Health Care Reform Policy Development in New Mexico

Resources for Change

June, 2011

INTRODUCTION

The Patient Protection and Affordable Care Act (PPACA) (PL 111-148) enacted March 23, 2010, and the Health Care and Education Reconciliation Act of 2010 (PL 111-152), enacted March 23, 2010, are the culmination of more than 70 years of attempts (some successful, some not) by the federal government to expand health care access and coverage.

Reforms under the Patient Protection and Affordable Care Act (PPACA) (PL 111-148) have brought an end to some of the worst abuses of the insurance industry. These reforms have given Americans new rights and benefits by helping more children get health coverage, ending lifetime and most annual limits on care, allowing young adults under 26 to stay on their parent's health insurance, and giving patients access to recommended preventive services without cost.

Many other new benefits of the law have taken effect, including 50% discounts on brand-name drugs for seniors in the Medicare "donut hole" and tax credits for small businesses that provide insurance to employees. More rights, protections and benefits for Americans are on the way through 2014, but it will take cooperation, coordination, and communication.

PPACA as enacted, and if fully funded, has the potential to dramatically improve overall health care for New Mexico's vulnerable children, families and adults. This document reviews the current status of consumer access to health care services; the coverage vehicles consumers utilize; and the quality of service delivered.

If funding accompanies the law changes, by 2014 various components of access, coverage, and quality will be on the road to expansion and improvement. We have reviewed the initiatives envisioned by PPACA and how it may impact our health care system now and in the future.

This document supports the W.K. Kellogg Foundation award to Con Alma Health Foundation (CAHF) for a six-month strategic planning grant to help guide New Mexico's implementation of the federal Patient Protection and Affordable Care Act.

Major references for this project include:
www.healthcare.gov, Washington: U.S. Department of Health and Human Services, 2011.

CCH's Law, Explanation and analysis of the Patient Protection and Affordable Care Act Including Reconciliation Act Impact, Volumes 1 & 2. Boston: Wolters Kluwer Law & Business Aspen Publishers, 2010.

EXECUTIVE SUMMARY

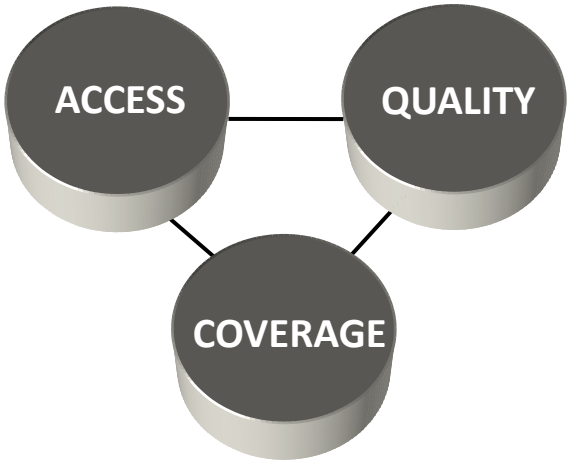
The W.K. Kellogg Foundation awarded Con Alma Health Foundation (CAHF) a six-month strategic planning grant to help guide New Mexico's implementation of the federal Patient Protection and Affordable Care Act (PPACA). Building on a decade of bringing people and organizations together to improve health, CAHF serves as an unbiased and trusted convener of stakeholders to develop shared and realistic goals, and leverage federal funding. Findings and recommendations will serve as a strategic blueprint for New Mexico's state-specific implementation of the PPACA requirements.

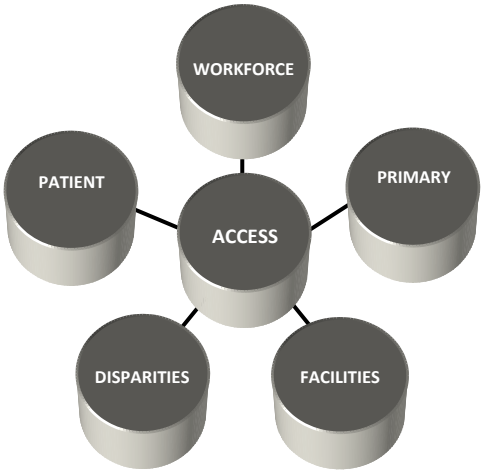
PPACA (PL 111-148), enacted March 23, 2010, and the Health Care and Education Reconciliation Act of 2010 (PL 111-152), enacted March 23, 2010, are the culmination of more than 70 years of attempts (some successful, some not) by the federal government to expand health care access and coverage.

Reforms under PPACA (PL 111-148) have brought an end to some of the worst abuses of the insurance industry. These reforms have given Americans new rights and benefits, by helping more children get health coverage, ending lifetime and most annual limits on care, allowing young adults under 26 to stay on their parent's health insurance, and giving patients access to recommended preventative services without cost.

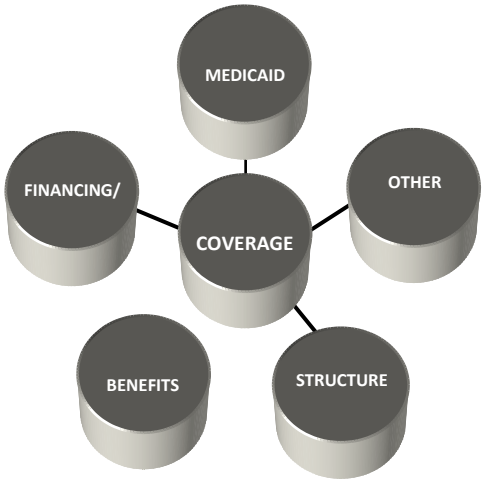
Many other new benefits of the law have taken effect, including 50% discounts on brand-name drugs for seniors in the Medicare "donut hole" and tax credits for small businesses that provide insurance to employees. More rights, protections and benefits for Americans are on the way through 2014, but it will take cooperation, coordination, and communication.

PPACA as enacted, and if fully funded, has the potential to dramatically improve overall health care for all New Mexico citizens. This document reviews the current status of consumer access to health care services; the coverage vehicles consumers use; and the quality of service delivered.





Consumer **access** to health care services encompasses workforce availability, access to primary care providers, and access to hospitals, facilities, and services. This access to health care can be restricted by lack of patient knowledge and easily accessible information. Consumer access to health care can only be accomplished by addressing the problems



Health care **coverage** vehicles include Medicaid, other Government coverage, structure options, benefits, and

Health care **quality** includes healthy lifestyles, continuous quality improvement, payments, transparency, and health

An inventory of Legislative Activity, Federal PPACA Grants and Other Implementation Activities were presented.

