New Mexico State Planning Grant
Insure New Mexico! Initiative

Final Report

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Executive Summary

New Mexico received funding through The Health Resources and Services Administration (HRSA) in September 2003. This grant provided the resources that enabled the state to refine its focus on the state's uninsured population in several ways:

- An extensive household survey that generated comprehensive data about New Mexico's uninsured populations, barriers to health care coverage and the types of coverage that would meet their needs;

- A survey of New Mexican employers done in partnership with the New Mexico Health Policy Commission (HPC) to determine the percentage of employers which currently do not provide coverage, the reasons why coverage is not provided, and identification of factors that might encourage employers to provide health insurance coverage for their employees;

- A focused survey on New Mexico nonprofits that highlighted the specific issues of this significant but unique group;

- A survey on state employees to determine reasons they chose not to take up employer sponsored insurance.

Overview - New Mexico's History of Addressing the Uninsured Problem

According to the most recent Census Population Survey, released in August 2004, the estimated number of uninsured in New Mexico was 414,000, or 22.1 percent of the population. That was an increase from 21.1 percent of the total population in 2002 and ranks New Mexico second in the nation for the number of uninsured. Prior to receipt of the HRSA State Planning Grant, New Mexico had undertaken several regulatory and legislative initiatives aimed at addressing the growing problem of uninsurance:

- Medicaid Health Insurance Flexibility and Accountability (Section 1115) Waiver;

- Revision of eligibility regulations in the state's Section 1931 Medicaid category to increase earnings disregards and eliminate the resource test to expand the potential pool of eligibles;

- Implementation of a Medicaid for Working Disabled Individuals program (under the auspices of the Balanced Budget Act of 1997), with special provisions to extend Medicaid coverage to individuals receiving Social Security Disability Insurance but not yet entitled to Medicare, as well as individuals with disabilities who work;

- Implementation of a Medicaid program for Women with Breast and Cervical Cancer;

- State High Risk Pool (New Mexico Medical Insurance Pool);

- Individual State Tax Incentives for provision of health insurance; a deduction for unreimbursed medical care expenses and an exemption for medical care savings accounts;

- Purchasing Alliance and limited reinsurance program (New Mexico Health Insurance Alliance).

After identifying potential uninsured and low-income populations and determining the issues surrounding their access to health care services, the state took the following initiatives:

- In 2002, the Health Policy Commission (HPC), in conjunction with the University of New Mexico (UNM) Institute of Public Policy, conducted a telephone survey of New Mexican households. In this study, the state succeeded in capturing some preliminary data about New Mexico's uninsured adults.

- Also, in 2002, the Legislature created an interim Medicaid Reform Committee that resulted in a number of recommended program changes, pilots and studies including reexamining New Mexico's health care delivery system and examining funding options. These changes were passed by the Legislature during the January 2003 session.

- During the 2003 legislative session, House Bill 955 was passed directing the Legislative Health and Human Services Committee (LHHS), in conjunction with the HPC, to conduct a study of health care expenditures in New Mexico.

- Also in 2003, approximately 80 stakeholders were assembled as the Governor's Health Care Coverage and Access (HCCA) Task Force. This group included state government officials and legislative leaders, health care providers, alternative caregivers, public purchasers, members of the health care business and marketing community and consumer and advocacy groups. The HCCA Task Force was charged with developing a set of concrete action items and proposals to serve as a framework for comprehensive health care reform in New Mexico. These efforts, although innovative, were limited in scope; they set the stage for a more comprehensive approach that featured a strong private/public collaborative with improved outreach, coordinated administration, and streamlined implementation.

The *Insure New Mexico!* Council, created by Governor Bill Richardson in October 2004 and chaired by Lieutenant Governor Diane Denish, was the culmination of the efforts that preceded it. The council consists of a diverse group of 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. The meetings of this group include presentations by outside experts and by Council members, a review of available data, discussions of approach used to address the issue of the uninsured in other states as well as past efforts in New Mexico, and discussions among Council members about different combinations

of approaches. The Council utilized the HCCA's deliberations to formulate its guiding principles which are targeted toward the mission of reducing the number of uninsured and increasing the number of small employers offering health insurance. The segue from the HCCA to *Insure New Mexico!* ensured continuity in goals and objectives.

The HRSA state planning grant project was instrumental in identifying multiple data sources, analyzing other states' initiatives and providing technical assistance to the *Insure New Mexico!* Council. The Council's objectives are to identify initiatives 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. The Council is directed to recommend: affordable health insurance options that small employers can offer their employees; methods to increase small employers' knowledge about their health insurance options; and ways to break down barriers impeding access to health insurance (referred to as the "hassle factor"). The Council is also charged with implementing action steps to achieve these objectives as well as recommending and supporting legislative initiatives to reach these goals. The HRSA project supplied information that enabled the state to refine its focus. As surveys were conducted and assessed, data was presented to the Council and thus provided the impetus which informed policy development. The HRSA project was a primary factor in aiding the reform efforts in the 2005 legislative session.

Recent Legislative Success

The *Insure New Mexico!* Council recognized that in order to address the issue of uninsurance, a multi-layered approach was necessary to provide options for employers and individuals. The Council made 34 recommendations, including recommendations for revenue-generating ideas. On March 18, 2005, Governor Bill Richardson signed six *Insure New Mexico!* initiatives into law.

- **The Small Employer Insurance Program** –Legislation that creates a structure that will provide options for small employers (50 or fewer employees) to voluntarily buy into a state sponsored health insurance program.

- **The Health Insurance Alliance** (HIA) – Legislation that lowers the premium rate structure for coverage purchased through the Alliance in order to make insurance more affordable for small businesses and individuals. Also, changes the composition of the HIA board of directors to include a non-profit representative and expands the HIA's responsibility for outreach, public awareness and assistance to employers in obtaining and maintaining health insurance for their employees.

- **Health Coverage for Unmarried Dependents** - Legislation that allows unmarried dependents to stay on their parents' individual health plans until they turn 25 years old regardless of student status.

- **Part-time Employee Insurance Coverage** - Requires insurers to offer a health insurance plan to part-time employees (those working on average over 20 hours per week) working for employers who choose to insure such employees.

- **State Coverage Insurance Program (SCI)** - Legislative appropriation of 4 million dollars to cover approximately 10,000 low income working adults at or below 200 percent of the federal poverty limit in a subsidized employer health benefit plan.

- **Medicaid Outreach to Native Americans and Hispanic Children** - legislative appropriation of 1 million dollars to enroll.

These pieces of legislation, and legislative appropriation, marked the first phase of *Insure New Mexico's!* initiatives to provide coverage to all uninsured New Mexicans.

Summary

Previous health coverage initiatives established in New Mexico targeted individuals and the public sector as a funding source. The HRSA project's data collection efforts through the household survey, the non-profit survey, the state employee survey, and the employer survey contributed to identifying the demographics of the total uninsured population. Armed with this information, legislation was formulated that targeted this population using a cohesive approach called *Insure New Mexico!* The *Insure New Mexico!* Council will continue to meet to find more solutions to decrease the number of uninsured and prepare legislative priorities for the 2006 budget session.

Future policy directives in New Mexico and the direction other states are taking now focus on building bridges between the public and private sectors with system designs that provide increased access to health care and funding through partnerships among federal, state, and private entities. The current economic and political climate necessitates strong leadership and creativity, collective responsibility and motivation. These are demonstrated through New Mexico's *Insure New Mexico!* initiative and will enable New Mexico to reach its goal of increased health care coverage for New Mexicans.

Section 1. Uninsured Individuals and Families

After a thorough analysis of preliminary information from both national and state uninsured data, HRSA staff confirmed that New Mexico lacked a detailed base of knowledge on the uninsured population. This validated the need to gather in-depth demographic information in order to have a clear picture of the different subpopulations involved. The HRSA Project implemented the statewide household survey on the uninsured in New Mexico.

HRSA staff consulted with the State Health Access Data Assistance Center (SHADAC), and identified willing joint venture partners in New Mexico State University (NMSU) and Research & Polling, Inc., a respected in-state research group. Under this partnership, NMSU acted as the contract manager while Research & Polling, Inc. designed the survey instrument, pre-tested it, and conducted a statewide survey of New Mexico's uninsured. In addition, NMSU offered academic-based, socioeconomic data supporting the survey and upon completion of the project, performed an analysis and produced a final report. The statewide household survey was conducted in the fall of 2004 and provided data to answer a variety of questions about the uninsured.

- What is the demographic breakdown of the uninsured within Federal Poverty Levels (FPL)?
- What is their relative attachment to the labor force?
- How many can afford (by their own definition) some type of health insurance but could not 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?
- How many received health care from a number of service providers, such as IHS, the Veterans Administration, primary care community clinics and university clinics?

Among the cohort 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 their representation in the 2000 Census of Housing and Population. Young adults were slightly under-represented and older adults were slightly over-represented, resulting in a representative, weighted sample by age. Households below the poverty line were slightly under-represented in the sample, primarily because low-income households were less likely than higher income households to have a telephone. Results were weighted by income to mitigate this situation and the demographics of the sample were representative of the state's population with respect to ethnicity, gender, age, income (percent below poverty line) and county population.

The sample size of the survey was 7,566 individuals. Research & Polling, Inc. conducted in-depth telephone interviews of 1,500 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 were included. 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.

Overall Level of Uninsurance

According to the Household Survey, 18 percent of the people in New Mexico were uninsured. As expected, household income was a significant predictor of the likelihood that people had health insurance. Among people residing in households below the poverty line, 34 percent did not have insurance. Among people who resided in households earning less than 185 percent of the federal poverty level, 30 percent did not have health insurance. Ninety-four percent of the people residing in high-income households (household income over 300 percent of FPL) have health insurance.

Characteristics of the Uninsured

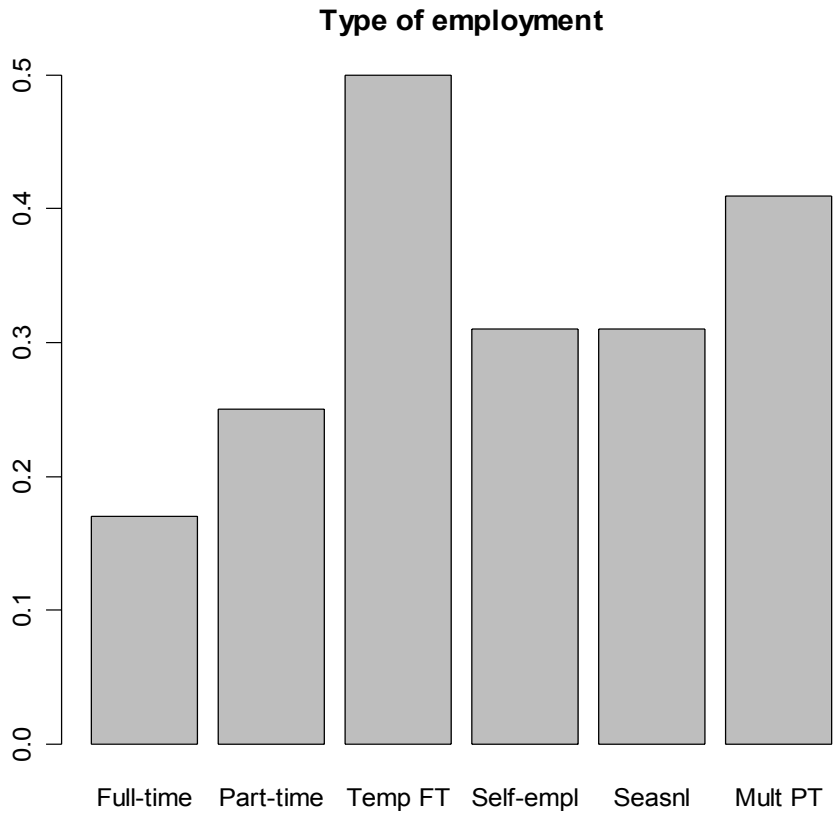
The age group most likely to have no health insurance is adults between the ages of 18 to 24, followed by adults between the ages 25 to 34. Thirty-one percent of adults 18 to 24 years old and 29 percent of adults 25 to 34 years old do not have insurance. The education level of adults is also a major predictor of whether they have health insurance coverage. Of the uninsured population, 39 percent have some high school as their highest level of education, while 9 percent were college graduates.

