

Fiscal Analysis of the Health Security Act Plan: Project Overview

December 4, 2019

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IHS Markit®

Reynis Analytics



answering today's health policy questions

Presentation Overview

1 Our Team

2 Work Plan and Timeline

3 Approach Overview

4 Questions

Fiscal Analysis of the Health Security Act Plan

OUR TEAM

KNG Health Consulting, LLC



- **KNG Health** is a small, woman- and minority-owned business located in the Washington, DC metropolitan area. The company performs Health Policy and Economics consulting work for clients for public and private sector clients.
- **KNG-Health Reform Model (KNG-HRM)** - A microsimulation model that uses data from the American Community Survey, the Medical Expenditure Panel Survey, and other data sources to estimate the effects of health reform proposals. The model dynamically estimates individual and family insurance coverage decision choices based on a utility framework. The model is designed to produce output at the state and local level.

IHS Markit



IHS Markit®

- **IHS Markit** is an information services firm with 14,000 employees. The firm's Life Sciences consulting team, based primarily in Washington DC, consists of about 20 health economists and researchers specializing in health economic modeling to support planning and policy analysis.
- **Regional Economic Models and IMPLAN Project.** An econometrics model that captures all the direct, intermediate (indirect) and spin-off (induced) impacts from the HSAP, including the employment, value added, labor income and tax revenue effects of HSAP.
- **The Healthcare Demand Microsimulation Model (HDMM).** Models future demand for health care services in New Mexico at the state, county, and urban/rural level under various health care reform scenarios as informed by the KNG Health Reform Model (KNG-HRM) and data from other sources.

Reynis Analytics

- **Dr. Lee Reynis (Reynis Analytics)** is former director of University of New Mexico The Bureau of Business and Economic Research (BBER) at the University of New Mexico (UNM) and is a Research Professor at UNM.
- Dr. Reynis has a long-distinguished track record of performing economic analysis of New Mexico.
- Among some of her relevant experience, Dr. Lee Reynis published (with Mathematica) a comparative analysis of reform options for extending health care coverage in New Mexico in 2007. She also conducted an economic and fiscal impact analysis of Medicaid Expansion in New Mexico.

Key Team Members

KNG Health Team



Lane Koenig, PhD Project Director

- Founder and President
- 20+ Years of Experience
- **Expertise:** Healthcare reform modeling, Payment policy and delivery system innovations.



Asha Saavoss, BA Task Lead

- Senior Research Associate
- 7 Years of Experience
- **Expertise:** Healthcare reform modeling, Medicaid policy analysis, and data analytics

IHS Markit Team



James Diffley, MA Task Lead

- Executive Director, IHS Economic Consulting Services
- 30+ Years of Experience
- **Expertise:** Forecasting state executive budget and business tax revenue

Kari Jones, PhD Task Lead

- Associate Director of Life Sciences Consulting
- 20 Years of Experience
- **Expertise:** Quantitative modeling, economic policy analysis, and statistical econometric techniques

