Insure New Mexico! Council

Report to Governor Bill Richardson

January 21, 2005

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INSURE NEW MEXICO! COUNCIL

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I. GOVERNOR'S CHARGE

Executive Order

On October 14, 2004, Governor Bill Richardson issued an Executive Order creating the *Insure NM!* Council (**See Executive Order, Attachment A**). During town hall visits around the state commencing on October 15, 2004, Governor Richardson announced:

> *Improving the health of our citizens, expanding access to medical insurance and quality, affordable health care, and protecting our children and senior citizens is a priority for my administration. Today I am moving forward with my efforts to reduce the unacceptably high rate of New Mexicans without health insurance. The initiative I am announcing today targets working people without insurance, specifically finding ways, like group purchasing and tax incentives, to help employers offer health insurance to their employees, and then encouraging those employees to sign up.*
>
> *Yesterday I signed an executive order creating the* ***Insure New Mexico! Council****. Lieutenant Governor Denish will chair the Council, which will consist of representatives from the insurance industry, small businesses, nonprofit organizations, and employees. I want them to give me realistic recommendations on how we can decrease the number of working people without insurance, and increase the number of employers offering insurance plans.*
>
> *The problem is clear—*
>
> - *414,000 New Mexicans (22%) did not have health insurance during 2003*
> - *70 percent of the uninsured are working people*
> - *Only 50 percent of small employers (under 50 employees) offer employer-sponsored insurance plans.*
>
> *Why is this bad? Three reasons – cost; lack of knowledge about how to get health insurance for employees; and what I call the "hassle factor" of finding health insurance easily.*
>
> *The uninsured are less likely to receive preventative health care and are more likely to develop chronic problems. They're more likely to miss work because of illness, hurting the productivity of companies. They're in a precarious position, and are at risk of being financially devastated by serious illness or other medical problems.*
>
> *Last year, I created the Governor's Health Care Coverage and Access Task Force, and with the help of its members, I proposed and passed several key pieces of legislation to expand access to affordable health insurance and health care. The initiatives I*

mentioned today will help us continue to move forward toward our goal of ensuring every New Mexican has access to affordable, quality health care.

Goals And Objectives

The goals of the *Insure NM!* Council are to reduce the number of people in New Mexico without health insurance, and to increase the number of small employers, including nonprofits, offering health insurance to their employees.

In 2004, the Council was directed to recommend affordable health insurance options that small employers could offer their employees; promote increasing small employers' knowledge about their health insurance options; and find ways to easily access health insurance (referred to as the "hassle factor" throughout this report). The Council was also charged with implementing action steps to achieve these objectives as well as recommending and supporting legislative initiatives to reach these goals.

Membership And Meetings

The *Insure NM!* Council held six full-day meetings on September 29th, October 15th, November 4th, November 22nd, December 2nd and December 10th. This report is the outcome of these initial meetings. More meetings are planned during 2005 to guide implementation of recommendations accepted by the Governor for 2005 and to continue working on recommendations that will be presented and implemented later.

The Council is chaired by Lieutenant Governor Diane Denish, and consists of diverse, statewide representatives of small businesses, nonprofit organizations, employees, labor unions, human resource management, chambers of commerce, health insurance carriers, health insurance brokers, legislators and state government (**See Council Membership Listing, Attachment B**). The meetings of this group included presentations by critical experts and by Council members, review of data currently available and commissioned as surveys, discussions of approaches used to address the issue of the uninsured in other states and past efforts in New Mexico, and discussions among Council members about different approaches.

Guiding Principles

After discussion at two meetings, the Council decided to use the Guiding Principles developed by the Governor's Health Care Coverage and Access Task Force (HCCA) in 2003, with some modifications to reflect the goals and objectives specific to the Council. These Guiding Principles are:

1. The ultimate goal is to address the multiple health care needs of all New Mexicans by addressing insurance coverage and access issues as resources allow.

2. Bold action that is doable *and* that will set a clear direction toward serving more individuals and families with quality health care services to meet their unique needs is needed now.

3. Multiple approaches, over time, will be required to develop and finance the different needs of different ages and types of populations within New Mexico.

4. A combination of public and private approaches will be necessary, with the state and federal government providing strong leadership and oversight roles.

5. Policies and actions must be financially viable, taking into account both cost and the impact on New Mexico's economy.

6. Actions must take into account that health and economic development are intrinsically linked. Improving the health status of people living in New Mexico will have a positive impact on economic development, and strong economic development will play a role in improving the health status of people living in New Mexico.

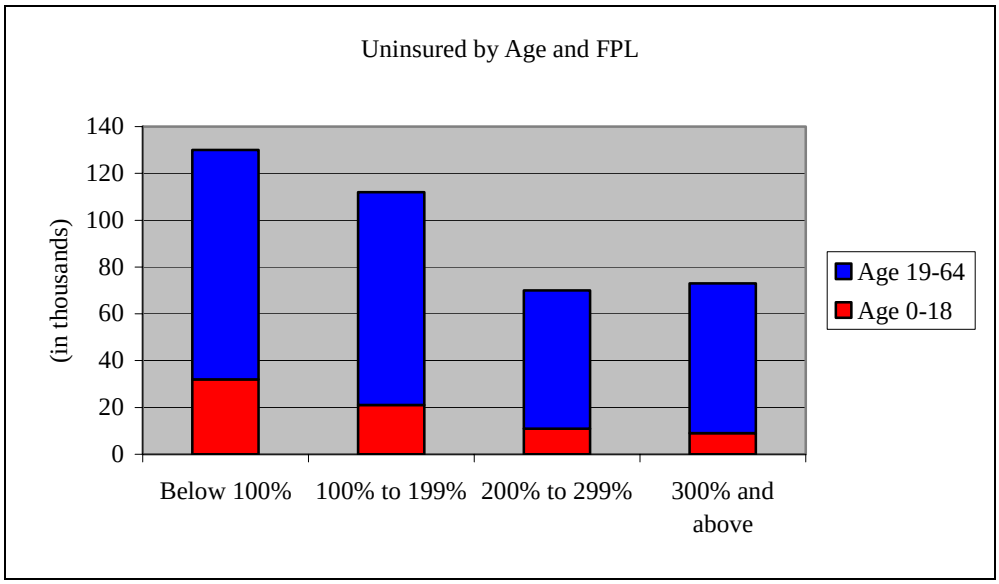
II. BACKGROUND

New Mexico's Uninsured

The most recent Census data collected on New Mexico's uninsured indicates that more than one in five New Mexicans, or 22.1 percent, did not have health insurance of any kind during 2003. That percentage went up from 21.1 percent in 2002 and 20.7 percent in 2001. The U.S. Census Bureau estimated that the state's total population exceeded 1.87 million in 2003. If the percentage of uninsured held at 22.1 percent for 2003, New Mexico's uninsured population could exceed 414,000.

Who Are The Uninsured?

The Council found that, historically, individuals comprising "the uninsured" did not reflect a homogeneous group. Although nearly all of those without health insurance were younger than 65 years, the uninsured population was made up of children and adults across the income spectrum:



As this graph shows, the largest number of uninsured (approximately 130,000), had incomes below 100 percent of the federal poverty level (FPL); however, a substantial number (approximately 73,000) had incomes at 300 percent FPL and above. Children comprised a

smaller proportion of the uninsured in each of the income categories. Individuals in lower income brackets are often uninsured because they cannot afford any kind of insurance. The Human Services Department estimates that 54,000 New Mexico low-income children are eligible for but not enrolled in Medicaid, one form of insurance for low-income families.

