in which Members could air disagreements, challenge each other's thinking, and seek common ground.

Public Awareness and Support

The HRSA Project built a website as a source of public awareness and a means to keep interested parties and stakeholders informed. Agendas and minutes from each of the Council meetings are posted as they are formulated for review by the general public. The website can be accessed at: <http://insurenwemexico.state.nm.us/HCNMC.html>

Throughout the legislative process, press releases were written to develop support for the *Insure New Mexico!* package of bills. These press releases were available on the website as well as all of the reports and data generated by the HRSA state planning grant. Public support was garnered for these initiatives with public testimonials during legislative committee hearings from such entities as:

- NGO New Mexico;
- The managed care organizations in New Mexico;
- The Greater Albuquerque Chamber of Commerce; and
- The Association of Commerce and Industry.

Summary

Consensus-building among state, health care entities, small employers, non-profit groups, and the executive branch proved instrumental in the success of *Insure New Mexico!* Limiting the size of the group and creating a closed, safe process for meetings and debate while hearing from multiple outside perspectives and studying other policy initiatives, created the necessary environment for open and frank discussion about the merits of different approaches to solving a complicated problem.

Pilot Grant Activities

Financial analysis of health coverage- One of the recommendations of the *Insure New Mexico!* Council and of the Legislative Health and Human Services Committee was to create a group endorsed by the executive and the legislative branches to select models of health coverage for financial analysis that would move toward covering all New Mexicans. This recommendation resulted in the Health Coverage for New Mexicans Committee that is jointly appointed by the executive and legislative branches. This committee is charged with determining models to be analyzed, conducting open meetings, soliciting public input, and making recommendations on next steps after the models are analyzed. The Committee will also select the national expert to conduct these analyses, after a public request for proposal process. Final policy decisions about health coverage will be made by the Legislature and the Governor via public policy-making and legislative processes.

The Health Coverage for New Mexicans Committee will help inform these processes by determining health coverage models for analysis by an independent national expert or experts, and making recommendations after hearing their report.

Mathematica Policy Research, Inc. was the national expert chosen to analyze models for universal health coverage in New Mexico. In the course of costing out the models chosen by the committee it was necessary for Mathematica to establish a base case- the current situation in New Mexico in terms of health insurance, health care costs and a variety of other health care related factors. This analysis was partially funded by the HRSA SPPG. http://insurenwemexico.state.nm.us/documents/INM_MPR_Final_Report_070731.pdf

Evaluation of State Coverage Insurance (SCI) -New Mexico is a poor state with the second highest percentage of uninsured adults in the nation. The state's Medicaid program does not include a medically needy program. There is no state safety net to deal with the volume of individuals without access to health coverage. Many uninsured have unmet health care needs, some of which are associated with chronic conditions. Early SCI enrollment was associated with issues related to pent up demand including high utilization of services, high acuity of services utilized, and increased program costs. Contributing to the factors involved in pent up demand is the feature of the SCI program which does not bar the unemployed from joining the program. Overall enrollment numbers were small for the first year of the program. Program administrators and Managed Care Organizations are cognizant that increased enrollment will spread the risk which is necessary for fiscal success of the program.

Enrollment in the State Coverage Insurance (SCI) program reached the 10,000 membership level during this year. Several factors have contributed to the increase in SCI enrollment, including new marketing and advertising campaigns, modification to the premium structure, improvements in the eligibility process, and the establishment of a group enrollment center.

A formal marketing plan to target small employers was developed and successfully implemented. Marketing strategies designed to increase SCI enrollment included trainings with insurance brokers around the state to certify and educate them to offer the SCI program, and implementation of a media campaign specifically targeted to small employers, which included both television and radio advertising. Additionally, the State's Lieutenant Governor, chairperson of both the *Insure New Mexico!* Council and the Health Coverage for New Mexicans Committee served as a spokesperson for the creation of an informational video about SCI, which is distributed to all of the small business development centers throughout the state. The centers screen the video for all prospective new business owners. As of September 30, 2007, 435 employer groups are enrolled in the program.