Reynis Analytics



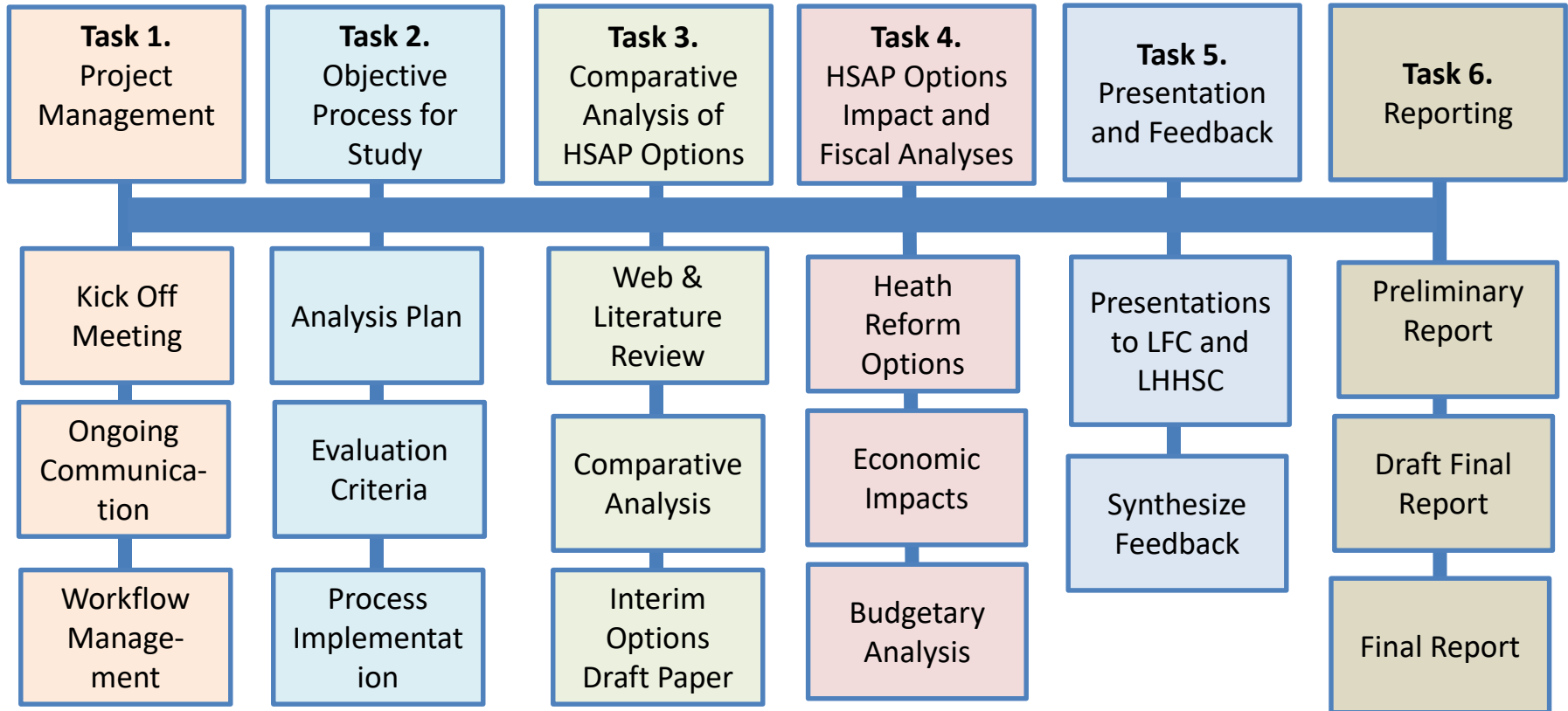
Lee Reynis, PhD Senior Advisor

- Former Director of BBER & Professor at UNM
- 30+ Years of Experience
- **Expertise:** Economic and fiscal impacts of various healthcare models

Fiscal Analysis of the Health Security Act Plan

WORK PLAN AND TIMELINE

Project Tasks



Key Project Deliverables and Deadlines

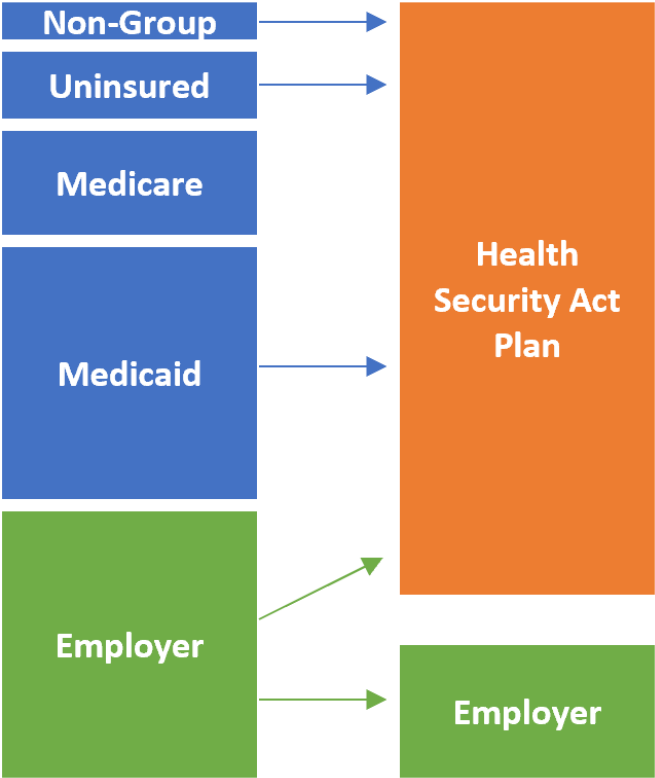
| Deliverable | Deadline |
|---|-------------------|
| Comparative Analysis | February 21, 2020 |
| Interim Health Reform Options Report | March 6, 2020 |
| Preliminary Report | April 15, 2020 |
| Presentation to Legislative Interim Committee | May-June 2020 |
| Draft Final Report | June 15, 2020 |
| Final Report | June 30, 2020 |

