

The Legislature
of the
State of New Mexico

50th Legislature, 2nd Session

LAWS 2012

CHAPTER _____

SENATE MEMORIAL 54

Introduced by

SENATOR MICHAEL S. SANCHEZ
SENATOR MARY JANE M. GARCIA
SENATOR HOWIE C. MORALES
SENATOR GERALD ORTIZ y PINO



1 A MEMORIAL

2 REQUESTING THE LEGISLATIVE FINANCE COMMITTEE TO STUDY A BASIC
3 HEALTH PROGRAM FOR LOW-INCOME PERSONS WHO DO NOT QUALIFY FOR
4 MEDICAID; REQUESTING THE HUMAN SERVICES DEPARTMENT AND THE
5 NEW MEXICO OFFICE OF HEALTH CARE REFORM TO DEVELOP AN
6 AUTOMATED ENROLLMENT SYSTEM AND APPLICATION PROCESS THAT IS
7 CAPABLE OF INTEGRATING A BASIC HEALTH PROGRAM.

8
9 WHEREAS, the federal Patient Protection and Affordable
10 Care Act requires that most Americans obtain health insurance
11 coverage by January 1, 2014; and

12 WHEREAS, individuals with incomes under four hundred
13 percent of the poverty level will receive federal tax credits
14 and subsidies to purchase health insurance through a health
15 insurance exchange; and

16 WHEREAS, even with federal tax credits and subsidies,
17 health insurance is likely to remain unaffordable for
18 low-income families with incomes less than two hundred
19 percent of the federal poverty level who are expected to
20 incur premiums and out-of-pocket costs that add up to over
21 one thousand five hundred twenty-four dollars (\$1,524) a year
22 per individual, according to a national study; and

23 WHEREAS, a family of four with an income at one hundred
24 fifty percent of the poverty level could incur as much as
25 five thousand three hundred eight dollars (\$5,308) in

1 premiums, annual deductibles and inpatient, outpatient and
2 prescription copayments before federal cost-sharing limits
3 would prevent further expenditures; and

4 WHEREAS, the federal Patient Protection and Affordable
5 Care Act gives states the option to establish a basic health
6 program that can be designed to provide an affordable bridge
7 between medicaid and private health insurance for individuals
8 who are not eligible for medicaid and whose incomes are below
9 two hundred percent of the federal poverty level; and

10 WHEREAS, the federal government will pay the full costs
11 of coverage through a basic health program by paying states
12 ninety-five percent of what the federal government would have
13 spent for tax credits and cost-sharing subsidies if basic
14 health program members had enrolled in the health insurance
15 exchanges; and

16 WHEREAS, under the federal Patient Protection and
17 Affordable Care Act, any excess federal funds must be used to
18 expand benefits, reduce costs or otherwise improve care for
19 basic health program enrollees; and

20 WHEREAS, according to a national study, the basic health
21 program can be structured in New Mexico to save low-income
22 individuals, on average, approximately one thousand three
23 hundred twenty-one dollars (\$1,321) annually; and

24 WHEREAS, a national study estimates that seven thousand
25 four hundred more New Mexicans under the age of sixty-five

1 would gain coverage through the basic health program who
2 would otherwise remain uninsured; and

3 WHEREAS, a basic health program could be structured so
4 that Native Americans have no out-of-pocket costs compared to
5 an exchange where Native Americans would be required to pay a
6 portion of the premiums; and

7 WHEREAS, a national study estimates an annual savings of
8 over two million seven hundred thousand dollars (\$2,700,000)
9 to New Mexico if the state provides coverage under the basic
10 health program to individuals who are currently covered under
11 the state coverage insurance program; and

12 WHEREAS, ensuring that more New Mexicans have health
13 insurance coverage would result in fewer cases of
14 uncompensated care and in a healthier and more productive New
15 Mexico;

16 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE
17 STATE OF NEW MEXICO that the legislative finance committee be
18 requested to conduct a study to determine the feasibility and
19 financial impacts of implementing a basic health program in
20 the state to cover eligible individuals with low incomes who
21 do not qualify for medicaid; and

22 BE IT FURTHER RESOLVED that, in conducting its basic
23 health program study, the legislative finance committee
24 solicit and consider comments from the governor, the
25 secretary of human services and stakeholders. Stakeholders

1 would include: persons with low incomes; small employers;
2 representatives of federally recognized Indian nations,
3 tribes or pueblos; off-reservation Native Americans; and
4 organizations that represent people with disabilities, women,
5 the elderly and low-income families; and

6 BE IT FURTHER RESOLVED that the legislative finance
7 committee's study address the affordability of health care
8 coverage for low-income populations earning between one
9 hundred thirty-three percent and two hundred percent of the
10 federal poverty level, including the effect of increases or
11 reductions in premium levels and cost sharing on coverage;
12 and

13 BE IT FURTHER RESOLVED that the legislative finance
14 committee's study address out-of-pocket and premium costs for
15 Native Americans and the impact on coverage if these costs
16 were eliminated; and

17 BE IT FURTHER RESOLVED that the legislative finance
18 committee study options for making basic health program
19 coverage contiguous with medicaid coverage to ensure a
20 seamless transfer for individuals who move between medicaid
21 and basic health program coverage; and

22 BE IT FURTHER RESOLVED that the legislative finance
23 committee study the impact of a basic health program on any
24 health insurance exchange established in New Mexico,
25 considering factors such as rate-setting rules and risk

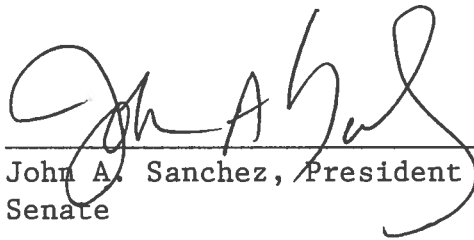
1 adjustment processes for the exchange, and the risk of
2 adverse selection to the exchange; and

3 BE IT FURTHER RESOLVED that the human services
4 department and the New Mexico office of health care reform be
5 requested to develop an automated enrollment system and
6 application process for medicaid and the exchange capable of
7 integrating the basic health program if the program is
8 established at a later time; and

9 BE IT FURTHER RESOLVED that copies of this memorial be
10 transmitted to the governor, the secretary of human services,
11 the legislative finance committee and the New Mexico office of
12 health care reform. _____

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John A. Sanchez, President
Senate



Lenore M. Naranjo, Chief Clerk
Senate

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