- During the 2011 Legislative Session 1591 bills, memorials and constitutional amendments were introduced. Out of those, over 100 in some way addressed health care issues and health reform concerns.
- Since enactment of PPACA on March 23, 2010, the Department of Health and Human Services has awarded $62.3 million in new grant funding available in New Mexico, and helped many residents and employers take more control of their health care – from new patient protections to new coverage options.
- Due to the percentage of the New Mexico population with incomes below the Federal Poverty Line (FPL), concerted PPACA implementation efforts should be addressed for our vulnerable populations – children, families, and adults in need.
- Foundations have a role in bringing together leaders of various communities – Native American, African American, Children, Women, Seniors, Hispanics, Nonprofits, Healthcare, Education, Business – to create networks. A network could provide guidance and strategic planning, design, and advice to help implement health care reform in New Mexico.

If funding accompanies the law changes, by 2014 various components of access, coverage, and quality will be on the road to expansion and improvement. We have reviewed the initiatives envisioned by PPACA and how it may impact our health care system now and in the future.

SUMMARY AND ANALYSIS OF PPACA EFFORTS

LEGISLATIVE

During the 2011 Legislative Session 1,591 bills, memorials and constitutional amendments were introduced. Out of those introduced bills, over 100 in some way addressed health care issues and health reform concerns.

Health Insurance Exchange

Most significant to health insurance reform and the PPACA legislation were the bills specifically calling for the creation of a New Mexico Health Insurance Exchange. Several exchange bills were introduced: HB34 (Representative Picraux); HB 584 (Representative McMillan); SB 38 (Senator Feldman); and SB 370 (Senator Muñoz). SB 38 combined with SB370 eventually passed both the Senate and the House largely along party lines (Democrats supporting/Republicans opposing), only to be vetoed by the Governor. SB 38/370 would have enabled the creation of a statewide exchange and the development of a plan for how such an entity would work. The Governor's veto leaves the state without the ability to apply for additional PPACA funding to work on exchange planning and implementation. PPACA mandates that an exchange be in place within a state by January 1, 2013.

Cooperatives

Another significant bill also passed and signed by the Governor was SB 89 (Senator Muñoz) enabling the creation of health insurance purchasing cooperatives among employers. A nonprofit organization could be formed by both large and small employers including associations to offer various health insurance plans to their employees. The cooperatives would be regulated by the Department of Insurance. Several of the Chambers of Commerce in the state are already working to develop this private coop/exchange model. A successful business coop/exchange could morph into a PPACA exchange with legislative and executive action.

Medical/Health Homes

HB 34, (Representative Picraux) to require the managed care organizations to support the creation of medical homes was pocket vetoed by the governor. The use of medical homes or health homes as referred to in PPACA are significant in the implementation of federal health reform plans.

Dental Providers

A number of bills attempted to address the shortage of dental providers. As indicated in this report, many areas of the state have insufficient dental services available, especially for low-income children and families. HB 187 (Representative Ed Sandoval), which was signed by the

Governor, expands the scope of practice of dental hygienists and other dental auxiliary providers. Though another bill creating a new category of dental provider failed, HB 187 may help provide greater access to dental services in areas of the state where dental hygienists provide care.

Nursing Education Funding

HB 103 (Representative E. Chavez) would have required the Higher Education Department (HED) to work with college and university schools of nursing to streamline the curriculum for nursing education. Another piece of legislation by Representative Chavez, HJM 14 asked HED to study the funding formula and other funds for the schools of nursing. Both bills failed, but if passed and signed would have assisted in addressing systemic issues which slow public higher education from adequately funding nursing education. As indicated in this report, New Mexico along with the nation faces an ongoing nursing shortage. Further exacerbating these funding issues, the legislature cut funding in half to most schools of nursing and reduced the HED Nursing Enhancement fund by $2.5 million from $3.2 last fiscal year.

Workforce

SB 14 (Senator Feldman), which was signed by the Governor, requires all health care licensing boards to collect workforce data on their licensees. If funding to the Department of Health becomes available, cumulative data from the boards would be collected and analyzed to determine current and future workforce needs.

Health Policy Commission and Finance Department

SB 15 (Senator Feldman), HB 94 (Representative Picraux), and SB 162 (Senator Lopez) all addressed the creation of a cabinet-level Health Policy and Finance Department through combining several health departments and creating a planning division within them. All three bills failed, ending efforts in 2011 to coordinate and plan health care delivery and policy.

Other Health Insurance Reform

SB 5 (Senator Cisneros) provided that the Health Security Act if passed and signed would have created a health coverage system through a combination of public and private financing. The system would create one entity to be responsible for funding and delivering all health care "insurance."

Insurance Rate Review

SB 208 (Senator Feldman) combined with SB 499 (Senator Papen) amended sections of the New Mexico Insurance Code to provide greater transparency and new standards for review of applications for health insurance premium rate increases. The combined bill was passed and signed by the Governor.

Medicaid

HB 372 (Representative King) proposed a new section of the Public Assistance Act requiring the Human Services Department to submit a written fiscal impact analysis to LFC and DFA at least 60 days prior to submitting any proposed changes to the State Medicaid plan for federal approval. The bill passed both chambers, but was pocket vetoed by the Governor.

General Health Care Reform

Senator Feldman introduced SJM 1, which would have continued the 2010 health care reform working group. As indicated in this report, the working group agreed upon numerous recommendations concerning health insurance reform and health insurance exchanges. Many of those recommendations were contained in failed legislation. Although the joint memorial passed both chambers, the Legislative Council Service did not fund its continuation, citing financial concerns.

Health Care Provider Protection and Ombudsman Act

SB 22 (Senator Ortiz y Pino) if passed would have created a managed care ombudsman to investigate patient and provider complaints and to aid in resolving disputes.

Insurance

SB 608 (Senator Feldman) attempted to place PPACA insurance provisions into the State of New Mexico insurance law. The bill was introduced late and did not pass.

EXECUTIVE

Governor Martinez exercised her veto pen on the legislation related to the creation of a state health insurance exchange, SB 38/370. In her veto message she indicated "general support for the creation of a framework to establish a state insurance exchange. However, this legislation is premature because federal law does not require the state to demonstrate its readiness to run an exchange before January 2013…" She further stated that challenges to components of the law are in federal court now so the state should wait to implement any state exchange legislation. This veto, coupled with her signature on a Republican governors' letter to Secretary of Health and Human Services Sebelius requesting reconsideration of PPACA and a number of recommendations giving states more flexibility, strongly indicates her overall lack of support for action on a PPACA defined exchange.

