

# Medicaid Forward:



Eliminate Medicaid's income eligibility limits and cap healthcare spending at 5% of income for lower costs, enhanced access, and sustainable savings.

## Key insights from the Health Care Authority study

New Mexico can be the first state to remove the Medicaid income limit to allow nearly all residents under age 65 to purchase the same coverage on a sliding scale through Medicaid Forward. Currently, only the District of Columbia has expanded Medicaid to 215% of the federal poverty level. By acting now, New Mexico can lead the nation in providing affordable healthcare, transforming lives and strengthening communities.

As mandated by House Bill 400 (2023), the Health Care Authority (HCA) completed a study of the operational needs and impacts of Medicaid Forward, presenting seven proposed program designs on October 1, 2024. This factsheet highlights the design that best aligns with the priorities of community and providers, **removing income limit for enrollment and capping healthcare costs at 5% of an individual's income**. This model addresses critical access needs while projecting the state's revenue will exceed the associated costs, **resulting in a net gain for New Mexico**. A bill for implementation will be introduced in the 2025 Legislative Session.

## Program Design Highlights

The most inclusive design for Medicaid Forward includes no income limits and varying financial responsibilities for enrollees, leading to substantial reductions in the uninsured rate and increased Medicaid enrollment:

Design	Income Limit	Enrollee Financial Responsibility % of Household Income	Reduction in Uninsured Rate	Reduction in Private Insurance Enrollment	Increase in Medicaid Enrollment
6	No Income Limit	0% (up to 200% FPL) 2% (200-300% FPL) 3.5% (300-400% FPL) 5% (>400% FPL)	82,000 (48%)	209,000 (24%)	290,000 (42%)

## Top takeaways from the HCA study:

### 1. Lower cost of coverage and long-term savings for our state

- Medicaid Forward provides significantly lower-cost coverage compared to private insurance. **The report compares Medicaid Forward costs to other coverage options:**

Household size	Household income	Max Annual Cost for Household Coverage w/ Medicaid Forward	Max Annual Cost for Household Coverage w/ State Employee Benefits	Max Annual Cost for Household Coverage w/ BeWellNM Plans
Family of 4	124,800	\$6,240	\$24,113	\$17,856
Individual	\$30,120	\$1,506	\$6,544	\$2,400

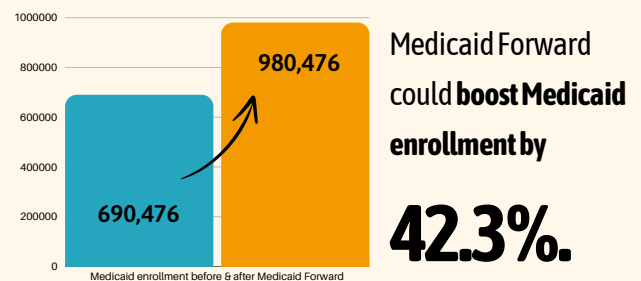
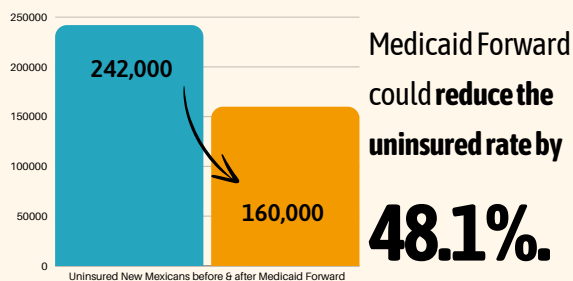
- Like Medicaid, the state will only contribute up to 28.32% of the costs for Medicaid Forward, with the federal government covering 71.68%.** Upfront implementation costs will be offset by long-term savings from improved health outcomes and reduced emergency care needs.

## Top takeaways from the HCA study (cont.):



### 2. Expanded and enhanced coverage

- The report emphasizes that the Medicaid benefit package is “more generous than benefit packages offered through other health coverage sources”, **reinforcing Medicaid Forward as a robust and comprehensive coverage option that meets the diverse needs of New Mexicans.**
- Additionally, the report indicates that “there are very few, if any, New Mexicans who would be discouraged from a shift from private coverage to Medicaid Forward on the basis of cost alone”, **highlighting not only the program’s affordability but also its broad appeal and accessibility for residents seeking quality healthcare.**
- **Medicaid Forward could reduce the uninsured rate by 48.1%**, significantly increasing access to healthcare for thousands of New Mexicans and improving overall community health outcomes.
- **Medicaid Forward has the potential to boost Medicaid enrollment by 42.3%**, primarily driven by the transition of up to 70,000 state employees and 50,000 enrollees from BeWell. This substantial increase in enrollment would enhance coverage and strengthen the overall healthcare system by integrating more individuals into a comprehensive safety net.



### 3. Addressing provider needs

- **Adjustments to Medicaid reimbursement levels could rise by 3.4%**, ensuring that providers maintain adequate revenue as enrollment grows.
- Providers showed overwhelming support for Medicaid Forward during the community input session and have been actively leading much of the advocacy, expressing their views and urging public support through op-eds.

### 4. Administrative considerations

- **Implementation without a waiver:** The state only needs to submit a Medicaid state plan amendment to implement Medicaid Forward.
- **Resources for successful implementation:** A “conservative estimate of the upper bound of ongoing administration costs is \$44.1 million.”
- **Projected budget:** Overall state costs for Medicaid Forward (including coverage for public employees and their dependents and subtracting cost-sharing by enrollees) are projected to be \$581.7 million—a low price to pay when considering the substantial long-term savings from improved health outcomes, reduced emergency care costs, and the economic benefits of a healthier population.
- When subtracting existing revenue offsets, this number is reduced to only \$367.6 million. When also subtracting revenue from a new fee assessed on employers, the number is **a net gain of \$45.6 million, bringing additional revenue into the state.**

***A future Medicaid Forward program could reduce provider burdens, streamline cost-sharing for both beneficiaries and providers, and create a more integrated, efficient system of care. Let's seize this opportunity to secure affordable healthcare for all New Mexicans—our communities deserve it!***