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SENATE JOINT MEMORIAL 2

52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015

INTRODUCED BY

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FOR THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE

A JOINT MEMORIAL

REQUESTING THE SUPERINTENDENT OF INSURANCE TO CONVENE AN INNOVATION WAIVER WORKING GROUP TO MAKE RECOMMENDATIONS TO THE GOVERNOR AND THE LEGISLATURE ON THE VALUE OF APPLYING FOR AN INNOVATION WAIVER UNDER THE FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT AND TO CREATE A COMPREHENSIVE, SUSTAINABLE HEALTH CARE SYSTEM TO ADDRESS THE HEALTH CARE NEEDS OF NEW MEXICANS.

WHEREAS, New Mexico ranks among the states with the highest uninsured rates for health coverage in the United States; and

WHEREAS, the Kaiser family foundation reports that at least one-third of uninsured adults went without needed medical care due to cost in 2013; and

WHEREAS, the Kaiser family foundation reports that people
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1 without health coverage often face costly medical debt whenever
2 they do seek care, with nearly forty percent of uninsured
3 adults reporting outstanding medical bills, even when their
4 incomes are as high as one hundred thousand dollars (\$100,000)
5 per year; and

6 WHEREAS, the human services department reports that New
7 Mexico's expansion of medicaid eligibility has resulted in the
8 enrollment of one hundred seventy-one thousand adults; and

9 WHEREAS, to offer health coverage that is more affordable
10 to Americans with modest incomes, the federal Patient
11 Protection and Affordable Care Act, also known as the
12 Affordable Care Act, provides for premium tax credits and cost-
13 sharing subsidies through health insurance exchanges to offset
14 the high cost of health coverage; and

15 WHEREAS, as of September 2014, the New Mexico health
16 insurance exchange reported that it had enrolled approximately
17 seventeen thousand one hundred individuals, although only half
18 of that number were newly insured; and

19 WHEREAS, the New Mexico health insurance exchange reports
20 that, as of September 2014, the rate of New Mexicans lacking
21 any health coverage had fallen from twenty-one and six-tenths
22 percent to fourteen and five-tenths percent; and

23 WHEREAS, the New Mexico health insurance exchange reports
24 that it projects that another eighty-five thousand individuals
25 will be enrolled through medicaid or through the New Mexico

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1 health insurance exchange by February 2015, dropping the rate
2 of people living without health coverage to one hundred ninety-
3 seven thousand individuals, or nine and six-tenths percent; and

4 WHEREAS, eighty percent of New Mexico health insurance
5 exchange enrollees received financial assistance for qualified
6 health plan coverage in 2014, but sixty-six percent of New
7 Mexicans do not know that tax credits are also available to pay
8 for health coverage, according to the New Mexico health
9 insurance exchange; and

10 WHEREAS, even with federal premium tax credits and cost-
11 sharing subsidies, the New Mexico health insurance exchange
12 reports that fifty-six percent of New Mexicans have cited
13 affordability as the primary reason why they do not have health
14 insurance; and

15 WHEREAS, a recent Harvard school of public health study
16 has found that many Americans experience fluctuations in income
17 that mean that eligibility will shift between public coverage
18 programs such as medicaid and private insurance, creating a
19 "churn" between programs that can result in one- or two-month
20 periods without coverage; and

21 WHEREAS, in addition to increasing access to needed care
22 and reducing personal medical debt, maintaining health coverage
23 and reducing the rate of uninsurance is of benefit to health
24 care providers and reduces uncompensated care costs; and

25 WHEREAS, the "National Health Expenditure Projections,

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1 2012 to 2022" report by the federal centers for medicare and
2 medicaid services states that health spending will be twenty
3 percent of the United States' gross domestic product by the
4 year 2020; and

5 WHEREAS, health care expenditure projections show an
6 unsustainable course for New Mexico; and

7 WHEREAS, health care spending in January 2014 represented
8 seventeen and seven-tenths percent of the United States' gross
9 domestic product, which represents an all-time high; and

10 WHEREAS, the center for economic and policy research
11 reports that the United States' health care system is "possibly
12 the most inefficient in the world", spending double per capita
13 on health care compared to other industrialized countries yet
14 having worse health outcomes, including a lower life expectancy
15 than other industrialized countries; and

16 WHEREAS, the center for economic and policy research
17 reports that if the United States can get health care costs
18 under control, budget deficits will not rise uncontrollably in
19 the future, but if health care costs continue to skyrocket, it
20 will be almost impossible to prevent exploding future budget
21 deficits; and