Those with middle incomes, could afford the complete cost of insurance and employers often did not offer it at a price they could afford. At higher income levels, uninsured individuals were often younger and felt they did not need insurance or believed they could afford health care when they needed it.

New Mexico Voices for Children (NM Voices) analyzed survey data from the 2002 Household Survey conducted for the Health Policy Commission (HPC) and found that 38 percent of the uninsured said they had no unmet health care needs, while 29 percent of those insured said they did have unmet health care needs.

III. WHAT THE *INSURE NEW MEXICO!* COUNCIL HAS LEARNED

Although a large body of data exists regarding the uninsured, questions key to crafting appropriate policy responses remained unanswered. Health Resources and Services Administration (HRSA) funding beginning in September of 2003 provided resources to focus on the state's uninsured population in four ways: through an extensive survey that helped formulate true and comprehensive data about New Mexico's uninsured populations, their barriers to health care coverage and the types of coverage that would meet their needs; through financial and actuarial impact analyses of multiple health coverage options upon not only the uninsured but also on the state's economic, business, and health care networks; through a small survey on New Mexico nonprofits that highlighted the specific issues and plight of this unique, yet large group; and, finally by partnering with the HPC to conduct a survey of small employers that determined the percentage of employers currently not providing coverage, understand the reasons why it is not provided, and determine potential initiatives that might assist them in providing health insurance coverage for their employees.

The HRSA project has been instrumental in providing multiple data sources, analyzing what other states are doing and providing technical assistance to the *Insure New Mexico!* Council. The results of some of these efforts are presented here.

The Household Survey On The Uninsured

The statewide Household Survey was conducted in the fall of 2004 and provided data to answer a variety of questions about the uninsured, such as:

- What is the demographic breakdown of the uninsured within FPLs?
- What is their relative attachment to the labor force?
- How many could afford (by their own definition) some type of health insurance but don't elect to purchase it?
- How many uninsured individuals (by FPL) do not elect to take their employer-sponsored health insurance and why?
- How many are eligible for but not enrolled in Medicaid and why don't they apply?

- How many receive health care from a number of service providers, such as IHS, the Veterans Administration, primary care community clinics and university clinics?

The sample size of this survey was 7,566 individuals. The HPC conducted in-depth telephone interviews of 1500 randomly-selected households with at least one uninsured member. Sample quotas were set at the county level to mitigate bias of telephone penetration variation among counties. A random digital dial sample was utilized so that unlisted and unpublished numbers are included.

Among the sample of approximately 19,000 individuals, Hispanics and Native Americans were each undercounted by five percentage points. Results were weighted so that these groups received their actual proportion of the population. The age distribution of the sample was representative of the total population of the state. Young adults were slightly under-represented and older adults were slightly over-represented. Results were weighted by age so that they would be representative of New Mexico's population. Households below the poverty line were slightly under-represented in the sample, primarily because low-income households are less likely than higher income households to have a telephone. Results were weighted by income to mitigate this situation. After weighting, the demographics of the sample are representative of the state's populationwith respect to ethnicity, gender, age, income (percent below poverty line) and county population.

For purposes of this survey, participants were screened to assure they had no form of insurance coverage for a full twelve months immediately preceding the survey, which was completed in late November 2004. Eighteen percent of the people in New Mexico are uninsured. As expected, household income is a significant predictor of the likelihood that people will have health insurance. Among people residing in households below the poverty line, 34 percent do not have insurance. Among people who reside in households earning 185 percent of the federal poverty level, 30 percent do not have health insurance. Only six percent of the people residing in high-income households do not have health insurance.

The age group most likely to have no health insurance is adults between the ages of 18 to 24, followed by adults between the ages 25 to 34. Thirty-one percent of adults18 to 24 years old and 29 percent of adults 25-34 years old do not have insurance. Children are more likely than young adults to have insurance primarily because many children are covered by Medicaid/SCHIP.

The education level of adults is a major predictor of whether they have access to health insurance coverage. For example, of the uninsured population, 39 percent have only some high school, while nine percent are college graduates.

Native Americans are least likely to have health insurance, although many Native Americans receive free/low cost health care from Indian Health Services(IHS). Hispanics are much less likely to be covered by a health plan than Anglos/Whites. Specifically, 28 percent of Native Americans do not have health insurance, 23 percent of Hispanics do not have health insurance and 11 percent of non-Hispanic Whites do not have health insurance.

People residing in the rural areas of the state are less likely to have health insurance than are city dwellers. Insurance penetration is lowest in the southern (one-third of Hispanics lack insurance) and northwestern (nearly one-quarter of all residents lack insurance) parts of the state. The Northwestern part of the state is disproportionately Native American. Among the uninsured, 41 percent work multiple part-time jobs.

The Employer Survey

It is widely agreed that the shape of New Mexico's economy has changed dramatically since the first HPC Employer Survey was conducted in 2000. Therefore, the HPC commissioned a survey of small employers. The survey generated updated information about employer-sponsored coverage in New Mexico; explored in greater depth the reasons that businesses and small employers may not offer coverage to their employees; and asked about alternatives that might positively impact the current low rates of employer-based coverage.

The survey instrument assessed factors, including:

- Establishment size;
- Industry sector;
- Geographic location;
- Reasons for offering/not offering insurance;
- Influences on employer decisions about whether or not to offer coverage;
- Decisions to drop insurance coverage in the last year;
- Perceptions of reasonable total premiums for single coverage;
- Perceptions of desired benefits packages for employees; and
- Experiences of administrative burden or difficulty in establishing insurance coverage.

Key Findings

- Fifty-nine percent of New Mexico companies offer health insurance to their employees, while 41 percent do not offer insurance.

- *Company Size*: As company size increases, so, too, does the likelihood of offering health insurance. In fact, less than half (46%) of the companies with two-five full or part-time employees offer health insurance compared to 87 percent of companies with more than 20 employees. Three-quarters of companies with 11 to 20 employees offer health insurance as do 64 percent of those with between 6 to 10 employees.

- *Region*: Approximately two-thirds (66%) of Albuquerque area companies and 60 percent of companies in the North Central area of the state offer health insurance compared to 53 percent of eastside companies, 51 percent of south/southwest companies, and 50 percent of companies in the northwestern region.

- *Employee Earnings:* Approximately one-third (34%) of the companies that pay *all* of their employees less than $30,000 per year offer health insurance. This compares to 68 percent of companies that pay at least some of their employees more than $30,000. Thus, companies that offer the lowest wages are also the least likely to offer health insurance.

- *Years in Operation:* Companies that have been operating in New Mexico for a longer period of time are more likely to offer health insurance. Sixty-eight percent of companies that have operated in New Mexico for more than 25 years offer health insurance compared to 49 percent of those that have been in operation for eight years of less.

- Thirty-seven percent of New Mexico companies that offer health insurance pay 100 percent of their employees' premium, while 72 percent pay at least half the premium (18 percent of companies pay exactly 50%). Twelve percent of the companies offering health insurance pay less the half the single employee premium.

- Twelve percent of companies offering health insurance require that all full-time employees have insurance.

- Twenty-eight percent of companies offering health insurance have special benefits programs such as Cafeteria Plans, Health Saving Accounts and Health Reimbursement Arrangements. This is most common among those companies with 21 or more part and full-time employees (48%), companies paying between 51 percent and 99 percent of employee premiums (45%) and nonprofit companies (43%).

Non-Insurers

- When asked in an unaided, open-ended manner, four-fifths (81%) of the companies that do not offer employee health insurance cite cost as the reason for not doing so. Ten percent of the companies say they do not offer insurance because of a lack of employee interest or participation, while 3 percent say their premiums rose too much and another 3 percent claim they do not need to offer insurance to attract employees.