The patterns of uninsurance are also strongly influenced by ethnicity. Statewide, 23 percent of Hispanics lacked health insurance for the previous twelve months. Among non-Hispanic whites, only 11 percent lacked insurance and among Native Americans 28 percent were uninsured. As seen in the table below, Hispanics and Native Americans were disproportionately uninsured, while non-Hispanic whites were just the opposite.

Ethnicity	Fraction of Uninsured	Population Fraction (2000)
Hispanic	55.9%	45%
Non-Hispanic White	28.0%	42%
Native American	13.5%	10%
Other Non-Hispanic	2.6%	3%

Geographic areas also affect the incidence of uninsurance. People residing in the rural areas of the state are less likely to have health insurance than are city dwellers. Insurance penetration was lowest in the southern sector (35 percent of Hispanics living in this region lacked insurance compared to 23 percent of Hispanics state-side) and northwestern sector (nearly 25 percent of all residents lack insurance compared to 18 percent state-wide).

Employment status is a predictor of insurance status. Forty-one percent of the people working multiple part-time jobs are uninsured.



Uninsurance rates are significantly elevated for all employment categories other than permanent full-time employees. The highest uninsured rate occurs among temporary full-time workers (50 percent).

How Much are the Uninsured Willing to Pay?

The uninsured do feel a need for health coverage: three quarters of the respondents felt they needed comprehensive[1] health insurance coverage for the uninsured members of their household. Fifty-five percent of the respondents said that the uninsured members of their household needed a catastrophic[2] plan. These rates do not vary significantly with household income. Willingness to purchase coverage is very sensitive to price. Only 25 percent of the respondents said they would be willing to pay $400 per month for comprehensive coverage. Lowering the hypothetical price to $200 per month raises the fraction willing to purchase to 33 percent. Catastrophic plans attracted more resistance: only 20 percent of the respondents said they would be willing to pay $300 per month to cover the uninsured members of their household. Lowering the price point to $100 per month raised the interest level to about two-thirds of respondents.

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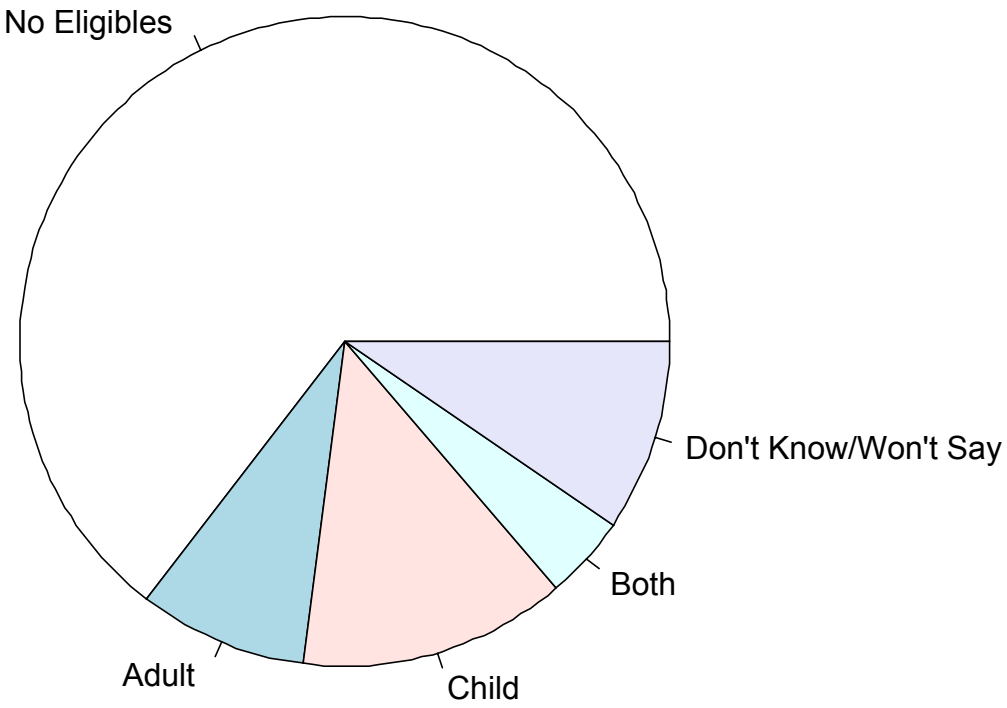
[1]Comprehensive health insurance covers most person's health care needs, including the costs of vaccinations, drugs, and routine office visits, as well as major health issues such as broken bones and surgery.

[2]Catastrophic health insurance is less expensive but only covers major medical situations like broken bones, accidents and surgery, but will not cover routine things like the comprehensive health insurance.

Participation in Public Programs

Approximately one-quarter of the households with an uninsured member said that a household member was eligible for Medicaid during the past 12 months. Thirteen percent said a child was eligible, 8 percent said an adult was eligible and 4 percent said that both a child and adult were eligible. Hispanics, female adults, and adults between the ages of 25 to 34 were more likely to say a child in their household was eligible for Medicaid during the past 12 months. A graph for the statewide response is given below:

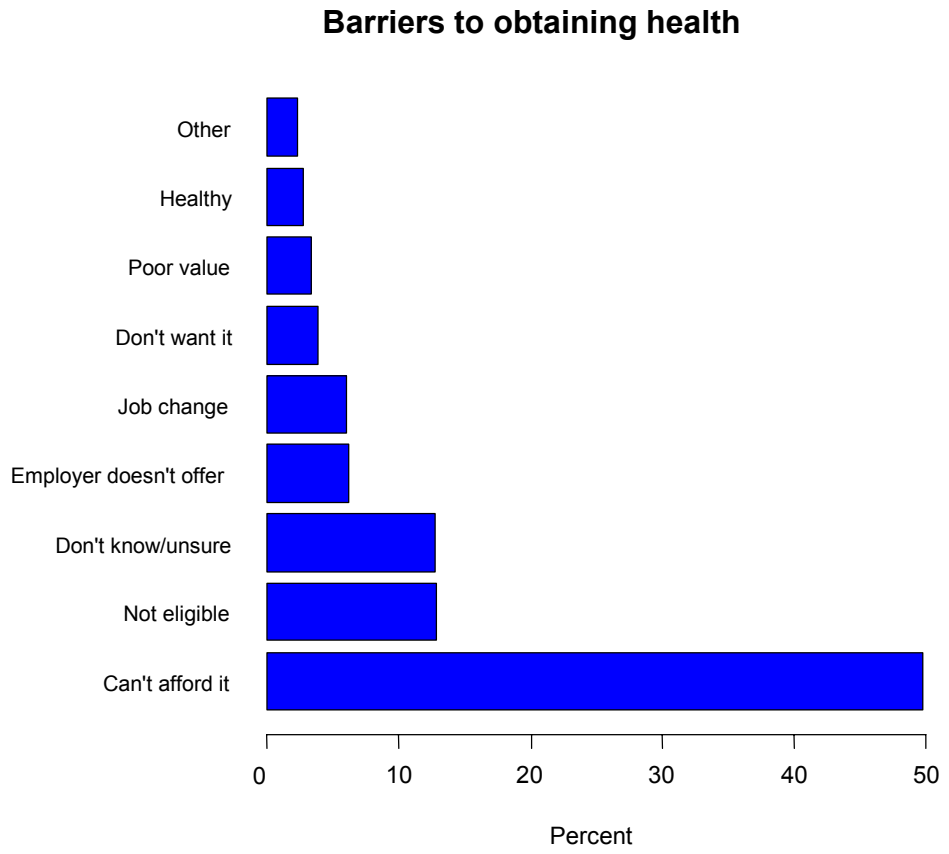


Participation in Employer Sponsored Insurance

Among those adults who were employed and had at least one household member who was uninsured, 29 percent said their employer offered health insurance. Middle income households (185 percent FPL – 235 percent FPL), Native Americans, less educated adults and residents of Northwestern NM were most likely to be uninsured and have an employer that offered health insurance. Half of the businesses that offered health insurance offered family coverage, while a third of the respondents were unsure whether their employer offered family coverage. The primary reason for the uninsured to not pick up health insurance coverage from their employer was affordability. It was interesting to note that many of the people who fell into this category were Native Americans. It is possible that they were less motivated to enroll in a health plan that costs additional money since many Native Americans already receive basic health care through the Indian Health Services. Follow-up targeted to Native Americans is being proposed to help clarify these issues.

Barriers (Including Affordability) Preventing the Purchase of Insurance

Respondents who had an uninsured household member were read a list of seven reasons why some people did not have health insurance and asked how well each item described their situation. Affordability is the most frequently mentioned reason for not having insurance with 67 percent of the respondents saying this reason described their circumstance very well. Thirty-eight percent said that "not being eligible for health insurance," described their situation very well. Twenty-eight percent said that "changing their job status," described very well the reason they did not have health insurance. 20 percent said that "because they are healthy" was a reason that described very well why they did not have health insurance. Nineteen percent said that "health insurance not being important to their household" described their situation very well. A graphic is given below:



The Development of Targeted Populations Coverage Expansion Options

In summary, the key findings of the household survey are as follows:

- Non-Hispanic whites are half as likely to be uninsured (11 percent) as compared to Hispanics (23 percent). Native Americans are most likely, among major ethnic/racial groups, to be uninsured (28 percent).
- Uninsured rates peak among 18 to 24 year olds (31 percent) and 25 to 34 year olds (29 percent). Twenty-two percent of 35 to 49 year olds are not insured.

- Uninsured rates are highest in Northwestern and Southern NM sectors of the state; they are lowest in the Albuquerque metro area.
- Among households below the poverty line, 35 percent had at least one household member who was uninsured. Among households earning less than 185 percent of poverty line, 30 percent had a household member who was uninsured. Among households earning less than 235 percent of poverty line, 18 percent had an uninsured household member.
- Among uninsured adults, 17 percent report working full-time, 31 percent are self-employed, 31 percent work in seasonal employment and 41 percent work multiple part-time jobs.

