

The following message was delivered to the Health Coverage Committee on Thursday afternoon from Governor Richardson. I have added comments to some of his points. I seriously object to his refusal to accept a plan that eliminates the single most expensive and expendable cost of health care in the United States today, profit to private corporations.

Governor's Thoughts on Health Coverage for New Mexicans Committee

as presented by Michelle Welby
June 21, 2007

- A. This group was established by the Governor and Legislative Leadership to attempt to get consensus on a model that we can collectively stand behind or at the minimum to find common components we can support.
- B. He thanks the committee for their time and dedication and along with legislative leadership applauds HSD and Legislative council service for funding this important work.
- C. At this point in time, the Governor finds certain components of each model to be promising but does not support any one model as a total package.
- D. Further, he does not support any model that does not have a role for insurance carriers.

Health care coverage does not have to be managed by private-for-profit companies. Our Medicare and Medicaid systems, our Indian Public Health System and the Veterans Administration are each single-payer systems. Single-payer health care coverage is much less expensive than health care coverage managed by private-for-profit corporations.

- E. He expressed that he wants to move forward in a common-sense, realistic manner. To successfully achieve comprehensive reform of how coverage is provided, he underscored that bipartisan support is essential.
- F. Fundamentally he agrees that each major stakeholder – the state, insurance companies and brokers, providers and patients must each contribute.

Still too much involvement with private-for-profit health care coverage providers.

- G. He envisions bringing forward a major omnibus bill in the next session to close the uninsured gap and achieve universal coverage, which will require comprehensive change in the way coverage is currently provided.
- H. Again at this point, he would like to select the strongest features of each plan. He wants to consult with the Lieutenant Governor, legislators, his cabinet and staff before finalizing his package. He wants to hear from groups and entities as well who weren't part of the Committee to get their input as well – for example groups representing Retirees, nurses, hospitals and others.

I. Here are elements he will be looking for, support and *would most likely sign* in the next session.

1. He believes that if people are happy with their current coverage, they should be able to keep it. He doesn't want to fix what isn't broken. 80% of New Mexicans have health coverage and he wants efforts concentrating on insuring the remaining 20%.

People who are happy with their health care coverage have likely not used their coverage. Most Americans are one accident or one serious illness away from bankruptcy – and that is **WITH** insurance.

2. He expressed that each New Mexican should contribute their *fair* share and take personal responsibility for obtaining coverage.
 - a) If they are qualified for a public program, they should be required to enroll and the state should make it easier for them to do so.
 - b) If they can afford coverage, they should be required to obtain it.

What happens if an individual cannot afford health care coverage yet they do not qualify for state aid? If they do not purchase what they have no money for, but show up at the ER with a sick child, will they be arrested?

3. He believes that employers should also be required to do their fair share to contribute to a healthy and covered work force. He has not determined at what size or employee number this requirement would be applicable or on what timeline.

This implies that some employers will be exempt from having to provide coverage for their employees. How is this fair to the other employers who have to provide that coverage?

4. He does not want to create new government bureaucracy. Instead he would like to see administration streamlined and in some cases, consolidated.
 - a) However, he agrees that the Governor should appoint a governing body or "Health Care Authority" whose purpose would be to oversee necessary reforms and develop sources of guaranteed, affordable and portable health coverage.

He does not want to create a new government bureaucracy yet he wants to appoint a "Health Care Authority". That sounds like a bureaucracy to me.

- b) Recognizing that there are now multiple entities charged with the administrative functions of qualifying, enrolling and providing coverage for public employees, he would like this new Authority to be charged with consolidating public administrative entities with resultant economies-of-scale and cost savings and combine duplicate entities that deal with high risk or uninsured individuals and small employers.

- c) This Authority would closely scrutinize waste and duplication in the public sector and place people before profits in the private sector.
 - d) The Authority would oversee the development and standards of health plans offered.
5. He will ask that HSD work aggressively to obtain federal funding for Medicaid and SCHIP and not leave available funding on the table because we can't get people enrolled. We must cover more low-income New Mexicans and should make heroic efforts to get those qualified to get enrolled and stay enrolled.
 6. He wants to take a closer look at restructuring county indigent funding to become one in which the state oversees federal matching funds for this purpose.
 7. While he is in favor of maintaining a role for commercial insurers, he strongly believes that they need to be part of the solution, rather than protecting their own interests through preservation of the status quo. He feels strongly that he has called upon them for several years to bring forward transformative changes and they haven't quite heard him. Therefore, his legislation will most likely include:

In our over 30 years experience with private-for-profit insurance corporations we have not experienced significant cost savings, we have experienced very significant premium cost increases coupled with reductions in services provided.

- a) Requiring transparency and accountability for all lines of insurance business such as PPOs and indemnity insurance plans – in addition to HMOs.
- b) His support for what this committee has called an "individual mandate" will be coupled with guarantee issue of health insurance for individuals or groups no matter where they live in New Mexico, their gender, age, occupation or, most importantly, their health status.

This is very admirable however if this does not specify a single pool for all citizens. This will likely create an inequity between the different "insurance pools". One of the problems with the current, private-for-profit health coverage system now is that every provider has a tremendous number of pools and that your premium is determined by who is in your pool. If you are in a pool that has someone who has very serious medical problems, your premium will be high. If everybody is in one pool, the risk is evenly distributed and the premiums are fair for the entire community.

- c) He is leading toward removing waiting periods for pre-existing conditions, combining small group and individual pools, and lowering or eliminating the ability for carriers to rate up by 20% small group premiums on issue or at renewal for prior experience as currently allowed.

A system with a single pool would eliminate the need for this additional regulation.

- d) He has been told and applauds the industry for their willingness – to invest in electronic medical records, developing and implementing electronic deposits for provider payments and adopting common enrollment and other forms to further reduce administrative costs.

This is inevitable no matter which system the state adopts. Congress is considering requiring this on a national basis.

- e) He agrees that New Mexico needs to construct a common statewide prescription drug formulary.
 - f) He will continue to call for support of telehealth and health information technology to position public entities in the best possible position to collaborate with providers throughout the state.
8. As for providers, he will ask that providers be required to accept patients' insurance if they are covered by any form of public coverage, and he is committed to looking at pay for performance methodologies.

This leaves some people not protected from being denied access and includes a provision that could be used to penalize practitioners, a form of price control - dictation - something we should all resist.

9. Because the committee is just finishing our work and the final study just released, the Governor looks forward to more input and will be presenting his legislative package in 90 to 120 days.

For further information you can e-mail me at nmhealthcosts@aol.com.

Thank you,

Terry Riley
nmhealthcosts@aol.com