- Six percent to the companies that do not currently offer insurance say they discontinued their health plan within the past year. Again, cost (60%) and a rise in premiums (32%) are cited most frequently as the reasons for discontinuing their health plan.

- When asked specifically, 76 percent of employers who do not offer insurance say the inability to subsidize health insurance for their employees *definitely applies* to their decision not to offer health insurance and another 11 percent say this *somewhat applies*. Furthermore, over four-fifths of the companies say the concern over future health care costs either *definitely* (71%) or *somewhat applies* (11%) to their decision not to offer health insurance.

- Less than half (47%) the employers say they do not need to offer health insurance to attract employees (28 percent say this *definitely applies*). Approximately two-fifths of those who do not offer health insurance indicate their employees prefer higher salaries to health insurance (43%) and the sufficiency of their other benefits (41%) are at least somewhat applicable to the reasons why they do not offer health insurance. Forty-two percent also indicate that health insurance is not their organizations' responsibility.

- Seventy percent of companies that do not currently offer health insurance express interest in having the state government offer tax relief as a way help employers offer insurance (60 percent are *very interested*). Two-thirds also express interest in a purchasing alliance, while 51 percent are interested in state subsidies for low-income employees. Less than half the employers express interest in administrative/technical assistance in establishing (40%) or managing (35%) a health insurance program.

- When asked in an unaided fashion what other types of assistance they would be interested in, 42 percent mention low cost/affordable insurance and 5 percent mention less restrictive conditions for being accepted by a plan.

- Half of the employers that do not currently offer insurance express interest in a comprehensive health insurance plan (34 percent are *very interested*). Thirty-eight percent of employers also express interest in a catastrophic health plan (25 percent are *very interested*).

- Administrative factors do not appear to be having a large impact on the majority of companies that do not offer health insurance. Twenty-eight percent do indicate that a lack of knowledge of how to discuss or negotiate issues with insurance companies has had some impact on their decision not to offer insurance, while 24 percent say not knowing how to find other health insurance options has had an impact.

- Approximately one-in-four (26%) of companies that do not currently offer health insurance say they likely to offer a plan in the near future, with 20 percent saying they are *very likely* to do so. Half of the employers are unlikely to offer insurance in the near future, while 21 percent have a mixed or neutral opinion.

- Ten percent of employers that do not currently offer health insurance would be willing to contribute up to $300 per month in order to offer an insurance program.

Health Care Expenditures in New Mexico – House Bill 955

The Legislative Health and Human Services Committee (LHHS) was charged with completing a health care costs study to determine the amount of public and private money expended on health care in the state, as well as the economic impact and the effect of health care reform efforts. The study was mandated by House Bill 955 (HB 955) during the 2003 regular legislative session (Laws 2003, Chapter 380). The committee was mandated to conduct a comprehensive study, in consultation with the New Mexico Health Policy Commission, to review and determine the:

- Expectations and outcomes of state and national health care reform efforts over the last 10 to 15 years;
- Public and private costs of providing health care to all New Mexicans; and
- Impact of health care expenditures on the health care industry and the state's economy, including compensated and uncompensated care costs.

Through HB 955, the Council was given another opportunity to look at the health care marketplace from a more expansive position and look directly at issues being discussed, such as

how health care can be an opportunity for economic development or how the marketplace could be impacted by certain reform measures. The LHHS Committee's report is summarized here.

In 2002, the estimated cost of providing health care to New Mexicans was $7.9 billion. Approximately 75 percent of health care expenditures were publicly financed ($5.9 billion). Of the $6 billion that comes from public sources, the federal government pays for 64 percent ($5 billion) compared to 10 percent contributed by state government ($820 million). Counties cover about one percent of health care costs ($94 million) and only $3.4 million comes from out-of-state sources. Spending for hospital services and for medical and other professional services and supplies accounts for 28 percent of health care dollars, and spending on long-term care services accounts for another 12 percent. While categories were created based on comparable types of services utilized by the National Health Accounts (CMS, 1960-2002), some sources do not tend to collect or report data by types of services.

Impact of federal health care spending on New Mexico's economy

- Federal health care-related spending in New Mexico totals $4.4 billion and represents about 25 percent of all federal spending in the state.
- Historically, as a result of federal spending on health care, New Mexico's gross state product increases by over $8.5 billion, earning for New Mexicans increases by $6.267 billion and the number of jobs in the state economy increases by 225,711
- In 2001, New Mexico's gross state product was $55.4 billion.
- Federal spending on health care is responsible for about 15 percent of the New Mexico economy.
- Total earnings for New Mexico in 2002 were $33,274 billion. This means that federal health care is responsible for 18.8 percent of all earning in New Mexico.
- Federal spending on health care is responsible for 23 percent of all non-farm jobs in New Mexico.

The General Services Department Survey On State Employees

In cooperation with the New Mexico General Services Department/Risk Management Division (GSD/RMD), the HRSA State Planning Grant helped develop a survey of state employees to identify why, when offered a comprehensive health insurance package, many choose not to enroll in state-sponsored coverage. This survey was implemented after a July 1, 2004 benefit change, increasing the state's share of health care insurance to 80 percent for employees earning less than $30,000. Prior to the July 1, 2004 cost-sharing change, roughly 5,000 employees had not selected health insurance through their state employment. After July 1, the number was reduced to 1,921, indicating that cost is a large factor. The GSD survey reached 580 respondents, of which only 11 reported having no form of coverage. The survey verified that most employees that do not select the state employee health benefit have coverage through other sources, typically a spouse/partner, and that the increased in percentage paid for by the state significantly reduced the number of employees not participating in the plan.

The Nonprofit Survey

Nonprofit agencies completed a survey that asked them about health insurance issues, barriers to coverage and what agencies pay for coverage. A total of 91 responded. The agencies surveyed represent over 3,200 covered individuals, and approximately five percent of the nonprofit sector

that file 990 forms (1900-plus agencies). Agencies representing a wide spectrum of fields were represented, with the majority (66) involved in health and human services. Of those agencies, 63 provide health insurance and 28 do not provide. Agencies of both types, whether they provide coverage or not, had similar concerns about insurance challenges and barriersand had similar priorities. The primary difference between the "insured" and "uninsured" groups were that agencies providing insurance tend to be larger, with more resources, and often provide a broader array of benefits than smaller agencies.

What are the most important issues for nonprofits?

- Nonprofits are most concerned about the cost of insurance to the agency as well as co-payment costs for employees.
- Agencies are interested in pooling, to create cost savings.
- Comprehensive insurance is strongly preferred over catastrophic options, although some of the smaller agencies that do not provide coverage indicate interest in catastrophic options.

What issues do nonprofits characterize as being less important?

- Nonprofits are less interested in administrative issues, or options to reduce administrative burdens.
- Agencies surveyed are less interested in a wide range of options for health care, sliding fee scales or other resources.

IV. What Other States Are Doing and What New Mexico Has Done?

The *Insure New Mexico!* Council looked at several states that had unique and multi-faceted approaches, which included:

- Premium Assistance Programs;
- Reinsurance;
- Scaled-back benefit plans/Review of state regulatory reform;
- Statewide voluntary purchasing alliances;
- Tax relief/credits for employers; and
- Administrative assistance.

Maine – Dirigo Health

Proposed by Governor Baldacci, revised and improved by the Legislature, The Dirigo Health Care Act was signed into law in June 2003. It represents a broad strategy to improve Maine's health care system and includes three inter-related approaches: a new health plan ("DirigoChoice") to achieve universal access to health coverage; new and improved systems to control health care costs; and initiatives to ensure the highest quality of care statewide. Maine represents a complete system approach to reforming its health care system and is instituting change on many levels.