Enrollment trends continued to be monitored monthly. The eligibility and enrollment process was examined closely to identify potential barriers for enrollment. Throughout the year, the SCI eligibility unit and *Insure New Mexico!* have collaborated with the managed care organizations to streamline the eligibility process.

Recent revisions to the SCI application document and the elimination of a prescreen step have resulted in improved processing time for applications. A second eligibility unit is scheduled to open in Albuquerque by the end of October.

A modification to the SCI program was implemented in August 2007. The State began assisting SCI members whose income is at or below 100 percent of the federal poverty guideline with premium payments for the program. This modification helped to remove the financial barrier for small employers that previously were unable to offer health insurance benefits to employees.

A group enrollment center was recently established with dedicated employees who work primarily with employer groups, insurance brokers, and the managed care organizations' sales staff. Serving as the point of contact for all of these stakeholders, the center is able to facilitate the group enrollment process by providing a high level of customer service.

*Planning and analysis of issues involved in structuring Small Employers Insurance Program (SEIP)-Enacted in the 2004 legislative session in response to *Insure New Mexico!* Council recommendations, SEIP is a health care program for small employers (50 or fewer eligible employees) to voluntarily buy into a state-administered health insurance program. Information gained from analysis of SCI implementation was utilized for planning of the Small Employers Insurance Program (SEIP) program, which was implemented effective July 2006. Information from SEIP and SCI implementation analyses will be used to identify gaps and issues for planning of future state health care strategies.*

SEIP program planning successes to date include: completion of benefit design, data collection for initial actuarial analysis; actuarial analysis and premium setting in conjunction with Mercer Human Resources, Inc. Legal analysis based on potential ERISA issues involved in a state sponsored and administered, privately funded employer pool were also studied. Operational planning centered on combining employer benefit design packages in a manner that maximizes the cost efficiencies available through the *Insure New Mexico!* solutions package with a single enrollment and billing system. The Human Services Department renamed the HRSA grant and State Coverage Insurance bureau as the *Insure New Mexico!* Bureau to encompass several developing programs. The *Insure New Mexico!* Program is responsible for the development of a unique system of affordable health coverage products. This seamless system will allow small employers to easily apply for, and obtain the appropriate level of health care coverage for each employee, and receive only one premium. The system includes SCI, SEIP, NMMIP (New Mexico Medical Insurance Pool), and a Premium Assistance Program. Outreach will assist the *Insure New Mexico!* Program to reach three goals: decrease the number of uninsured by targeting Hispanics and Native Americans in rural and frontier areas; increase the assurance of a balanced risk pool in *Insure New Mexico!* programs by focusing on healthy working adults; and, provide a means for further analyses of the uninsured.

Plan for Outreach to Native American Employers-Previously funded studies through HRSA confirmed significant disparities in health insurance for Native Americans and Hispanics. A number of strategies are being employed to address this issue. One of the initial steps designed to determine appropriate and efficacious ways to address lack of insurance for Native Americans was a series of focus groups designed to examine barriers specific to Native Americans. Conducted in 2005 among Native Americans residing in New Mexico and representing a cross section of the state's tribes, this research was commissioned by the Human Services Department and funded by the HRSA PPPG. Focus groups and surveys were conducted by Research and Polling, Inc. A final report was released in February 2006. Primary objectives of the study were to identify reasons why Native Americans do not purchase health insurance, to identify special obstacles to obtaining health insurance which exist for Native Americans, to assess Native Americans' understanding of health insurance and Medicaid and to identify the role of traditional medicine in the health care delivery system. "Barriers to Obtaining Insurance Among Native Americans"

http://insurenwemexico.state.nm.us/documents/INM_MPR_Final_Report_070731.pdf report was released by New Mexico Human Service Department Secretary Pamela Hyde, on February 7th, 2006. It was released on Indian Day during the 2006 New Mexico Legislative Session. Secretary Hyde presented the report to the public, including dignitaries from New Mexico's twenty-one sovereign nations. The report was a result of several Native American focus groups, which were held with Native Americans from many of New Mexico's twenty-one nations. These focus groups were surveyed on the barriers to obtaining insurance. Data concluded that an attitude of distrust, lack of understanding regarding insurance, and the challenges in accessing health care in very rural and frontier areas were the main barriers for Native Americans regarding health insurance. In a collaborative effort, SCI and New Mexico HSD Native American liaisons provided training to reservation and urban based Indian Health Service workers in accessing and delivering information on SCI. The twenty-one nations are one of the marketing and outreach targets for SCI and SEIP.