The Governor's administration has mentioned the possibility of an executive order to create a minimal exchange structure; however, no timeframe has been indicated. Several state governors are utilizing executive orders to begin work on their exchanges. Staff in the administration have suggested to members of the business community that a small business exchange somewhat along the lines of that in Utah would be viewed favorably. The

administration was very enthusiastic about Senator Muñoz's cooperative bill enabling associations to create business exchange-like entities.

GRANTS

Since enactment of the PPACA on March 23, 2010, the Department of Health and Human Services has awarded $62.3 million in new grant funding available in New Mexico and has helped many residents and employers take more control of their health care – from new patient protections to new coverage options:

$1 million to Plan for a Health Insurance Exchange. New Mexico will use these funds to:

- Fund a financial modeling tool and report.
- Determine the changed distribution of health insurance coverage by payer.
- Study and begin to implement the details of implementing the Exchange(s).
- Provide follow-up research and analyses.
- Consider a regional Exchange for group purchasing or collective IT vendor.

$1 million to Crack Down on Unreasonable Insurance Premium Increases. New Mexico will use the $1 million in grant funding made available to:

- Pursue Additional Legislative Authority.
- Improve the Review Process.
- Increase Transparency and Accessibility.
- Develop and Upgrade Technology.

19,941 Medicare Part D "Donut Hole" Rebate Checks.

322 Uninsured New Mexico Residents Enrolled in the Pre-Existing Condition Insurance Plan.

More than $226,000 to Support a Consumer Assistance Program.

6 Employers Enrolled in Early Retiree Reinsurance Program.

$4.73 million in Therapeutic Discovery Project Program Tax Credits and Grants (biomedical research).

$1.2 Million in Grants from the Prevention and Public Health Fund.

Other Grants Made Available in New Mexico:

- $430,000 for Maternal, Infant and Early Childhood Home Visiting Programs.
- $500,000 for Aging and Disability Resource Centers.

- $300,000 for Medicare improvements for patients and providers.
- $26.4 million to support capital development in health centers.
- $1.3 million for the Pregnancy Assistance Fund Program.
- $1.5 million to implement the National Background Check Program for long term care workers.
- $23.7 million for Money Follows the Person demonstration project.

Governor Bill Richardson's administration set up the Office of Health Care Reform Leadership Team, comprised of executive agency decisionmakers. The Leadership Team completed a Transition Plan in December 2010. One of its recommendations under Leadership, Resources, and Support included: Use the Office of Heath Care Reform as a central entity for housing and reporting data on all PPACA grants to ensure accuracy of grant tracking and federal reporting for all state agencies.

Leadership Team member New Mexico Department of Health was tasked with the compilation of available PPACA grants, application dates, eligible applicants, grant amounts, whether the grant was submitted, and amounts awarded. http://www.hsd.state.nm.us/pdf/hcr/HCRSpreadsheet6-30-11.pdf The system is only as good or as accurate as the voluntary reporting from entities around the state. The report indicates that the majority of funds available to the state have not been applied for or the information is unknown whether entities applied. There is no current mechanism for the collection of data from all eligible institutions in the state.

A top priority for the newly created Office of Health Care Reform under Governor Martinez should be to gather information about available funds that could come into New Mexico. The newly created office could coordinate the dissemination of information, the availability and purposes of funds, and the collection of entities applying for the funds. Coordination, communication, and collaboration in these grant application efforts could spell success for New Mexico.

OTHER

Due to the poverty level in the state, concerted PPACA implementation efforts should be addressed to our vulnerable populations – children, families, and adults in need.
In the near term, legislative action on a PPACA health insurance exchange may be futile. The current governor has not expressed immediate interest in PPACA implementation. If the executive branch is uninterested in a state-controlled PPACA exchange, the governor will not place it on the "call" in the 2012 legislative session, curtailing the legislature's ability to even discuss the issue.

Possible actions without legislation:

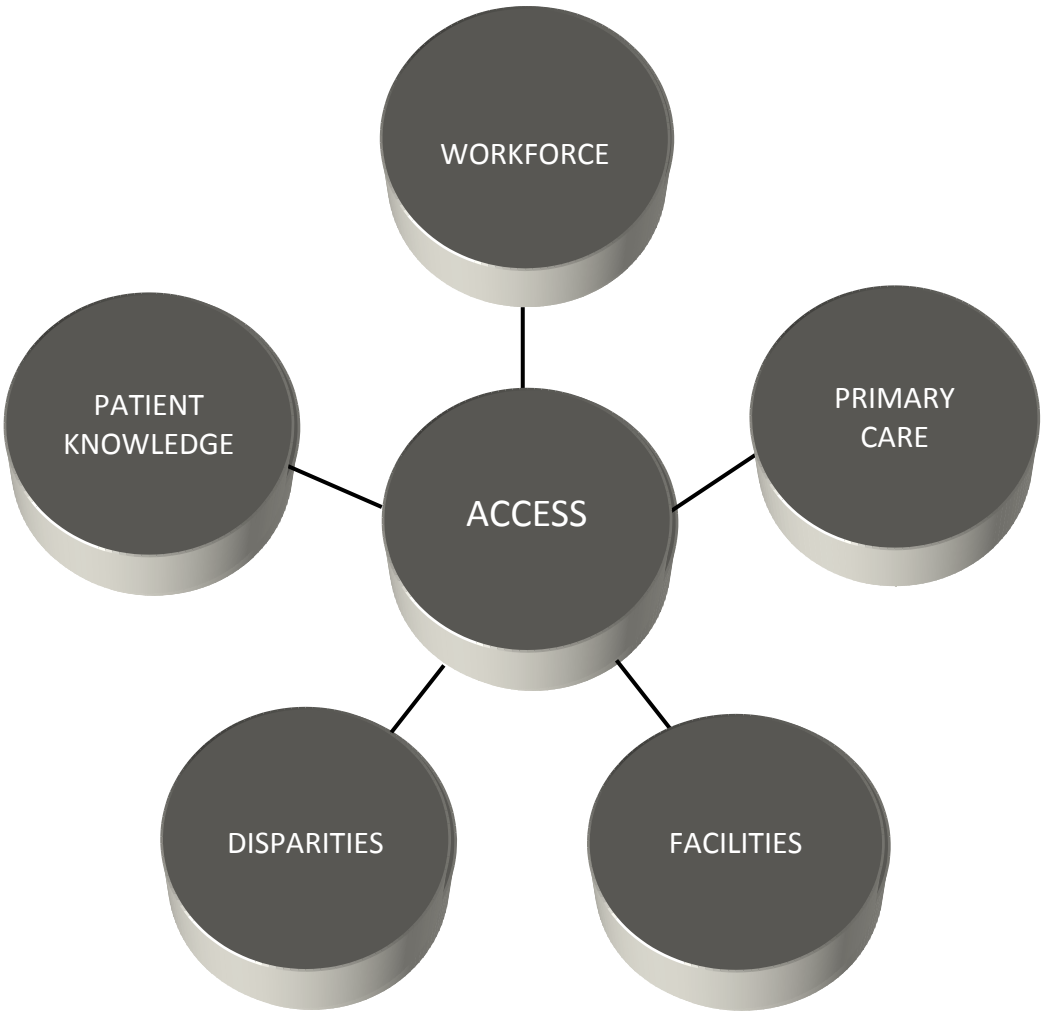
- Businesses could join together through their chamber of commerce to create a small

business exchange or business co-ops.

