

**Health Care Reform in New Mexico—SO CLOSE AND
YET SO FAR**

An Eyewitness account from the Roundhouse

Speech to Gastroenterologists 3/8/08

Senator Dede Feldman

Thank you Dr. Ma.... and members of the Gastroenterology Group for this opportunity to talk to you. I've been in the NM Senate for 12 years now, representing the North Valley where I sometimes think that I have more doctor constituents than almost any Senator, so I've tried to stay in touch with your concerns—that of the NM Medical Society and the many medical professionals from UNM, the VA and the public sector. I currently serve as the chair of the Senate Public Affairs Committee and legislature's Health and Human Services Committee, which oversees the major departments providing health care funding – the Health Department, Human Services Department, and the Aging and Long Term Care Department. We hear most of the health care proposals, and it's been a great education for me, a volunteer citizen legislator.

First I want to thank you for all the all the expert testimony you—and your colleagues-- have provided these committees, and especially for all the care for have provided to patients who cannot afford to pay. Public hospitals deserve a lot of credit for this—and for the past six years we have been grappling with the problem of indigent care and the large number of people in NM (430,000 at last count) who do not carry health insurance. This presents a problem on so many levels—I don't have to tell you—you are on the front lines—but its not just the cyclical cost shifting that occurs as a result of people getting treatment, often in the emergency room, but not paying for it—its also the *human* toll that it takes when regular screening and preventive care is deferred

indefinitely because people can't afford the premium or, even if they can scrape together the money, don't have access to a specialist because there are none in the rural areas in New Mexico.

So with the intersection of this untenable financial situation, where the costs and premiums keep going up, and the moral question about whether patients who have the wrong genes, bad luck or empty pockets should pay the price for a system that is broken—health care reform has taken center stage here in NM and in the current presidential campaign. For the past several months we've seen that every presidential candidate, Democrat or Republican, including Gov. Bill Richardson when he was still in the race, 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.

For the general public, 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.

As you know, the focus of this year's short session of the legislature, which adjourned Feb. 14, was the Governor's proposal for universal health coverage—the Health Solutions Act, or House Bill 62. But there were other bills too, including a proposal for a single payer system, the Health Security Act, and a compromise to establish a Health Care Authority, which I carried, patterned after proposals from the NM Medical Society and the Oregon plan, now in process. You have a handout comparing those proposals, which I'll describe in more detail later, but just in case you didn't hear. None of them passed, and the Governor and the Senate, where the bills died, are now trying to lay the groundwork for a special session devoted to health care sometime in the summer.

First, a little background of what went on leading up to the recent legislative session. In the past several years there have been several task forces organized by the

Governor and the legislature to address the problem of the uninsured. I have served on all of them—the huge Coverage and Access Task Force in 2003, the Insure New Mexico Task Force which lasted for several years and came up with some significant incremental approaches to getting more New Mexicans covered, and most recently the Health Coverage for New Mexicans Committee. This committee was created in the wake of the Massachusetts health care reform by both the Governor and the legislature, to cost out a plan for universal coverage in New Mexico. It was composed of employers, insurers, consumers, doctors, hospital administrator, consumers and legislators. And it met throughout 2007.

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 human services 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 \$40.7 million. If all the adults to 100% FPL, it would cost \$215.4 million per year and we need over a hundred 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. Just to make things tricky, at the end of the Task Force's deliberations, the Governor publicly stated he is against any plan that did not have a role for the insurance companies, although he *was* in favor of insurance reforms. That, of course angered the supporters of the Health Security Act, who had been very active over the year organizing scores of town halls especially in the wake of Michael Moore's movie SICKO, and getting lots of local officials and governing bodies to sign a pledge to support their proposal, which of course sparked resistance from the insurance companies and to a lesser degree, health care providers.

The Governor's Health Solutions Plan was the major focus of the legislative session, and probably will be the focus of any special session, so I will describe its major provisions to you. In short, they are

- 1) the creation of a Health Care Authority which would oversee the gradual consolidation of existing public health programs, while protecting each programs unique funding streams – the RHA, the State employees, the

teachers and study mechanisms for cost control and disease management.

There was lots of controversy over the composition of this authority with legislators wanting more legislative appointments and the Governor wanting more executive control, and especially the selection of an executive director

- 2) insurance reforms including guaranteed issue, including coverage of pre-existing conditions, a requirement that 85% of premiums must be spent on services for patients rather than administration or profit, and a modified community rating system limiting how insurance companies can rate up people who are sick
- 3) A mandate for individuals to carry insurance or at least provide proof of coverage
- 4) A requirement that employers make contributions to a Health NM Workforce Fund if they did not provide employees with insurance-- \$500 and \$250

There was also a corollary bill that required electronic claims by a certain date, charged the Telehealth Commission with coming up with an overall plan for electronic records by a certain date. The initial proposal also required doctors to accept all forms of insurance a measure aimed at increasing access for low-income patients covered by Medicaid or Medicare.

The Governor's proposal was supported by the Alb. Chamber of Commerce, and, to the surprise of many, the insurance companies and HMOs. But Legislators, leading up to the session, expressed reservations about the costs, the reliability of Mathematica's projections and the loss of legislative control resulting from a Health Care Authority that would be making many of the decisions, and spending state and federal funds.

During the session, the item that generated most controversy was the requirement that individuals carry insurance and employers either provide it or pay a fee. Mandates don't go down easy with Republicans and conservatives and even liberals were worried about how low income people who would be mandated to buy insurance could afford it& or where the funds would come to assist them with their premiums.

Does that debate sound familiar? It is the same debate that is now going on between Hillary Clinton and Barak Obama.

And, incidentally, for students of history, it is very interesting to compare what happened to Health Solutions to what happened to the Hillary Clinton Plan in 1993. Many of the same battle lines were drawn, and many of the same players were involved, including the National Federation of Small Businesses, and a resolute Republican minority, which voted against every alternative.

At any rate, back to the NM legislature, where, during a three-week period, the Health Solutions Bill was worked over by several House Committees leaving it a skeleton of its former self. And while that skeleton did not include mandates it did retain the HCA and the insurance reforms. But it arrived in the Senate with only a week to go, and although it passed one committee, it was never heard in the key committee Senate Finance. As a result it never made it to the Senate floor for a vote on the final day.

In the final analysis only three significant health care reform bills passed the session---- including, SB 226, SB 129 and a measure to set up a commission on health care and urban Indians. Worst of all, in my view, was the fact that the legislature did not come up with the funds to expand Medicaid to even a fourth of the eligible children (\$9 million was the price tag on this request, made by the administration) and in fact did not even fund the program to keep up with current enrollment. This was a tough budget year, with many thinking that the worst is yet to come, but still, for me, especially because we leave so many federal funds on the table, this was the biggest disappointment of all.

All in all, the recent session was a health policy wonk's dream. For the first time the entire legislature was discussing the quality, access and affordability of health care in New Mexico. For the first time a coalition was formed with some businesses and insurers making concessions to cover more people and bring down the cost of insurance. But the bad news is that coalition is very fragile, there are still many fracture lines and it was

very frustrating to come so close and yet be so far.

In conclusion, a few months ago 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 .

I don't believe we can leave the status quo in New Mexico not when we have come this far that's why I'm soliciting 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 help us as we move toward a special session this summer.

Thanks so much. I'm open for questions and comments.