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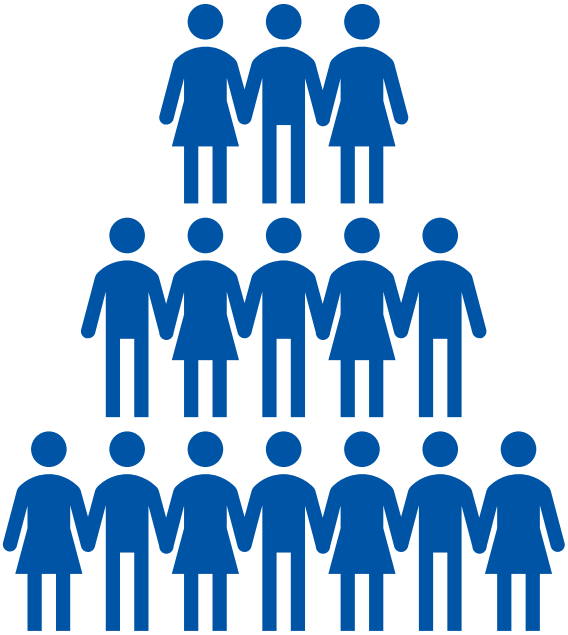
APPROACH OVERVIEW

The Health Security Act Plan (HSAP)

Creates new public insurance plan that covers many state residents

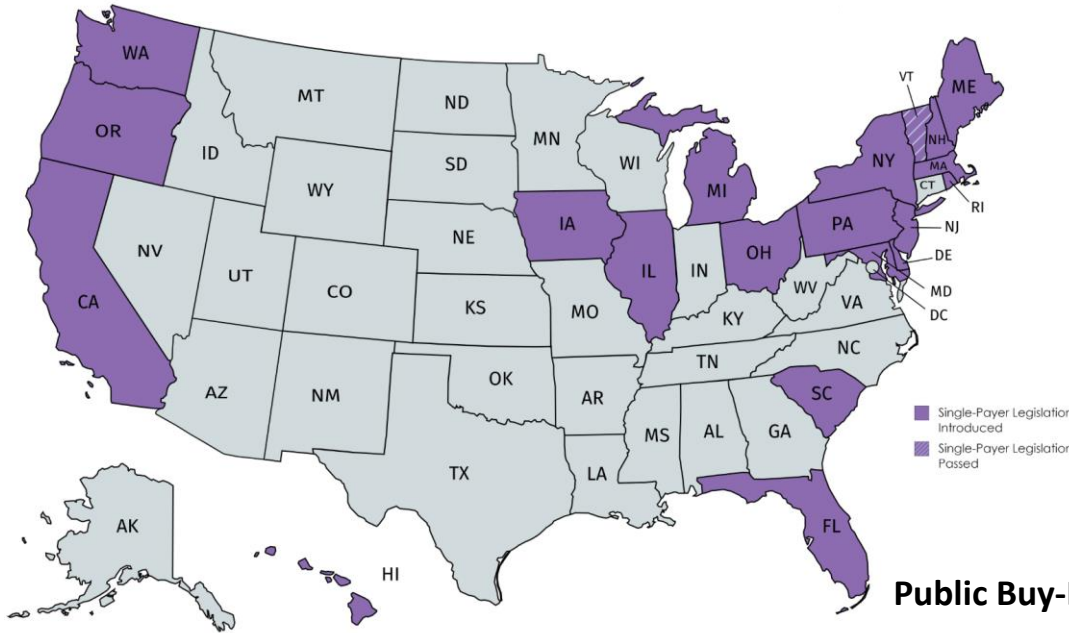


Plan would be administered by a new 15-person commission



Other Health Reform Efforts

59 Unique Single-payer Bills across 20 States



Source: Fuse Brown, E. C., & McCuskey, E. Y. (2019).
 Could States Do Single-Payer Health Care?