Dirigo Health is a state-offered insurance plan tailored for small businesses under fifty employees, the self-employed and uninsured individuals. Dirigo Health supplies a

comprehensive package through a private carrier – Anthem/Blue Cross Blue Shield – comprising an initial health risk assessment and incentives to establish a primary care provider as well as participation in wellness activities. In conjunction with individual incentives, Maine is currently formulating an extensive state health plan, the primary goal of which is to "help Mainers become the healthiest people in the U.S. by strategically improving the allocation and coordination of our health care resources."

In order to participate with Dirigo, the health care marketplace within Maine is requested to provide multiple cost saving mechanisms such as: certificate of need requests, price disclosures on hospital charges, voluntary limits on operating margins, and electronic claims submissions. In order to afford this comprehensive reform effort, Maine initially allocated $54 million to institute Dirigo Health, but later years are based on the idea of savings offset payments. These payments are basically savings in uncompensated care by hospitals and health systems that will be paid back into the Dirigo Health Care System. Insurers doing business will be assessed payments to help fund Dirigo only after savings in uncompensated care are shown.

Connecticut

Connecticut passed legislation that allows the Comptroller of the state to arrange group health coverage, under the state employee health plan, for small employers to enter under a separate risk pool. The Municipal Employees Health Insurance Plan (MEHIP) was created in 1996 and initially allowed municipalities to procure health insurance plans for their employees through a purchasing cooperative managed by the Comptroller's Office. The MEHIP was subsequently amended in 1998 and 2001 to permit the participation of community action agencies and nonprofit organizations that have a contract with the state.

Over this period of time, the growth in the MEHIP was steady, with almost 14,000 covered lives, and the program's success to date is due to several factors. The MEHIP utilizes the same carriers that provide health insurance to state employees and retirees (a pool of about 180,000 individuals) and with that buying power behind it, the MEHIP was able to achieve favorable rates for its participants. Greater plan design flexibility and two key additional elements played a significant role: an exemption from the 1.75 percent HMO tax and an exemption from the small group rating law. These key factors permit the MEHIP to offer affordable health insurance premiums for a health insurance plan that provides home and office coverage as well as a prescription drug benefit. The MEHIP can also risk pool the participants when the membership reaches sufficient numbers.

For several years, the Comptroller and some legislators fought to open up the MEHIP plan to small businesses with 50 employees or less. Finally, in 2003, the legislature approved an expansion of the MEHIP to small businesses. They currently have 8,400 primary participants, with over 16,000 total covered participants in their plans. A majority of the participants work for nonprofits with contracts with the state. Connecticut is currently re-evaluating the addition of small businesses into the program so they may seek legislation to better target the program to uninsured small businesses.

New York – Healthy NY

Healthy NY is a program designed specifically to allow small employers with fewer than 50 employees, working uninsured individuals and the self-employed to obtain affordable health insurance coverage.

- Eligible individuals or groups can purchase a limited benefit package from any HMO in the state of New York. Healthy NY mandates that the exact same benefit package be offered by all HMOs, thus the health plans can vary their premiums only by county and tier structure.

- Although Healthy NY is available to small employers, sole proprietors, and the working uninsured, each group has its own set of eligibility criteria and participation rules.

Limited package design paired with reinsurance

While the pared down benefit package mandated through Healthy NY helps keep premiums low by not offering mental health, limiting prescriptions, and having substantial deductibles and co-pays, the state also subsidizes claims through a stop-loss mechanism. The state pays 90 percent of annual claims between $5,000 and $75,000 for each enrollee; overall the subsidy represents about 15 percent of the premium.

Extensive State administration and support (including funding)

In order to implement these two primary design features, the State provides extensive administrative support and oversight. The New York Insurance Department maintains a website with eligibility, package design and premium cost by county and HMO. It also administers a toll-free phone line and marketing materials for prospective enrollees. The Insurance Department scrutinizes proposed premium rate increases while wading through eligibility and enrollment criteria and procedures for participants. To finance this level of support, New York uses state tobacco tax revenues and tobacco settlement money.

Tax deductions

Finally, tax deductions are offered as an incentive to enroll in the program. Businesses can generally deduct 100 percent of the premium. The coverage is pre-taxed for the employees' benefit, but they do not have the additional tax relief provided by using the premium as a deduction.

Past Efforts in New Mexico

The State of New Mexico through its executive and legislative branches has initiated many strategies in an attempt to improve health care coverage to its citizens and address an increasing magnitude of provider issues. This report contains many of the methods implemented through legislation but should not be considered an exhaustive list. Omission of past legislation is not an indication that the legislation was not important.

- County indigent health care funds are financed by locally imposed gross receipts taxes, and under county control in terms of eligibility, covered services, and reimbursement rates. These funds also contribute to the state's County Support Medicaid fund and Sole Community Provider Hospital fund. The initial assessment for the County Supported

Medicaid fund was used by the State to expand Medicaid eligibility to pregnant women with incomes less than 185 percent of FPL.

- Medicaid expansion in 1994/95 to cover all children less than 19 years of age in households with incomes less than 185 percent of FPL.

- Implementation of the SCHIP in March 1999; the program expanded Medicaid to cover children with family income up to 235 percent of FPL who had not had coverage for at least a year.
- Direct funding to community health centers for operations through the Rural Primary Health Care Act. The Primary Care Capital Fund Act funds grants and low interest loans for capital and infrastructure.

- Subsidized premiums for the Comprehensive Health Insurance Pool, the state's high-risk pool.

- Implementation of the Health Insurance Alliance, an organization that offers health insurance options for small employers.

- Modifications to the Small Group Rate and Renewability Act to limit use of rating factors and pre-existing conditions/exclusions.

- Creation of the Minimum Healthcare Protection Act to provide a limited health care benefit package (with an emphasis on primary and preventive services). In 1994, all insurers that covered more than 250,000 individuals in New Mexico were mandated to offer this product. This mandate was initiated by the state in 1997, upon implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

- Implementation of HIPAA-related provisions by the Comprehensive Health Insurance Pool and the Health Insurance Alliance to provide a guaranteed continuation of health insurance coverage.

- Enactment of the Retiree Health Care Act, providing comprehensive group health insurance for retired state, local government (including public school districts) and higher education public employees and later expanded to permit a municipality, county or higher education institution that originally opted out irrevocably from coverage under the act to choose to a participating employer.

- Creation of the County Maternal and Child Health Plan Act to encourage counties to develop comprehensive, community-based maternal and child health services to meet the needs of childbearing women and their families.

- Enactment of the Patient Protection Act to protect consumers and providers in managed health care systems in order to ensure fair treatment of patients and delivery of good quality health care services. The legislation applied to coverage offered by all managed

care organizations, including private managed care plans, plans providing coverage to Medicaid clients and plans offered to public employees.

- Creation of a prescription drug program for seniors who have no prescription drug coverage and charging the Medicaid program with establishing a prescription drug formulary (list of approved drugs) based on negotiated discounts or rebates.

V. *Insure New Mexico!* Council Members' Perspectives

The *Insure New Mexico!* Council received presentations from all 26 members representing, employees, employers, legislators' and insurer perspectives on helping small employers, including nonprofits, meet health insurance needs in New Mexico.

Employee Perspectives

Council members representing the employee perspective generally addressed issues of health insurance affordability and the difficulty in keeping up with the growth in health insurance premiums. They indicated that employees often feel they are paying more and more for health insurance, while seemingly getting less coverage for their investment. They indicated employees have stressed preferences for lowering health insurance premiums in lieu of wage increases. The Council also learned that Native Americans, particularly in Albuquerque, are having an increasingly difficult time in accessing health insurance and having their health care needs adequately met due to decreasing federal funding for IHS and related issues.

