

HEALTH CARE AFFORDABILITY FUND

Annual Report to the State Legislature



Presented by

**Health Care Affordability Division
October 31, 2024**

HEALTH CARE
A U T H O R I T Y

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Executive Summary

The Health Care Affordability Fund has given the Health Care Authority critical new tools to directly reduce health care costs for individuals, families, and small businesses in New Mexico.

- The New Mexico Premium Assistance (NMPA), Native American Premium Assistance (NAPA), and State Out-of-Pocket Assistance (SOPA)/Turquoise Plans programs reduce premiums and out-of-pocket health care costs for New Mexicans who qualify for coverage on BeWell, the New Mexico Health Insurance Marketplace;
- Medicaid Transition Premium Relief prevents coverage disruptions and provides financial protections for individuals transitioning from Medicaid to private health insurance on the Marketplace by covering the first month's premium;
- Clear Cost Plans have the same out-of-pocket costs for covered benefits, which allows consumers to compare offerings from each health insurance carrier "apples-to-apples," and they lower out-of-pocket costs for high value services like primary care visits;
- The Easy Enrollment Program allows New Mexicans to check a box on their state income tax form to see if they qualify for low-cost or no-cost health care coverage through Medicaid or BeWell;
- The Small Business Health Insurance Premium Relief Initiative reduces premiums for small businesses and their employees; and
- The Uninsured Program, with a proposed start day of July 2025, will cover uninsured New Mexicans who do not have access to other health coverage options.

New Mexico's programs are designed to fully leverage federal resources before state dollars are used. On average, the NMPA assistance provides an additional reduction in premium of \$35.39 for eligible enrollees, compared to the \$542.96 average subsidy from the federal government. For those eligible for NAPA assistance, the per enrollee monthly reduction in premiums is an average of \$17.99. New Mexico's out-of-pocket savings program directly reduces how much enrollees pay for services and builds on top of federal Cost Sharing Reductions to maximize savings for enrollees.

Many improvements have already resulted in full or in part due to these programs, even in the short time since they were implemented:

- As of October 7, 2024, 60,363 individuals are enrolled in medical plans through BeWell, the highest level of enrollment since the Patient Protection and Affordable Care Act launched for Plan Year 2014.¹ Enrollment is up 35% year-over-year and 68% since the program launched.
- According to BeWell data, 24,524 enrollees representing just over 40% of the market are benefiting from New Mexico's state-funded premium assistance programs.
- Native American enrollment has nearly quadrupled between 2023 and 2024, from 464 enrollments in 2023 to 1,803 enrollments in 2024.
- A total of 33,096 New Mexicans signed up for Turquoise Plans in 2024, 55% of total BeWell enrollment.

¹ Plan years are the same as calendar years.

- For consumers enrolled in a Turquoise 2 plan (between 150.01-200% FPL), the average national deductible is eight times higher (\$737) than the average deductible in New Mexico (\$92) for those enrolled in a Silver plan with an actuarial value of 87%.
- In 2021, nearly 40% of enrollees signed up for Bronze plans, which have the highest average deductibles and maximum out-of-pocket limits. Only 25% of enrollees selected a Gold plan that year. By 2024, only 4% of enrollees selected Bronze plans, while over 71% signed up for Gold-level plans.

The Small Business Health Insurance Premium Relief Initiative continues to provide a 10% premium reduction to small businesses and a temporary enhanced discount was applied last fiscal year. The small group market has seen a 13% reduction in enrollment between July of 2022 and July of 2024, largely driven by the smallest employers offering coverage. The program continues to provide substantive cost savings to small businesses who continue to offer employees health insurance. The Small Business Initiative provides an average per member per month savings of \$68.14 as of July 2024. Some of these businesses may also have encouraged staff to seek individual and family coverage through the BeWell Marketplace, since they and their employees can benefit from the cost savings described above. Given the enrollment status of the program and increasing pressure on small businesses, the HCA plans to explore new ideas for assisting small businesses and their employees with the cost of health insurance.

The Health Care Authority is proud of its [nationally recognized](#), innovative initiatives that reduce barriers to care and economic burdens that have been launched to date and looks forward to building on these efforts in the coming years. The Health Care Authority wishes to thank those who have supported the implementation of these programs to date and into the future.

