

New Mexico State Senator Dede Feldman
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Recent Moves toward Healthcare Coverage for All New Mexicans—SO CLOSE AND YET SO FAR

Thank you Barak Wolf... And greetings to the members of the Public Health Association. I consider you my friends because public health is near and dear to me—it is the **intersection** of politics and health care.... And **where we can really make a difference** in peoples' quality of life. There's been a lot of discussion this year—as we walk down the twisted path toward health care reform—about which is more effective in bringing up the health of the general population—increased coverage or better public health measures. The truth is of course that it takes both. Increased insurance coverage will allow more people to go in earlier, and more regularly for treatment, and prevent diseases. But for really bringing down those statistics there's still nothing like immunizing people against contagious disease, preventing the use of tobacco, alcohol and reducing injuries caused by traffic crashes.

Anyway, I've chosen to call my very informal remarks this morning: “Recent Moves toward Healthcare Coverage for All New Mexicans—SO CLOSE AND YET SO FAR”.

First the good news: we are so much closer today—in both New Mexico and the nation to health care reform than we have ever been since the early '90s. Health care is now at the top of the domestic agenda and every presidential candidate, whether Democratic or Republican, has a plan to achieve universal—or **almost** universal coverage. According to Celinda Lake, and other pollsters, 72% of the American public in principle favors providing access to quality affordable health care **even if it means raising taxes**.

Skyrocketing insurance premiums are the major concern. And the concern will intensify in the next ten years, as premium hikes vastly outstrip wage hikes. The average family premium now is about \$12,000 per year, and is will **DOUBLE** in the next ten years.

To deal with this problem-- and in the wake of the Massachusetts reforms—there has been lots of activity to come up with a plan to deal with New Mexico's huge number of uninsured. This summer I was part of the Health Coverage for New Mexicans Committee, created jointly by the legislature and the governor. It was composed of employers, insurers, consumers, doctor, hospital administrator, consumers and legislators.

The centerpiece of the Task Force was a study by Mathematica, an independent health policy consulting group, hired to price out three different models of universal coverage for everyone under 65 years of age in New Mexico. The three models included the Health Security Act, which most closely approximates a single payer

system, the Health Choices Plan, which is a market-based voucher system, and the Health Coverage Model, largely an extension of the present system aimed mainly at those who are uninsured. Mathematica also analyzed the cost of continuing the present system.

To make a long story short, the estimates for implementation of the four plans (the fourth being a continuation of the present system) came in as follows: the Health Security Plan would cost \$6.03 billion, the Voucher Plan would cost \$6.7 billion and the Coverage Plan would cost \$6.4 billion. The cost of the current system (with over 4000,000 uninsured) is currently \$6.3 billion per year. The costs were then projected out over five years and the amazing conclusion was this: **It will cost only incrementally more to implement a universal health care system for New Mexico than it will cost to do nothing and let the number of uninsured New Mexicans increase every year.**

Does that get your attention? It got mine. If that's not a call to action – what is?

Here are a few interesting tidbits from the Mathematica study:

There are more uninsured New Mexicans than we thought – 432,000 who are without coverage more than six months out of the year; more than the populations of Santa Fe, Farmington, Roswell, Las Cruces, Carlsbad and Hobbs combined. But that's not all; **almost half** the population is uninsured at some point during the year.

Employers (those who *do* offer coverage in New Mexico) are now paying 12-14 % of payroll on health care insurance and it is increasing every year.

Under new eligibility rules enacted by the legislature this year more than half of uninsured New Mexicans would be eligible for Medicaid or SCHIP if the state and the feds came up with the money and the department was able to sign them all up.

But that is a tall order – if all the children who could be on Medicaid were on the program, it would cost \$4.7 million. If all the adults to 100% FPL, it would cost \$215.4 million per year and we need 200 new caseworkers to sign them up.

Although the task force did not endorse any one of the three plans, it did make some general recommendations including insurance reforms, creating a larger risk pool, maximizing Medicaid and creating a single health care authority. The Governor publicly stated he is against any plan that does not have a role for the insurance companies, although he is in favor of insurance reforms. The administration has been taking around its

plan – “Health Solutions” for the past month or so, and it is generally supported by the HMOs and, reportedly, by the business community.

I will not go into the exact details of the Health Solutions Plan, as I understand that you are hearing from Gov. Diane Denish, who chaired the Health Coverage Committee, at lunch. Suffice it to say that it is based on establishing a Health Care Authority, enacting certain health insurance reforms while requiring that all New Mexicans have health insurance, expanding public programs, allowing buy-in to existing public risk pools, and requiring employers to cover their employees or pay an annual fee per employee.