Members representing the employee perspective suggested it is preferable to participate in group health insurance plans that offer a better benefit package at affordable rates. They indicated employees could benefit from improved outreach, education and marketing to assist them in accessing health insurance.

Employer Perspectives

The Council members representing the employer perspective addressed issues regarding accessing health insurance and the need to offer insurance in order to be competitive in the business market; the "hassle factor" in dealing with health insurance administration; and the barriers of cost, particularly for family coverage.

Employers on the Council spoke about issues adversely affecting acquiring health insurance such as New Mexico's low wages and the shortage of health care personnel and difficulty in accessing health care. They stressed the problems in insuring employees when there are pre-existing health conditions or an older employee who skews the pool and drives up the cost for the rest of the group; the barrier of requiring 70 percent or more of your workplace to participate in purchasing a health plan; and problems with over-utilizing insurance and lifestyle issues.

Employers stressed the need for a pool that will lower rates while spreading risk, the need to incorporate wellness, and the desire to mandate offering domestic partner benefits. They wished to offer these benefits without further cost shifting to employees and while offering more product choices to small employers.

They suggested considering preferred provider organization (PPOs) and health maintenance organization (HMOs) models that are attractive due to affordability; looking at initiatives that start with lower wage employees; considering tax credits; consider medical savings accounts (MSAs), health savings accounts (HSAs) or indemnity plans for a younger, healthier workforce; considering catastrophic or limited benefit plans with the employer contributing towards the premium; and considering buying in to GSD as a mechanism to reduce high-end risk.

Legislator Perspectives

Four legislators participated on the Council and addressed the legislative perspective. Some of the issues addressed were: reviewing the efficacy of the state's mandates applying to health insurance; cost reduction through limited benefit packages or catastrophic plans (particularly tied to use of the primary care network); tax credits or rebates if they can be proven effective and do not have too large an impact on the state's general fund; the need to educate people regarding current health insurance options; and the desire to maintain and potentially expand the state's Medicaid program, particularly to cover targeted populations such as prenatal care for women up to 235 percent of the federal poverty level.

The legislators stressed the importance of the primary care infrastructure and the need to support use of federally qualified health centers (FQHCs) for primary care services instead of using emergency rooms for these services. They discussed the possibility of combining use of FQHCs with major medical or catastrophic health insurance offerings. There was discussion of the State Coverage Initiative as both locking the state into long-term debt, but also as an opportunity to insure more employed New Mexicans at reduced cost.

Insurer Perspectives

Council members representing the insurer perspective stated that health care is under funded in New Mexico and there are many factors driving up the cost of health care. They indicated only about 50 percent of New Mexico's population participates in commercial health insurance, while stressing competition is limited in many of the rural areas of the state. They stated that it is often more difficult for individuals with severe illness to access care. They also stated that the majority of health insurance dollars are paid out to providers for providing health care services to members.

They indicated an issue of prime importance was affordability of insurance products. The insurers discussed incentives to encourage wellness, target health care to populations with the most severe illnesses and promote health insurance to young, healthy people who do not typically choose to purchase plans. They suggested consideration of consumer-driven health care while further educating consumers; benefit design flexibility that would result in lower cost insurance products; and maintaining the safety net for high-risk populations and the uninsured.

VI. Insurance-Related Resources In New Mexico

Attempts to curb health care disparities have been made on behalf of adults in need of health insurance through programs for vulnerable and at-risk persons in New Mexico. The Governor expressed a dedication to these existing organizations and New Mexico's demonstrated ability to

create innovative ways to make health insurance more accessible to employers, their employees, and the uninsured through already existing mechanisms.

The Health Insurance Alliance

The New Mexico Health Insurance Alliance (HIA) was created in 1994 by the State Legislature and is composed of independent health insurers who have agreed to offer similar health plans to companies with 50 or fewer eligible employees, including the self-employed and individuals who have lost group health coverage. The HIA allows small employers to obtain coverage regardless of their employees' health status.

Features of the HIA include: the elimination of medical or industry underwriting; easier participation requirements for employers; and rates that are set for one year. Financing is available through an administrative fee withheld from gross premiums. Insurance carriers doing business in the state are assessed annually for health care costs not paid for through premiums. Enrollment in the Alliance has been as high as 8,800 people since its inception; however, the loss of community-rated HMOs, increases in premiums, and a loss in the HIA's original authority due to the federal Health Insurance Portability and Accountability Act (HIPAA) have impacted the program and reduced enrollment to its current level of approximately 4,400 members.

The General Services Department/Risk Management Division

The Risk Management Division of the General Services Department (GSD/RMD) is responsible for the protection of state assets (including state universities) against property, liability, and workers' compensation losses. In addition, GSD/RMD is charged with providing high quality group benefit plans for state employees to recruit and retain of qualified employees. The GSD/RMD has the authority to purchase insurance or to provide self-insurance programs for benefits coverage to employees including workers' compensation, group health, unemployment compensation, and non-occupational disability coverage.

A major area of emphasis of GSD/RMD is to provide high quality group medical, dental, vision, life and disability insurance and related benefits to public employees at a reasonable cost. Currently, GSD/RMD extends coverage to state employees as well as 65 other local public bodies (including counties, municipalities and universities) that have requested participation in GSD/RMD benefits programs. In total, GSD/RMD provides health coverage for approximately 59,000 New Mexicans.

The State Coverage Initiative

In early 2001, the New Mexico Human Services Department (HSD) partnered with various stakeholders to apply for planning and implementation funding through the RWJ State Coverage Initiatives (SCI) program. This would enable New Mexico to work with the state's employers and entities from the health care market to develop viable coverage options targeting the state's uninsured. New Mexico received SCI grant awards for planning and implementation in April and October 2001, respectively.

Under the auspices of the SCI program, HSD brought together a formal cohort of key stakeholders that included representatives of managed care organizations, primary care physicians, hospitals, state agencies, the legislature, local governments, business groups and

consumer advocates to establish an SCI Steering Committee. The Steering Committee held a series of planning meetings, convened subcommittees to address specific issues such as marketing and actuarial analyses, and conducted focus groups with employers to determine how they might be able to assist the state's efforts in broadening access to health care.

A Health Insurance Flexibility and Accountability (HIFA) waiver was approved by the Center for Medicare and Medicaid in August 2002. The waiver program would utilize unspent SCHIP funds to provide basic health benefits for an estimated 40,000 uninsured New Mexicans with incomes up to 200 percent of the federal poverty level through an employer based buy-in insurance plan. The SCI benefit plan is structured more like a traditional commercial plan than the traditional Medicaid benefit package. Funding is contributed from the employer for each eligible employee. The employee also contributes a share based on income level. State funds are matched with federal funds to complete the funding package. Cost sharing provisions are carefully crafted to include premiums and co-payments that insure access to care for those in lower poverty levels. There are annual dollar maximums on benefits as well as annual out of pocket expense maximums. SCI is a managed care model that will contract a Managed Care Organization (MCO) that successfully bids through the RFP process. SCI will use the existing infrastructure of the Human Services Department's, Medical Assistance Division and the MCOs to administer the plan in a unique and innovative blending of the public/private health care system. Opportunities to identify other funding sources, such as counties that wish to contribute funds to purchase the plan for indigent members of their communities, are currently in process.