10 National Health Reform Bills Introduced in Congress

Opt-Out Public Option



Single Payer



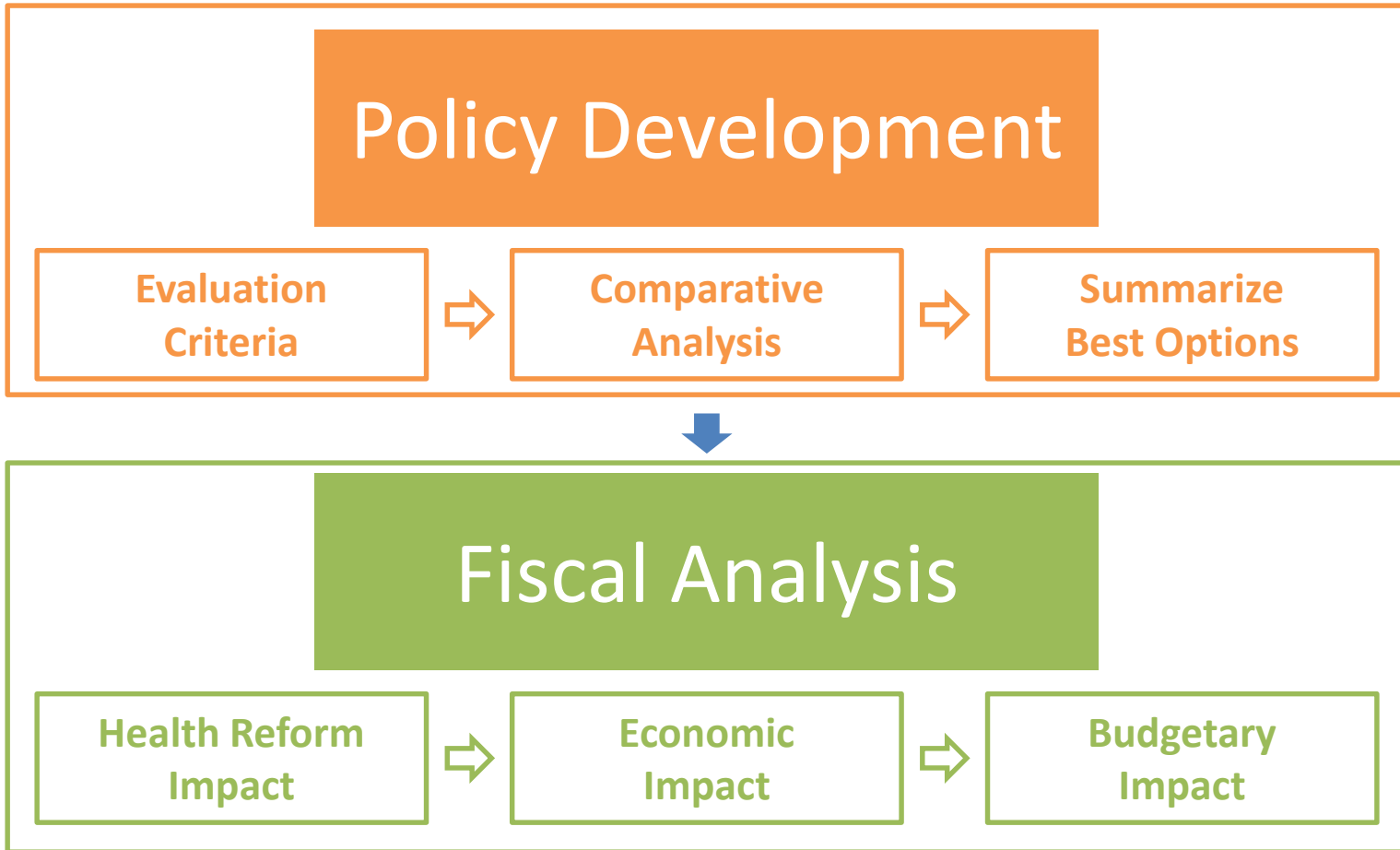
Public Buy-Ins



Public Options



Project Approach



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POLICY DEVELOPMENT

Establishing Evaluation Criteria



Example Goals

Universal Coverage

Generous Benefits

Payment Adequacy

Premium Affordability

Sustainable funding

Example Criteria

Minimum share of population with health coverage

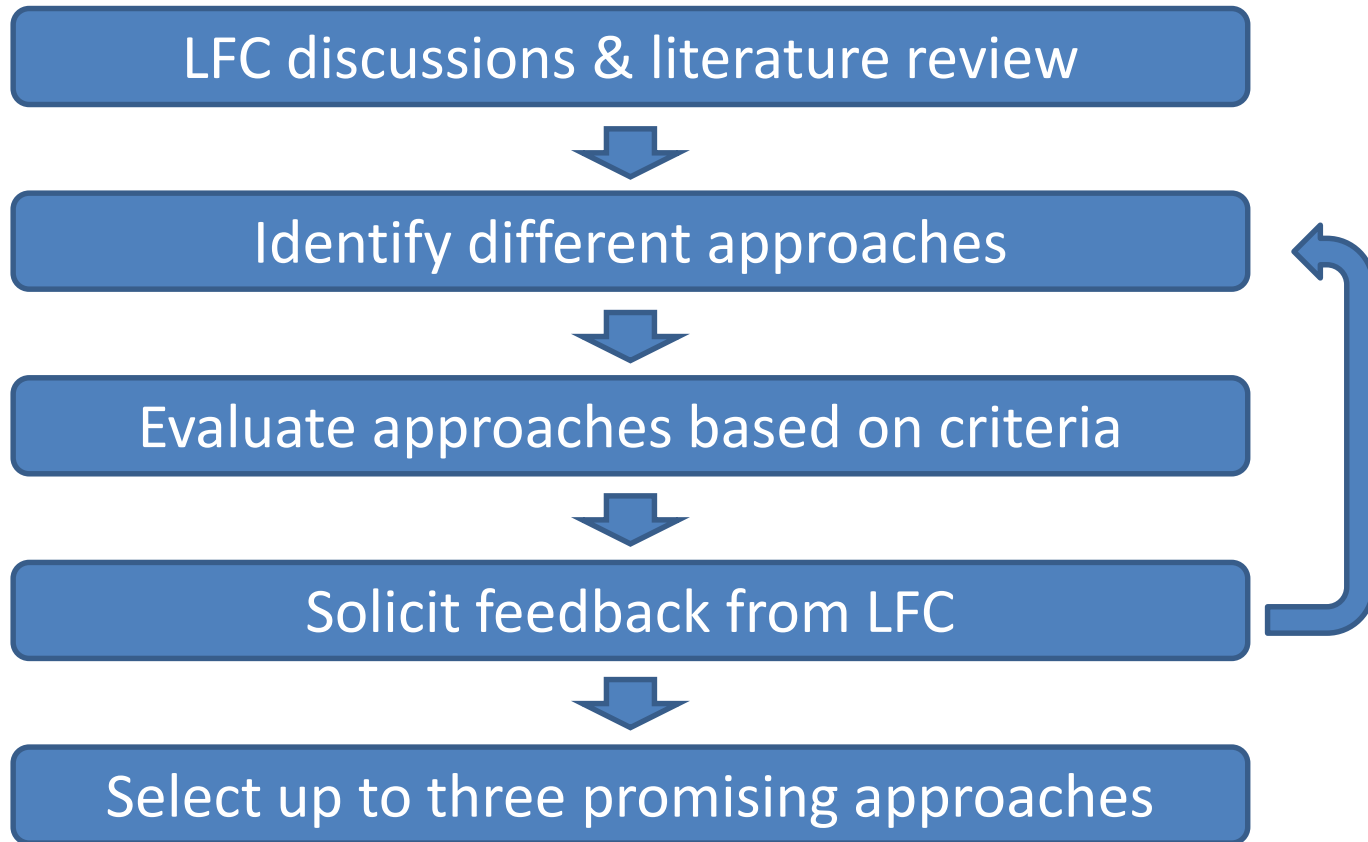
Minimum actuarial value

Minimum provider margin

Maximum premium level relative to income

Maximum allowable state spending increase

Comparative Analysis



Summarizing Best Approaches

Policy Details

| Enrollment | Benefits & Enrollee Costs | Providers | Financing | Other Coverage |
|------------------------------|---------------------------|------------------------|------------------------------|--------------------|
| Eligibility criteria | Covered services | Provider Participation | Payroll Taxes | Employer Coverage |
| Sign-up process | Premium Rating Rules | Payment rates | Federal Funding | Non-Group Coverage |
| Eligibility Redeterminations | Cost Sharing Rules | Prior Authorization | Provider taxes | Medicaid |
| Premium Non-Payment Rules | Subsidy structure | Balance Billing | Other income and sales taxes | Medicare |

Reasoning

How do specified policies satisfy our evaluation criteria?