Meanwhile, on another front, during this interim, the Health and Human Services Interim Committee has studied the results of the Mathematica report and weighed in on the recommendations of the task force.

We set aside time at our meetings to get public input on the specific reform proposals as we traveled to Las Vegas, Taos, Zuni Pueblo, Gallup, Hobbs, Roswell, Espanola, Las Cruces and Santa Fe. We had a lot of public input – most of it from proponents of the Health Security Act.

In the end the committee did NOT endorse any of the specific proposals but at our Oct. 18th meeting endorsed the creation of a Health Care Authority. The committee deadlocked over the exact composition and the functioning of the authority. Using a facilitated process however, the committee did rank the recommended measures coming out of the Task Force, and here’s what rose to the top.... Insurance reforms like...

Requiring coverage by insurance companies regardless of individuals’ preexisting conditions and remove waiting periods.

Eventually moving towards community rating for all health insurance products, including within the small group market, thereby ending experience rating in that market.

Instituting minimum requirements for the medical loss ratio for insurance companies doing business in New Mexico.

Allowing employers and employees to buy into the state employee health risk pool and/or a Medicaid benefit plan.

The committee also wanted to require that all practitioners accept all public and private health care options as a payment source.

Although these measure were prioritized by all committee members and received a majority of votes of all the members, members of the minority party were successful—through a procedural move - in blocking the committee from endorsing them formally. They were also successful in overturning a vote to endorse the Health

Security Act. It was the most contentious meeting of the Health and Human Services Committee in over a decade! Nevertheless, the committee did endorse **the following measures related to health care reform:**

1. An initiative to establish a health care cost containment council, under the control of the health policy commission.
2. An initiative to request the health policy commission examine its statute to determine whether changes need be made to expand its function, and report back to the legislative finance committee and the legislative health and human services committee.
3. An initiative to require disclosure of quality data by healthcare providers using the national healthcare safety network operated by the national centers on disease control.
4. A bill mandating hospital infection rate reporting.
5. An initiative requiring bulk purchasing of health care products across state agencies where applicable.
6. An initiative requiring the department of health and the medical assistance division of the human services department to develop a chronic condition and preventive management plan for public and private programs.

On Tuesday I presented these recommendations to the budget makers on the LFC. Earlier in the day they had heard from Human Services Secretary Pam Hyde that Medicaid would need an additional \$141 million in general fund rather than the 87 million she had requested in Oct. The thought of grappling with—and especially **funding**—a complete system redesign—all in a short, 30 day session seemed to throw the chairman, and many of the members **over the edge**. To say that the reception was frosty—would be an understatement.

Nevertheless, we will see plenty of attempts this session to begin the march toward universal coverage. There will be several bills to establish a health care authority—from the Medical Society, the Health Care For All Campaign, the Administration and yes, Rep. Picraux, the vice chair of the HHS, and I will introduce the bill for the authority that the committee came up with. The Health Security Plan's advocates intend to introduce their bill as does, Dr. J.R. Damron, who has a plan for a Health Insurance Exchange. There also will be bills on insurance reform, electronic records, billing and IT, as well as transparency and cost controls. It will be quite interesting, by the way, to see which of these bills will be declared germane, and thus up for debate in a short session where the agenda is usually limited to budget and revenue items.

All in all, the upcoming session will be a health policy wonk's dream. But the bad news is—with the fiscal forecast becoming gloomier by the day, the resolute opposition of the minority party to almost any change, and relations between the Legislature and the Governor's office strained by the demands national political campaign this dream may turn into a nightmare of professional protectionism, bureaucratic infighting and paralysis brought on by special interests protecting their own purse.

We are So Close and yet So Far...and remember there are 400,000 New Mexicans caught in the crossfire. People without insurance do not have lobbyists in Santa Fe, so we need your activism to help bring us closer to affordable, quality health care for all New Mexicans.

In conclusion, I recently heard Ron Pollack, Director of Families USA, speak to Con Alma, about health care reform, and he said something that I feel was right on point for where we are today in New Mexico. He said this: “too often health care reformers go home when their exact plan, their top choice is not adopted by the task force, the committee or the legislature. But that leaves the status quo in place as the **second choice**. We need to make a virtue out of our second choices—choices that can transcend partisanship and ideology and move us forward”.

We **can't** leave the status quo in New Mexico—not when we have come this far—that's why I'm asking for your help in finding that second choice—whether it be a health care authority that can move us forward, meaningful insurance reforms, prevention or cost avoidance measures. As difficult as I think this will be, **this is our opportunity**, and I hope you will join me in seizing it in Santa Fe come January. Thanks so much.