



THE UNIVERSITY *of*
NEW MEXICO

Healthcare for New Mexicans Committee

**IMPACTS OF ALTERNATIVE
HEALTHCARE COVERAGE MODELS
ON THE ECONOMY OF NEW MEXICO**

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IMPACTS OF ALTERNATIVE HEALTHCARE REFORM PROPOSALS ON THE NM ECONOMY

Changes in Payments to Healthcare Providers

Change in Net Insurance and Program Administration

Financing

- Federal Government
 - NM Households
 - NM Businesses
 - Tax Consequences
-

ESTIMATED CHANGES: PAYMENTS TO HEALTHCARE PROVIDERS

All Figures in \$1,000,000s

	Base Case	Changes from Base Case				
		HSA 1	HSA 2	Choice 1	Choice 2	H Cov
Metro Areas (Albuquerque, Farmington, Las Cruces & Santa Fe MSAs)						
Medical providers	3,393	(18)	96	122	141	88
Hospital	1,072	(49)	3	4	6	0
Office-based medical provider	1,049	(40)	2	11	20	5
Rx	758	80	80	91	95	73
Other	515	(8)	11	15	20	10
Non-Metro Areas						
Medical providers	2,001	37	69	80	86	33
Hospital	736	(4)	12	13	14	7
Office-based medical provider	566	(1)	11	16	19	9
Rx	474	45	45	50	50	18
Other	226	(3)	(0)	2	3	(1)
New Mexico						
Medical providers	5,395	18	165	202	227	121
Hospital	1,807	(53)	16	18	20	8
Office-based medical provider	1,614	(42)	14	27	39	14
Rx	1,233	125	125	140	145	91
Other	740	(11)	11	17	23	8

ESTIMATED CHANGES: NET INSURANCE AND ADMINISTRATIVE COSTS

All Figures in \$1,000,000s	Base Case	Changes from Base Case				
		HSA 1	HSA 2	Choice 1	Choice 2	H Cov
Federal Government	27	(5)	(5)	(5)	(5)	(5)
Tricare, VA, Other	27	(5)	(5)	(5)	(5)	(5)
State Government	159	414	414	106	85	(44)
Medicaid/SCHIP/SCI	155	175	175	(1)	(4)	(40)
Other State	3	(3)	(3)	(3)	(3)	(3)
NEW PROGRAM	-	242	242	110	92	-
Private	656	(635)	(635)	138	152	118
Medicaid/SCHIP/SCI	129	(129)	(129)	292	280	67
NEW PROGRAM	-	-	-	355	303	-
Private Insurance	527	(507)	(507)	(509)	(431)	52
Total	842	(227)	(227)	238	231	69

UNM BBER calculations from data provided by Mathematica

ESTIMATED CHANGES: WHO PAYS? HOW STRUCTURED? HOW MUCH?

All Figures in \$1,000,000s

	Base Case	Universal Coverage Models				
		HSA 1	HSA 2	H Choice 1	H Choice 2	H Cov
Total to Be Funded	6,237	(209)	(62)	440	458	190
Federal Government	1,714	305	337	810	748	119
Medicaid/SCHIP	1,257	373	405	878	816	187
Tricare, VA, Fed Emps, Oth	457	(67)	(67)	(67)	(67)	(67)
State Government	639	(136)	(136)	(136)	(136)	0
Medicaid/SCHIP/SCI	475	-	-	-	-	29
State Employees	136	(136)	(136)	(136)	(136)	(0)
Other State	28	-	-	-	-	(28)
NEW PROGRAM						
Private	3,884	(379)	(264)	(235)	(154)	115
Private Insurance	2,748	(2,733)	(2,733)	(2,748)	(2,250)	194
SCI Premiums	1	(1)	(1)	(1)	(1)	16
Individual Premiums	-	1,075	1,096	-	600	-
Employer Payroll Tax *	-	1,503	1,597	2,791	1,805	-
Fair Share Payments **	-	-	-	-	-	94
Out of Pocket	1,135	(223)	(223)	(277)	(308)	(188)