- Colleges and universities can continue to pursue funding for workforce enhancement and participate in statewide workforce task forces.
- Licensing boards can collect new and detailed workforce data.
- Educational institutions could take on the role of health policy research for the state.
- Nonprofit groups could address a meaningful role in outreach to individuals to access health care.
- Nonprofits can take leadership roles in accessing PPACA funds.
- Local foundations could partner with national foundations to fund local PPACA efforts – research, outreach, dissemination of information.

Foundations have a role in bringing together leaders of various communities – Native American, African American, Children, Women, Seniors, Hispanics, Nonprofits, Health care, Education, Business – to create networks. A network could provide guidance and strategic planning, design, and implementation advice to help implement health care reform in New Mexico.

ACCESS


WORKFORCE
PATIENT KNOWLEDGE
ACCESS
PRIMARY CARE
DISPARITIES
FACILITIES

ACCESS

PROVIDER WORKFORCE

TODAY	2014
• NM ranks 32nd in the US with the number of licensed, registered physicians. • Nursing Shortage – NM ranks 50 out of 51 states in the number of nurses per 100,000 people. • Advance Practice Nurse Shortage - nurse practitioners, certified registered nurse anesthetists and nurse midwives are critical providers in New Mexico whose numbers are also lower than national average. • Dentists Shortage – NM ranks 49th in the number of dentists per capita. • Dental hygienists meet some of need, but do not practice independently. • New Mexico community colleges and universities cannot graduate enough physician or nursing students to meet our current need. • New Mexico has no dental school. • New Mexico has five dental hygiene schools meeting some of the current need.	⇒ Physician Shortage – PPACA will increase physician demand by 25%. ⇒ Reductions in state funding to our higher education system are impacting the ability of our schools to graduate additional health care providers. ⇒ PPACA funding though available may not flow to New Mexico in sufficient amounts to assist in our provider shortages. ⇒ PPACA expands federal student loans for primary care (Section 5201). ⇒ PPACA expands nursing student loans (Section 5202). ⇒ PPACA funds training in dentistry (Section 5302). ⇒ PPACA funds advanced nursing education grants for nurse practitioners and nurse midwives (Section 5308). ⇒ PPACA funds planning grants to establish Primary Care Extension Program State Hubs (Section 5405).

ACCESS

PRIMARY CARE

TODAY	2014
• Only 4% of UNM Medical School graduates choose primary care. • NM needs 400-600 new primary care providers immediately • Over 66% of primary care physicians live in the Rio Grande Corridor. • 55 Physician Assistants provide primary care services. • Many of the 931 CNPs provide primary care, but we don't know exactly how many.	⇒ Reductions in state funding to our higher education system are impacting the ability of our schools to graduate additional health care providers. ⇒ PPACA funding though available may not flow to New Mexico in sufficient amounts to assist in our provider shortages. ⇒ PPACA expands federal student loans for primary care (Section 5201). ⇒ PPACA funds advanced nursing education grants for nurse practitioners and nurse midwives (Section 5308). ⇒ PPACA funds planning grants to establish Primary Care Extension Program State Hubs (Section 5405).

ACCESS

FACILITIES/SERVICES

TODAY	2014
• Forty-three hospitals in New Mexico 7 of which are designated trauma centers. • Hospitals provided $384,000,000 in uncompensated care in 2006. • Ninety-five community based clinics serving over 300,000 patients with 1 million visits. • Seventy-nine home health and hospice agencies. • Seventy-one certified nursing homes serving 59% Medicaid residents. • Private providers' offices unknown.	⇒ PPACA allows states to amend state plans to provide home and community-based attendant services for those below 150% of poverty. ⇒ Value-Based Purchasing under PPACA may actually adversely impact hospitals, nursing homes and home health care in the short run. ⇒ Hospitals will see reduced payments for excessive readmissions. ⇒ Annual market updates will reduce hospital and home health care payments in the short run. ⇒ Grants of Trauma services will be available. ⇒ Medicare hospice demonstration projects will be funded. ⇒ PPACA reduces funds for hospital – acquired conditions. ⇒ Accountable Care Organizations may be created much like managed care. ⇒ Nursing homes and home health care will see Medicare cuts.