Town Hall Meetings- A series of town hall meetings on health care has been conducted throughout New Mexico by several of New Mexico's State Cabinet Secretaries. And, a public meeting on the development of a Premium Assistance Program took place in March 2007. Finally, Citizens Health Care Group and America Speaks chose New Mexico as one of thirty-six states in which to hold a national forum on health care. The information gathered at the Citizens Health Care Community Meeting will be presented to President Bush and the U. S. Congress. America Speaks facilitated the forum and engaged New Mexico Human Services Department staff for support. Outreach was conducted in order to have a representation from all of the diverse groups who populate New Mexico.

Implementation Status

New Mexico was able to implement many of the projects for which the HRSA SPPG funding was utilized.

- It completed an updated analysis of the state's uninsured. There is much more work to be done in this area as New Mexico prepares itself for universal coverage and bold reform effort.

http://insurenwemexico.state.nm.us/documents/INM_HCNM_Comm_Fin_al_Report_20070809.pdf

- It undertook and will continue to evaluate and make mid-course corrections to the State Coverage Insurance Program which allowed the program to reach a target of 10,000 enrollees.
- It planned for and was able to operationalize the Small Employers Health Insurance Program, along with a group enrollment center as a vehicle to streamline a cost-effective method for groups to enroll in insurance options programs tailor-made for their particular employees.
- It completed a study on barriers to Native Americans obtaining health coverage and designed outreach to appeal to this group and other underserved populations.
- It opted not to duplicate efforts already in place to engage the public in town hall meetings.

These efforts, combined with other state-wide policy initiatives, are reducing New Mexico's uninsured statistics. Recently-released census data for 2005 showed that the percentage of all uninsured in New Mexico has dropped by .5% from 20.9% in 2004 to 20.4% in 2005. The census reports a 2% population increase with a corresponding 2.7% increase in the percentage of insured. For the SCI age group, 19-64, Kaiser Foundation census-based data for 2003-2004 and 2004-2005 reports an increase in total population of about 16,000. The rate of uninsured has fallen from 29% to 26% in this time period. As with the total New Mexico population, the percentage of individuals with private insurance has also increased by 3%, from 58% to 61%.

Recommendations to Federal Government and HRSA

Federal Government Support

Federal surveys are designed to provide accurate estimates of the national situation and therefore tend not to provide accurate estimates at the state level. The situation is even worse at the county and city levels. Even in the Current Population Survey's Annual Social and Economic Supplement, the sample sizes collected from New Mexico are so small that the results cannot be reliably used to inform local policy decisions. The State of New Mexico strongly encourages the Department of Commerce and other Federal survey efforts to enlarge their New Mexico sample sizes, similar to the proposal envisioned by MEDS-IC.

Support from the federal government, particularly Medicaid waivers, has provided the flexibility to offer coverage to the neediest individuals in the state. The employer

premium assistance plan enacted through the State Coverage Insurance program is a foundation on which the state can begin to target the population which state planning grant surveys identify as the most likely to be uninsured – young working adults, below 200 percent FPL, primarily Hispanic or Native American. Continued flexibility and support, at the federal level, is required to continue to tailor state-specific initiatives that will effectively reduce the uninsured population.

The New Mexico HIFA waiver was approved on August 23, 2002, and was implemented effective July 1, 2005. The waiver allows use of unspent SCHIP funds for expanded coverage of uninsured adults in families with income levels less than 200 percent FPL who are not otherwise eligible for no-cost Medicaid. A comprehensive benefit package is provided via contracted managed care organizations with sliding scale cost-sharing and a \$100,000 annual limit. Cost-sharing maximums never exceed five percent of the families' countable annual income. Funding for this program combines employee, employer, state, and federal funding. The state is evaluating the efficacy of county and tribal "buy-in".

