

Fiscal Analysis of the Health Security Act Plan: Draft Analysis Plan

*Second Public Meeting
322 State Capitol, Santa Fe
March 3, 2020*



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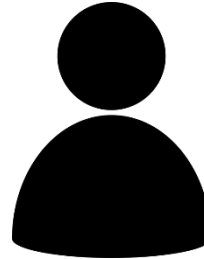


answering today's health policy questions

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Purpose of Public Meeting

- Address any questions and receive input on our study approach and any concerns regarding our methodology or assumptions
- Comments will be accepted until close of business Friday March 6, 2020
- Comments should be submitted electronically by e-mailing Nathan Eckberg at Nathan.Eckberg@nmlegis.gov

Presentation Overview

1 Study Purpose and Overview

2 Key Assumptions

3 Data Sources

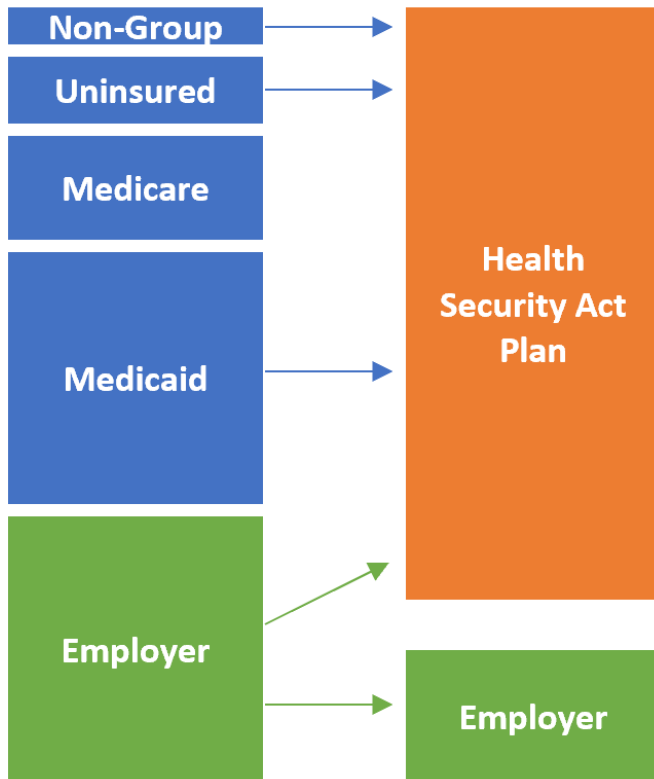
4 Analytic Approach

Fiscal Analysis of the Health Security Act Plan

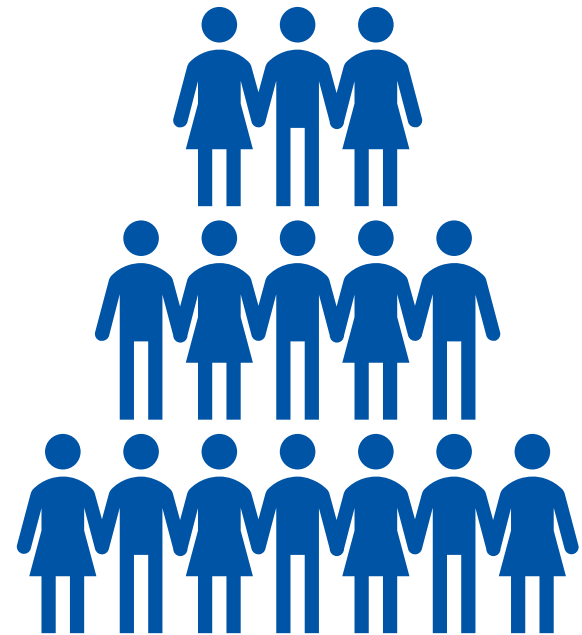
STUDY PURPOSE AND OVERVIEW

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



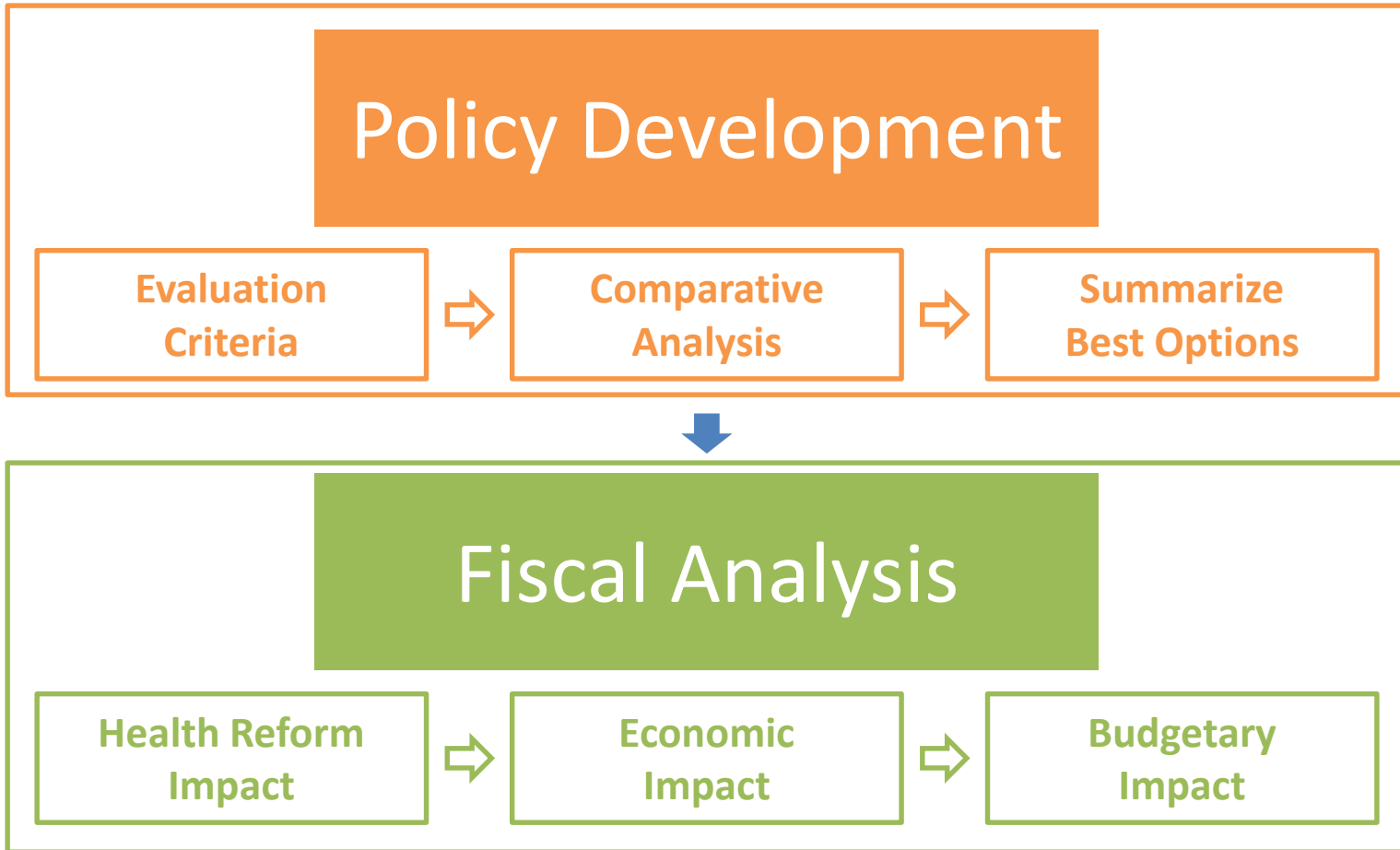
Study Purpose: Section 47 of HSAP

“...[F]iscal analysis of the first 5 years of the establishment and operation of the proposed health security plan established pursuant to the Health Security Act...”