ACCESS

PATIENT KNOWLEDGE

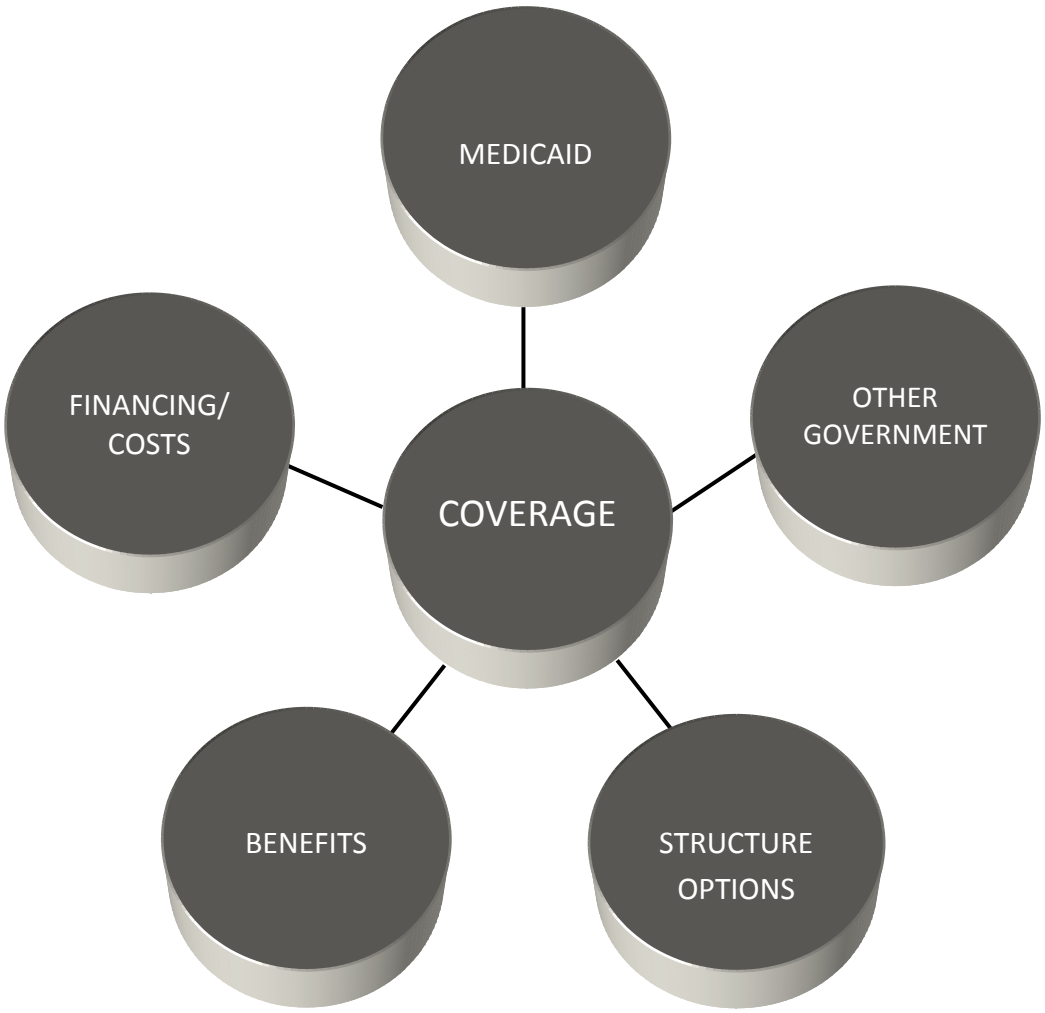
TODAY	2014
• Numerous advocacy websites are available to research general information on health insurance reform. • State government websites enable consumers to determine state benefits for which they are qualified. • Various health insurance plans are available via the Internet. • Advocacy groups and organizations provide information on their websites. • Consumers without Internet access have a more difficult time finding complete information.	⇒ PPACA requires the creation of a state exchange of some type by January 2014 or the federal exchange must be utilized. ⇒ An exchange must have a "portal" for consumer access. ⇒ The portal may not be accessible to those without Internet access or Internet knowledge. ⇒ The exchange must "educate" consumers as well as enable them to review different insurance plans and compare costs. ⇒ Navigators must be utilized to assist consumers.

ACCESS

DISPARITIES

TODAY	2014
• Thousands of New Mexicans have limited or no access to health care services creating health disparities. • Life expectancy and quality of life are impacted by health disparities. The Native Americans under 65 die at higher rates than whites under 65. • Health care can come too late because of cultural barriers or language issues. • New Mexico has the highest number of uninsured women in the country. • Over 20% of children live in poverty. • Teenage pregnancy is higher for Hispanics. • Undocumented people are still in the health systems, especially the emergency system. Many wait until conditions are dire before entering hospitals.	⇒ Medicaid will be expanded to serve adults at 133% of poverty. ⇒ PPACA requires expansion of primary care coverage. ⇒ PPACA requires training of providers on diversity. ⇒ PPACA requires the collection of data to determine if programs are working. ⇒ Undocumented people are not covered under PPACA.

COVERAGE


MEDICAID
FINANCING/ COSTS
COVERAGE
OTHER GOVERNMENT
BENEFITS
STRUCTURE OPTIONS

COVERAGE

MEDICAID

TODAY	2014
There are approximately 40 categories of eligibility within New Mexico Medicaid. Some of these include the following: • The Human Services Department's Medical Assistance Division is responsible for all Fee for Service (FFS) provider payments as well. • Salud! - Services are provided by contracted Managed Care Organizations (MCOs) to provide Medicaid services to eligible and enrolled citizens. • Children's Health Insurance Program (CHIP) – expands Medicaid coverage guidelines for children up to age 19 in households with family income between 185%-235% FPL. • Family Planning & Pregnancy - covers pregnant women in families for pregnancy related services only and whose income is below 185% of the FPL. • JUL Medicaid - covers families with dependent children who also qualify for TANF. • New MexiKids - provides no cost or low cost health care coverage for children 0-12 in households with incomes up to 235% FPL. • New MexiTeens - provides no cost or low cost health care coverage for children 13-19 in households with incomes up to 235% FPL. • Working Disabled Individuals (WDI) - covers disabled working individuals who, because of earnings, do not qualify for Medicaid under any other programs. • Native Americans -Native American Medicaid recipients who are otherwise eligible for Salud! will receive Medicaid coverage or have the ability to opt out.	⇒ PPACA (PL 111-148) expands Medicaid to cover low-income adults and children with incomes up to 133 percent of FPL. (Section 2001) ⇒ Millions of low-income parents, non-disabled adults who do not have dependent children (and who are generally ineligible for Medicaid today except in a small number of states) will become newly eligible for health coverage through Medicaid as a result. ⇒ In some instances, children now covered through the Children's Health Insurance Program (CHIP) will become newly eligible for health coverage. ⇒ The coverage expansion to individuals with incomes up to 133 percent of the FPL represents a sharp increase in coverage and the state increase in spending will be 3.0% in NM. ⇒ Increase in adult Medicaid enrollment relative to New Mexico baseline with lower participation rate assumption is 28.3% with a state cost of $194 million and a $4.5 billion federal match or an increase in adult Medicaid enrollment relative to New Mexico baseline with the higher participation rate is 39.4% with a state cost of $278 million and a $5.6 billion federal match. ⇒ Basic match from federal government for existing enrollees remains at 66-75%. ⇒ Federal government enhancement match for expansion enrollees will be 100% for 2014-2016, 95% for 2017, and 90% for 2020 on.