The family planning waiver allows New Mexico to offer no cost family planning services to women of childbearing age in families with income levels up to 185 percent of FPL. As of April 2007, there were 34,227 women receiving this coverage.

The New Mexico SCHIP program covers uninsured children in families with income up to 235 percent of FPL with full-coverage Medicaid benefits. A waiver allows cost-sharing in the New Mexico Medicaid expansion SCHIP. As of April 2007, there were 10,797 children on SCHIP.

The *Salud!* Waiver allows the New Mexico Medicaid program to require managed care enrollment for most categories of non-Native American Medicaid recipients to enroll in a contracted Managed Care Organization, to access services through the MCO-contracted provider networks, and to have fully capitated, comprehensive risk-based MCO contracts.

The New Mexico Home and Community-Based Waivers (HCBWs) provide in-home care for HIV-positive and AIDS-diagnosed individuals; individuals who are elderly, blind, or disabled, developmentally disabled, or medically fragile and who meet medical care criteria. As of April 2005, New Mexico had 22 AIDS/HIV individuals, 2,026 aged, blind or disabled individuals, 3,542 persons with developmental disabilities, and 152 Medically Fragile individuals.¹

¹ New Mexico Medical Assistance Division, April 2005 demographic report

Appendix I: Summary of Policy Options

Option Considered	Target Population	Estimated Number of People Served	Status of Approval	Status of Implementation	Recent Estimate
1. Implementation State Coverage Insurance (SCI) beginning in FY 2006 to insure up to 7000 adults below 200 percent of federal poverty level (FPL); explore expansion possibilities for as much of the eligible population as possible in future years. Seek county funds to expand this program further	Adults ages 19-64	40,000 over a 5 year period	HIFA waiver approved 2002	07/05-completed	10,237 as of 9/07
2. Allow buy-in to a General Services Department/Risk Management Division (GSD/RMD) sponsored health plan for small employers, including nonprofits, with 50 or fewer employees that have not offered health insurance for a least 12 months. This option should be fully funded by small employers who buy in and assumes premium contributions are actuarially sound and operating within established budget levels.	Small employer groups 50 or fewer employees	Approximately 3,000 in one year	Legislation enacted 07/05	07/06-completed	Pending enrollment
3. Expand the role of the Health Insurance Alliance (HIA) and reduce the cost of the premiums of HIA-offered health insurance plans by revising the HIA rate structure set in statute.	Small employer groups 50 or fewer employees	5,000	Legislation enacted 07/05	07/05	5,904 as of 08/07
4. Amend the state law applicable to individual health insurance plans so that individuals ages 19-24 can stay on their parents' health insurance even if they are not students	19-24 year olds	6,000	Legislation enacted 07/05	07/05	Unknown
5. Require insurers to offer health insurance to employees working 20 hours per week or more. Currently, some insurers do not offer insurance for employees working less than 30 hours per week.	Part time employees	2,000-4,000	Legislation enacted 07/05	07/05	

Summary of Policy Options	Target Population	Estimated Number of People Served	Status of Approval	Status of Implementation	Recent Estimate
6. Provide a tax credit for all businesses that provide health insurance for part-time employees working 20 hours a week. This credit is estimated to benefit 7,000 part-time employees (a total of 10,000 individuals, with families).	Small employers who hire part time employees	10,000	Legislation failed	N/A	N/A
7. Provide a graduated tax credit for small businesses (25 employees or less) that offer health insurance for their employees. Small businesses currently offering health insurance would receive a five percent tax credit, while small businesses not currently offering health insurance would receive a ten percent tax, declining to five percent in the second year. This tax credit is designed to entice small businesses to begin and continue to offer health insurance for employees. This tax credit is estimated to benefit 5,000 employees (a total of 7,500 individuals, with families).	Small employers- 25 or fewer employees	7,500	Legislation failed	N/A	N/A