ESTIMATED CHANGES: WORKER PREMIUMS BY INCOME CATEGORY

In \$1,000,000's	Base Case	Changes from the Base Case				
		HSA 1	HSA 2	HChoice 1	HChoice 2	H Cov
<u>Worker Premiums by Income Category</u>						
Less than 10,000	20	(20)	(20)	(20)	(20)	1
10,000 to 14,999	6	(3)	(3)	(6)	(6)	2
15,000 to 24,999	53	(24)	(24)	(53)	(53)	3
25,000 to 34,999	64	15	16	(64)	(64)	4
35,000 to 49,999	85	67	70	(85)	(61)	8
50,000 to 74,999	128	140	144	(128)	0	6
75,000 to 99,999	76	117	121	(76)	67	3
100,00 to 149,999	67	122	127	(67)	103	4
150,000 or more	41	80	84	(41)	73	2
Totals	539	494	514	(539)	39	32

UNM BBER Calculations based on Mathematica results

ESTIMATED CHANGES: INDIVIDUAL PREMIUMS AND OUT OF POCKET BY INCOME CATEGORY

In \$1,000,000's	Revised Baseline	Changes from the Revised Baseline				
		HSA 1	HSA 2	HChoice 1	HChoice 2	H Cov
<u>Out of Pocket</u>						
Less than 10,000	147	(69)	(69)	(82)	(82)	(62)
10,000 to 14,999	40	(11)	(11)	(20)	(20)	(10)
15,000 to 24,999	100	(25)	(25)	(41)	(41)	(27)
25,000 to 34,999	131	(30)	(30)	(42)	(42)	(29)
35,000 to 49,999	156	(22)	(22)	(27)	(34)	(19)
50,000 to 74,999	218	(25)	(25)	(26)	(34)	(21)
75,000 to 99,999	140	(20)	(20)	(20)	(26)	(11)
100,00 to 149,999	120	(9)	(9)	(9)	(15)	(7)
150,000 or more	83	(11)	(11)	(11)	(14)	(3)
Totals	1,135	(223)	(223)	(277)	(308)	(188)
<u>Individual Premiums</u>						
Less than 10,000	13	(13)	(13)	(13)	(13)	(0)
10,000 to 14,999	2	(1)	(1)	(2)	(2)	(0)
15,000 to 24,999	5	(1)	(1)	(5)	(5)	3
25,000 to 34,999	14	(8)	(8)	(14)	(14)	9
35,000 to 49,999	18	(10)	(10)	(18)	(17)	10
50,000 to 74,999	53	(44)	(44)	(53)	(47)	13
75,000 to 99,999	27	(22)	(22)	(27)	(22)	4
100,00 to 149,999	31	(26)	(26)	(31)	(25)	8
150,000 or more	25	(21)	(21)	(25)	(21)	0
Totals	188	(147)	(146)	(188)	(167)	47

ESTIMATED CHANGES: EMPLOYER CONTRIBUTIONS FOR EMPLOYEE HEALTH CARE

All figures in \$1,000,000s	Estimated Base Case	Difference from Base Case					Health Coverage Premium
		HSA1 Payroll Tax	HSA2 Payroll Tax	Choice 1 Payroll Tax	Choice 2 Payroll Tax		
INDUSTRIES/ Estimated total Premiums/Payroll Tax							
FARM ²	25	5	7	31	11		N
NATURAL RESOURCES & MINING	132	(37)	(31)	44	(18)		O
CONSTRUCTION	169	(46)	(38)	60	(21)		
MANUFACTURING	182	(90)	(84)	(11)	(71)		I
TRADE, TRANS, UTILITIES	369	(139)	(125)	57	(94)		N
WHOLESALE	93	(40)	(37)	5	(30)		D
RETAIL	193	(71)	(63)	34	(46)		U
TRANS & WAREHSG	55	(12)	(10)	24	(4)		S
UTILITIES	28	(16)	(16)	(7)	(14)		T
INFORMATION	56	(21)	(18)	10	(13)		R
FINANCIAL ACTIVITIES	108	(22)	(17)	51	(5)		Y
PROFESSIONAL & BUSINESS	319	(47)	(29)	187	8		
EDUCATION & HEALTH SERVICES	272	(94)	(83)	56	-		D
LEISURE & HOSPITALITY	72	(3)	1	55	10		A
OTHER SERVICES	55	(8)	(5)	33	2		T
STATE & LOCAL / LOCAL GOVT	425	(176)	(161)	37	(126)		A
Total ³	2,157	(653)	(560)	634	(377)		130

ESTIMATED NET TOTAL ECONOMIC IMPACTS: NEW MEXICO "BEST CASE"