COVERAGE

OTHER GOVERNMENT COVERAGE

TODAY	2014
• New Mexico Medical Insurance Pool (NMMIP) – 8,200 enrollees The Pool was created to provide access to health insurance coverage to residents of New Mexico who are denied health insurance and considered uninsurable. • State Employee Benefits – 33,000 enrollees An eligible employee of state government or local public body includes anyone hired as classified, exempt, probationary, temporary, term or hourly and working at least 20 hours per week. • State Retirees (RHCA) – 48,000 enrollees Provides medical, pharmacy, dental, and vision plans to members in both Medicare and non-Medicare plans. These may overlap. • State Coverage Insurance (SCI) – 43,000 enrollees and 32,000 on waiting list Program offers affordable health care coverage to low -income working adults primarily through an employer-based system and is available to uninsured, low-income adults, ages 19 through 64, with countable family incomes of up to 200% of FPL. • Medicare – 309,000 enrollees. • Other Government Coverage – Military, VA, & Federal Employees – 51,000 enrollees.	⇒ Federal Insurance Pool – will be incorporated into state exchange offerings. State and federal pool could be phased in. (Sections 1101 & 1105) ⇒ State Employee Benefits and Retiree Health Care Authority – Allowed to continue as self insured plans. One year after enactment of PPACA, the Secretary of the Deptartment of Labor will prepare an aggregate annual report on self insured plans. (Section 10101 amending Section 1253 as Section 1255) ⇒ SCI - could be converted to a premium assistance program for children and families who have access to employer sponsored insurance that is cost effective. Could also be included in a basic health plan. (Section2003) ⇒ Medicare Improvements for Patients and Providers – all provisions of the Health Care and Education Reconciliation Act (PL 111-152) have repealed provisions in PPACA and are under current consideration by Congress. ⇒ Other Government Coverage – will be eligible for participation in state exchange.

COVERAGE

STRUCTURE OPTIONS

TODAY	2014
• New Mexico Medical Insurance Pool (NMMIP) – 8,200 enrollees The Pool was created to provide access to health insurance coverage to residents of New Mexico who are denied health insurance and considered uninsurable. • New Mexico Health Insurance Alliance (NMHIA) - The Alliance has been providing access to small businesses and qualified individuals for more than 16 years. In recent years, the Alliance serves between 4,000– 6,000 members annually. • Medicaid -There are approximately 40 categories of eligibility within New Mexico Medicaid. Some of these include the following. The Medical Assistance Division is responsible for all Fee for Service (FFS) provider payments as well. Enrollment through February 2011 was 503,000 individuals in New Mexico. • Brokers/Agents – Approximately 1000 licensed selling health products directly to consumers in the state. • Self Insured Employers – i.e. governmental bodies pooling. • Co-ops – State statute allows a nonprofit corporation to organize as a private health insurance cooperative to purchase health insurance. • Small employer group insurance – An employer who employed an average of at least two but not more than fifty employees on business days during the preceding calendar year. 7 companies and 72 plans listed on the federal website. • Large employer group insurance - An employer who employed an average of at least fifty-one employees on business days during the preceding calendar year.	⇒ Basic Health Program: In a state that implements BHP, eligible consumers may not obtain subsidized coverage in the exchange. Instead, they are covered through state contracts with health plans or providers. ⇒ American Health Benefit Program: By January 1, 2014, each state must establish a state-based exchange administered by a governmental agency or nonprofit organization, through which individuals can purchase qualified coverage. (Section 1311) ⇒ SHOP Exchange: Each state is required by PPACA to establish a Small Business Health Options Program, designed to assist small employers (i.e. with 100 or fewer employees) in the state in enrolling their employees in qualified health plans in the state's small group market. ⇒ Insurance Co-Op: A non-profit entity in which the same people who own the company are insured by the company. Cooperatives can be formed at a national, state or local level, and can include doctors, hospitals and businesses as member-owners. ⇒ Combined Exchange for Individuals and Small Employers -A state may elect to provide for only one state Exchange that would provide both American Health Benefit Exchange services and SHOP exchange services to both qualified individuals and qualified small employers. (Section 1311)

COVERAGE

BENEFITS

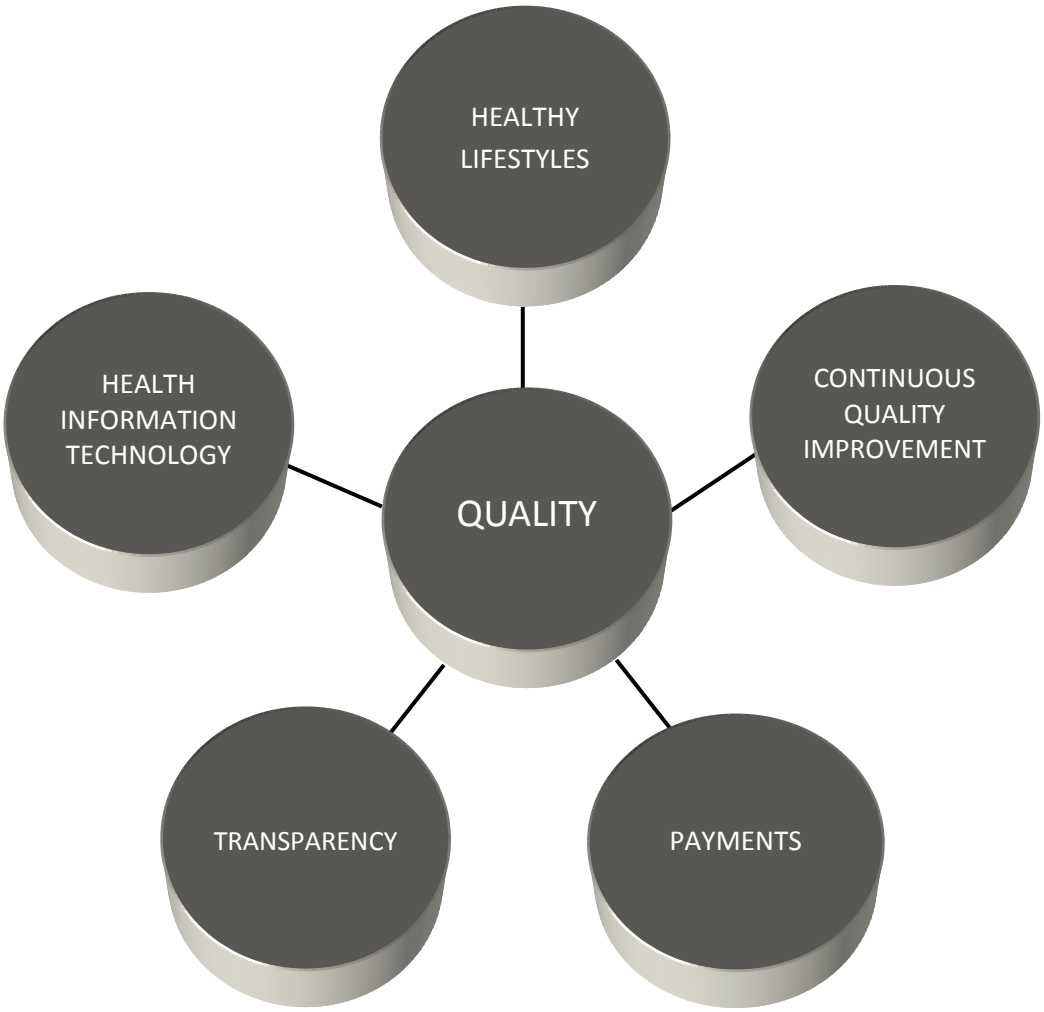
TODAY	2014
No companies in New Mexico currently offer all ten essential health benefits for small employer groups or to individuals. Companies offering health plans to Small Employer Groups in NM: • Blue Cross Blue Shield of New Mexico • John Alden Life Insurance Company • Lovelace Health System, Inc. • Lovelace Insurance Company • Presbyterian Health Plan • Presbyterian Insurance Plan • Time Insurance Company • Trustmark Life Insurance Company • United Healthcare Insurance Company Companies offering health plans in New Mexico to individuals: • Blue Cross Blue Shield of New Mexico • Celtic Insurance Company • Humana • Lovelace Insurance Company • Presbyterian Insurance Plan • DOL Study: Selected Medical Benefits Type of plan and overall plan limits: Of employees covered by an employer health benefits plan, 79 percent received benefits under a fee-for-service arrangement (PPOs) in 2009, the remaining 21 percent were covered by a health maintenance organization (HMO. Covered services and cost-sharing Nearly everyone who has employment based health benefits has: medical, dental, and vision services such as hospital room and board, inpatient and outpatient surgery, and physician office visits.	Qualified Health Plan: (Section 1301) Under PPACA, starting in 2014, an insurance plan that is certified by an Exchange, provides essential health benefits, follows established limits on cost -sharing (like deductibles, copayments, and out-of-pocket maximum amounts), and meets other requirements. A qualified health plan will have a certification by each Exchange in which it is sold. Essential Health Benefits: (Section 1302) A set of health care service categories that must be covered by certain plans including at least the following general categories: ⇒ ambulatory patient services; ⇒ emergency services; ⇒ hospitalization; ⇒ maternity and newborn care; ⇒ mental health and substance use disorder services, including behavioral health treatment; ⇒ prescription drugs; ⇒ rehabilitative and habilitative services and devices; ⇒ laboratory services; ⇒ preventative and wellness services and chronic disease management; and ⇒ pediatric services, including oral and vision care. Levels of Coverage: (Section 1302) Qualified health plans must provide coverage of the essential benefits at either the “bronze”, “silver”, “gold”, or “platinum” levels.

