



## The Affordable Care Act and Health Security

The Affordable Care Act (ACA), also known as Obamacare, requires all states to have an online health insurance exchange, or marketplace, to provide small businesses and individuals with access to regulated private health insurance policies.

Many individuals who purchase health insurance through New Mexico's exchange qualify for federal subsidies to help pay for their insurance premiums; others are able to take advantage of the ACA's expanded Medicaid eligibility guidelines and become covered by Medicaid. As a result, many previously uninsured New Mexicans now have access to some sort of health coverage; the percentage of New Mexicans under 65 who are uninsured has fallen from over 20% to around 10%.

With the exchange model, federal subsidies make insurance premiums more affordable for those with low or moderate incomes, but the ACA still allows private insurance companies to set the rates. There are other ways to address coverage and premium cost issues, through approaches that may be better suited to a state's particular circumstances.

### The ACA's Waiver for State Innovation

Fortunately, the ACA's drafters understood that exchanges may not be the ideal solution in all states.

The **Waiver for State Innovation** section of the law allows states to receive a waiver to develop something other than an insurance exchange, as long as the alternative complies with the criteria outlined in the law. Thus, alternative approaches like the Health Security Plan are in harmony with the Affordable Care Act. With a waiver, states can set up plans that better address their residents' needs.

To receive a waiver, a state's plan must meet four conditions:

- It must meet the ACA's standards for comprehensive coverage.
- It must meet the ACA's standards for affordability.
- It must cover as many people as an exchange would.
- It cannot add to the federal deficit.

States that qualify for waivers will continue to receive **federal subsidies and tax credits** to make insurance more affordable.

The Waiver for State Innovation presents an opportunity for New Mexico to change its dependence on the private insurance paradigm by creating its own health plan. Two studies have shown that the Health Security approach—which places almost all state residents in one statewide insurance pool—not only will ensure that all New Mexicans have comprehensive coverage but will also reduce health care expenditures by eliminating the wasteful costs of our complex private insurance system.

***Taking advantage of the ACA's Waiver for State Innovation provision will let New Mexico develop a plan that serves its residents, not the insurance industry.***