22 WHEREAS, access to timely and quality health care is
23 hindered in New Mexico by large health disparities that exist
24 among people of differing ethnicities and races, between rural
25 and urban residents and among individuals of varying incomes

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1 and employment status; and

2 WHEREAS, targeting certain health risks and addressing
3 sets of health needs is hindered in New Mexico by the fact that
4 there is no comprehensive data collection system to allow for a
5 system-wide review of health care utilization in New Mexico;
6 and

7 WHEREAS, access to timely and quality health care is
8 further hindered by New Mexico's chronic and serious lack of
9 health care professionals in thirty-one of New Mexico's thirty-
10 three counties; and

11 WHEREAS, New Mexico lacks a comprehensive strategy for
12 addressing the effects of the lack of health insurance,
13 unaffordable health coverage, disparities in access to quality
14 health care, health professional shortages, utilization
15 patterns and health care costs; and

16 WHEREAS, New Mexico's unique population and high rates of
17 poverty, "churning" between public and private health coverage,
18 geographic barriers and the lack of health insurance mean that
19 many New Mexicans will continue to struggle to access
20 affordable health coverage for the near future; and

21 WHEREAS, Section 1332 of the Affordable Care Act allows
22 states to apply for an "innovation waiver" to implement in the
23 year 2017 a health care coverage system that overhauls the
24 current state health system to provide coverage that:

25 A. is as comprehensive as the coverage available

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1 through the New Mexico health insurance exchange;

2 B. is no less affordable than coverage available
3 through the New Mexico health insurance exchange;

4 C. will cover as many New Mexicans as the New
5 Mexico health insurance exchange; and

6 D. will not increase the federal deficit; and

7 WHEREAS, New Mexico has an opportunity to tailor the
8 provisions of the innovation waiver to the needs of the state
9 without losing federal subsidies;

10 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
11 STATE OF NEW MEXICO that the superintendent of insurance be
12 requested to convene an innovation waiver working group
13 composed of experts in health care delivery, policy and finance
14 as well as related areas; and

15 BE IT FURTHER RESOLVED that the innovation waiver working
16 group be requested to analyze the potential, under the auspices
17 of a federal innovation waiver, for designing a comprehensive,
18 sustainable health care system that:

19 A. addresses the effects of the lack of health
20 insurance, unaffordable health coverage, disparities in access
21 to health care and uncompensated care on New Mexicans;

22 B. provides for the collection of data and the
23 examination of variations in health care utilization; and

24 C. bends the health care cost curve in the state;

25 and

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1 BE IT FURTHER RESOLVED that the innovation waiver working
2 group be requested to meet at least monthly from April through
3 December 2015; and

4 BE IT FURTHER RESOLVED that the legislative council
5 service and the legislative finance committee be requested to
6 provide staff and administrative support to the innovation
7 waiver working group; and

8 BE IT FURTHER RESOLVED that the innovation waiver working
9 group be requested to examine the following:

10 A. the federal legal requirements for implementing
11 the waiver, including the provisions of Section 1332 of the
12 Affordable Care Act and related regulations and guidance;

13 B. the type of state legal action required to
14 implement the innovation waiver;

15 C. information about coverage, quality and health
16 care costs to ensure future sustainability;

17 D. potential changes in health care enrollment,
18 such as automatic enrollment for eligible medicaid recipients
19 and "no wrong door" for applying for enrollment among myriad
20 coverage options;

21 E. the cost of a transition to a comprehensive,
22 sustainable health care system under an innovation waiver as
23 well as the availability of funds to cover the transition;

24 F. the potential impact of the innovation waiver's
25 implementation on the state's current health coverage systems,

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1 including the state medicaid program and the New Mexico health
2 insurance exchange; and

3 G. the potential impact of the innovation waiver on
4 the health care delivery sector; and

5 BE IT FURTHER RESOLVED that the innovation waiver working
6 group be requested to develop recommendations for any state
7 legislation that may be required to apply for and implement an
8 innovation waiver; and

9 BE IT FURTHER RESOLVED that the superintendent of
10 insurance be requested to prepare and present the findings of
11 the innovation waiver working group to the legislative health
12 and human services committee and the legislative finance
13 committee by December 1, 2015; and

14 BE IT FURTHER RESOLVED that copies of this memorial be
15 transmitted to the governor, the superintendent of insurance,
16 the director of the legislative council service and the
17 director of the legislative finance committee.