COVERAGE

FINANCING/COSTS

TODAY	2014
• Medical Loss Ratio (MLR) - The Superintendent adopted the 80% MLR contained in PPACA for individually underwritten health care policies, plans, and contracts. For rate filings affecting small and large group markets, the 85% MLR as well as the definitions of market classifications contained in the Insurance Code apply. • Rate Review – A rule that requires insurers to justify unreasonable premium rate increases and post that information on the web for the public to see. Selected states reviewed in September 2011. • Waiver grants – Companies with limited benefits plans could apply for waivers and extensions through 2013. Applications will cease for these waivers on Sept. 22, 2011. • Grants – Funding for states to study, plan, and implement parts of PPACA, i.e. HIE Planning grant, RHCA early retirees, Rate Review grant, Consumer Protection grant, workforce planning grant, etc. • Medicaid – dual eligibles - Alignment initiative to effectively integrate benefits under Medicaid and Medicare. • Premiums – Over ten years, premiums more than doubled, rising by more than $7,500 for the average family with employer sponsored insurance.	⇒ Medical Loss Ratio (MLR) – no further waivers enabled that were granted to states. MLR will be 85% for large group plans and 80% for small group plans and individual market while states may be more stringent. (Section 1001) ⇒ Rate Review – Will have been implemented. (Section 1003) ⇒ Accountable Care Organizations - A group of health care providers who give coordinated care, chronic disease management, and thereby improve the quality of care patients get. The organization's payment is tied to achieving health care quality goals and outcomes that result in cost savings. (Section 3022) ⇒ Bundling of Payments - A payment structure in which different health care providers who are treating you for the same or related conditions are paid an overall sum for taking care of your condition rather than being paid for each individual treatment, test, or procedure. (Section 3021) ⇒ Cost sharing - This term generally includes deductibles, coinsurance and copayments, or similar charges, but it doesn't include premiums, balance billing amounts for non-network providers, or the cost of non-covered services. Cost sharing in Medicaid and CHIP also includes premiums. (Section 1402) ⇒ Review of Rules – Operating rules for two electronic health care transactions – whether a patient is eligible for coverage, and the status of a health care claim submitted to a health insurer. (Section 1104) ⇒ Premiums – In 2014, annual premiums are projected to fall and savings could be as much as $2,300 for middle income families purchasing through exchanges.

QUALITY


HEALTHY LIFESTYLES
HEALTH INFORMATION TECHNOLOGY
CONTINUOUS QUALITY IMPROVEMENT
QUALITY
TRANSPARENCY
PAYMENTS

QUALITY

HEALTHY LIFESTYLES

TODAY	2014
• Individual businesses sometimes offer wellness programs. • Health insurance plans encourage healthy lifestyles. • NM Department of Health supports creating worksite prevention programs. • NM Department of Health funds numerous prevention programs. • State employee benefits program offers a discount on deductibles when employee participates in a Health Risk Assessment. • Interagency Benefits Purchasing Collaborative (IBAC) coordinates prevention services.	⇒ PPACA created the National Prevention Council and requires the development of a National Prevention Strategy. ⇒ PPACA requires Medicaid coverage for tobacco cessation for pregnant women and funding for obesity. ⇒ PPACA has funds for workplace wellness programs; healthy aging projects and prevention. ⇒ PPACA requires creation of risk assessment tools. ⇒ PPACA requires Medicare pay 100% of prevention services.