Labor Income in \$1,000,000s	Health Expend	Insurance	Federal Admin	State Admin	Employr Contrib	Worker Premium	Indiv'l Premium & OOP	Total Impacts
Health Security Act 1								
Employment	835	(5,804)	-	4,500	4,742	(3,755)	3,842	4,361
Labor Income	(719)	(241)	(1)	240	142	(110)	116	145
Health Security Act 2								
Employment	3,091	(5,804)	-	4,500	4,041	(3,907)	3,836	5,757
Labor Income	101	(241)	(1)	240	121	(115)	115	221
Health Choices 1								
Employment	3,747	1,257	-	700	(4,779)	4,317	4,840	10,082
Labor Income	126	52	(1)	61	(144)	129	146	369
Health Choices 2								
Employment	4,194	1,386	-	600	2,590	(75)	4,931	13,626
Labor Income	145	58	(1)	49	78	(0)	149	477
Health Coverage								
Employment	2,459	1,081	-	(400)	(1,696)	(263)	1,449	2,630
Labor Income	83	45	(1)	(25)	(51)	(8)	44	86

UNM BBER estimates using IMPLAN Model

NEW MEXICO "BEST CASE" PUTTING RESULTS INTO CONTEXT

	Base Case	Results as a % of Base Case				
		HSA 1	HSA 2	Choice 1	Choice 2	H Cov
Study Wage & Salary Employment	851,115	0.5%	0.7%	1.2%	1.6%	0.3%
Study Wages & Salaries (\$1,000,000s)	29,837	0.4%	0.5%	0.9%	1.1%	0.2%
NM GDP (06) (\$1,000,000s)	62,520	0.5%	0.6%	1.0%	1.3%	0.2%

UNM BBER Estimates from Mathematica results

ESTIMATED NET TOTAL ECONOMIC IMPACTS: METROS "BEST CASE"

Labor Income in \$1,000,000s	Health Expend	Insurance	Federal Admin	State Admin	Employr Contrib	Worker Premium	Individual Premium & OOP	Total Impacts	% of NM
							Modelled		
Basis for Allocating	Modelled	95%	62.5%	90%	Earnings	Modelled	Modelled		
Health Security Act 1									
Employment	(138)	(5,514)	-	4,050	3,275	(2,649)	2,473	1,497	45%
Labor Income	(21)	(229)	(1)	216	98	(15)	74	123	45%
Health Security Act 2									
Employment	1,797	(5,514)	-	4,050	2,788	(2,756)	2,468	2,833	52%
Labor Income	60	(229)	(1)	216	84	(16)	74	189	57%
Health Choices 1									
Employment	2,276	1,194	-	630	(3,345)	2,797	3,084	6,636	66%
Labor Income	79	50	(1)	55	(101)	16	93	191	69%
Health Choices 2									
Employment	2,634	1,317	-	540	1,780	(357)	3,138	9,051	67%
Labor Income	94	55	(1)	44	53	(2)	94	338	70%
Health Coverage									
Employment	1,652	1,027	-	(360)	(1,176)	(167)	860	1,836	74%
Labor Income	57	43	(1)	(23)	(35)	(1)	26	66	71%

UNM BBER estimates using IMPLAN Model and allocating NM totals

ESTIMATED NET TOTAL ECONOMIC IMPACTS: RURAL AREAS "BEST CASE"

Labor Income in \$1,000,000s	Health Expend	Insurance	Federal Admin	State Admin	Employr Contrib	Worker Premium	Individual Premium & OOP	Total Impacts	% of NM
Basis for Allocating	Modeled	5%	37.5%	10%	Earnings	Modelled	Modelled		
Health Security Act 1									
Employment	687	(290)	-	450	1,294	(1,106)	1,369	2,405	55%
Labor Income	20	(12)	(0)	24	39	(33)	41	80	55%
Health Security Act 2									
Employment	1,186	(290)	-	450	1,195	(1,151)	1,367	2,757	48%
Labor Income	41	(12)	(0)	24	36	(34)	41	96	43%
Health Choices 1									
Employment	1,364	63	-	70	(1,341)	1,521	1,756	3,432	34%
Labor Income	48	3	(0)	6	(40)	46	53	114	31%
Health Choices 2									
Employment	1,453	69	-	60	776	282	1,793	4,434	33%
Labor Income	51	3	(0)	5	23	9	54	145	30%
Health Coverage									
Employment	688	54	-	(40)	(498)	(96)	588	696	26%
Labor Income	26	2	(0)	(3)	(15)	(3)	18	25	29%