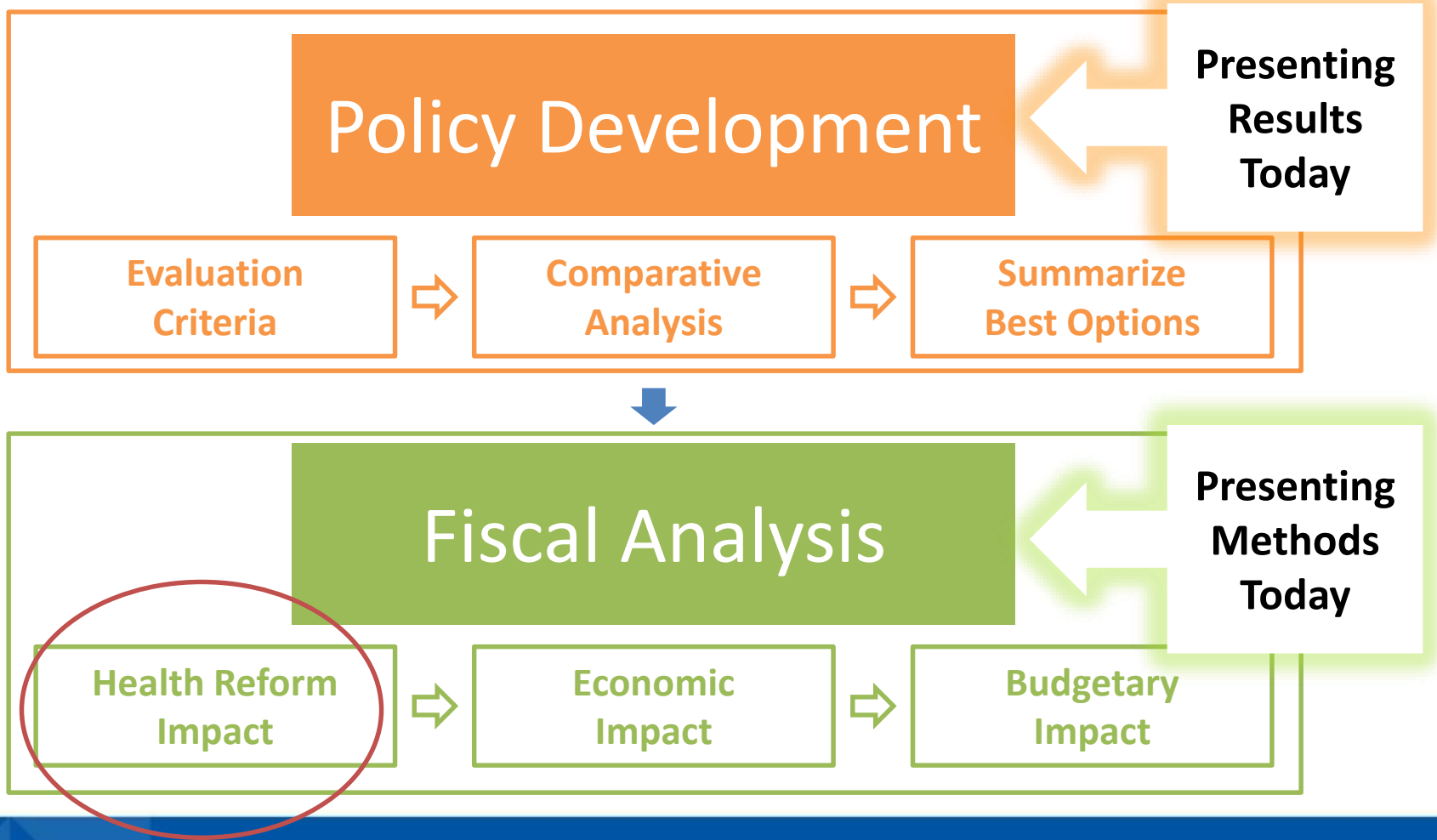
Study Objective

Use economic models to estimate the cost of the Health Security Act Plan for the state of New Mexico and potential revenue sources to pay for the plan.