The New Mexico Medical Insurance Pool

The New Mexico Medical Insurance Pool (NMMIP) was established by the 1987 New Mexico State legislature. The pool was created to provide medical insurance access to all New Mexicans who are denied adequate health insurance and are considered uninsurable. The NMMIP also provides health benefit portability coverage to New Mexicans who have exhausted COBRA benefits and have no other portability options available to them. Blue Cross Blue Shield of New Mexico, who handles eligibility, enrollment, member services, and claims processing, administers the NMMIP.

One feature unique to the NMMIP is the provision that qualifying individuals with incomes up to 200 percent FPL may receive a subsidy of up to 25 percent of the premium. NMMIP is also in the process of developing an interim prescription drug insurance product for seniors pending implementation of the Medicare Prescription Drug Program in 2006. NMMIP remains a limited means of attaining affordable health care because its current administrative structures and funding streams are insufficient for substantial growth of the program. There are currently approximately 1,200 individuals covered by NMMIP.

VII. IDEAS CONSIDERED BY THE *INSURE NEW MEXICO!* COUNCIL

The Council initially considered nearly 100 ideas during its 10 weeks of deliberation. The Council arrived at its recommendations to the Governor through a three-stage process of learning, generating ideas and then prioritizing and analyzing those ideas. At all stages of the process, the Council was guided by two goals that formed its charge from the Governor: to decrease the number of uninsured New Mexicans and increase the number of small employers

offering health insurance. At no time did the Council vote. It used a process of individual and group analysis to arrive at consensus about action and recommendations to make to the Governor and further discussion to suggest.

Stage One of the process included presentations from and conducting discussions with representatives of small employers, nonprofit agencies, employees, health insurers, state agencies, actuaries, researchers, legislators and other states. Members of the Council also reviewed research, data and policy documents pertaining to the uninsured in New Mexico and nationally. In Stage Two, the Council expanded its perspective and discussed the information that it received and members generated a wide range of creative ideas for addressing its goals. Those ideas were then clustered with three objectives: cost barriers, knowledge of existing opportunities and decreasing the 'hassles' that could deter employers from providing insurance.

In Stage Three the Council analyzed the more than 65 ideas members had generated. Council members, individually and then as a group, analyzed and prioritized the ideas in terms of their likely impact or effectiveness and the ease or difficulty with which they might be implemented. The Council refined ideas on which there was broad consensus and further discussed ideas on which there were varying views. Members of the Council valued the opportunity to have closed meetings in which Members could air disagreements, challenge each other's thinking, and seek common ground. The recommendations made to Governor Richardson are the fruit of the Council's commitment and willingness to explore many perspectives on the challenges of decreasing the number of uninsured New Mexicans and increasing the number of small employers offering health insurance.

In addition to the 29 recommendations the Council made to the Governor, including five recommendations for revenue-generating ideas to pay for these approaches, the following are additional ideas the Council feels merit further development, discussion and consideration in the months ahead.

- Consider a medical expenses rebate ($100) for the cost of health insurance. This tax relief option is estimated to benefit 200,000 individuals with a cost of $10 million to the general fund.

- Provide a 20 percent tax incentive for small businesses (25 employees and under) to provide insurance for part-time workers. This option is estimated to benefit 1,900 part-time employees and cost $6 million in general fund.

- Consider a pre-tax deduction of health insurance premium costs for individuals not participating in employer-sponsored plans.

- Consider providing more catastrophic health insurance plan options.

- Explore the promotion of medical savings accounts (MSAs) and health savings accounts (HSAs) with employers sharing in deductibles; and explore the impact of promoting health savings account for the 18-34-year-old uninsured population. The Council was

divided on both of the recommendations on MSAs and HSAs and did not achieve consensus, but wished to highlight the ideas for future consideration.

- Limit health plan and provider liability costs since New Mexico has implemented effective malpractice reform efforts.

- Allow county mill levies for subsidizing heath insurance premiums.

IIX. RECOMMENDATIONS

As directed by Governor Richardson's Executive Order, the goals of the *Insure New Mexico!* Council are: 1) to reduce the number of people in New Mexico without health insurance; and 2) to increase the number of small employers, including nonprofits, offering health insurance to their employees. The objectives of the Council are to recommend mechanisms to limit the increasing costs of health insurance so more employers will offer insurance for their employees and more individuals will be able to afford health insurance; to recommend approaches to educate individuals and small employers about how to get health insurance for employees; and to recommend ways to reduce the "hassle factor" for employers in accessing health insurance for their employees.

The Council recognizes that in order to address these issues, a multi-layered approach is necessary to provide of options for employers and individuals. The Governor's Health Care Coverage and Access Task Force in 2003 recommended the continuation of a group to work on insurance and access issues. The *Insure New Mexico!* Council recommends and is committed to continuing to explore additional ideas, to implement these recommendations, and to assess the effects of recommendations on usage and behavioral patterns of employers and individuals while considering the positive effects of increasing health insurance participation and reducing costs.

The Council makes the following 29 recommendations, along with five recommendations for revenue-generating ideas to pay for these approaches. With the implementation of these recommendations, the Council believes New Mexico can reduce the number of uninsured individuals significantly and can begin to move toward full coverage for all New Mexicans.

Recommendations to Hold Down the Trend of Increasing Cost of Insurance for Employers and Individuals/Families

Increase Insurance Options for Small Employers and Individuals/Families

1. Implement the State Coverage Initiative (SCI) beginning in FY 2006 to insure up to 7,800 adults below 200 percent of the federal poverty level (FPL); explore expansion possibilities for as much of the eligible population as possible in future years. Seek county funds to expand this program further.

   Cost: At least $3 million general fund annually for SCI (generates $12 million in federal funds and up to $8 million in private funds), and $100,000 general fund annually (generates $700,000 in federal funds) for the Human Services Department (HSD) to administer and expand this program.

2. Allow buy-in to the General Services Department/Risk Management Division (GSD) health plans for small employers, including nonprofits, with 50 or fewer employees that have not offered health insurance for at least 12 months. This option should be fully funded by small employers who buy in to GSD and assumes GSD functions are actuarially sound and operating within regular budget levels.

   Cost: $500,000 in non-recurring general fund to begin the development of and to administer the program; initial and on-going costs will be paid by employers participating when the program is up and running.

3. Expand the role of the Health Insurance Alliance (HIA) and reduce the cost of the premiums of HIA-offered health insurance plans by revising the HIA rate structure set in statute.

4. Amend the state law applicable to individual health insurance plans so that individuals ages 19-24 can stay on their parents' health insurance even if they are not students. (This amendment was passed last year for group health insurance plans.)

5. Require insurers to offer domestic partner health insurance benefits to employers of any size who want to provide this coverage.

6. Require insurers to offer health insurance to employees working 20 hours per week or more. Currently, some insurers do not offer insurance for employees working less than 30 hours per week.

7. Provide more catastrophic or specialty health insurance plan options for targeted groups (e.g., young healthy adults) through commercial insurers and the Health Insurance Alliance (HIA).

8. Create a short-term task force of insurers and the Division of Insurance (DOI) as a subgroup of the *Insure New Mexico!* Council to explore barriers to flexible, inexpensive limited insurance plans.

9. Explore requiring all carriers to offer a limited essential benefits plan with reduced state mandates (e.g., Maine, Massachusetts, New York).

10. Consider a state-subsidized reinsurance plan similar to the HealthyNY model.

11. Explore allowing employers to put high-risk employees in the New Mexico Medical Insurance Pool (NMMIP), the state's high-risk pool.

Provide Tax Incentives for Small Employers

1. Provide a tax credit for all businesses that provide health insurance for part-time employees working at least 20 hours a week. This credit is estimated to benefit 7,000 part-time employees (a total of 10,000 individuals, with families).

