



The New Mexico Health Security Act

Rising premiums and copays, shrinking provider networks, no end in sight to drug price increases, and more and more plans with high deductibles—that's what New Mexicans are facing today. The need for new approaches has taken center stage.

It's time for New Mexico to take control of its health care destiny by setting up its own health coverage plan. Under the Affordable Care Act, states can receive an innovation waiver to develop their own plans. And there is no question that there is a strong message coming from Washington, DC, to encourage states to take over the responsibility for health care coverage.

The New Mexico Health Security Act, which has been vetted by diverse New Mexicans for years, provides a well-thought-out solution.

What the NM Health Security Act proposes:

Under the proposal, New Mexico will set up its own health insurance plan—the Health Security Plan—that will cover almost all New Mexico residents. (Federal retirees, active duty and retired military, and TRICARE recipients will continue with their federal plans. The tribes, as sovereign nations, may choose to join the Plan. Health plans covered under ERISA have the option of joining the Plan.)

The Plan shifts private insurance to a supplemental role (as traditional Medicare does). Plan members have guaranteed access to comprehensive, quality health care coverage, regardless of income level or health and employment status.

A carefully considered approach:

✓ **Phase 1 (in process):** The financial analysis phase, when the Legislative Finance Committee, with public input, determines:

- The cost of the Plan
- Individual premiums and employer contributions
- Workers' compensation and automobile insurance premium reductions

✓ **Phase 2:** Legislative and gubernatorial approval of the financial analysis report. If not approved, the Plan will not go into effect.

✓ **Phase 3:** Development of the Plan, with legislative, executive, and public input, and application for any waivers needed so the Plan can begin operations and receive all federal tax credits and subsidies.

The NM Health Security Plan also:

- Guarantees choice of provider, even across state lines
- Guarantees a good benefit package that must be as comprehensive as the services offered state employees
- Preserves the private delivery system (private physicians, hospitals, etc.)
- Provides strong protections for retirees
- Reduces overhead costs for health care providers and facilities

An old-fashioned solution to our current crisis:

Today, we pay for a segmented system of hundreds of insurance plans that create a costly and complex administrative system. The Plan is based on the old-fashioned concept of insurance, where the young, the old, the healthy, and the not so healthy are all in one large insurance pool. The risk is shared, while administrative costs are reduced. *Doesn't this make sense for a state with a small population?*

This proposal has been reworked for many years. Input has been received from all over the state. It is not an imitation of the Canadian, Taiwanese, or British systems, nor is it modeled after any other state's proposals. It is **a New Mexico solution.**

A cost-effective proposal:

A 1994 New Mexico study by the independent think tank The Lewin Group estimated that \$4.6 billion could have been saved by 2004 had all New Mexicans been under one plan by 1997. While not all New Mexicans are covered by the Health Security Plan, even if half that amount is saved, that is significant for our state. Mathematica Policy Research, Inc., concluded in 2007 that the Health Security Act was the only proposal that would significantly reduce health care costs, even in its first year of operation. Other state studies also have shown that covering all or most state residents through one insurance plan controls rising health care costs. And these studies were conducted *prior* to passage of the ACA.

Who will administer the NM Health Security Plan?

- **An independent, non-governmental commission** with 15 geographically representative commissioners oversees the Plan.
- 10 commissioners must represent consumer and employer interests and 5 must represent provider and health facility interests.
- The publicly accountable commission will be subject to the Open Meetings Act. Its budget will be available for public scrutiny, and patient/provider privacy will be protected.

Who will pay for the NM Health Security Plan?

Public and private dollars will be pooled into one fund. Funding sources include federal and state monies spent on health care (Medicaid and Medicare, for example), plus (for Plan members) individual premiums (based on income, with caps) and employer contributions (with caps). Employers may cover all or part of an employee's premium obligations. If federal premium subsidies and tax credits continue, these would also be included.

About the Health Security for New Mexicans Campaign

Established in 1992, the Health Security for New Mexicans Campaign is a statewide, nonpartisan coalition of over 160 organizations and numerous individual supporters. Its mission is to establish a publicly accountable system of guaranteed, comprehensive, and affordable health care coverage for all New Mexicans.