Based upon this data, the *Insure New Mexico!* Council agreed that populations to target as in need of insurance expansion are Hispanic and Native Americans between the ages of 18 to 34 in Northwestern and Southern New Mexico living in or just above poverty.

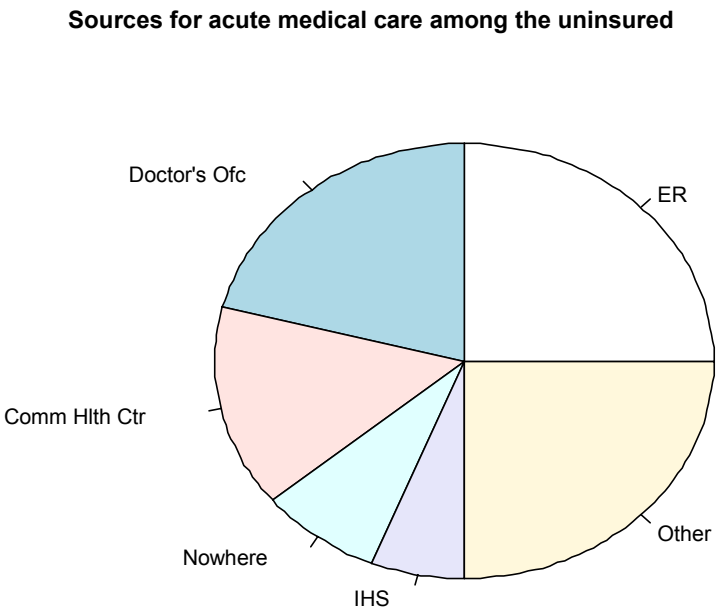
Additionally, among workers in all populations, part-time employment status has a negative impact on insurability. This part-time worker population also received targeted attention from the *Insure New Mexico!* Council during the 2005 legislative session.

Legislative initiatives that were a direct result of information as a result of the household survey included:

- **Health Coverage for Unmarried Dependents** - Allows unmarried dependents to stay on their parents' plan until they turn 25 years old.
- **Part-time Employee Insurance Coverage** - Requires insurers to offer a health insurance plan to part-time employees (those working on average over 20 hours per week) working for employers who choose to insure such employees.
- **State Coverage Insurance (SCI)** - Funding was secured through the legislative process for the State's contribution to SCI premium. With a sliding scale contribution for the employee that is limited to $35 at the 200 percent FPL level, SCI has potential to address the affordability issue that low-income workers face as they seek to participate in company sponsored insurance plans.

Access to Medical Care

We asked, "When an uninsured member of your family needs urgent or minor medical care, such as a bad sore throat or an ear infection, where would you go?" The open-ended format generated an enormous variety of answers, but five categories accounted for three fourths of the answers. The answer provided most often was a hospital emergency room (25 percent of responses). Twenty-one percent said they would go to a doctor's office, and 15 percent gave a community health center as their source. Eight percent said they would not go anywhere (or that they couldn't afford it.) The other category was a mixture of sources, among them: urgent care centers, natural healers, Mexico, school clinics, and VA clinics, etc.



Summary

The insurance penetration rate in New Mexico correlated strongly with income, ethnicity, (Hispanics and Native American), level of education, geographic region, and age. Specifically, as income increases, so does the likelihood of being insured. Health insurance penetration is low in the state of New Mexico, 18 percent of the population-lack health insurance. The distribution of those insured varies by geographic region – a disappropriate amount of the population in the south and northwest areas lack health insurance. In the age range between 19 and 49, the uninsurance rate is greater than the average. The principal perceived barrier among the uninsured was cost, cited by 75 percent of the uninsured respondents as describing the reason they are uninsured.

Section 2. Employer-Based Coverage

Because the character of New Mexico's economy changed since the first Health Policy Commission's (HPC) Employer Survey was conducted in 2000, the HPC, in collaboration with the HRSA state planning oversight committee, authorized a new survey of employers. The survey generated updated information about employer-sponsored coverage in New Mexico; explored in greater depth the reasons that businesses and employers did 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.

New Mexico State University, Research & Polling, Inc. and a project team headed by the New Mexico HPC drafted the questionnaire for the Employer Survey. Research & Polling pre-tested the survey instrument at various stages of survey design.

Research & Polling, Inc. conducted 1336 telephone interviews among employers in the State of New Mexico with two or more employees. A random sample of employers was generated from a list obtained from the New Mexico Department of Labor (DOL). Businesses with less than two employees were screened out. Organizations in which the decision-making authority regarding employee benefits occurred outside of New Mexico were also screened out. An attempt was made to screen out multiple branch locations from the sample list. In circumstances in which Research & Polling contacted a branch location, the interviewers asked for a referral to the appropriate staff contact at the state headquarters. Telephone interviews were conducted between December 1, 2004 and January 7, 2005.

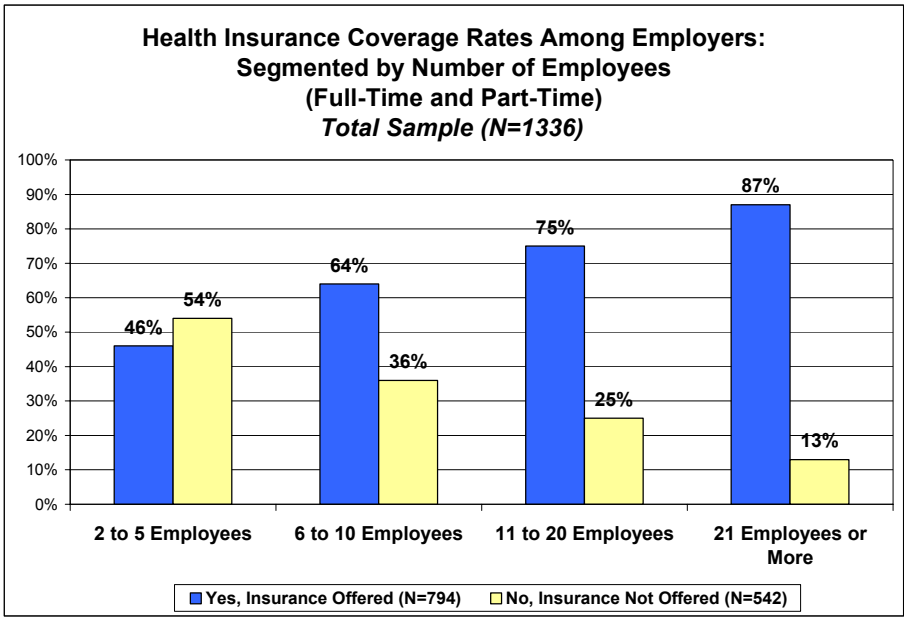
Sample quotas were set at the county level so that each county received its proportional share of surveys based upon New Mexico Department of Labor employer statistics. The sample distribution of the number of employers by employee size was representative of DOL employer statistics. Small employers were slightly under-represented in the sample while large employers were slightly over-represented. The surveys were weighted by employee size so that the small and large employers received their representative share of the total sample based upon actual employer counts. The maximum margin of error for a

random sample of 1336 was 2.7 percent at a 95 percent confidence level. Questions were only asked to employers who do not offer health insurance.

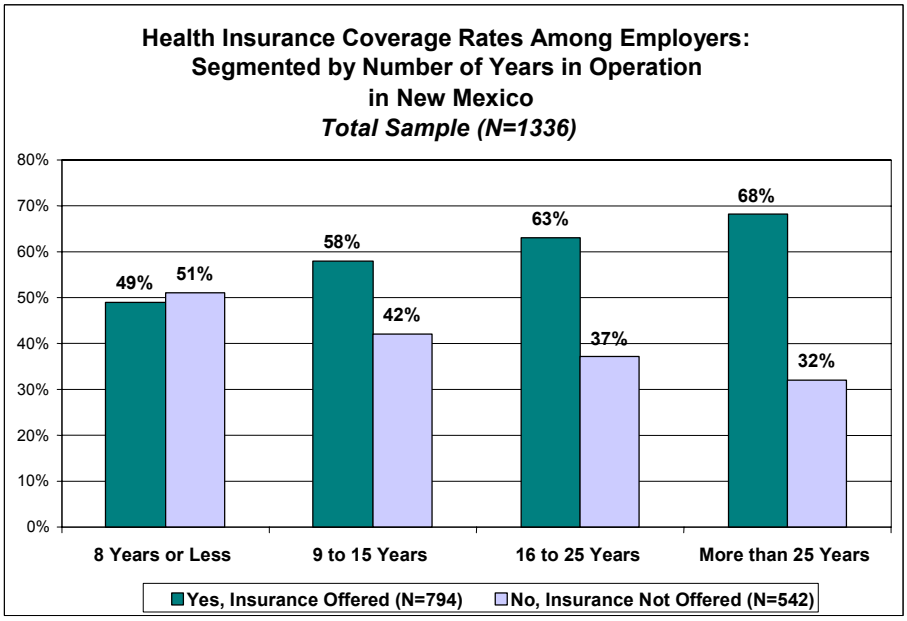
Up to ten callbacks were made to organizations that Research & Polling was unable to successfully contact (no answer, busy signal, decision-maker unavailable). Most phone calls were made during regular weekday business hours. Among organizations that were difficult to reach (no answer, decision-maker unavailable) phone contacts were also attempted during non-traditional business hours. One attempt was made to convert each organization that initially refused to participate in the interview. The completion rate, which was the proportion of organizations interviewed among all eligible organizations contacted, was 68.5 percent.

Characteristics of Firms that Do Not Offer Coverage

Forty-one percent of New Mexico's employers (with two or more employees) do not provide health insurance coverage for their employees. There was a strong correlation between health care coverage rates and employer size; specifically, more than half (54 percent) of employers (2 to 5 employees) did not offer health insurance to their employees. As organizational size increased, so too did the likelihood of providing subsidized health care coverage. Only 13 percent of employers with 21 or more employees did not provide health care coverage.