   Cost: $15 million in general fund annually.

2. Provide a graduated tax credit for small businesses (25 employees or less) that offer health insurance for their employees. Small businesses currently offering health insurance would receive a five percent tax credit, while small businesses not currently offering health insurance would receive a 10 percent tax credit declining to five percent in the second year. This tax credit is designed to entice small businesses to begin and continue to offer health insurance for employees. This tax credit is estimated to benefit 5,000 employees (a total of 7,500 individuals, with families).

   Cost: $9 million in general fund annually.

3. Explore mechanisms such as financial or tax incentives to encourage employers to pay a higher proportion of health insurance premiums for lower paid employees.

Use Medicaid for Targeted Populations

1. Establish a state policy that moves toward increasing Medicaid coverage (thereby maximizing federal financial participation) for all adults up to100 percent of the federal poverty level (FPL) as resources allow, by developing a limited benefit plan for such adults with appropriate cost-sharing beginning in FY 2006 for uninsured adults with children at the lowest poverty levels. This recommendation would cover approximately 19,200 individuals.

   Cost: $17.8 million in general fund annually (assuming 50 percent take-up rate); generates $46.6 million in federal funds.

2. In FY 2006, create a limited benefit plan within Medicaid for adults with children up to 50 percent of the federal poverty level. Currently, only adults with children up to approximately 33 percent of the federal poverty level are covered through the TANF program. This recommendation would insure approximately 5,487 new individuals (assuming a 50 percent participation rate).

   Cost: Estimated $5.1 million general fund annually; generates approximately $13 million in federal funds.

3. In FY 2006, conduct enhanced outreach targeted toward Native American and Hispanic children currently eligible for Medicaid. This recommendation will cover approximately 3,800 children.

   Cost: Approximately $2 million in general fund annually; generates up to $8 million in federal funds.

4. Expand Medicaid eligibility for prenatal care for individuals up to 235 percent of the federal poverty level (currently at 185%), and for infants and toddlers up to 300 percent of the federal poverty level (currently at 235%), with appropriate cost sharing by covered individuals. This recommendation targets the most preventive interventions for young children and will help prevent more expensive care later. These program changes could impact over 11,500 mothers and children (assuming a 50 percent participation rate).

   Cost: Up to $7.2 million in general fund annually; generates up to $26.8 million in federal funds.

5. Establish a state policy using limited or reduced benefit packages as the state strives to maintain or potentially expand the Medicaid program in an effort to maximize the number of individuals covered by the Medicaid program.

Use New Mexico Clout to Keep Rising Costs to a Minimum and Increase Insurance Offerings

1. Expand the use of federally-qualified health centers (FQHCs) and primary care clinics by maintaining and expanding the rural primary health care network and conducting additional targeted outreach, especially to those who could use such clinics but who currently use emergency rooms for primary care.

   Cost: $2 million in general fund annually.

2. Encourage New Mexico health care payers to assist providers to submit claims electronically by providing equipment, training, capacity building and technical assistance. A cooperative partnership between payers and providers is encouraged to increase the use of technology and telehealth practices that decrease costs and improve health outcomes, thereby minimizing the rising costs of health insurance.

3. Design the health infrastructure and develop in-state health care capacity in New Mexico so fewer dollars are spent out-of-state and are instead redirected towards in-state providers.

4. Give preference in conducting business with the state to companies who offer health insurance for their employees. The Governor should call on New Mexico businesses to give preference to vendors, contractors and suppliers that offer health insurance for their employees.

Recommendations to Increase Knowledge of Health Insurance Options

1. Direct the Department of Health (DOH) to educate the public about the link between prevention and wellness and reducing the cost of health insurance premiums.

2. Charge HIA with creating a website and other mechanisms to educate targeted populations about the value of health insurance and options to obtain it, with the population targets to be based on the findings of the Household Survey.

3. Educate individuals 19-24 years old and their parents about the importance of health insurance and the value of staying on their parents' health insurance plans, using HIA, DOH, insurance brokers and commercial insurance outreach efforts.

4. Partner with the Association of Independent Insurance Agents to add to its continuing education units (CEUs) opportunities to educate and encourage insurance brokers regarding insurance options such as SCHIP (Medicaid for children), SCI (public-private partnership for employers and low-income adults), NMMIP (pool for individuals with high risk who otherwise find it difficult to obtain insurance), HIA (for small businesses who have difficulty finding insurance), GSD (for small businesses and nonprofits), and commercial flexible benefits plans.

Recommendations to Reduce the "Hassle Factor"

1. Create a collaboration between the Health Insurance Alliance (HIA) and insurance providers to build an insurance technical assistance, outreach and ombudsman capacity for small employers; conduct outreach for small employers to provide information and assistance with tax incentives, insurance options and plan selection; and build and market the "business and economic development" case for offering health insurance.

   Cost: Approximately $500,000 in general fund annually, beginning in FY 2006 for this recommendation, along with the recommendation above to create a public education capacity within HIA.

2. Strongly encourage and support the insurance industry's efforts to simplify underwriting guidelines and increase customer service for small employers.

Recommendations to Increase Revenue to Pay for These Recommendations

1. Generate revenue earmarked for decreasing the number of uninsured individuals by closing the tax loophole for smokeless tobacco products. A tax increase on smokeless tobacco products from 25 percent to 40 percent would generate an estimated $2.3 million.

2. Generate revenue earmarked for decreasing the number of uninsured individuals by increasing the liquor excise tax. A tax increase on liquor from five cents a drink to 15 cents a drink would generate an estimated $72 million.

3. Use part of any uncompensated care savings to pay for the health insurance of low-income populations after the insurance options are implemented (e.g., ME model).

4. Assure that individuals and employers participate appropriately in the cost of insurance made available through these recommendations (e.g., appropriate co-pays, premiums based on income, etc.).

5. Maximize federal revenue through use of Medicaid for low-income and targeted populations.

IX. NEXT STEPS

Members of the *Insure New Mexico!* Council plan to join the Governor's efforts during the 2005 New Mexico Legislature to enact his agenda associated with *Insure New Mexico!* The Council intends to continue into 2005 with its work of implementing recommendations as well as developing additional ideas in its efforts to increase the number of small employers offering health insurance and decrease the number of people without health insurance in New Mexico.

Attachment A – Governor's Executive Order

EXECUTIVE ORDER NO. 2004-058

ESTABLISHING THE *INSURE NEW MEXICO!* COUNCIL

WHEREAS, New Mexico currently has one of the highest rates of individuals without insurance in the nation at 22.1 percent (compared to 15.6 percent nationwide) and among the lowest rates of employer sponsored insurance in the nation at 52.6 percent of employers offering insurance (compared to 58.3 percent nationwide);

WHEREAS, individuals in New Mexico without insurance are less likely to receive the preventive and acute care they need, are more likely to seek care at later stages of illness, have worse health outcomes, and create significant economic issues for hospitals, clinics and health care practitioners who provide care without reimbursement for large numbers of uninsured individuals;

WHEREAS, small employers, profit and nonprofit, represent a high proportion of New Mexico employers (95.8 percent have fewer than 50 employees; 88.1 percent have fewer than 20 employees) and represent a disproportionate number of employers that do not offer health care insurance for employees (only 38.7 percent with less than 50 employees offer insurance, compared to 46.0 percent of such employers nationwide);

WHEREAS, the health care industry is the second largest industry in New Mexico in terms of jobs and the top industry in terms of average wages of employees within the health care industry;

WHEREAS, the health care workforce is at risk in New Mexico, especially in rural and frontier areas, due in part to the lack of adequate reimbursement for health care services and the increasing costs of liability insurance and uncompensated care;

