How the Health Security Act Will Benefit Businesses

Uncertainty around the future of the Affordable Care Act has created serious concerns among consumers, businesses, and even the insurance industry. Many states acknowledge that they need to move forward with healthcare reform and develop new approaches. Fortunately, New Mexico already has one in the Health Security Plan—a plan that has been thoroughly vetted over the years and is a homegrown solution.

Two separate, independent New Mexico studies that were conducted *prior* to the passage of the ACA—and so did not include the ACA's premium subsidies, tax credits, and Medicaid expansion dollars—demonstrated that within five years, hundreds of millions, if not billions, of dollars would be saved under such a plan. This is why the 2019 legislature provided the bipartisan, bicameral Legislative Finance Committee with funding to perform a fiscal analysis of the Plan.

What the NM Health Security Act Proposes

Under the Health Security Act, 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 Health Security Plan, which is structured like a cooperative—with the vast majority of New Mexicans as members—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 or employment status. They also have freedom of choice of health care provider—no more networks.

The Plan is financed by a combination of public and private dollars, which are pooled into one fund. Funding sources include federal and state monies spent on health care (Medicaid and Medicare, for example), plus 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 will also be included.

Advantages for Businesses

- **Reduces business administrative costs and time.** Businesses don't have to spend precious financial and personnel resources shopping for, administering, and monitoring health care plans.

- **Reduces other insurance costs.** The Plan requires reductions in premiums for other insurance policies that have health-related components, such as workers' compensation and automobile policies.

- **Stabilizes health care costs.** With more than 1.7 million New Mexicans in the same insurance pool, risks are shared and costs are stabilized. Savings will enable businesses to invest in jobs and expansion.

- **Business participation.** Business owners have input into this publicly accountable plan. Ten business and consumer interests must be represented on the geographically representative 15-person commission that is responsible for administering the Plan.

More Advantages for Businesses

- Creates a higher-quality, healthier workforce.
- Reduces employee absenteeism due to illness. The Plan emphasizes preventive care.
- Reduces financial risk of new hires. Pre-existing conditions do not raise insurance costs for the group.
- Helps businesses to attract and retain skilled workers. Since health coverage is now included, businesses of all sizes gain a recruitment and retention advantage.
- Removes the competitive advantage of businesses that do not offer health care coverage.
- Allows freedom of choice of provider—no more networks—so competition is based on quality of service.
- Reduces state budget health costs, which enables the state to invest more in education and jobs.

A Carefully Considered Approach

- ✔ **Phase 1 (in process):** The bipartisan Legislative Finance Committee, with public input, determines:
  - The cost of the Plan
  - Revenue sources to pay for the Plan (sliding-scale premiums and employer contributions from Plan members, along with existing public dollars)
  - Workers' compensation and automobile insurance premium reductions
- ✔ **Phase 2:** Based on the Legislative Finance Committee's financial analysis results, the legislature and governor will decide by 2021 whether and how to proceed. The Plan will not be implemented until the legislature determines that it is financially viable.
- ✔ **Phase 3:** The Plan is developed with legislative, executive, and public input, and any needed waivers are submitted so the Plan can begin operations and receive all available federal tax credits and subsidies.

With health care costs continuing to rise, it is more important than ever for New Mexico to seriously consider this well-vetted, homegrown plan.

About the Health Security for New Mexicans Campaign

The Health Security for New Mexicans Campaign is a coalition of over 160 organizations and numerous individuals that support the Health Security Act. Thirty-four counties and municipalities have passed resolutions in support.

For more information,
visit www.nmhealthsecurity.org or call 505-897-1803.