Introduction

During the 2021 Legislative Session, the New Mexico Legislature passed, and Governor Michelle Lujan Grisham signed, Senate Bill 317 which placed a moratorium on out-of-pocket costs for mental health services for state-regulated health plans and created the Health Care Affordability Fund (HCAF, the Fund) to lower health care costs for New Mexicans.

SB317 allows use of the Fund to:

1. Reduce premiums and out-of-pocket health care costs for New Mexicans who qualify for coverage on BeWell, New Mexico's Health Insurance Marketplace (the Marketplace);
2. Reduce premiums for small businesses and their employees;
3. Provide resources for planning, design, and implementation of health care coverage initiatives for uninsured New Mexico residents; and
4. Provide resources for the administration of state health care coverage initiatives for uninsured New Mexico residents.

The Fund and its programs were previously managed by the New Mexico Office of Superintendent of Insurance (OSI). Per Senate Bill 14 (2024), as of July 1, 2024, the Fund and its programs are now managed by the New Mexico Health Care Authority (HCA, the Department). HCA is the new state agency created to bring most health-coverage-related programs into one agency to improve coordination and leverage purchasing power. Throughout this report, "OSI" will be referenced historically or as appropriate, and the "HCA" will be referenced prospectively or as appropriate. The resources provided by the Fund help the agency address critical health care affordability issues that are widely cited as barriers to care and cause economic burdens on New Mexico's families and businesses.

OSI conducted program planning, stakeholder engagement, and budget modeling throughout 2021, regularly reporting progress to the legislature during the development process. There are three different programs that have been launched or are on track to launch:

1. The Health Insurance Marketplace Affordability Program started January 1, 2023
2. The Small Business Health Insurance Premium Relief Initiative started July 1, 2022
3. The Uninsured Program is in development and expected to launch in July 2025

The development of these programs involved working with consumers, community groups, small business owners, and health care industry stakeholders. The Department contracts with experts and firms to study policy options to develop and refine programs each year.

New Mexico has been [nationally recognized](#) for its efforts to improve the affordability of health care. The Department is grateful to the state legislature and Governor Lujan Grisham's Administration, whose support has been critical to the success of these initiatives.



Health Insurance Marketplace Affordability Program

New Mexico Premium Assistance | Native
American Premium Assistance | Turquoise
Plans | Clear Cost Plans | Medicaid Transition
Premium Relief | Easy Enrollment Program

The Health Insurance Marketplace Affordability Program

The Patient Protection and Affordable Care Act (Affordable Care Act) passed in 2010. The Affordable Care Act reduced the uninsured rate through two major programs: Medicaid Expansion for individuals under 138% of the Federal Poverty Level (FPL) and the creation of health insurance marketplaces (sometimes called “exchanges”) with subsidized private health plans for individuals without access to affordable employer-sponsored insurance, Medicare, Medicaid, or other forms of Minimum Essential Coverage. New Mexico launched its own fully state-operated marketplace (BeWell) in the Fall of 2021. While the Affordable Care Act expanded coverage to millions of people nationwide and established critical consumer protections, enrollees reported affordability challenges related to both premiums and out-of-pocket costs that have caused many states to provide resources to lower costs further.

70% of uninsured shoppers who visited the Marketplace but didn't buy a plan cited cost as the main reason (Commonwealth Fund, 2022).

According to a [study](#) commissioned by the New Mexico Human Services Department in 2020, more than a quarter of uninsured New Mexicans qualified for subsidies on the Marketplace. 57,000 people eligible for subsidies remained uninsured in 2020. Research by the Commonwealth Fund found that only 1/3 of the uninsured visited the Marketplace, with those who did not visit citing perceptions of unaffordability as the main reason they did not visit the Marketplace. A 2022 [study](#) by the Commonwealth Fund found that 46% of uninsured individuals cited premium costs as the main reason they lost or dropped coverage. Among those who had shopped for individual market coverage in the past three years but did not buy a plan, 63% cited premiums as the main barrier to getting covered (see fig. 1).

