



NM Health Security Plan – The Design Process

In 2021, the legislature authorized funding to begin the Health Security Plan design process, under the supervision of the Superintendent of Insurance. These funds enabled the superintendent to hire consultants to engage in exploratory research during the initial year of this project.

Additional funding (\$790,000) was approved during the 2022 legislative session to ensure that this important design process continues.

About the Health Security Plan

The Health Security for New Mexicans Campaign is a coalition of over 170 diverse organizations that support the proposed NM Health Security Plan. For over 25 years, we have reached out to all areas of the state, seeking feedback on a simple idea: let's set up our own health plan that automatically covers most New Mexicans, offers comprehensive services, freedom of choice of provider, and is administered by a geographically representative citizens' board (like a co-op).

The Health Security Plan, as outlined in the 2019 Health Security Act, is a homegrown approach smothered in green and red chile. Private insurance may play a supplemental role, as it does in many European countries (and as is the case with Medicare).

Three independent New Mexico studies, the most recent in 2020, have demonstrated that if our state creates one plan that provides health coverage for most residents, it will slow rising health care costs, saving hundreds of millions in the first five years alone. It will also simplify what has become an administratively complex and costly process that frustrates both providers and patients.

It is important to note that at the local government level, the Health Security Act has received bipartisan support over the years. In addition, the All Pueblo Council of Governors passed a resolution in support of the Health Security Plan in December 2018. (The tribes, as sovereign nations, may decide whether or not to participate in this endeavor.)

Support for the Health Security Plan has grown enormously – especially since the pandemic, which has exposed so many flaws in the way we provide health care.

Where We Are Now: Designing the Health Security Plan

While the Health Security Act provides guidelines for creating the Health Security Plan, there are many details that need to be worked out, including enrollment, hospital/health professional payment systems, appeals systems, IT/medical records, accountability systems, and more.

In addition, a cost analysis will need to be conducted of the Plan *as designed*. (The three independent cost analysis studies had to make assumptions about design elements.) The

revenue side (how the Plan will be paid for) can only be ascertained after the cost analysis has been conducted.

It is estimated that the design process will take three to four years. If we are to create our own health plan in New Mexico, it needs to be done carefully, with public, legislative, agency and executive input.

Once the multi-year design process has been completed, an updated Health Security Act will be introduced for final approval, along with a cost analysis of the Plan as designed.

Priority Research Issues Selected for the Initial Year (2021)

The focus of this research was to gather design ideas, not – at this time – make the decisions on the best path forward. Information about possible approaches must be collected prior to figuring out how the Health Security Plan would work for our state.

Topic 1. Investigation of **federal waivers and agreements** that provided key information regarding prospective plan enrollment numbers.

Initial results: The report describes various approaches to receiving federal waivers or agreements, focusing on Medicaid and Medicare, the two largest programs in New Mexico, while ensuring the protection of recipient entitlements.

Topic 2. Exploration of **provider payment system methodologies** that focused on whether it is possible to standardize our complex multi-layered payment system, as many European countries have done.

Initial results: The report describes various options to develop such a coordinated system so providers and health facilities do not have to deal with multiple different charges for the same service.

Topic 3. Research on the feasibility of creating a **global budget program for hospitals**, a payment system in which hospitals receive a predictable, sustainable revenue stream instead of depending on an unpredictable, complicated charges system. (Maryland's global budget program has been very successful.)

Initial results: Two reports, written by separate consultants, concluded that New Mexico could greatly benefit from such a system, whose creation can be funded by the Centers for Medicare and Medicaid Services.

These reports are now available on the [Office of Superintendent of Insurance website](#). Their findings will inform what additional questions need to be answered during year 2 of this process (2022). This next year of research will also help determine what legislation needs to be passed in 2023 that will ultimately fit into the Health Security Plan design structure.