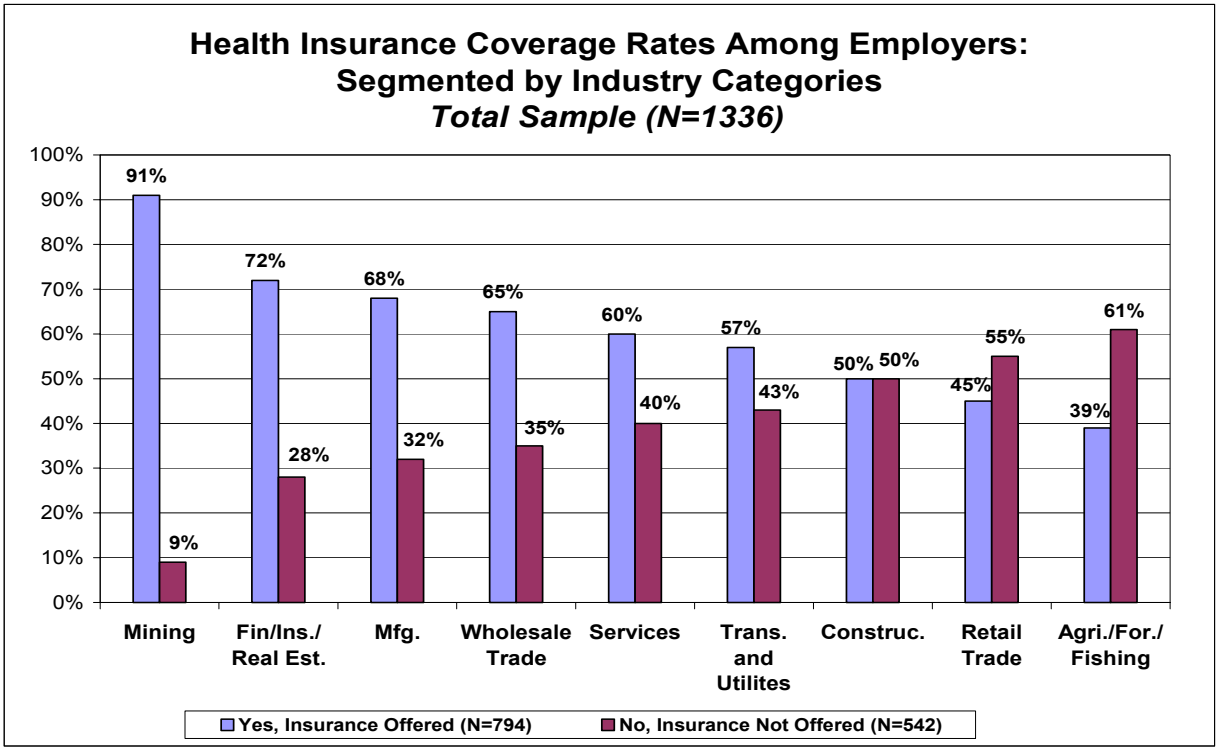
The survey also demonstrated that younger organizations that had been in operation for less than eight years were less likely to offer health insurance coverage than more mature companies.



A correlation is seen between average salary level paid to employees and whether the organization offered a company sponsored plan. When salaries are less than $30,000, the rate of insurance dropped. For example, 34 percent of employers who paid *all* of their employees less than $30,000 offered insurance compared to 68 percent of the employers who paid only *some* of their employees more than $30,000. Small employers are more likely to pay all of their employees less than $30,000, as compared to larger organizations. Thus, the employees who were working for small employers were not only more likely to be earning less than $30,000, they were also more likely to be employed by an organization that did not offer health coverage.

The organizational structure of a company plays a role in health care coverage. Seventy-four percent of non-profit organizations offer insurance compared to 57 percent of for-profit organizations.

Health insurance coverage rates also vary by industry classification: mining sector (91 percent); financial/insurance/real estate sector (72 percent); and manufacturing sector (68 percent) were most apt to offer health insurance, whereas construction (50 percent); retail (45 percent); and agriculture (39 percent) were least apt to offer insurance.

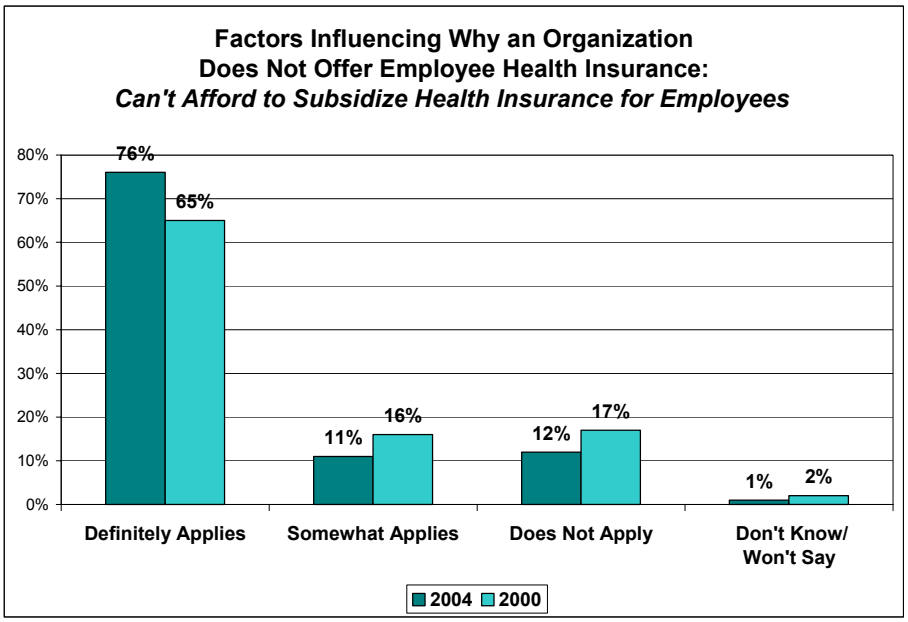


The Primary Reasons for Electing Not to Provide Coverage

There were a variety of barriers that employers faced when it came to offering a health plan, but the primary obstacle was cost. When asked in an unaided, open-ended manner what are the major reasons they do not offer health insurance, 81 percent of the respondents said, "it is too expensive" or "I can't afford it." In comparison, the second most common reason given was a lack of interest/participation by employees, though this was mentioned by just 10 percent of the employers who did not offer insurance. Furthermore, when employers were given a list of different factors that may have influenced their decision not to offer health insurance, 76 percent said the inability to afford health insurance "*definitely applies"* to them and another 11 percent said it "*somewhat applies*." Cost tended to be a concern among companies that had all employees earning less than $30,000 a year.

There are other reasons why employers did not offer health insurance. When asked specifically, 28 percent indicated that they definitely did not need to offer insurance in order to attract workers (this response is most prevalent among those in the construction trade and larger organizations). Other employers said employee preference of higher salaries to health insurance "*definitely applies"* (25 percent) to them. Approximately 70 percent of employers also said a lack of employee interest or participation in a health insurance program "*definitely applies"* (18 percent) to them. This statement was more common among larger organizations.

Compared to four years ago, employers were now more likely to cite inability to contribute to an employee's health insurance as the reason for not offering insurance.



Decision-Making Processes in Offering Health Insurance

Cost is a crucial factor in the decision whether or not to offer insurance. Just 10 percent of the employers said they would be willing to contribute up to $300 per month, per employee to offer a plan. However, 24 percent of the employers said they would be willing to contribute up to $200 per month, per employee for a health plan. It should also be noted that employers tended to be more interested in a comprehensive[1] health plan rather than a catastrophic[2] plan.

Economic Considerations and the Continued Increase in Costs

Concern over future health care costs also "*definitely applies"* to 71 percent of the organizations that did not currently offer health insurance. In fact, in the past five years, concern over future health care costs dramatically escalated as an obstacle for organizations to provide health insurance coverage to their employees based on 2000 Employer Survey Report Bureau for Business and Economic Research (BBER). Employers were now much more concerned about cost, and in particular, the future cost of health care premiums as compared to 37 percent citing this reason in 2000. Promisingly, approximately one-in-four employers (26 percent) who did not offer health insurance said they were likely to do so in the near future. Six percent of the organizations that did not currently offer insurance said they discontinued their health plan within the past year. Organizations that had more than five full-time or part-time employees were more than twice as likely as smaller organizations to have discontinued their employee health plan in the past two years (10 percent and 4 percent, respectively). Again, cost (60 percent) and a rise in premiums (36 percent) were cited most frequently as the reasons for discontinuing their health plan.

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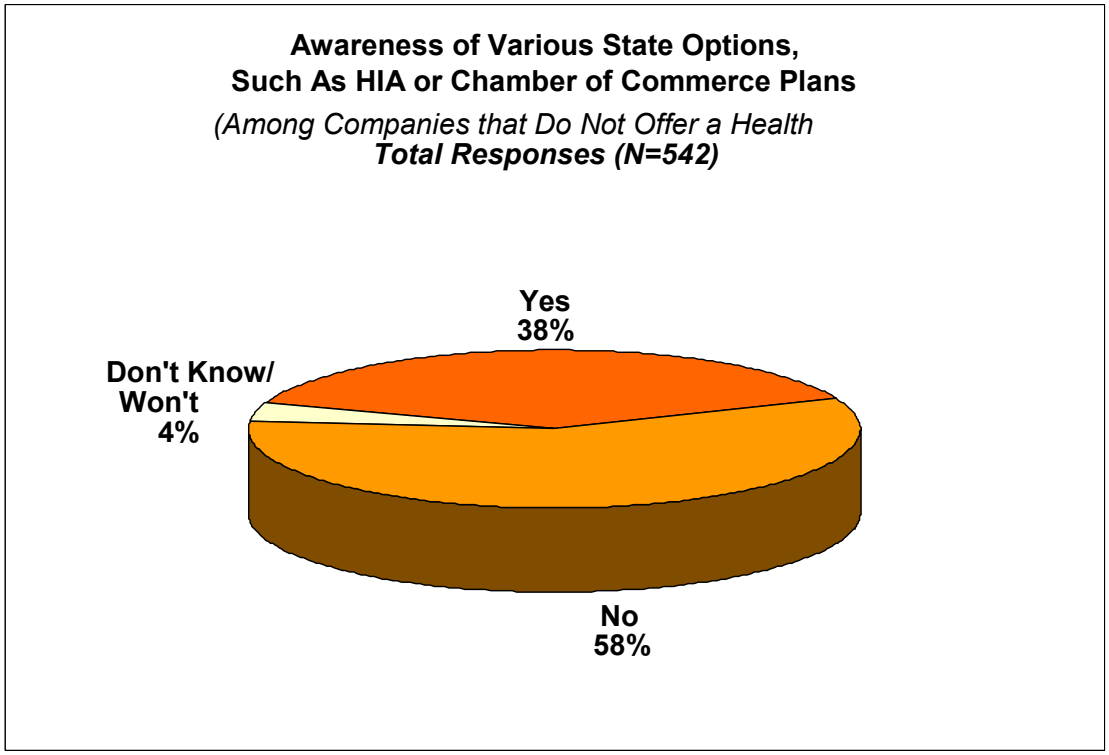
[1]Comprehensive health insurance covers most person's health care needs, including the costs of vaccinations, drugs, and routine office visits, as well as major health issues such as broken bones and surgery.

[2]Catastrophic health insurance is less expensive but only covers major medical situations like broken bones, accidents and surgery, but will not cover routine things like the comprehensive health insurance.

The survey results made it clear that outreach and awareness measures were necessary for utilization of existing resources in the state. The *Insure New Mexico!* Council addressed this issue with its recommendation to expand the Health Insurance Alliance's (HIA) role to include outreach and other promotional activities. As shown below, approximately two-fifths (38 percent) of employers that did not offer health insurance were aware of the various options available throughout the state such as the Health Insurance Alliance or Chamber of Commerce plans, whereas 62 percent were not familiar with these options. The HIA will act as a central clearinghouse for outreach and information.