Modifiable parameters

Deductibles

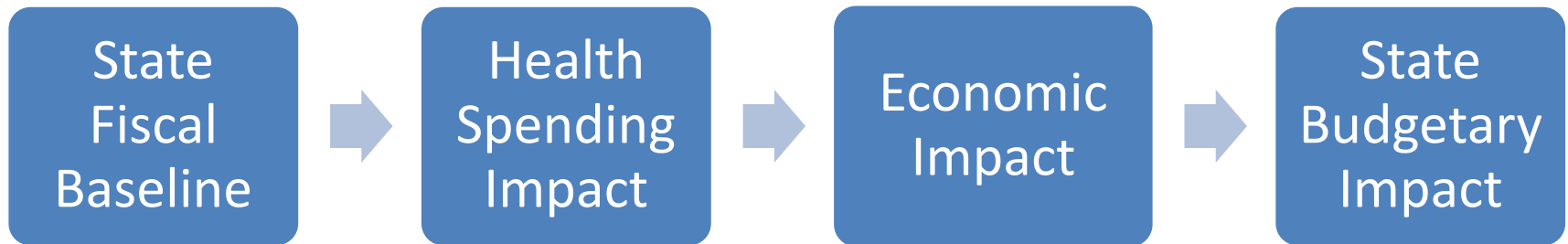
Payroll tax level

Subsidy generosity

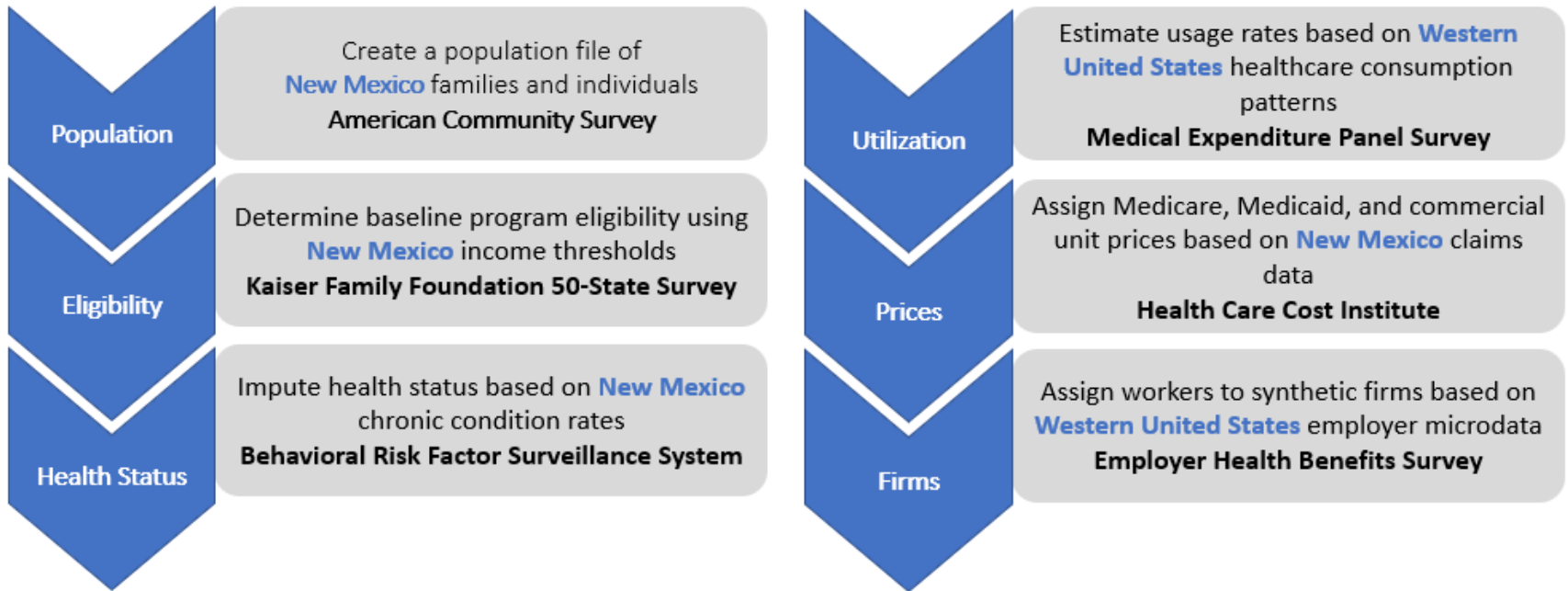
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FISCAL ANALYSIS