QUALITY

CONTINUOUS QUALITY IMPROVEMENT

TODAY	2014
• Increased Access to Health Care – Expansion of services offered by Community Health Centers (mental health, substance abuse, and oral health treatment) with federal grants. • Increase health insurance coverage for clinical preventative services. • Increase counseling about health behaviors. • Increase core competencies in health provider training to include health promotion and health disparities. • Medicaid managed care. • Medicare financial bonuses – Experiment with coordinating care for Medicare patients. Pre cursor to accountable care organizations. • Coalitions for quality improvement (AF4Q) – Measuring outcomes of physician and nursing care in hospitals and outpatient settings.	⇒ Accountable Care Organizations - A group of health care providers who give coordinated care, chronic disease management, and thereby improve the quality of care patients get. The organization's payment is tied to achieving health care quality goals and outcomes that result in cost savings. (Section 3022) ⇒ (Many other initiatives discussed Sections 3001 - 3026; 10308; 10321: 10330 – 10337) ⇒ Delivery system research – AHRQ grants. ⇒ Partnership for Patients ⇒ Continued increase in Medicaid Managed Care ⇒ Independence at Home ⇒ Hospital readmissions reduction program ⇒ Community based care transitions program ⇒ Patient navigator ⇒ Hospital value based purchasing program ⇒ Public reporting of physician performance information ⇒ Adjustment to payment for hospital payments for hospital acquired conditions

QUALITY

PAYMENTS

TODAY	2014
• $1 Billion in federal resources appropriated for Implementation of PPACA • Early Retiree Reinsurance Program until 2014 (Section 1102) • Pre-existing Condition Insurance Plan until 2014 (Section 1101) • Payment Suspension during Fraud Investigation (Section 6402) • Productivity Increase or Decrease Adjustment for: ◊ Ambulatory Surgical Centers, ◊ Durable Medical Equipment, ◊ Medical Devices, ◊ Renal Dialysis Services, ◊ Hospice Care, ◊ Inpatient Acute Hospitals, ◊ Hospital Outpatient Services, ◊ Inpatient Rehabilitation Facilities, ◊ Laboratory Services (Section 3401). • Med PAC Study on Medicare Payments in Rural Areas (Section 3127)	⇒ Productivity Increase or Decrease Adjustment to Rates for: ◊ Ambulance Services ◊ Long Term Care Hospitals ◊ Psychiatric Hospitals (Section 3401) ⇒ New Center for Medicare and Medicaid Innovation to Test New Payment Models (Section 3021) ⇒ Accountable Care Organization Rewards (Sections 3022 and 10307) ⇒ Pilot Program on Payment Bundling (Section 3023)

QUALITY

TRANSPARENCY

TODAY	2014
• Aligning Forces for Quality are working in New Mexico on quality and transparency. • Numerous websites exist to help consumers compare providers and facilities. • DOH has a complaint website.	⇒ Consumers must have access to information about health plans. ⇒ Funding is available for expanding consumer assistance programs. ⇒ Physicians and other providers and manufacturers must reveal financial relationships. ⇒ Nursing homes/ home health agencies have new transparency requirements.

QUALITY

HEALTH INFORMATION TECHNOLOGY

TODAY	2014
• Project Echo - Extension for Community Healthcare Outcomes is an innovative healthcare program developed to treat chronic and complex diseases in rural and underserved areas of New Mexico. • SBIRT – Screening, Brief Intervention and Treatment Program of Sangre de Cristo Community health Partnership. • NM Telehealth Alliance - Dedicated to promoting telehealth solutions to deliver quality healthcare throughout the state. • NM Primary Care Association – Pilot project to set up approximately 1/3 of the FQHCs with electronic medical records. • NM Telehealth Commission housed in the Department of Health. • Medicaid support of electronic medical records within provider groups. All reporting and billing completed electronically. • The Health Information Technology Regional Extension Center Program - New Mexico HITREC is a consortium of three nonprofit organizations: LCF Research, the New Mexico Medical Review Association (NMMRA), and the New Mexico Primary Care Association (NMPCA). • New Mexico Health Information Collaborative –The state's designated health information exchange (HIE) network and the community collaborative that has supported its development with time and funding. • New Mexico Medical Review Association – NMMRA is the federally contracted Medicare Quality Improvement Organization (QIO) for New Mexico and the state contracted Medicaid External Quality Review Organization (EQRO).	⇒ Accountable Care Organization Rewards (Sections 3022 and 10307) - A group of health care providers who give coordinated care, chronic disease management, and thereby improve the quality of care patients get. The organization's payment is tied to achieving health care quality goals and outcomes that result in cost savings. ⇒ Administrative Simplification for Electronic Health Care Transactions (Section 1104) ⇒ Streamlined Health Program Enrollment (Sections 1311 & 1413) - Access and Continuity of Care requires Exchanges to evaluate and determine eligibility for applicants in Medicaid, the Children's Health Insurance Program (CHIP), and other health programs. ⇒ Presumptive Eligibility determinations by Hospitals (Section 2202) – Allows hospitals to determine whether children, pregnant women, and certain other populations, based on preliminary information, are eligible for medical assistance under the state plan. ⇒ Improving Health Care through Health Information Technology (Section 2450) Widespread adoption of health information technology ensures patients and providers have access to accurate, private, and secure information. It can improve care quality, prevent medical errors, cut paperwork, and reduce costs—all goals of the Affordable Care Act. The American Recovery and Reinvestment Act invests nearly $20 billion over five years for health information technologies

INVENTORY OF PAST STATEWIDE HEALTH CARE REFORM IMPLEMENTATION ACTIVITIES

Legislative Health & Human Services Committee Report for 2011 (attachment)
This is the final legislative report written by LHHS staff following the conclusion of the 2011 Legislative session.
http://www.nmlegis.gov/Sessions/InterimCommittees/LHHS/2010/Endorsed%20Legislation/MATRIX%20-%20LHHS%20Proposed%20Bills%202011.pdf

SJM 1 Report
SJM1 created a working group comprised of legislators and consumers who met over a period of 6 months to receive input and recommendations from the public and advisory groups concerning the implementation of PPACA in New Mexico.
http://www.nmprc.state.nm.us/insurance/pdf/SJMI_TASKFORCE/SJM1%20Final%20Report%20of%20Healthcare%20Reform%20Working%20Group.pdf

Governor's Health Care Reform Task Force – Transition Report
Governor Richardson by executive order appointed a cabinet task force to work on health care reform. The group provided a transition document to the new administration.
http://www.hsd.state.nm.us/pdf/hcr/OHCR%20Transition%20Plan%20122710.pdf

2011 Legislative Session Report (attachment)
This report highlights all health reform legislation from the 2011 Legislative Session.
NMLR Report from Resources for Change

PPACA funding to New Mexico (attachment)
The Human Service Department keeps track of all available grants through PPACA and other federal legislation. It includes some information on which entities in New Mexico responded to grant RFPs, but it is incomplete.
http://www.hsd.state.nm.us/pdf/hcr/HCRSpreadsheet6-30-11.pdf

Governor's Letters to HHS (attachment)
In February of this year, Governor Martinez signed a letter along with 20 other Republican governors requesting more flexibility with PPACA.
http://www.kaiserhealthnews.org/Stories/2011/February/10/Text-GOP-Governors-Letter-To-Sebelius.aspx