



Medicaid Forward

Unlocking affordable coverage for all New Mexicans

What is Medicaid Forward?

Medicaid Forward is a proposal to advance Healthcare for All New Mexicans—by unlocking Medicaid’s income cap and allowing higher-income New Mexicans to purchase affordable coverage through Medicaid. Because **federal funding is available for these new enrollees—** at New Mexico’s traditional federal match rate of roughly **73%**—the state could use new federal revenue and cost savings to increase provider reimbursement rates.

73%

of costs of Medicaid Forward will be covered by federal government based on New Mexico's traditional FMAP

Why does New Mexico need Medicaid Forward?

Too many New Mexico workers, businesses, and families do not have access to healthcare coverage or affordable options:

Affordable plans on the Exchange are frequently unavailable to workers who are offered an employer-sponsored health plan. Providers are often frustrated with Exchange plans because they can be unpredictable and restrictive when reviewing claims.

75%

of New Mexicans support opening up Medicaid so every state resident can buy into the program and get affordable healthcare. Including a bipartisan majority of:



Democrats



Independents



Republicans

Employer-sponsored health plans impose significant cost burdens on employers. The cost of health benefits is consistently viewed as the most severe problem for small businesses. The average premiums in New Mexico in 2021 per employee were \$7,797 for single coverage and \$21,820 for family coverage.

Employer-sponsored plans also impose significant cost burdens on employees. The average employee contributions in 2021 per small-business employee were \$2,518 for single coverage and \$9,507 for family coverage. And because employer plans are not “portable,” an employee will lose their health benefits if they switch jobs.

Public employee health benefits are costly for public employees. For example, a state employee would pay over 10% of their household income to pay for monthly premiums for a household of 2. Adding in the maximum out-of-pocket costs these employees encounter, these employees could spend up to 1/3 of their income on health benefits alone.

Public employee health benefits are also costly for the state. Because they are provided through self-insured plans, the state pays for 100% of the costs—with no federal money. In 2022, the Legislature dedicated \$785 million to cover these health benefits

What is the Legal Authority to do Medicaid Forward?

Federal law allows states to expand Medicaid to individuals under age 65 whose incomes are above 133% of the federal poverty level (FPL). CMS has clarified that states can remove the Medicaid income cap altogether through this category.

New Mexico's **traditional federal match rate would apply to Medicaid costs for this new group of enrollees—up to any income level.**

This is confirmed by the Social Security Act and analyses from the Medicaid & CHIP Payment & Access Commission (MACPAC) and national healthcare experts. Accordingly, the federal government would pay for roughly 73% of Medicaid costs for this new group of enrollees.

Why use Medicaid?

Medicaid is a popular insurance program in New Mexico. Polling shows that 67% of New Mexicans agree that "Medicaid is a quality, trusted source of health insurance in New Mexico".

Providers and patients like Medicaid because of its breadth and depth of benefits, predictability of coverage, and simplicity of enrollment and reimbursement.

New Mexico has a large number of people enrolled in self-insured public employee health plans, which are fully state-funded. If these employees switch to Medicaid, the federal government would pay for most of their costs, saving the state money.

Why haven't other states done this?

The District of Columbia and Oregon have expanded Medicaid eligibility through this avenue already: DC expanded its Medicaid program to 210% FPL and Oregon expanded its program to 200% FPL.

New Mexico is uniquely positioned to unlock the Medicaid income cap altogether:

- Roughly 60% of New Mexicans are on a public healthcare program already.
- A relatively low percentage of New Mexicans are enrolled on the Exchange (45,664 or less than 3%, in 2022)—low potential for disruption to the existing market.
- New Mexico has a high Medicaid federal match rate (73%).

How can New Mexico implement Medicaid Forward?

Because Medicaid Forward uses existing federal law, New Mexico would need to submit only a state plan amendment—at the direction of the Governor/HSD or the Legislature.

However, New Mexico may consider federal waivers to ensure a smooth transition to Medicaid Forward (e.g., applying for "pass-through" funding, ensuring Exchange-eligible residents qualify for Exchange discounts if they want to remain on a private plan).