Project Approach



Status Update



Key Project Deliverables and Deadlines

Deliverable	Deadline
Preliminary Report	April 2020
Presentation to Legislative Interim Committee	April 2020
Draft Final Report	June 2020
Final Report/Presentation	June 2020

Fiscal Analysis of the Health Security Act Plan

KEY ASSUMPTIONS

Required Features of Health Security Act Plan

REQUIRED

State public insurance plan

Covers most state residents

Must live in state 1 year to enroll

Supported by enrollee premiums

Excludes ERISA plans

Benefits \geq state worker plans

Global budgets for hospitals

Non-Required Features of HSAP

REQUIRED

State public insurance plan

Covers most state residents

Must live in state 1 year to enroll

Supported by enrollee premiums

Excludes ERISA plans

Benefits \geq state worker plans

Global budgets for hospitals

Does this replace Medicare?

Does this replace Medicaid?

How will auto enrollment work?

Will a payroll tax be necessary?

Benefits $>$ or $=$ state worker plans?

How will enrollee costs be set?

How will provider rates be set?

NON-REQUIRED

Assumptions for Non-Required Features

NON-REQUIRED

Does this replace Medicare?	No
Does this replace Medicaid?	Yes & No scenarios
How will auto enrollment work?	Retroactive eligibility & premium collection via tax filing
Will a payroll tax be necessary?	We will assess need and estimate tax requirements if needed
Benefits > or = state worker plans?	Benefits = state worker plans
How will enrollee costs be set?	Various scenarios
How will provider rates be set?	Initially, baseline rates; lower over time for admin and global budget savings

Simulating Costs of Eight HSAP Scenarios

	Less Generous ← Cost-Sharing Scenarios* → More Generous			
Medicaid Enrollees	ACA Marketplaces	Employer Plan	Medicare for America	No Cost-Sharing
Include	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Exclude	Scenario 5	Scenario 6	Scenario 7	Scenario 8

*Details on cost-sharing and premiums for scenarios are shown in Table 3 on page 11 on Draft Analysis Plan document

Fiscal Analysis of the Health Security Act Plan

DATA SOURCES

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Use data specific to
New Mexico

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New Mexico Enrollment, Use, and Spending