Overview of Fiscal Analysis



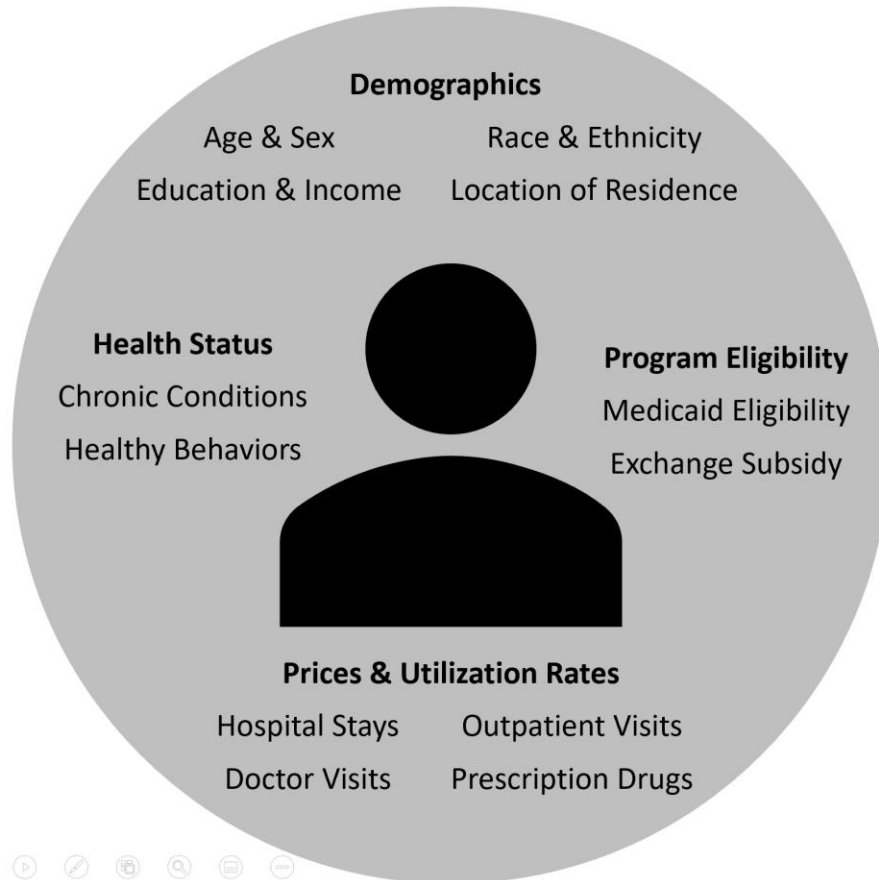
Data Sources



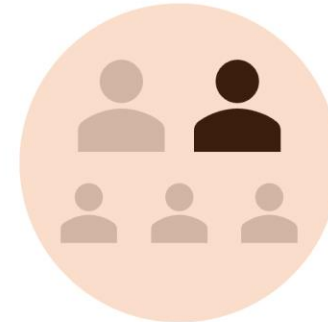
Analytic File used in Microsimulation

File includes ~ 20,000 New Mexicans

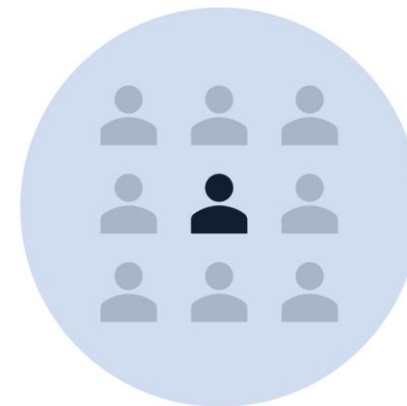
Individual Characteristics



Family Relationships



Employment & Coworker Characteristics



...and 1,000 Business in New Mexico

General Information

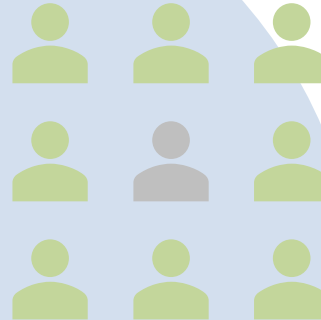
Firm Size

Industry

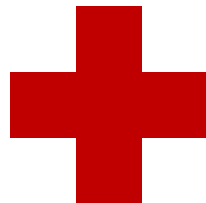
States of Operation

Annual Payroll

Worker Characteristics



Health Plans Offered

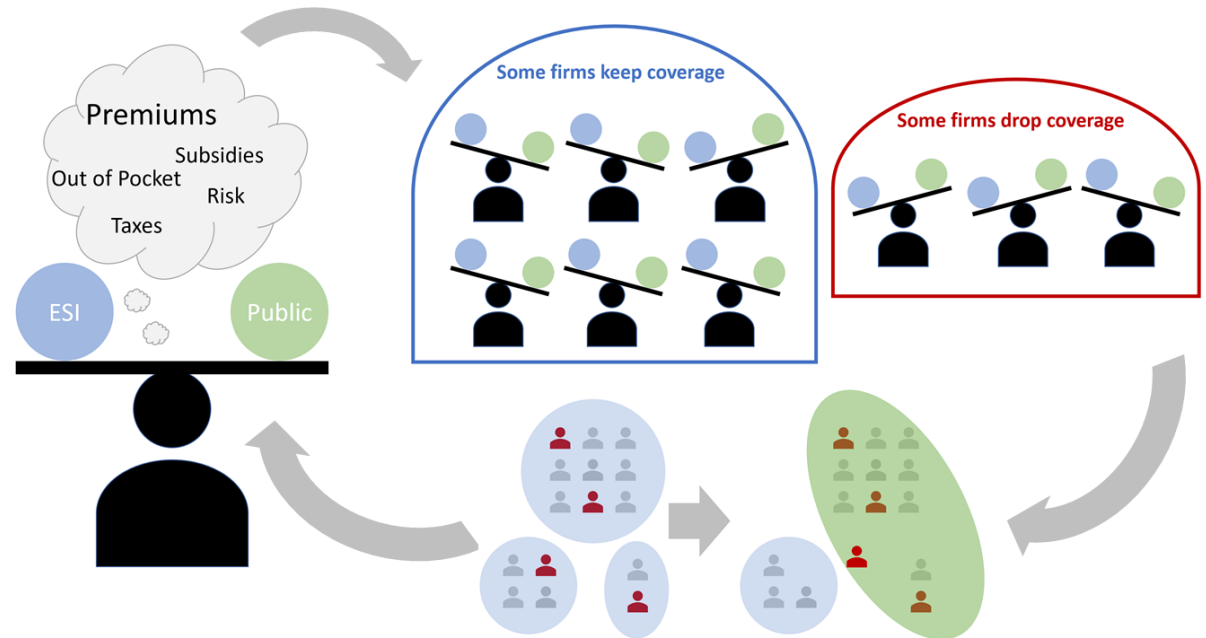


Plan type
Employer Subsidy
Cost-Sharing Rules
Actuarial Value
Premiums

Health Reform Impact

Health Reform Model

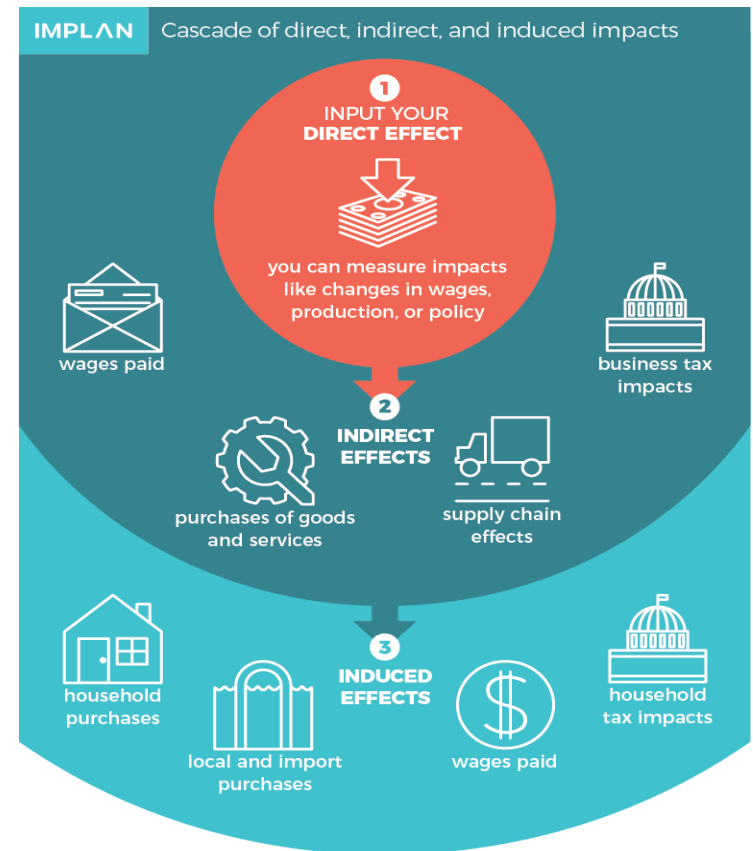
- Individuals make coverage choices
- Firms decide whether to offer coverage
- Premiums are recalculated with updated risk pools
- Individuals use new premiums to update choices
- Process repeats until steady state



Economic Impact Analysis

- Estimate baselines absent HSAP: state economic and employment, taxes/revenues, budget
 - Review forecasts already prepared by others