Non-profit Survey

The HRSA project directed some funds to support a small survey of non-profits in the state to address issues relating to the lack of health insurance coverage in New Mexico non-profit organizations. Non-profit organizations are excluded from Department of Labor reporting requirements and may tend to be under-reported in the Employer Survey. There are also some solutions for easing the burden of health insurance for employers, such as tax credits, rebates, etc. that are not applicable to non-profits. The survey queried non-profit organizations throughout New Mexico with similar questions to the Health Care Professional (HPC) Employer Survey to gather answers to the following questions:

- If a New Mexico non-profit did not offer health insurance coverage - why not?
- What would it take for a non-profit to purchase a health insurance plan?
- What type of health care plan appeals to them?

- What administrative barriers prevented non-profits from exploring health care coverage?

The 91 agencies that responded represented over 3,200 employees and approximately five percent of the nonprofit sector that filed IRS 990 form (1,900-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 provided health insurance and 28 did not provide coverage for employees. Agencies, whether they provided coverage or not, had similar concerns about insurance challenges and barriers as well as similar priorities. The primary difference between the "insured" and "uninsured" groups were that agencies providing insurance tended to be larger, have more resources, and 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 for employers to the agency as well as costs for employees.
- Agencies are interested in pooling with other non-profits to create cost savings.
- Comprehensive insurance is strongly preferred over catastrophic options, although some of the smaller agencies that did not provide coverage indicated 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 than for-profit employers.

General Services Department – State Employee Survey

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 chose 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 (24 percent) employees had not selected health insurance through their state employment. After July 1, the number was reduced to 1,921 (9.2 percent), indicating that cost was a significant factor in the decision to take up insurance. The GSD survey reached 580 respondents, of which only 11 (1.9 percent) reported having no form of coverage. This survey verified that most employees that did not select the state employee health benefit had coverage through other sources, typically a spouse/partner, and that the increased percentage paid for by the state significantly reduced the number of employees not participating in any plan.

Policy Options Providing the Most Incentive to Offer Coverage

The majority of employers (56 percent) in New Mexico utilize part-time workers. This was a major factor in *Insure New Mexico's!* recommendation for part-time employee insurance coverage. This legislation is designed to encourage employers to cover their

part-time employees and is intended to address the fact that part-time workers make up a significant portion of the workforce.

The survey clearly demonstrated the need for small employers to provide financial assistance with the burden of offering health insurance. Given the concern that employers had about the cost of insurance, it was not surprising that 70 percent said they would be interested in state tax relief, with 60 percent saying they would be "*very interested"* in this type of assistance. Half (51 percent) of the employers also expressed interest in state subsidies for low-income employees enabling them to enroll in programs already offered by employers. Although tax credits were seen as important, the high cost of this approach compared to number of new insured it could generate make this approach difficult to justify. As discussed in a previous section, the State Coverage Insurance (SCI) plan is designed to assist employers address affordability for the low-income employees. Through the legislative process, the State committed $4 million to fund SCI premiums that would allow 7,000 newly insured working individuals to obtain coverage.

Two-thirds (67 percent) of the employers surveyed expressed interest in a purchasing alliance that would allow employers to group together with the goal of leveraging lower premium rates. Based upon this finding, a bill was passed calling for the formation of the Small Employer Insurance Program (SEIP) to be administered by the State General Services Department (GSD). SEIP would allow small employers to join together to offer a plan that would take advantage of a pooling concept to benefit from spreading risk and GSD's experience managing employee health plans.

Summary

While New Mexico has large employers in the sectors of defense, research, military, education, health care, high-tech manufacturing, state and federal government, the majority of organizations in New Mexico employ five or less people. These small businesses are faced with many challenges, one of which is being able to provide affordable, comprehensive, health care coverage for their employees. The multi-faceted approach identified by Insure New Mexico! to address the affordability issues as identified by the survey includes expanding two existing programs, HIA and NMMIP, while launching two new programs, SCI and SEIP, at the same time that existing programs will be required by statute to expand their eligibility to include part-time workers and dependents to age 25.

Section 3. The Health Care Marketplace

The Legislative Health and Human Services Committee (LHHS) was charged with completing a health care cost 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. Mandated by House Bill 955 (HB 955) during the 2003 legislative session, the study was conducted and presented to the LHHS in November 2004. The committee was tasked 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 House Bill 955, the *Insure New Mexico!* Council was given another opportunity to look at the health care marketplace from a broader perspective, such as how health care could be an opportunity for economic development or how the marketplace could be impacted by certain reform measures.

Government Influence as a Purchaser of Health Care/HB955

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 almost $6 billion that came from public sources, the federal government paid for 64 percent ($5 billion) compared to 10 percent contributed by state government ($820 million). Counties covered about 1 percent of health care costs ($94 million) and only $3.4 million came from out-of-state sources. Spending for hospital services and for medical and other professional services and supplies accounted for 28 percent of health care dollars, and spending on long-term care services accounted 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 did 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 totaled $4.4 billion and represented 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 increased by over $8.5 billion, earnings for New Mexicans increased by $6.3 billion and the number of jobs in the state economy increased by 226,000
- Federal spending on health care was responsible for about 15 percent of the New Mexico economy.
- Total earnings for New Mexico in 2002 were $33.3 billion. Federal spending on health care was responsible for 18.8 percent of all earnings in New Mexico.
- Federal spending on health care was responsible for 23 percent of all non-farm jobs in New Mexico.

Self-Insurance

As stated above, New Mexico has some large employers, especially in the sectors of defense research, education, health care, high tech manufacturing, as well as local, state and federal government. A large percentage of public employer groups are self-insured. A smaller percentage of non-public large employers are self-insured. These employers comprise a small percentage of the total employers in the state, but they do reflect a very large percentage of employees.

There are a disproportionately large number of small employers in New Mexico. The majority of New Mexico organizations employ five or fewer people. Less than half (46 percent) of these very small employers offer health insurance compared to 87 percent of companies with more than 20 employees who do offer insurance. Three-quarters of employers with 11 to 20 employees offer health insurance coverage, as do 64 percent of employers with between six and ten employees. In New Mexico, the likelihood of health care insurance coverage increases with the size of the employer. Clearly, the state's disproportionately large percentage of small employers in the state is an important issue in the analysis of the high percentage of uninsured.

The Safety Net

New Mexico's safety net providers are a significant part of the delivery system particularly for low-income residents. New Mexico has 33 counties; 26 counties are considered to be full medically underserved areas (MUAs) – a federal designation based on population and health status factors – and six are determined to be partial MUAs. Primary care services are available at 132 delivery safety net sites across the state, includes 90 medical sites, 29 dental sites, and 34 school-based health centers. School-based health centers were granted additional funding in the past legislative session with the intention doubling the number of these sites to 68, locating at least one in each county of New Mexico.

These primary care facilities are located in 95 communities, 80 percent of which are in rural or frontier areas. It is estimated that of the approximately 260,000 patients seen at these sites each year, 44 percent – or about 115,000 – are uninsured. Approximately 78 percent of these patients live in households below 200 percent FPL, and an estimated one-third is pediatric or adolescent patients.

In 2003, the U.S. Department of Health and Human Services ranked New Mexico's primary care clinics eleventh in the nation for the rate of penetration in caring for the underserved. Roughly one-quarter of New Mexico's uninsured residents are able to access not only comprehensive primary care through the clinics but also referrals to specialists, discounted pharmaceuticals, and some dental and mental health care. Additionally, the clinics spent a large proportion of their limited human and fiscal resources on outreach, education, case management, and disease prevention.

The Experience of Other States

The *Insure New Mexico!* Council reviewed extensive information on many states that had unique and multi-faceted approaches to resolving the problem of uninsurance including:

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

Specifically, Maine's Dirigo Health Plan, Connecticut's Municipal Employee Health Insurance Plan (MEHIP), Healthy New York and California's Pay or Play legislation were all presented to the Council. Other initiatives presented to the Council included a comparison of Oregon and New Mexico's HIFA waiver. In addition, the HRSA project has looked at other factors pertinent to policy formulation, including ERISA, Industrial Revenue Bonds, benefit design and cost considerations and consumer-driven plans. The HRSA project continues to research and interface with state representatives to monitor the initiatives above and look into new ideas, such as Maryland's "Wal-Mart" bill.

Summary

Government financing has a large impact on New Mexico's economy while providing necessary mechanisms for access to health care for the uninsured population. Because of House Bill 955 and the approaches implemented and investigated by other states, the *Insure New Mexico!* Council recommended: expansion of Medicaid for targeted populations including low-income adults with children, and infants and toddlers up to 300 percent of the federal poverty level; extended use of federally qualified health centers, and revenue generating options to support these endeavors. In 2005, the Council was successful in generating outreach efforts to Native American and Hispanic populations especially children, via Medicaid, and will continue in the next legislative session to identify the best use of governmental funding to expand health care coverage in New Mexico.

Section 4. Options and Progress in Expanding Coverage

Insure New Mexico! Coverage Options

The Council initially considered nearly 100 ideas during its course of deliberation in the first year. The Council arrived at its recommendations to the Governor through a process of learning, generating ideas and then prioritizing and analyzing those ideas. The Council recognized that in order to address the uninsurance problem, a multi-faceted approach was necessary to provide options for employers and individuals. The *Insure New Mexico!* Council remains committed to continuing to explore additional ideas, implement its recommendations, and assess the effects of recommendations on usage. The following is the full list of their recommendations to Governor Richardson.

Recommendations to Decrease the Cost of Health Insurance

Increase Insurance Options for Small Employers and Individuals/Families

1. Implement the State Coverage Initiative (SCI) beginning in FY 2006 to insure up to 7000 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: $4 million general fund annually for SCI (generates $16 million in federal funds match and up to $8 million in private premiums), 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 a General Services Department/Risk Management Division (GSD) sponsored health plan 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 and assumes premium contributions are actuarially sound and operating within established budget levels.

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

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.

5. Require insurers to offer domestic partner health insurance benefits to employers or 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 Department of Insurance (DOI) as a subgroup of the *Insure New Mexico!* Council to explore barriers to offering flexible, inexpensive limited insurance plans, including requiring all carriers to offer such a benefit plan and/or reducing state mandates (e.g. New York, Texas and Maryland).

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

10. 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 to 100 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 FY2006 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 matching 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 percent), and for infants and toddlers up to 300 percent of the federal poverty level (currently at 235 percent), 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 Promote an Increase in Insurance Offerings

1. Expand the use of federally qualified health centers (FQHCs) and state-funded 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 in lieu of using 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. Collaborate with 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 SCI (public-private partnership for employers and low-income adults), and SEIP (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. Encourage and support the insurance industry's efforts to simplify underwriting guidelines and increase customer service for small employers.

Recommendations to Increase Revenue to Offset Cost of New Programs

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.

Administration of Programs

Four of the five *Insure New Mexico!* sponsored bills passed and were signed into law. The administration and implementation of the two bills below have been a challenging process, requiring creativity from the agencies charged with realizing them. They are intricately linked requiring carefully planned implementation to achieve cost effectiveness while emphasizing ease of access for small employers throughout New Mexico.

The Small Employer Insurance Program (SEIP) – Implements a program that will provide options for small employers (50 or fewer employees) to voluntarily buy into a state administered health insurance program. This program contains a crowd out provision that requires employers that have been without insurance for a period of 12 months before joining the program.