Medicaid

NM Indicator-Based Info. System

CMS-64 Expenditure Reports

Managed Care Expenditure Reports

Uninsured

American Community Survey

NM Hospital Inpatient Database

NM Emer. Room Encounter Data

Employer

Insurance Public Filings

HCCI Claims Database

IBAC Cost and Utilization Trends

Non-Group

Medical Loss Ratio Public Use File

Landscape Public Use File

Healthcare Administrative Burdens

Admin costs for New Mexico
hospital facilities

Medicare Cost Report
Centers for Medicare & Medicaid
Services

Wages for New Mexico
healthcare admin staff

American Community Survey
U.S. Census Bureau

Admin time for New Mexico
physicians and nurses

Workforce Licensure Survey
University of New Mexico

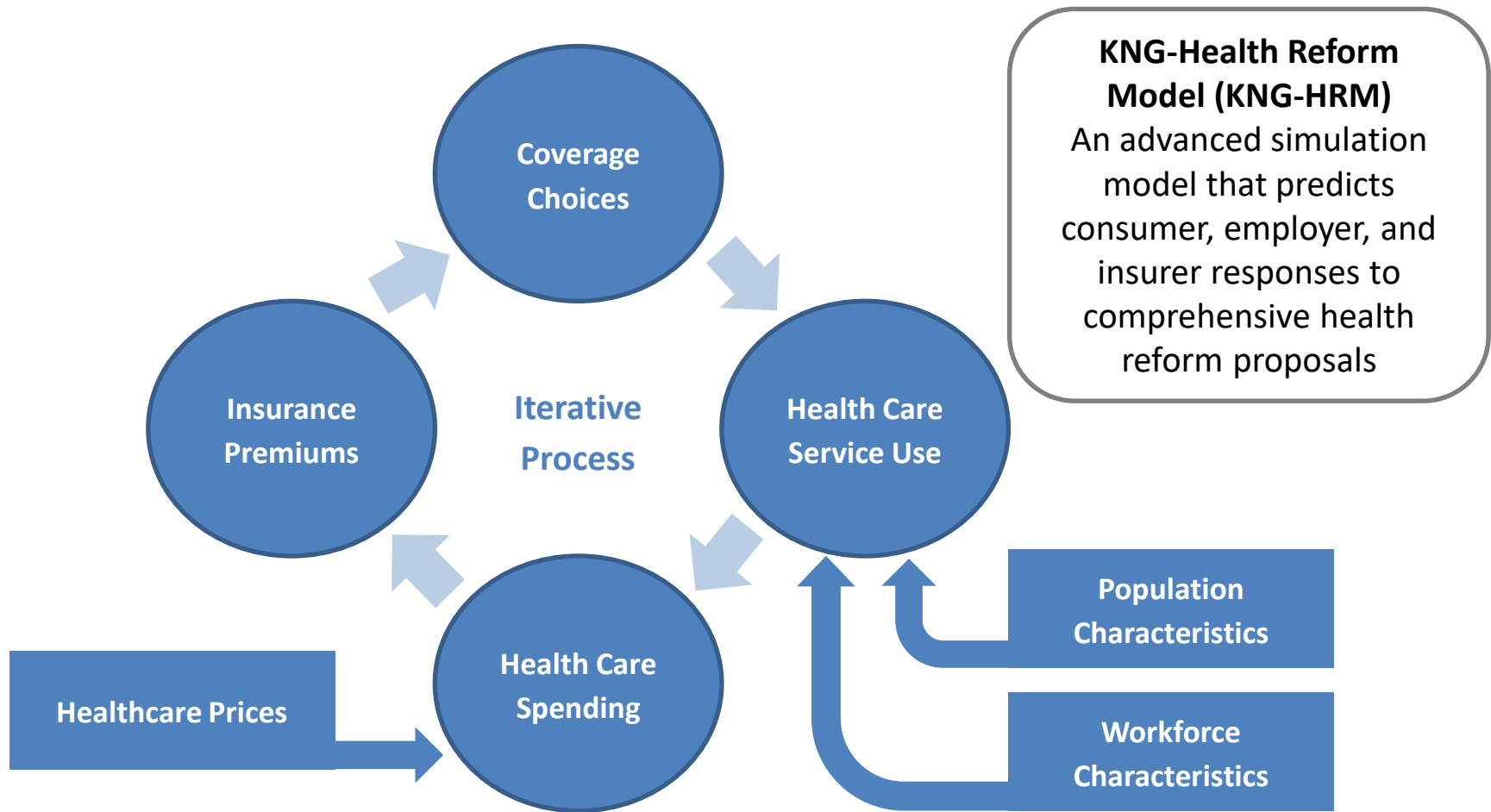
Impact of HSAP on
Administrative Costs

Published Studies

Fiscal Analysis of the Health Security Act Plan

ANALYTIC APPROACH

Estimating Impacts: KNG Health Reform Model



Six Key Health Reform Impact Assumptions

- 1 Self-insured employers will only drop coverage for “significant” savings
- 2 Workers will keep employer coverage unless it becomes “unaffordable”
- 3 Provider payment rates will decrease in proportion to administrative savings
- 4 Utilization will increase with coverage gains or declines in cost-sharing
- 5 Hospital utilization will decrease due to global budgets
- 6 Utilization will be constrained by available provider supply