 - Use IHS Markit's New Mexico economic forecasting model
- Use outputs from other team models (KNG-HRM, HDMM) as inputs to IMPLAN
- Use New Mexico Statistics of Income data to estimate fiscal impacts (e.g. tax revenue)
- Use IMPLAN to simulate ripple effect of these changes to state economy, taxes/revenues, employment

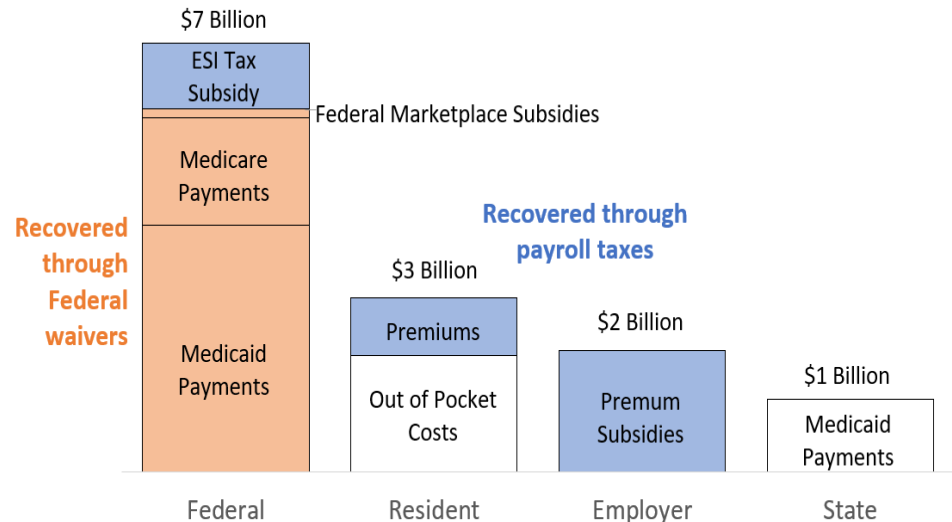
IMPLAN Model



Budgetary Impact Analysis

- What are the current levels of healthcare spending and how are levels projected to change over time absent HSAP?
- How will HSAP change overall health spending, both short and long term, by payment type (e.g. premiums, copays/deductibles, subsidies)
- What level of state subsidies will be required, and how will reform affect Medicaid payments?
- What is the overall effect on the state budget? What are the implications for tax revenue?

Sources of Funding that could be used to Finance Health Security Act



Source: KNG Health analysis of data from the Centers for Medicare & Medicaid Services, Kaiser Family Foundation, Health Care Cost Institute, Medical Expenditure Panel Survey, and other sources.

Thank you!

Questions and Comments?