Reasons Marketplace Plans Are Not Purchased

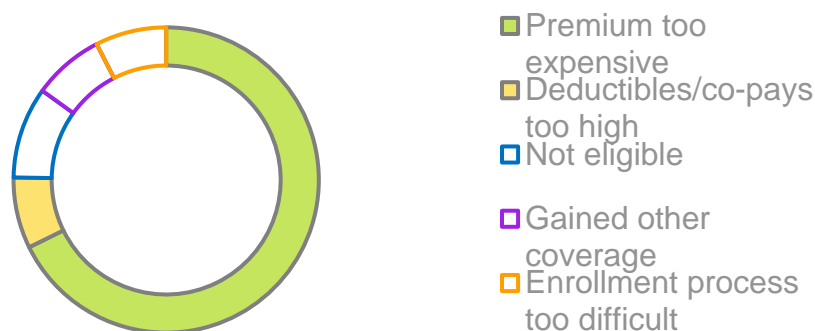


Figure 1. Reasons uninsured shoppers visited the Marketplace but did not buy. (Source: [Commonwealth Fund, 2022](#))

While premiums remain a barrier to entry, out-of-pocket costs are also a growing concern. A national [survey](#) by the Commonwealth Fund in 2022 found that 23% of non-elderly adults are “underinsured,” meaning they are covered but face out-of-pocket costs that hinder access to care or impose significant financial burdens. While 29% of people with employer coverage were underinsured, 44% of individual

market enrollees were underinsured. For individual market enrollees under 200% FPL, 52% were underinsured. 61% of underinsured individuals reported a cost-related access problem, compared to 32% who were not considered to be underinsured. 60% of the underinsured reported having problems paying medical bills, getting sent to collections, changing their way of life to pay bills, or being saddled with medical debt that they are paying down over time.

Uninsured and Underinsured Individuals in the U.S. Report Disproportionate Access Issues

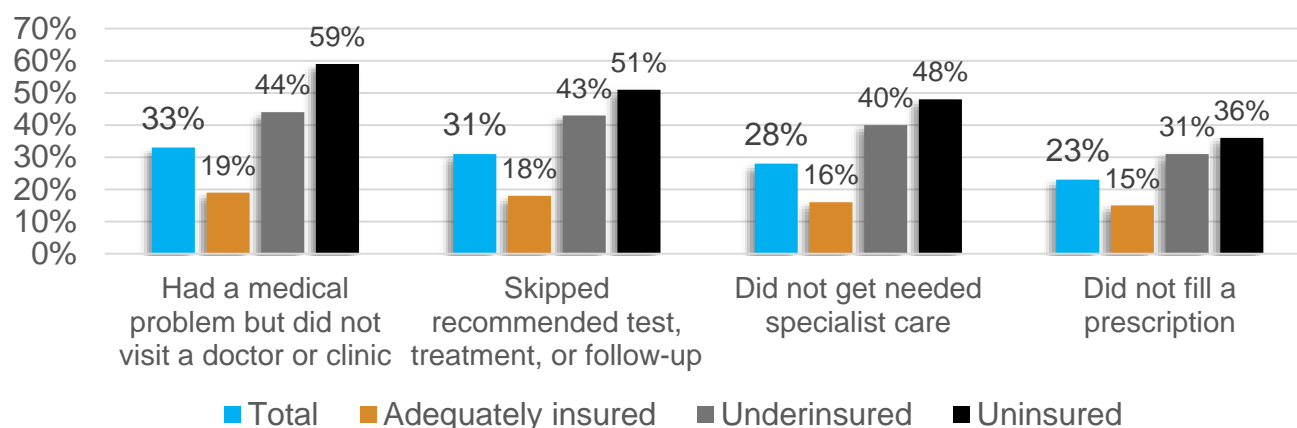


Figure 2. Uninsured and underinsured access issues in the United States of America. (Source: [Commonwealth Fund, 2022](#))

