The New Mexico Health Security Plan: A Plan That Makes Good Sense for Seniors

What Is the NM Health Security Plan?

The New Mexico Health Security Plan guarantees that all New Mexicans will have access to comprehensive, quality health care coverage, regardless of income, health, or employment status. The Plan is based on the “old-fashioned” concept of insurance where everyone in the plan shares the risks.

Currently, we all pay for a segmented system of hundreds of insurance plans that incur ever-rising administrative costs. Medicare separates retirees from younger people. The Plan calls for the creation of one large insurance pool that includes most New Mexicans.

The Affordable Care Act and Health Security

The federal Affordable Care Act (ACA), passed in 2010, provides many benefits for seniors. Medicare now includes many preventive services, including an annual wellness exam. We do not know if these ACA provisions will eventually be eliminated. What we do know is that Congressional leadership is pushing to privatize Medicare.

Given the current efforts to dismantle the ACA, it is more important than ever for New Mexico to protect its residents by establishing its own homegrown solution. Creating a plan that insures most residents is still the best way for New Mexico to solve the problems of rising health care costs and a large uninsured population. Two independent studies, conducted prior to the Affordable Care Act, have shown that a Health Security–style plan is the only approach that will control costs and ensure that all New Mexicans have guaranteed, comprehensive health coverage.

How Will Seniors Benefit from the NM Health Security Plan?

Aside from cost containment, there are several ways in which seniors will benefit from a plan that includes at least 1.6 million New Mexicans.

- Better prices for pharmaceuticals. The Plan will be able to negotiate better prices for pharmaceuticals, as well as for wheelchairs, crutches, walkers, hearing aids, and other medical equipment and supplies.

- Provider choice. Retirees will be able to select and remain with their physicians of choice, including those who practice out of state.

- For many, a better benefit package. The Health Security benefit package must contain no less than the services offered to state employees. Many New Mexico retirees do not have supplemental benefits and are only insured by Medicare Parts A and B. Medicare, including the private Medicare Advantage programs, also require substantial cost-sharing (deductibles, copays) for many covered services.

- Long-term care. Cost savings under the Plan will enable long-term-care coverage to be phased in.

A Win-Win Situation for Retirees

With all the protections provided by the Plan, retirees will have nothing to lose and everything to gain.
What Happens to Senior Benefits and Rights under Medicare?

The Plan guarantees that seniors will not lose any of the benefits or rights they have under Medicare. Medicare is an entitlement program, so the Plan has specific provisions that protect Medicare benefit and portability rights. Thus, should a retiree leave the state, he or she will be able to continue with Medicare. Any benefits that Medicare offers must be retained.

How will this work? Medicare now contracts with private health plans. Instead of contracting with a private health plan, Medicare will contract with the NM Health Security Plan. The contract will ensure the portability and benefit protections stated above. The Plan simply pays the bills.

Retirees with employer supplemental health plans. The same provisions protecting Medicare rights apply to retirees with employer supplemental benefits. And, as with Medicare, the agreement will protect portability and benefit rights. Thus, retirees with a supplemental plan will retain their supplemental coverage. In addition, if retiree benefits are more comprehensive than the Plan’s benefit package, the agreement must protect the retiree’s right to those additional benefits.

How will this work? Private or public employers offering retiree supplemental health benefits could decide to contract with the Plan, just as they now do with commercial insurance plans. Any services the retirees are entitled to that are not covered by the Plan would continue to be paid for by the employer. Should the employer that provides the supplemental benefit not agree to these provisions, the retiree would continue with his or her supplemental insurance as before.

Who Will Pay for the NM Health Security Plan?

• No additional taxes. The Plan will be paid for by pooling private dollars and existing public dollars spent on health care services. Public funding sources may include federal Medicare and Medicaid dollars, assuming agreements, as well as any available federal subsidies. Private dollars will come from Plan members through individual premiums, based on income (with caps), and employer contributions (with caps). All monies will be placed in a dedicated trust fund.

• Premium credits for seniors. All Medicare recipients, as well as retirees with employer supplemental benefits, will receive credits, so that premiums required by the Plan, if any, will be reduced for seniors.

A Careful Process to Implementation

Phase 1: The bipartisan Legislative Finance Committee, with public input, will undertake a financial analysis of the Plan. Once the cost of the Plan has been determined, the next stage will be to figure out what resources are available to pay for it. How much a retiree may pay (if anything) should be decided during this stage. The AARP, the Gray Panthers, the NM Alliance for Retired Americans, and other groups and individuals will have ample opportunity to review and react to different financing options.

Phase 2: After completion of the financial analysis, the legislature will receive the results of the analysis and have to decide whether to proceed. The development/implementation stage (Phase 3) will not begin until the legislature determines that the Plan is financially viable.

About the Health Security for New Mexicans Campaign

Established in 1992, the Health Security for New Mexicans Campaign is a statewide, nonpartisan coalition of over 160 organizations and numerous individual supporters. Its mission is to establish a publicly accountable system of guaranteed, comprehensive, and affordable health care coverage for all New Mexicans.

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