The Health Insurance Alliance (HIA) – Expands the HIA's responsibility for outreach, public awareness and assistance to employers in obtaining and maintaining health insurance for their employees and modifies the composition of the HIA board of directors to include a non-profit representative. It also changes provisions in the Health Insurance

Alliance statutes to make insurance more affordable for small businesses and individuals by lowering the premium rate structure.

Other existing key pieces within the *Insure New Mexico!* package include:

State Coverage Insurance (SCI) – In early 2001, the New Mexico Human Services Department (HSD) partnered with various stakeholders to apply for planning and implementation funding through the Robert Wood Johnson State Coverage Initiatives program. This enabled 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.

A Health Insurance Flexibility and Accountability (HIFA) waiver was approved by the Center for Medicare and Medicaid in August 2002. The waiver program utilizes unspent SCHIP funds to provide basic health benefits for 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 like a traditional commercial plan rather than the traditional Medicaid benefit package. Funding is contributed money from the employer for each eligible employee. The employee contributes a share based on income level, while state general funds are matched with federal funds to complete the premium package. Cost sharing provisions are carefully crafted to include premiums and copayments that ensure affordability and access to care for those in lower household income levels. There are annual dollar maximums on benefits as well as annual out of pocket expense maximums. SCI is a managed care model that contracts with Managed Care Organizations (MCO) who successfully bid through a RFP process. SCI uses 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 uninsured members of their communities, are currently in process. In the 2005 legislative session, $4 million was appropriated from New Mexico's general fund to begin the implementation of SCI.

The New Mexico Medical Insurance Pool (NMMIP) – Established in 1987 by state legislature, the pool was created to provide medical insurance access to New Mexicans who were denied access to health insurance because they were considered uninsurable. The NMMIP also provides health 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 administers eligibility, enrollment, member services, and claims processing for 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 developed an interim prescription drug insurance product for seniors pending implementation of the Medicare Prescription Drug Program in 2006. Currently, there are approximately 2,600 individuals covered by NMMIP.

Interaction of New and Existing Programs

Coordinating new and existing programs will be critical to reducing the "hassle factor" for small employers. The Health Insurance Alliance will act as the central point of contact for small employers looking to identify and purchase a health insurance package for their group. The options available through HIA will include HIA's benefit plans, the Small Employer Insurance Program, State Coverage Insurance, and the New Mexico Medical Insurance Pool. The HIA will initially evaluate small employers about their employees' eligibility for programs and demographics i.e. income level, health status, crowd-out considerations, gender, age, etc. in order to identify the most appropriate program to provide maximum coverage and cost effectiveness.

Employees will be directed into the various program which best suits their needs. Employees who meet the FPL requirements and crowd-out provisions would be directed into the SCI program. Other employees with household incomes above 200 percent of FPL would be directed into SEIP while high-risk individuals will be screened for participation in the NMMIP. In addition, HIA's lowered rate structure is also a viable option for employers to consider. HIA will design the group premium amount and provide enrollment materials to the employees while packaging it as one employer plan. It is anticipated that the resultant simplification of billing, marketing, packaging, customer service, and overall design, will achieve the three objectives of the *Insure New Mexico!* Council: lowering cost, reducing hassle factor, and increasing knowledge.

Program Implementation

The following implementation challenges are currently being addressed by staff to the *Insure New Mexico!* Council in partnership with the Health Insurance Alliance:

- The "clearinghouse" process or central point of contact, assessment of needs and coordination of service;
- Reporting and tracking needs;
- Funding, rate setting and reserves.

Central Point of Contact

Providing a central point of first contact with small employers and individuals looking for affordable health insurance options is critical in reducing the 'hassle factor'. The point of first contact should also help clients identify which *Insure New Mexico!* plan best fits their needs. The most important points in the process include:

- Determine role of the "clearinghouse" with regards to requirements of the legislation and expectations of Human Services Department (HSD), General Services Department (GSD) and Department of Insurance (DOI);
- Hire bi-lingual Ombudsman Staff;
- Determine how to coordinate with existing Carrier Plans;
- Establish policy and procedures; and
- Develop on-line resource guide (similar to California model) that educates public on options, costs, benefits, etc.

Reporting and Tracking Tactics

- Develop measurement and tracking component to determine if customer satisfaction with obtaining insurance is improving
- Develop process to ensure customer was informed of choices (decline and sign)
- Develop tracking of outreach contact, enrollment, decline, gone to private carrier, etc.
- Develop audit sample process.

Funding Tactics

- Implement innovative, non-traditional, and private funding opportunities and partnerships;
- HIA to develop proposed budget to Board of Directors;
- Actuarial firm retained to assist with developing premiums and reserves requirements
- Design structure that allows for premium aggregation across several insurance programs that an employer may want to have implemented

Outreach and Enrollment

Having identified a prime opportunity for a more coordinated approach and to expand knowledge and outreach to an employer population, (as noted 62 percent of employers surveyed were unaware of the existing options available to them), *Insure New Mexico!* recommended and included in legislation that HIA be the primary vehicle for outreach, training and marketing activities.

The Secretaries of Human Services Department (HSD) and Government Services Department (GSD) helped take the lead to create an implementation team to coordinate a messaging and outreach plan with input from the following audiences:

- NGO NM;
- HIA;
- Small Employer Groups;
- Chambers/Associations;
- New Mexico's General Services Department/Risk Management Division;
- Brokers (certified and non-certified);
- Health Insurance Carriers; and
- Department of Insurance.

Agent Outreach and Training Tactics:

- Ensure adequate support exists among broker community for Northwestern and Southern New Mexico and other counties with low-uninsured rates.
- Research electronic communication preference of Brokers.
- Develop "Go To" list of community leaders in target populations.
- Develop reward component for brokers. Include on going and broker incentive/bonus increase to generate more interest.
- Develop curriculum and receive DOI approval for an agent continuing education class.

- Increase number of agents with HIA certification (currently 1,000 with 300 active).
- Research establishing part-time presence in communities underserved by brokers through hiring or partnering with individuals well established in those communities and training them appropriately.
- Identify all bi-lingual brokers.
- Educate and communicate to insurance agents/brokers about *Insure New Mexico!* purpose, products, benefits, and "case" for economic benefits of having insurance – use cost/benefit comparison matrix.
- Develop communication distribution process/plan for both HIA certified and non-certified Agents/Brokers (may include messaging for increased broker incentive).
- Consider implementation of HIA broker and public hotlines to speed answers to questions from each audience (technical vs. general).
- Develop Broker/Agent Training Schedule for June Implementation. Request coordination with or sponsorship opportunities with Health Insurance Carriers.
- Develop Brochures/Fact Sheets/Handouts and other collateral materials for HIA certified and non-certified Agents/ Brokers.
- Develop tracking and measurable reporting plan for leads, conversion, and lives. This documentation must be tied to certification and incentive programs.
- Survey agents on ways the HIA can reduce enrollment hassle factors.

Marketing Tactics:

The enabling legislation for HIA mandates measurable growth in health insurance penetration. In the implementation plan, the *Insure New Mexico!* Council wants aggressive, consistent and expanded outreach efforts. Specific items under consideration include:

General Outreach

- Provide checklist of all external (HIA, HSD, GSD) communication and collateral materials for development or revision, including Spanish and Navajo versions.
- Develop matrix, fact sheet and talking points regarding comparison of *Insure New Mexico!* package of programs.

Small Business and Individual Outreach

- Develop or revise existing marketing communication plan(s) to aggressively expand direct sales outreach to:
    - NM Small Business Development Centers
    - Trade Associations
    - Chambers of Commerce
    - Non-Profit Groups
- Include communication distribution process to these targeted audiences with a community focus (on-site, direct mail, business fairs/meetings, trade shows, newsletter inserts, website links, sponsorships, partnerships/endorsed agent, and annual directories).
- Revise marketing outreach plan to include community-gathering places such as churches, community centers, schools, libraries, etc.

- Research and include additional sales/marketing staff needs for HIA.
- Revise booth displays, banners, posters, etc. with new messaging.

Health Plan Carrier Outreach

- Develop on-going outreach and communication distribution plan for all participating health plan carriers.
- Develop training materials for carriers.
- Train health plan carriers on *Insure New Mexico!* products.
- Invite carriers to coordinate or sponsor agent training.
- Work with current carriers to further streamline underwriting requirements.

Crowd-Out Considerations

Crowd out issues were specifically crafted for the small employer insurance program by exclusively targeting currently uninsured employers and individuals. Specific requirements to reduce crowd-out include restricting eligibility for Small Employer Insurance Program (SEIP) to small employers who have not offered health insurance to their employees for the previous twelve months and requiring that eligible employees must be New Mexico residents for the previous twelve months.

The State Coverage Insurance (SCI) program was structured with crowd-out provisions similar to the SEIP. In order to be eligible, employers must not have voluntarily dropped coverage in the past twelve months and individuals/employees must not have voluntarily dropped their coverage in the last six months.

Premium-Sharing/Benefit Structure

The SCI benefit package is being utilized for the SEIP program, but with increased cost sharing and higher deductibles. The benefit package for SCI is a comprehensive package with preventative, diagnostic, physical, behavioral health and prescription services.

Next Steps and Further Recommendations from Insure New Mexico!

Meetings have been scheduled for both the implementation of the *Insure New Mexico!* package of health care options as well as council meetings for the rest of 2005. The Council is monitoring implementation, continues to examine initiatives from other states, and is developing recommendations for the 2006 legislative session.

Summary

By building upon initiatives from the past and bridging the public/private marketplace, the *Insure New Mexico!* Council, with information provided by the HRSA project, has crafted a broad package of options for employers to access comprehensive health insurance with decreased cost. Through a partnership of existing entities, newly crafted legislation, and committed resources, the *Insure New Mexico*! program is expected to achieve an increase in the number of New Mexicans who will have access to employer based coverage.

Section 5. Consensus Building Strategy

Key State Agencies

The State Planning Grant was overseen by a group representing numerous state agencies including:

- State Planning Grant Staff;
- The Secretary of the Human Services Department;
- The Director of Medicaid;
- The Health Policy Advisor to the Governor;
- The Director of the General Services Department/Risk Management Division;
- The Deputy Director of the Health Policy Commission;
- The Deputy Director of Legislative Health and Human Services;
- The Chief Economist of the Medical Assistance Division; and
- The Project Director of SCI.

This group met monthly to review the progress of the HRSA objectives, discuss problems and find solutions. The working group was quickly able to adopt consensus-building strategies while involving the HCCA, the Medicaid Advisory Committee, the Legislative Health and Human Services Committee at key junctures in the process thus ensuring their input into the questionnaire development, as well as disseminating information as it was obtained. One aspect of notable collaboration was the addition of surveys focused on the identified spotlight of employer-sponsored data.

The working group has added additional members whose expertise was necessary in the implementation phase. The following functionaries were added:

- The Secretary of General Services Department (GSD)/Rick Management Division (RMD);
- The Health Insurance Alliance (HIA) Executive Director;
- The Chief Actuary for the Department of Insurance;
- The Medical Director for Medicaid;
- The Communications Director for the Human Services Department (HSD);
- The Deputy Directors of GSD/RMD and Medicaid; and
- The Chief General Counsel for Human Services Department (HSD).