Appendix II: Project Management Plan

	Timetable	Responsible Agency/Person	Anticipated Results	Evaluation/ Measurement	Status
Task 1: Project Management					
a. Hire project staff- project coordinator, administrative assistant, and financial analyst	Months 1-2	HSD/ M. Spaulding-Bynon	Project staff hired	Personnel in place to manage project	Completed 3/06
b. Coordinate Pilot Planning project with Insure New Mexico Council (i.e., Project Advisory Committee)	Month 2-3	HSD/ M. Spaulding-Bynon, R.A. Esquibel	Insure NM Council reviews project progress on a regular basis, gives feedback and makes recommendations to the project.	<i>Insure New Mexico!</i> Council acts as project advisory board and works to build consensus in planning	See website at http://www.insurenewmexico.state.nm.us/meetings.html http://www.insurenewmexico.state.nm.us/documents/2005 Insure NM Report to Governor.pdf for November agenda and minutes and 2005 report to the Governor
c. Plan for, coordinate, and oversee implementation of SEIP	Months 1-6	HSD/, C. Ingram M. Spaulding-Bynon	SEIP coordinated with other state-sponsored programs to construct a continuum of program options for small employers under <i>Insure New Mexico!</i> model	Increased participation of small employers resulting in increased access to health care by employees	Completed 7/06

d. Plan for, coordinate, and oversee implementation of HIA expanded functioning	Months 1-6	HSD/M. Spaulding-Bynon, R.A. Esquibel	Small employer outreach, customized health insurance packages constructed, simplified enrollment for small employers	Increased participation of small employers resulting in increased access to health care by employees	Direction change 7/06 through 9/07
Task 2: Identify Data Needs					
a. <i>Insure New Mexico!</i> Council discusses strategies and costs for additional analysis on the SCI project, its impact on the uninsured population and the marketplace, and SCI next steps, including the possibilities of county and tribal buy-in	Month 2-3	<i>Insure New Mexico!</i> Council M. Spaulding-Bynon, D. Clason, G. Stefl	Identify data strategies for additional analysis	Solutions for obtaining data are developed. Planning for next steps is facilitated.	Completed and changes to program implemented. Ongoing monitoring in place.
b. <i>Insure New Mexico!</i> Council reviews identified gaps in information on Hispanic and Native American demographics and identifies strategies to obtain additional data	Month 3-4	HSD/ M. Spaulding-Bynon , D. Clason, G. Stefl	Identify data strategies for additional analysis	Solutions for obtaining data are developed. Planning for next steps is facilitated.	HRSA-funded focus groups on Native American perceptions of health insurance draft issued for comments. Study published 2/2006. http://insurenwemexico.state.nm.us/In%20Brief.pdf
c. <i>Insure New Mexico!</i> Council reviews additional information collected on pro bono care and plans for use in next steps	Months 3-4	HSD/M. Spaulding-Bynon, D. Clason	Data collected and analyzed	Pro bono care information incorporated in understanding the uninsured population	Change of direction- not completed Task accomplished through Mathematica New Mexico base case analysis 2007.
d. Plan for updating of survey information on the uninsured, plan for analysis and use in planning next steps	Months 3-4	HSD/M. Spaulding-Bynon, D. Clason	Survey information updated	State continues to develop a clear understanding through updated information on the uninsured	Task accomplished through Mathematica New Mexico base case analysis 2007.
e. <i>Insure New Mexico!</i> plans for	Months 1-6	HSD/ M. Spaulding-Bynon,	SEIP data analyses	Actuarial analysis for rate	Completed May 2006