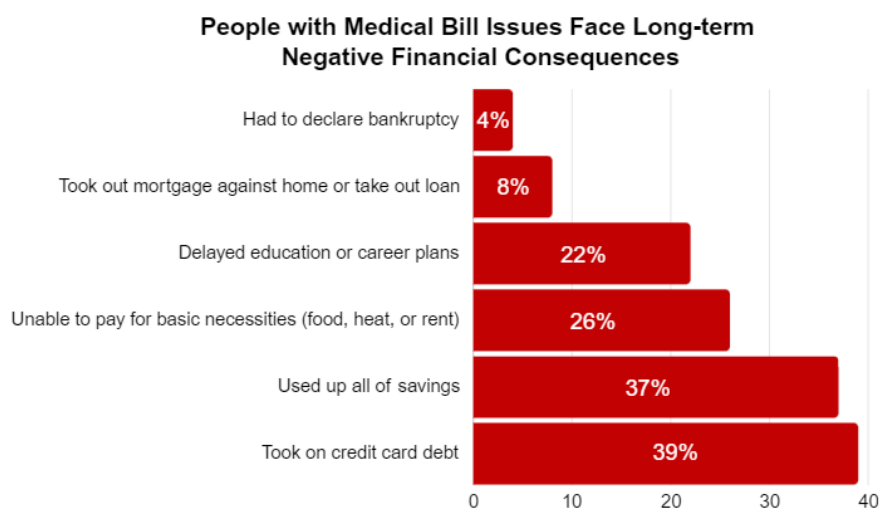


Figure 3. Financial consequences due to medical bills. (Source: [Commonwealth Fund, 2022](#))

Marketplace premium affordability challenges were partly mitigated by the passage of enhanced premium subsidies under the American Rescue Plan Act in 2021 and the extension of those subsidies through 2025

under the Inflation Reduction Act (more on this below). Since these subsidies were implemented, states have seen significant increases in enrollment, particularly states that have not yet expanded Medicaid. Enrollment reached record highs in 2024, as the pandemic-era Medicaid Continuous Coverage Requirement was phased out.

The HCAF was designed to directly address these affordability challenges. New Mexico’s Health Insurance Marketplace Affordability Program builds on top of the federal financial assistance available on BeWell to offer qualifying individuals and families lower-cost coverage. To qualify for the program, consumers must: 1) be eligible to purchase a Qualified Health Plan (QHP) on the Marketplace, 2) qualify for the federal Premium Tax Credit, and 3) meet income criteria established annually by the Secretary. New Mexico has developed programs to address both premium and out-of-pocket cost issues on the state’s Marketplace.

Federal Context

The American Rescue Plan Act, which was passed by Congress in 2021, provided an enhanced and expanded Premium Tax Credit to eligible consumers through the end of 2022. During the period of OSI’s planning for the Marketplace Affordability Program, there was significant uncertainty about whether the enhanced federal marketplace funding would continue. In August 2022, the Inflation Reduction Action extended the enhanced federal funding for three years (through the end of 2025). The HCA is currently evaluating when a decision may be expected from the federal level on the future of the enhanced Premium Tax Credit. Staff are monitoring pending federal legislation and evaluating timelines by when the State will need to make recommendations on an anticipated policy decision to inform BeWell and carrier partners about contingency plans for Plan Year 2026. If the enhanced Premium Tax Credit is not extended, the Department recommends maintaining these consumer savings to the greatest extent possible through HCAF programs.

2024 Program Parameters

New Mexico Premium Assistance

New Mexico’s Premium Assistance (NMPA) program caps how much individuals and families pay for health insurance on BeWell based on their income, with lower-income households paying a lower percentage of their income on premiums than higher-income households (see Table 1). State-funded premium assistance can be used to purchase plans in any metal tier other than Catastrophic. Investing extra premium assistance

2024 Plan Year HCAF Premium Assistance Scale

Federal Poverty Level	NM Benchmark Premium Sliding Scale (Benchmark Premiums as % of income)
Under 200%	0%
200 - 250%	0 - 2%
250 - 300%	2 - 5%
300 - 400%	5 - 8.5%
Over 400%	8.5% (Federal Assistance Only)

Table 1. 2024 Plan Year HCAF premium assistance scale. Notes: The benchmark plan is the second lowest cost Silver plan in a consumer’s rating area. “Federal Assistance Only” refers to consumers over 400% FPL only being eligible for the federal Premium Tax Credit if their premium costs are more than 8.5% of their household income.

for those between 150-200% FPL is the most cost-effective way for the state to boost enrollment and improve coverage retention throughout the year because the federal advance payments of the Premium Tax Credit cover such a significant portion of the consumer premium in this income range.