UNM BBER estimates using IMPLAN Model and allocating NM totals

ESTIMATED NET TOTAL ECONOMIC IMPACTS: NEW MEXICO "TRD BASE CASE"

Labor Income and Value Added in \$1,000,000s	"BEST CASE"		TRD BASE CASE	
	Household Premium & OOP	Total Impacts	Household Premium & OOP	Total Impacts
Health Security Act 1				
Employment	88	4,361	(1,224)	3,049
Labor Income	5	145	(34)	106
Value Added	5	311	(68)	237
Health Security Act 2				
Employment	(72)	5,757	(1,383)	4,445
Labor Income	1	221	(38)	182
Value Added	(3)	393	(77)	320
Health Choices 1				
Employment	9,157	10,082	7,846	8,771
Labor Income	275	369	236	330
Value Added	515	613	441	540
Health Choices 2				
Employment	4,856	13,626	3,545	12,314
Labor Income	149	477	110	438
Value Added	274	804	200	731
Health Coverage				
Employment	1,186	2,630	1,186	2,630
Labor Income	37	86	37	86
Value Added	67	124	67	124

JOB IMPACTS DUE TO CHANGES IN PAYMENTS TO HEALTHCARE PROVIDERS

	Net Changes from Base Case (000s)				
	HSA 1	HSA 2	Choice 1	Choice 2	H Cov
Goods Industries	(10)	44	57	67	35
Info, Trans, Warehsg, Whlsl Trade	7	96	118	134	75
Retail Trade	1,522	1,649	1,877	1,967	1,273
Health & personal care stores	1,526	1,534	1,731	1,800	1,184
Financial Services	(12)	108	135	154	90
Prof & Bus Services	(37)	161	205	236	129
Misc Services	(16)	256	322	370	199
Health Care & Social Assistance	(621)	777	1,034	1,265	659
Home health care services	(2)	12	16	18	10
Offices of physicians, dentists, other	(256)	519	734	932	471
Oth ambulatory health care	47	58	63	66	67
Hospitals	(402)	143	165	182	76
Nursing & residential care facilities	(3)	18	23	27	14
	835	3,091	3,747	4,194	2,459

UNM BBER estimates using IMPLAN

INSURANCE INDUSTRY JOBS TOP 12 OCCUPATIONS

NAICS 524114: DIRECT LIFE, HEALTH, AND MEDICAL INSURANCE CARRIERS AND REINSURANCE CARRIERS

Occupation	Occup Employ % of US Industry	This Occupation in New Mexico					May 2006 Wages	
		NM 2004 Actual	NM 2014 Forecast	NM % Ch.	US % Ch.	NM Ann. Job Openings	US Median Hourly	NM Median Hourly
Customer Service Representatives	12.44%	10,500	14,130	35%	23%	520	\$13.62	\$11.82
Insurance Claims & Policy Processing Clerks	8.13%	800	840	5%	5%	20	\$14.96	\$12.03
Insurance Sales Agents	6.71%	2,110	2,300	9%	7%	70	\$21.09	\$17.84
Claims Adjusters, Examiners and Investigators	6.04%	650	790	21%	15%	20	\$24.36	\$25.52
Office Clerks, General	3.57%	13,870	15,330	11%	8%	550	\$11.40	\$9.90
Computer Systems Analysts	3.54%	2,110	2,870	36%	31%	100	\$33.54	\$25.27
1st Line Supervr/Mngrs of Office & Admin Support	3.31%	6,380	7,170	12%	8%	220	\$20.92	\$17.31
Insurance Underwriters	2.89%	140	150	10%	8%	NA	\$25.17	\$23.24
Business Operations Specialists, All Other	2.76%	2,720	3,520	30%	27%	130	\$26.76	\$24.94
Exec Secretaries & Admin Assistants	2.61%	8,520	9,640	13%	12%	300	\$17.90	\$16.15
Accountants & Auditors	2.55%	4,930	6,000	22%	22%	200	\$26.26	\$22.57
Management Analysts	2.15%	2,250	2,780	23%	20%	80	\$32.72	\$27.76
Totals for Top 12	56.70%	54,980	65,520	19%		2,210		