data collection and analysis of data for SEIP.		D. Clason	in place	setting.	
Task 3: Collect and Analyze Data					
a. Evaluate information from other state initiatives and develop strategies for application.	Month 3-4	<i>Insure New Mexico!</i> /HSD M. Spaulding-Bynon	Apply lessons learned from other sources	Establish application of strategies though examination of other states' initiatives.	Completed through 9/2007.
b. Collect and evaluate data on pro bono care	Month 4-5	Advisory Committee/ HSD/C. Ingram	Better information on the uninsured	Complete information on uninsured for state planning purposes	See above
c. Collect and evaluate additional information on uninsured Hispanic and Native American demographics	Months 4-7	HSD/ M. Spaulding-Bynon	Information is clarified regarding issues related to discrete subgroups of uninsured	More complete information on the uninsured obtained along with ability to assess cultural and linguistic issues	HRSA-funded focus groups on Native American perceptions of health insurance draft issued for comments. See above.
d. Conduct updates of data from previous surveys. Determine method for obtaining information on county indigent funds, tribal resources	Months 4-7	HSD/Subcontract analysis	Information is clarified regarding issues related to the uninsured	Data ready for analysis	Mathematica analysis- see above.
3.1 Conduct Financial and Economic Impact Analyses					
a. <i>Insure New Mexico!</i> Council evaluates data on impact of SCI in order to plan next steps	Month 5-7	<i>Insure New Mexico!</i> Council HSD/M. Spaulding-Bynon	Better understanding of SCI and it's efficacy in addressing the uninsured	Better understanding of SCI for next steps planning	Completed see above
3.2 Conduct Focus Groups					
a. Attend America Speaks forum and identify issues for consensus building community based discussion group.	Month 6	<i>Insure New Mexico!</i> Council/ M. Spaulding- Bynon	Decision made concerning focus groups of targeted populations	Plan established, if appropriate, for focus groups	Change of direction- see narrative
b. Conduct community based focus groups based on plan	Months 7-12	Contractor/HSD- M. Spaulding-Bynon	Focus groups held	Additional information reported by Project Staff to	

				<i>Insure New Mexico!</i>	
Task 4: Project Decision-Making					
4.1 <i>Insure New Mexico!</i> Council Meetings					
a. <i>Insure New Mexico!</i> and subgroups meet monthly to discuss progress, and discuss next steps	Months 1-12	Insure NM, P. Hyde, R.A. Esquibel	Regular meetings held	Timely decisions are made concerning project direction; decisions made concerning project; data collected	See <i>Insure New Mexico!</i> website
4.2 Recommendations Developed					
a. <i>Insure New Mexico!</i> and subgroups meet at least monthly to develop recommendations for policy and legislative change	Months 2-12	<i>Insure New Mexico!</i> HSD-P. Hyde, M. Spaulding-Bynon	Regular meetings continue; policy and legislative changes developed	Insure NM generates consensus on a set of recommendations for pilot project	See <i>Insure New Mexico!</i> website
4.3 Legislation Developed					
a. <i>Insure New Mexico!</i> Council and subgroups meet at least monthly to identify specific changes requiring legislation for further development during the project and introduction during a 2006 Legislative Session	Months 1-3	Insure NM/P. Hyde, M. Spaulding-Bynon and project staff	Specific legislation developed based on pilot planning	Legislative leaders on Insure NM support and help develop legislation for a 2006 Session and beyond	See <i>Insure New Mexico!</i> website
4.4 Final Report Developed					
a. Project Staff compile report of Insure NM recommendations, data collection results, anticipated challenges, and legislative proposals	Months 11-12	P. Hyde, Ingram/ M. Spaulding-Bynon and Project Staff	Project final report developed	Report submitted to the Secretary of the U.S. Department of Health and Human Services	completed

Appendix III- Reports

Insure New Mexico! Council Report to Governor Bill Richardson January 2005

<http://insurenemexico.state.nm.us/documents/InsureNMreport020405.pdf>

Barriers to Obtaining Health Insurance Among Native Americans in New Mexico

February 2006 <http://insurenemexico.state.nm.us/In%20Brief.pdf>

Quantitative and Comparative Analysis of Reform Options for Extending Health Care Coverage in New Mexico, Final Report, July 2007

[http://insurenemexico.state.nm.us/documents/INM_MPR_Final_Report_070731.p
df](http://insurenemexico.state.nm.us/documents/INM_MPR_Final_Report_070731.pdf)