

HB186

State-Administered Health Coverage Plan

Medicaid Forward: Unlocking affordable coverage for all New Mexicans

Medicaid Forward is a program that will open Medicaid to people whose income exceeds current Medicaid limits, allowing them to buy the same coverage by paying premiums on a sliding scale.

It will decrease healthcare coverage costs for the state, employers, and all New Mexicans, ensuring no one pays more than 5% of their household income for healthcare coverage.

What **HB186** will do:

- **HB186** starts the process for **designing, planning, and implementing Medicaid Forward**, allowing the state to take critical steps so that more New Mexicans can enroll in this expanded Medicaid program by **January 2028**.
- HB186 directs the Health Care Authority (HCA) **to amend the Medicaid State Plan** to:
 - ▶ **Open Medicaid** to individuals whose incomes exceed the current income eligibility;
 - ▶ **Establish an affordability scale** for premiums and cost-sharing;
 - ▶ And **work with state entities to coordinate enrollment processes**.
 - *It includes an appropriation so the HCA can hire necessary staff and contractors during the design and planning period.*

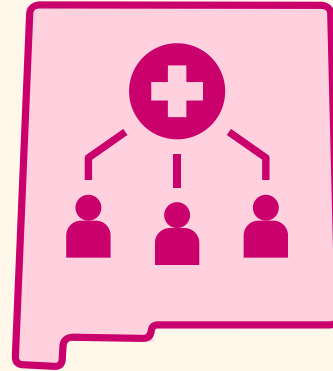
Medicaid Forward will strengthen our healthcare system

- ▶ **Increasing provider reimbursement rates** through new federal funding
- ▶ **Reducing reliance on costly emergency services**, which will lower healthcare costs for everyone
- ▶ **Decreasing uncompensated care costs** for hospitals and providers
- ▶ **Making New Mexico more attractive to healthcare providers** by ensuring they are paid for their services

Medicaid Forward is a smart investment for New Mexico's economy resilience & sustainability

Federal funding will cover **71.68%** of the costs for new enrollees, **bringing millions of dollars into our healthcare system.**

Businesses, especially small ones, will face lower healthcare costs, making it easier to provide insurance to employees. The program **eliminates the "Medicaid cliff,"** allowing New Mexicans to pursue better job opportunities without fear of losing their current Medicaid coverage.



Medicaid Forward is Good for New Mexicans

More than 40% of New Mexicans are already enrolled in Medicaid. It is well-respected and appreciated throughout the state, relatively simple to navigate, and portable (not dependent on your employer) -- and it will save patients money, for example:

Comparison of Coverage Costs for Individuals and Families				
Household Size	Household Income	Max Annual Cost for State Employee Benefits	Max Annual Cost for BeWell Plans	Max Annual Cost for Medicaid Forward
Individual - 200% FPL	\$30,120	\$6,544	\$2,400	\$1,506
Family of 4 - 200% FPL	\$62,400	\$19,556	\$4,800	\$3,120
Individual - 400% FPL	\$60,240	\$8,089	\$9,567	\$3,012
Family of 4 - 400% FPL	\$124,800	\$24,113	\$17,856	\$6,240
Individual - 600% FPL	\$90,360	\$8,089	\$9,699	\$4,518
Family of 4 - 600% FPL	\$187,200	\$24,113	\$23,160	\$9,360

How do we know Medicaid Forward will work and what the fiscal impact will be?

Two studies, invested in by the state, show that Medicaid Forward will simplify and make our healthcare system more **affordable and accessible for all of us**. The studies project that the model that opens Medicaid up to everyone, at all income levels, will:

- ▶ Expand healthcare coverage to over **81,000** people who are uninsured.
- ▶ Decrease costs for people who are currently insured or underinsured. Households would spend an average of **28.3%** less on healthcare, with an even greater savings at lower income levels.
- ▶ Increase provider Medicaid revenues by **3.4%** in order to maintain baseline, system-wide expenditure levels.
- ▶ Reduce employer costs on employer-sponsored health plans by **\$229 million** per year, decreasing the burden on businesses.
- ▶ Result in net savings for the state of **\$45.8 million** annually. Due to matching funds, savings from shifting enrollment (including state contributions for public employee healthcare), and increased revenue from existing and new sources, the revenue brought in by Medicaid Forward will exceed new state spending.

Medicaid Forward	
No Income Limit with Enrollee Financial Responsibility	
Annual Program Costs and Revenues for 290,415 New Medicaid Forward Enrollees	
Medicaid Capitation Costs	\$4,090.2 million
Additional State Administrative Expenses	\$88.2 million
Total Costs	\$4178.4 million
Federal Matching Funds	\$2,729.2 million
Medicaid Drug Rebate Program Revenue	\$106.1 million
Enrollee Financial Responsibility	\$348.2 million
GSD/Public School Employer Contributions	\$381.6 million
Potential Private Employer Funding	\$413.4 million
Premium Tax Revenue	\$214.0 million
BeWell State Subsidies	\$31.6 million
Total Revenue/Redirected Funds	\$4,224.1 million
Costs less Revenue: Results in a Net Gain of \$45.8 million	

Adapted from HCA's Mercer Report, Table 4, p. 59

How will Medicaid Forward impact the private insurance market?

The transition from private coverage to Medicaid Forward will be gradual as people learn about the program and migrate over time. The Medicaid Forward option will **put competitive pressure on private insurance companies** by providing a more affordable option than what those plans currently offer. Insurance companies will need to adapt to the new environment by offering alternatives that keep costs down for consumers.

The state could explore ways to help insurance companies make the transition to the new environment and with the current timeline there will be **3 years** to plan for this transition.

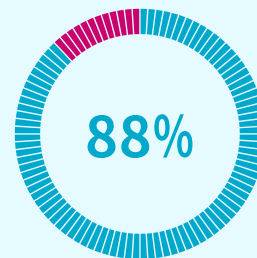
How can New Mexico implement Medicaid Forward?

Existing federal law permits states to open up the income threshold for their Medicaid programs above the minimum of **133% federal poverty level**. In order to implement this option, New Mexico only needs to submit a state plan amendment at the direction of the Governor/Health Care Authority or the State Legislature; it does not require a waiver.

Does it make sense to expand Medicaid when the Trump administration might decrease Medicaid funding and limit access?

It is unknown whether the Trump administration will decrease Medicaid funding and limit access. Past attempts to reduce federal funding for Medicaid have been met with strong public opposition, including by the healthcare industry which will lose significant revenues if Medicaid is cut.

And we do know that:



of New Mexicans believe the state should take action on affordable healthcare.

Why does HB186 set Medicaid Forward implementation to begin in 2028?

We want to ensure that the Health Care Authority has sufficient time to plan for this significant change to our healthcare system. Implementation needs to be done right and a 2028 launch allows for the HCA to do the necessary research and planning, seek federal approval, and develop infrastructure.