Native American Premium Assistance (NAPA)

For qualifying Native Americans, the Marketplace Affordability Program offers additional financial assistance:

- **Up to 300% FPL:** Members do not owe a premium for the lowest-cost plan offered by each carrier. The state covers what would otherwise be owed for the plan after accounting for federal advance payments of the Premium Tax Credit and state premium assistance. Federal protections allow this group to enroll in plans with no out-of-pocket costs.
- **Between 300-400% FPL:** Premiums are capped per a sliding scale between 1-8.5% of household income for the second lowest cost Silver plan. This design feature mitigates the “cliff effect” that often results from programs with steep drop offs in benefits once a household has reached income eligibility limits.

Turquoise Plans and State Out-of-Pocket Assistance (SOPA)

Out-of-pocket costs, like deductibles, co-pays, and coinsurance, have been on the rise for decades, causing New Mexicans to shoulder more of the cost when they seek needed health care services. This makes working families less financially secure; an illness or injury is more likely to push families into medical debt or require them to dip into their savings. HCA uses the Fund to directly boost the financial security of working families who get their coverage on BeWell by offering “Turquoise Plans” with much lower out-of-pocket costs. Individuals and families who make less than 300% FPL and qualify for federal assistance on BeWell can enroll in Turquoise Plans that significantly lower how much they pay for doctor visits, hospitalization, prescription medication, and other essential services.

SOPA adjusts out-of-pocket costs based on income. For the 2024 Plan Year, three levels of out-of-pocket assistance were available to individuals and households purchasing health insurance plans on BeWell: Turquoise 1, 2, and 3. Turquoise 1 has the lowest out-of-pocket costs and is available to those with incomes up to 150% FPL, followed by Turquoise 2 for incomes between 150-200% FPL, and Turquoise 3 for incomes between 200-300% FPL. HCA is providing a richer actuarial value benefit for those between 250-300% FPL this year of 90% (see below for more details).



CURRY COUNTY **A FAMILY OF THREE: HOUSEHOLD** **INCOME \$74,000***

*reductions are a result of Federal and State assistance programs

Lowest Cost Turquoise Option

Monthly Premium: \$47.53 from \$1,275.45 without assistance

Deductible: \$1,000 from \$1,650 without assistance

Maximum Out-of-Pocket: \$3,000 from \$18,900 without assistance

Generic Prescription Medicine: \$0 from \$0 without assistance

Mental Health: \$0 for all Turquoise Plans



Carriers are required to offer plan variants that meet cost-saving targets established by the Secretary. The federal government uses the concept of “actuarial value” to determine out-of-pocket cost reduction levels. Actuarial value (AV) is defined by the federal government as the "percentage of total average costs for covered benefits that a plan will cover.” Typically, the higher the plan’s AV, the lower the enrollee’s potential cost exposure.² State-funded out-of-pocket assistance applies to Silver plans (70% AV) for eligible individuals up to 200% FPL and to Gold plans (80% AV) for eligible individuals between 200.01-300% FPL (see Table 2).

Actuarial Values by Program
Plan Year 2024

Federal Poverty Level	Marketplace Affordability Program AV Level for New Mexico SOPA Plans	ACA AV Level for Relevant Federal Variants
Up to 150%	99% AV (Silver)	94% AV (Silver)
150.01 - 200%	95% AV (Silver)	87% AV (Silver)
200.01 - 300%	90% AV (Gold)	80% AV (Gold)

Table 2. 2024 Plan Year actuarial values by program.

The Department designed Turquoise Plans around New Mexico’s unique market dynamics, leveraging existing federal programs to the greatest extent possible to save money for consumers and the State of New Mexico. The federal government currently provides Cost Sharing Reductions for lower income enrollees (up to 250% FPL) who purchase a Silver plan. HCA builds on top of these Cost Sharing Reductions for lower income individuals (up to 200% FPL) through Turquoise plans that have underlying Silver-tier plans. For individuals above 200% FPL, HCA applies state assistance to Turquoise plans, with underlying Gold-tier plans, that give individuals in that income range more robust coverage at prices that are lower than Silver plans, on average. If HCA were to apply this assistance to Silver plans, it would cost significantly more for the State to provide the level of savings currently achieved by the State’s programs and would incentivize enrollment into higher premium plans for consumers.