WHEREAS, the Governor's Health Care Coverage and Access Task Force delivered a report on October 3, 2003 with recommendations for addressing various aspects of health insurance coverage and health care access issues;

WHEREAS, many of these recommendations have been or are being accomplished, including the development of a comprehensive health care plan, behavioral health reform, health facility reporting and oversight, and studies about the impact of various health care plans and approaches;

WHEREAS, the Interim Health and Human Services Committee of the New Mexico Legislature has been studying and making recommendations about addressing aspects of these issues for the last several years;

WHEREAS, it is time to focus on the issues of insurance for working adults and their families, especially those working for small employers within New Mexico;

WHEREAS, small employers often find it difficult to understand health insurance options, manage the purchase of insurance benefits for employees, and afford to pay for such benefits;

WHEREAS, the Health Insurance Alliance (HIA) is an organization created by statute and supported by the Department of Insurance to assist small employers in purchasing insurance, but is limited by statute in its scope and ability to offer cost-competitive options;

WHEREAS, the State of New Mexico offers state employees and employees of various local governmental units affordable health insurance plans through private sector management of self-insured health care benefits and has the expertise and ability to extend these benefits to employers;

WHEREAS, the availability of health care is a key factor in decisions by companies about whether to locate in communities and within a state; and

WHEREAS, the private insurance carriers and brokers in New Mexico should play a role in assisting New Mexico's employers to offer employer-sponsored insurance to their employees.

NOW THEREFORE, I, Bill Richardson, Governor of the State of New Mexico, by virtue of the authority vested in me by the Constitution and the laws of the State of New Mexico do hereby do hereby establish the *Insure New Mexico Council*. The purpose of the Council shall be to: 1) advise the Governor, the legislature, HIA, and the New Mexico Departments of Health, Human Services, General Services, and Economic Development, along with the Department of Insurance, on ways to decrease the number of working individuals without health insurance coverage and to increase the number of employers offering employer-sponsored insurance in New Mexico; 2) implement action steps directed toward these purposes; and 3) recommend and support legislative initiatives to reach these goals.

Staffing for the Council shall be provided by HSD in conjunction with HIA, the Department of Insurance, the General Services Department, and the Health Policy Commission.

IV. The Council shall consist of:

1. Lt. Governor
2. Secretary of HSD
3. Superintendent of the Insurance Division
4. Members of the New Mexico Legislature
5. Member of the public who serve at the pleasure of the Governor

THIS ORDER supersedes any other previous orders, proclamations, or directives in conflict. This Executive Order shall take effect immediately and shall remain in effect until such time as the Governor rescinds it.

ATTEST:

REBECCA VIGIL-GIRON
SECRETARY OF STATE

DONE AT THE EXECUTIVE OFFICE THIS
THIS 14TH DAY OF OCTOBER, 2004

WITNESS MY HAND AND THE GREAT SEAL
OF THE STATE OF NEW MEXICO

BILL RICHARDSON
GOVERNOR

Attachment B – *Insure New Mexico!* Council Membership

NAME	TITLE	ADDRESS
1. Diane Denish, Chair	Lieutenant Governor	Office of the Lt. Governor State Capitol, 4th Fl Santa Fe, NM 87501
2. Dale Anderson	CEO	Aztec Media 101 S. Main Ave. Aztec, NM 87410
3. Norm Becker	CEO	Lovelace Sandia Health System 5601 Office Blvd. NE. Albuquerque, NM 87109
4. Jeff Connole	CEO	Borman Motors 470 W. Boutz Las Cruces, NM 88005
5. Phil Castillo	Chief Operations Officer	Hispano Chamber of Commerce 1309 Fourth Street SW Albuquerque, NM 87102
6. Deborah Dorman-Rodriguez	Chief Legal Counsel	Blue Cross Blue Shield of NM P.O. Box 27630 Albuquerque, NM 87125
7. Del Esparza	CEO	Esparza-King, Inc. 1301 Rio Grande NW, Suite 1 Albuquerque, NM 87104
8. Dede Feldman	Senator	1821 Meadowview NW Albuquerque, NM 87104
9. Sue Wilson Beffort	Senator	13116 Alice Ave NE Albuquerque, NM 87112
10. Katherine Freeman	CEO	United Way of Santa Fe County 440 Cerrillos Rd Santa Fe, NM 87501
11. Jeannie Hardie	HR Manager	Santa Fe New Mexican Inc. 202 E. Marcy Santa Fe, NM 87504-2048
12. Jim Hinton	CEO	Presbyterian Health Services P.O. Box 26666 Albuquerque, NM 87125
13. Pamela Hyde	Secretary	Human Services Department P.O. Box 2348 Santa Fe, NM 87504-2348
14. Jude McMullan	President	Communication Workers of America 1608 Truman SE Albuquerque, NM 87108
15. Eric Serna	Superintendent	Department of Insurance 1120 Paseo de Peralta Santa Fe, NM 87501

NAME	TITLE	ADDRESS
16. Chet Lytle, Jr.	President	Communications Diversified Inc 4374 Alexander NE Suite K Albuquerque, NM 87107 Board Member, NM Health Insurance Alliance
17. Ken Martinez	Representative	P.O. Box 730 Grants, NM 87020
18. Jeff Dye	President/CEO	NM Hospital & Health Systems Association 2121 Osuna NE Albuquerque, NM 87113
19. Danice Picraux	Representative	4308 Avenida La Resolana NE Albuquerque, NM 87110
20. Sharon Jones	Director of Gov Programs & Compliance	Molina Healthcare 8801 Horizon Blvd NE Albuquerque, NM 87113
21. Craig Keyes, M.D.	CEO CO & NM	United Healthcare 3141 N. 3rd Ave Phoenix, AZ 85013
22. Stewart Sroufe	Director	Palmer Drug Abuse Center P.O. Box 5185 Hobbs, NM 88241
23. Thom Turbett	CEO	Independent Insurance Agents of New Mexico P.O. Box 25447 Albuquerque, NM 87125
24. Duane Trythall	Owner	Excel Staffing Companies 1700 Louisiana NE, Suite 210 Albuquerque, NM 87110
25. Pati Martinson 26. Terrie Bad Hand	Executive Directors	Taos County Econ Dev Corp P.O. Box 1389 Taos, NM 87571

Attachment C – Acronym List

CEU	Continuing Education Units
CMS	Center for Medicare and Medicaid
COBRA	Consolidated Omnibus Budget Reconciliation Act
DOI	New Mexico Department of Insurance
FPL	Federal Poverty Level
FQHC	Federally Qualified Health Centers
GSD/RMD	General Services Department/Risk Management Division
HB 955	House Bill 955
HCCA	Governor's Health Care Coverage and Access Task Force
HIA	New Mexico Health Insurance Alliance
HIFA	Health Insurance Flexibility and Accountability Waiver
HIPAA	Health Insurance Portability and Accountability Act of 1996
HMO	Health Maintenance Organization
HPC	Health Policy Commission
HRSA	Health Resources and Services Administration
HSA	Health Savings Accounts
HSD	New Mexico Human Services Department
IHS	Indian Health Services
LHHS	Legislative Health and Human Services Committee
MEHIP	Municipal Employees Health Insurance Plan (Connecticut)
MSA	Medical Savings Accounts
NMDOL	New Mexico Department of Labor
NMMIP	New Mexico Medical Insurance Pool
PPO	Preferred Provider Organization
RFP	Request for Proposal
RWJ	Robert Wood Johnson Foundation
SCHIP	State Children's Health Insurance Program
SCI	State Coverage Initiative
TANF	Temporary Assistance for Needy Families