Involvement of the Executive and Legislative Branches

Because the Governor and the Secretaries of this administration are heavily focused on the issues of health care insurance and access, the HRSA project has the ability to collaborate with the *Insure New Mexico!* Council and to participate in the formation of bills tailored toward the identified uninsured populations. By having key legislators appointed to the Council and through presentations to important legislative subcommittees, this branch of government was heavily involved in the planning process from its earliest stages.

The Input Process

The *Insure New Mexico!* Council ensured the building of consensus through a three-stage process to inform themselves about the healthcare environment.

Stage One of the process included presentations from and facilitated 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 provided through the HRSA project 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 while members generated a wide-range of creative ideas for addressing its goals. Those ideas were then clustered with three objectives: lowering cost barriers, increasing knowledge of existing opportunities and decreasing the 'hassles' that could deter employers from providing insurance.

In Stage Three the Council analyzed the more than 100 initiated ideas 65 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.

Public Awareness and Support

The HRSA Project built a website as a source of public awareness and a means to keep interested parties and stakeholders informed. Agendas and minutes from each of the Council meetings are posted as they are formulated for review by the general public. The website can be accessed at: http://www.insurenewmexico.state.nm.us/.

Throughout the legislative process, press releases were written to develop support for the *Insure New Mexico!* package of bills. These press releases were available on the website as well as all of the reports and data generated by the HRSA state planning grant. Public support was garnered for these initiatives with public testimonials during legislative committee hearings from such entities as:

- NGO New Mexico;
- The managed care organizations in New Mexico;
- The Greater Albuquerque Chamber of Commerce; and
- The Association of Commerce and Industry.

Summary

Consensus-building among state, health care entities, small employers, non-profit groups, and the executive branch proved instrumental in the success of *Insure New Mexico!*. Limiting the size of the group and creating a closed, safe process for meetings and debate while hearing from multiple outside perspectives and studying other policy initiatives,

created the necessary environment for open and frank discussion about the merits of different approaches to solving a complicated problem.

Section 6. Lessons Learned and Recommendations to States

Importance of State-Specific Data

The HRSA project provided data for determining the demographics of the uninsured population of New Mexico that helped target legislative proposals. While national data is helpful as a starting place, the legislative process in New Mexico requires that a compelling case be made using information that is specific to the state. The HRSA data was highly effective during the policy debate to validate the need for passage of the proposed *Insure New Mexico!* legislation.

Most Effective Data Collection Activities

The quantitative results obtained from the Household Survey and the Employer Survey were effective in lending credibility to proposed legislation. The data confirmed an existing hypothesis on uninsurance in New Mexico, but having factual information reiterated throughout the process made the need for change more compelling.

What (if any) Data Collection Activities were Originally Proposed or Contemplated that were Not Conducted? What were the Reasons?

A DOI database-mining project was completed in March and, in spite of the hope that this would prove an effective way of understanding the small group insurance market, the results proved to be largely unrelated to the goals of the State Planning Grant project. Because this initial project was limited and not explored to the full extent of the proposed budget, funding was freed to lay the groundwork for other studies that focused on employer data.

Additional Data Collection Activities Needed and Questions Left Unanswered

The requirement to better understand the needs and experiences of Native Americans as they pertain to health insurance and access to health care will be an ongoing effort for New Mexico. Qualitative analysis via focus groups targeted to various tribal populations and diverse demographic subgroups is being implemented on a limited basis to determine if that approach is the best one for understanding the uniqueness of the Native American issues:

- "How to engage the Native American population to take up health insurance?"
- "Does lack of availability of private network choices make it unlikely that the commercial insurance market will be seen as a viable alternative to IHS?"
- "Does the extreme rural environment dictate the need for a completely innovative approach—telemedicine?"

Additional data also needs to be collected to better understand why populations that are eligible for Medicaid choose not to participate. One theory is that these groups will seek Medicaid coverage as dictated by their perceived need for health care services; another is fear or distrust of the process for Medicaid enrollment. Having this issue better understood will drive policy for better serving the needs of this population.

Involvement of the Private Sector/Employers

The private sector was key to *Insure New Mexico's!* success. Since all of the enacted legislation affected the private sector to some extent, it was critical to engage their participation from the beginning to assure that the proposed initiatives were consistent with market place realities.

Recommendations to Other States

Overall, the HRSA state planning grant was an effective means for enhancing New Mexico's policy discussion related to addressing the need for affordable and accessible health care coverage. Some of the lessons learned include:

- Emphasize collaboration with existing resources – given the relatively short time frame to expedite statewide surveys, it was necessary to develop partnerships with existing organizations with expertise necessary for quick implementation. For example, the contract with New Mexico State University is a governmental services agreement, which could be processed without the need for a request for proposal and allowed the HRSA project to prioritize in-state mechanisms capable of managing the survey.
- Catalogue existing data – know what is currently available for your state and utilize it to guide the process. Identify what existing data is outdated and needs to be revised.
- Know your state – New Mexico is a unique, diverse landscape and environment with very different populations from the rest of the United States, which were reflected in the data collection efforts and the type of questions asked.
- Take advantage of technical resources – having SHADAC available in the early stages of questionnaire development was essential for building momentum.
- Study what other states are doing - Analyzing other state initiatives allows for creativity and brainstorming, elevating the potential for new ideas.

Changes in New Mexico's Political and Economic Environment

When the HRSA State Planning Grant was granted to New Mexico, New Mexico was one of only three States in the nation to be experiencing a surplus in State revenue. However in the past year, cost containment at all levels of government became a major focus as decreasing federal matching funds for Medicaid combined with increasing growth in enrollment led to a similar deficit situation being experienced by most States. Thus, originally the HRSA Project may have contemplated further expansion opportunities for public programs but the focus of the *Insure New Mexico!* Council shifted to formulating creative ways to broaden the prospects to the uninsured without significant additional state subsidization.

Changes in Project Goals/Next Steps

Due to budget constraints, the HRSA Project moved away from focusing solely on individuals and began to focus more toward employer sponsored insurance options. The high number of small employers in our state encouraged the Council to recognize the strategic sense of shifting its energies toward the small employer market.

Summary

Insure New Mexico! will have a lasting impact on New Mexico's commitment to the uninsured. With information established on the uninsured population and the employment market of the state, the Council has developed initiatives to launch lasting reform and build infrastructure that will result in a reduction of uncovered individuals and increase the amount of employers providing health insurance.

Section 7. Recommendations to the Federal Government

Federal Government Support

Federal surveys are designed to provide accurate estimates of the national situation and therefore tend not to provide accurate estimates at the state level. The situation is even worse at the county and city levels. Even in the Current Population Survey's Annual Social and Economic Supplement, the sample sizes collected from New Mexico are so small that the results cannot be reliably used to inform local policy decisions. The State of New Mexico strongly encourages the Department of Commerce and other Federal survey efforts to enlarge their New Mexico sample sizes, similar to the proposal envisioned by MEDS-IC.

Support from the federal government, particularly Medicaid waivers, has provided the flexibility to offer coverage to the most needy individuals in the state. The employer premium assistance plan enacted through the State Coverage Insurance program is a foundation on which the state can begin to target the population which state planning grant surveys identify as the most likely to be uninsured – young working adults, below 200 percent FPL, primarily Hispanic or Native American. Continued flexibility and support, at the federal level, is required to continue to tailor state-specific initiatives that will effectively reduce the uninsured population.

The New Mexico HIFA waiver was approved on August 23, 2002, and was implemented effective July 1, 2005. The waiver allows use of unspent SCHIP funds for expanded coverage of uninsured adults in families with income less than 200 percent FPL who are not otherwise eligible for no-cost Medicaid. A comprehensive benefit package is provided via contracted MCOs with sliding scale cost-sharing and a $100,000 annual limit. Cost-sharing maximums never exceed five percent of the families' countable annual income. Funding combines employee, employer, state, and federal funding. The state is evaluating the efficacy of county and tribal "buy-in".

The family planning waiver allows New Mexico to offer no cost family planning services to women of childbearing age in families with income up to 185 percent of FPL. As of April 2005, there were 34,227 women receiving this coverage.

The New Mexico SCHIP program covers uninsured children in families with income up to 235 percent of FPL with full-coverage Medicaid benefits. A waiver allows cost-sharing in the New Mexico Medicaid expansion SCHIP. As of April 2005, there were 10,797 children on SCHIP.

The *Salud!* Waiver allows the New Mexico Medicaid program to require managed care enrollment for most categories on non-Native American Medicaid recipients to enroll in a contracted MCO and to access services through the MCO-contracted provider networks, and to have fully-capitated, comprehensive risk-based MCO contracts.

The New Mexico Home and Community-Based Waivers (HCBWs) provide in-home care for HIV-positive and AIDS-diagnosed individuals; individuals who are elderly, blind, or

disabled, developmentally disabled, or medically fragile and who meet medical care criteria. As of April 2005, New Mexico had 22 AIDS/HIV individuals, 2,026 aged, blind or disabled individuals, 3,542 persons with developmental disabilities, and 152 Medically Fragile individuals.

Appendix I. Baseline Information

Population
1.9 million (2004 U.S. Census)

Number and percentage of uninsured – current and trend

Year	Number	Percent
2004	399,000	21.0%
2003	414,000	22.1%
2002	388,000	21.1%
2001	373,000	20.7%
2000	435,000	24.2%

Mean Average age
Median age – 34.8 years (2004 U.S. Census)

FPL levels and percent of population living in poverty
New Mexico residents classified by household income with respect to Federal Poverty Level Guidelines and health insurance status. (2004 New Mexico Household Health Insurance Survey, 2004 Census population estimate)

	Below FPL	100 – 185% of FPL	186 – 235% of FPL	236 – 300% of FPL	Over 300% of FPL	Unknown	Total
Percent	15.5%	19.7%	7.7%	7.6%	30.7%	18.6%	100%
Number	295,700	375,700	146,000	145,400	585,200	355,000	1,903,000

Primary industries
Forty-six percent of the establishments fall into one of four categories: Retail Trade, Construction, Professional and Technical Services, and Other Services. (2003 New Mexico Department of Labor)

Number and percentage of employers offering coverage
59 percent or 29,477 employers offer coverage to their employees. (2005 New Mexico Employer Survey)

Number and percent of small businesses and self-insured
Of the 46,961 total employers, 76.7 percent (36,040) have fewer than 10 workers and 88.1 percent have fewer than 20 workers. Only 760 employers (1.6 percent of the total) have 100 or more employees. (2003 New Mexico Department of Labor)

Payer mix
The HB 955 Report on Healthcare Expenditures in New Mexico provided the Table below displaying estimates of the distribution of health care spending in New Mexico by

category of service. The categories were created based on Standard Industry Classification codes related to health expenditures by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. It shows that in 2002, the largest percentage of spending — 29 percent, or $2.2 billion — went to other health care services, which include ambulatory health care services (except offices of physicians, dentists and other health practitioners), outpatient care centers, medical and diagnostic laboratories, and other services that were not uniformly categorized by the New Mexico County Indigent Fund and Corrections Department. The second-largest category covered insurance agencies, brokerages and other insurance-related activities at 25 percent ($1.9 billion). Included in this category is the full amount expended to pay insurance claims for 2002. Hospitals accounted for 20 percent ($1.5 billion) of the health care spending, followed by home health care services at 9 percent ($692 million), offices of physicians, dentists and other health practitioners at 8.4 percent ($653 million), nursing and residential care facilities at 3.9 percent ($303 million), behavioral health at 3.1 percent ($241 million) and prescription drugs at 2.7 percent ($212 million).

NEW MEXICO HEALTH CARE EXPENDITURES BY PAYER SOURCE, CALENDAR YEAR 2002 (HB 955)

	FEDERAL	STATE	COUNTY	PRIVATE	TOTAL
PRIVATE					
Insurance					
Self-Insured Plans				$740,824,000	$740,824,000
Fully Insured Plans				$1,056,918,000	$1,056,918,000
Workers' Compensation				$88,506,000	$88,506,000
Other Private					
Out-of-Pocket				$41,641,000	$41,641,000
PhRMA*				$13,400,000	$13,400,000
UNM Prescription Drug Clinical Trials				$3,382,534	$3,382,534
PUBLIC					
Federal					
Medicare	$2,992,000,000				$2,992,000,000
Medicaid	$1,294,793,013	$429,994,672			$1,724,787,685
Veterans Administration	$194,090,768				$194,090,768
Indian Health Service - Albuquerque & Navajo	$228,280,988				$228,280,988
Military Claims (TRICARE) & Facilities	$140,528,874				$140,528,874
Grants					
University of New Mexico	$3,444,891	$3,229,456			$6,674,347
Federally Qualified Health Centers	$25,395,276				$25,395,276
State					
Department of Health	$83,722,000	$292,735,000			$376,457,000
Aging & Long-Term Services Dept	$2,799,849	$9,286,943			$12,086,792
Children, Youth & Families Dept	$1,493,022	$16,493,804			$17,986,826
Dept of Vocational Rehabilitation	$996,338	$281,017			$1,277,355
Public Education Dept (School Health)		$5,253,600			$5,253,600
Corrections Dept		$20,908,490			$20,908,490
County					
County Indigent Fund			$23,367,862		$23,367,862
Jail Inmate Health Expenditures			$3,988,462		$3,988,462
Other Health Expenditures			$66,698,318		$66,698,318
TOTAL	**$4,967,545,019**	**$778,182,982**	**$94,054,642**	**$1,944,671,534**	**$7,784,454,177**

Provider competition

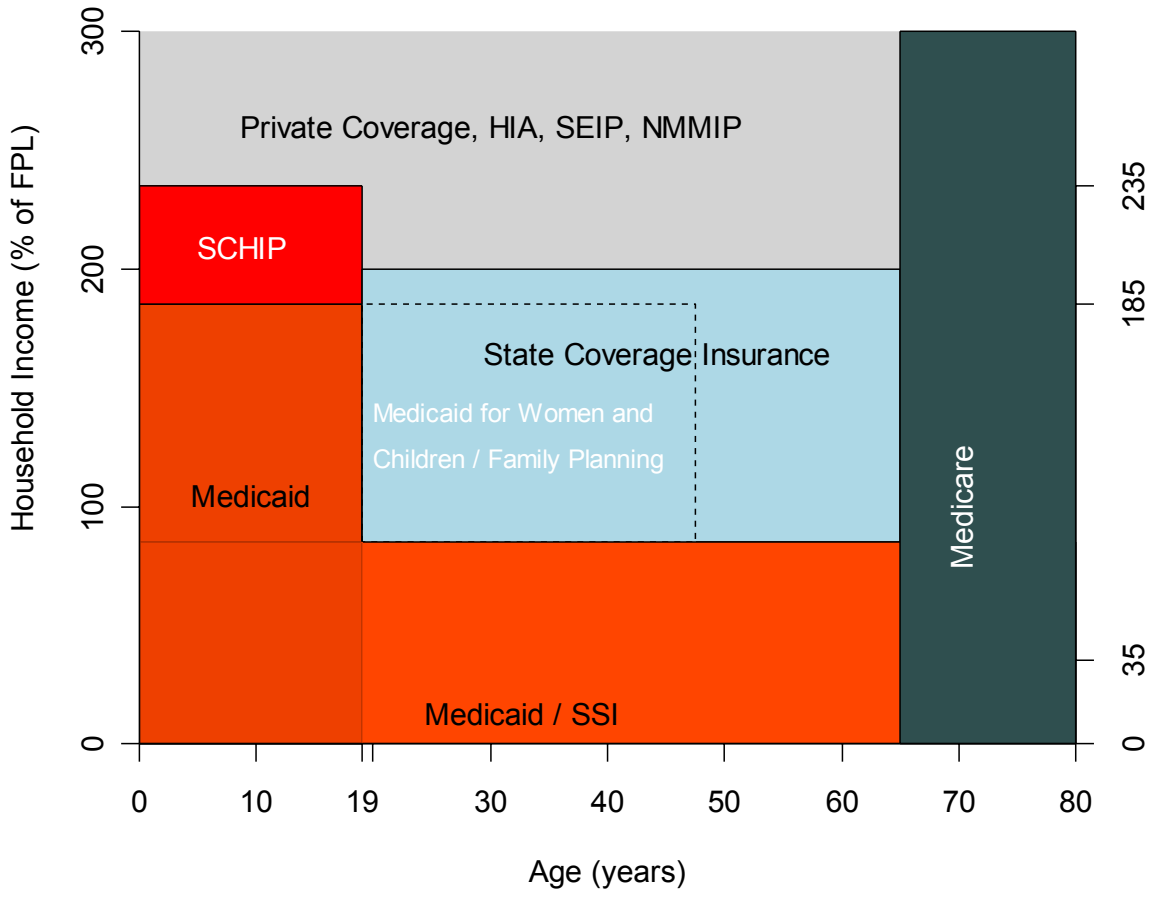
Provider	**Number in New Mexico** (2005, Kaiser)
Rural health clinics	11
Total hospitals	37
Federally Qualified Health Centers	14
Nonfederal physicians	4,471
Registered nurses	11,660
Managed Care Organizations	4

Insurance market reforms

New Mexico Insurance Market Reforms (2005, Kaiser State Health Facts)	
Individual Market Reforms	
Limits on rating	Yes (Individuals that lose group coverage can continue as Individuals through Health Insurance Alliance and are charged premiums based on modified community rating)
Pre-existing Condition Exclusions	6 month maximum look back 6 month maximum exclusion period
Small Group Market Reforms	
Rating Structure	Rate bands cannot vary more than + or – 25%
Pre-existing Condition Exclusions	6 month maximum look back, 6 month maximum exclusion
Small Group Definition	2-50 employers
Guaranteed Issue	Yes

Eligibility for existing coverage programs (Medicaid/SCHIP/other)

New Mexico Health Insurance Eligibility



Notes

1. Some individuals may be eligible for more than one program. For example, a person receiving Supplemental Security Income (SSI) who is over 65 may be eligible for both Medicaid and Medicare.
2. The Medicaid for Women and Children (MWC) and Family Planning programs limit benefits for adult women to pregnancy-related services.
3. Abbreviations: HIA refers to the New Mexico Health Insurance Alliance; SEIP refers to the Small Employer Insurance Program; NMMIP refers to the New Mexico Medical Insurance Program; SCHIP refers to the State Children's Health Insurance Program.
4. Medicaid services in New Mexico are primarily offered through the ***Salud!*** managed care program. ***Salud!*** is offered through several Medical Care Organizations (MCOs). Several of the programs shown (including SCHIP and State Coverage Insurance) are offered through various state waivers granted by the U.S. Government.
5. Some programs offered through the New Mexico Human Services Department are not shown on this graphic. Some programs may have additional eligibility requirements beyond age and household income.

New Mexico Medicaid Eligibility: see
http://www.state.nm.us/hsd/mad/pdf_files/GeneralInfo/Eligpamphlet.pdf

New Mexico Waivers:

Section 1115 (HIFA)
The New Mexico HIFA waiver was approved on 8/23/02, and was implemented effective 7/01/05. The waiver allows use of unspent SCHIP funds for extended coverage of uninsured adults in families with income less than 200 percent FPL who are not other wise eligible for no-cost Medicaid. A *comprehensive* benefit package is provided via contracted MCOs with sliding scale cost-sharing and a $100,000 annual limit. Cost-sharing maximums never exceed 5 percent of the families' countable annual income. Funding combines employee, employer, state, and federal funding. The state is evaluating the efficacy of county or tribal "buy-in".

Section 1115
The family planning waiver allows New Mexico to offer no cost family planning services to women of child-bearing age in families with income up to 185 percent of FPL. As of April 2005, there were 34,227 women receiving this coverage.

Section 1115
The New Mexico SCHIP program covers uninsured children in families with income up to 235 percent of FPL with full-coverage Medicaid benefits. A waiver allows cost-sharing in the New Mexico Medicaid expansion SCHIP. For April 2005, there were 10,797 children on SCHIP.

Section 1915(b)
The Salud! waiver allows the New Mexico Medicaid program to require managed care enrollment for most categories of non-Native American Medicaid participants. The waiver allows the state to require non-Native American Medicaid recipients to enroll in a contracted MCO and to access services through the MCO-contracted provider networks, and to have fully-capitated, comprehensive risk-based MCO contracts. For April 2005, there were 252,638 of 405,243 of total Medicaid participants enrolled in managed care (or 62 percent).

Section 1915(c)
The New Mexico Home and Community-Based Waivers (HCBWs) provide in-home care for HIV-positive and AIDS-diagnosed, individuals who are elderly, blind, or disabled, developmentally disabled, or medically fragile and who meet medical care criteria. For April 2005, New Mexico had 22 AIDS/HIV individuals, 2,026 aged, blind or disabled individuals, 3,542 persons with developmental disabilities, and 152 Medically Fragile individuals.

Appendix II. Links to Research Findings and Methodologies

Our website has the most current survey instruments, timeline and reports. To access this information, go to http://www.insurenewmexico.state.nm.us/.

Other resources include:

Health Policy Commission website: http://hpc.state.nm.us/

State Coverage Insurance website: http://www.insurenewmexico.state.nm.us/

NGO New Mexico: http://ngonm.org

Appendix III. SPG Summary of Policy Options

Using the following chart, please list the policy options considered under the HRSA SPG, including original grant and continuation grants. For each policy option described, please include data on cumulate basis per fiscal year, (FY), e.g. FY 2005 starts October 1, 2004 and ends September 30, 2005.

Major Options	Target Population	Estimated Number of People Served	Status of Approval	Status of Imple-mentation	Recent Estimate
1. Implement the State Coverage Initiative (SCI) beginning in FY 2006 to insure up to 7000 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	40,000 19-64	1,500	8/03	7/05	2,000 date 10/05
2. Allow buy-in to a General Services Department/Risk Management Division (GSD) sponsored health plan 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 and assumes premium contributions are actuarially sound and operating within established budget levels.		0	10/05 Legislation	3/06	
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.			Legislation approved 5/05	7/05	
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.					
5. 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.					
6. 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).	10,000	0	Legislation failed		
7. 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).					