HCA makes monthly payments to carriers to provide these enhanced benefits and reconciles the payments against actual use of the assistance following each plan year. The Department completed its first reconciliation cycle in June of 2024 and is currently engaged in review of the second submission cycle. FY24 payments to carriers totaled \$18,796,171.64.

BeWell Enrollment

In this section, enrollment figures are based on data reported by BeWell as of October 7, 2024. There are currently 60,363 individuals enrolled in medical plans through BeWell (see fig. 4). This represents the highest level of enrollment ever recorded on New Mexico’s Marketplace since the Affordable Care Act

² “Cost exposure” in health insurance is the maximum amount an enrollee would have to pay for covered health care services in a year, which is made up of their premium and out-of-pocket maximum.

launched for Plan Year 2014. Enrollment is up 35% year-over-year and 68% since the program launched. According to [federal data](#), New Mexico saw the greatest enrollment growth of any state-based Marketplace during the most recent Open Enrollment Period. Combined with system updates and improved outreach/marketing from BeWell, HCA's affordability programs are contributing to these significant positive enrollment trends.

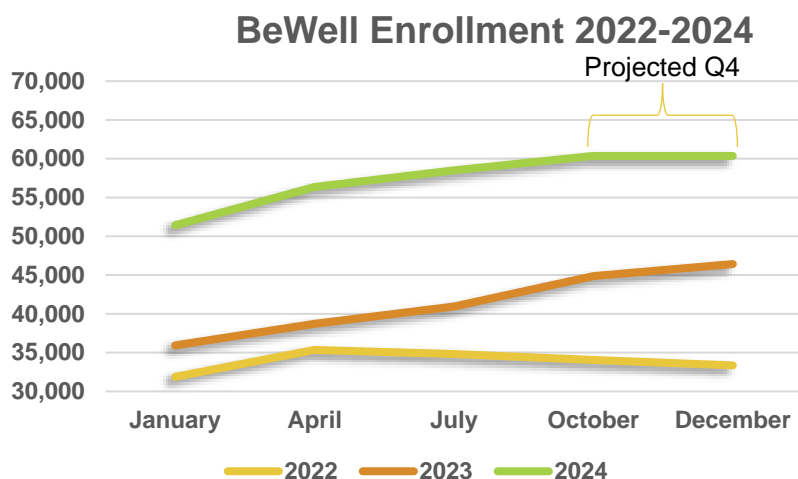


Figure 4. BeWell enrollment 2022-2024.

Premium Assistance Uptake

According to BeWell data, 24,524 enrollees representing 40.6% of the market are benefiting from New Mexico's state-funded premium assistance programs. 44.9% percent of enrollees received the federal Premium Tax Credit but did not receive any state premium assistance. Only 14.5% of those enrolled in medical plans did not receive any federal or state financial assistance (see fig. 5). Under the Inflation Reduction Act, qualifying households above 400% FPL are now eligible for the federal Premium Tax Credit, with the benchmark premium capped at 8.5% of household income.

2024 New Mexico Marketplace Enrollment in Medical Plans by Type of Premium Assistance

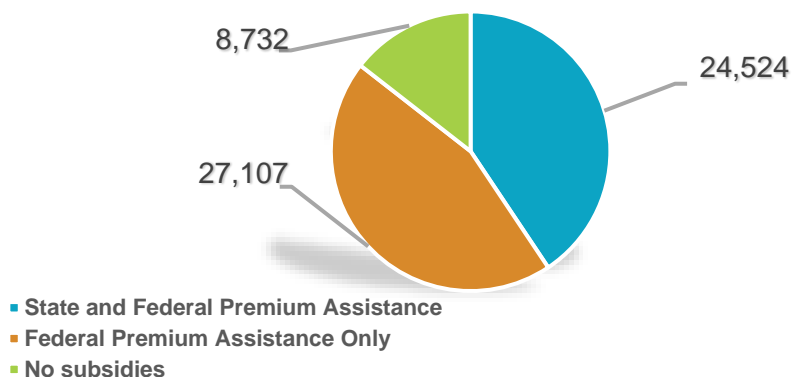


Figure 5. Marketplace enrollment in medical plans in New Mexico by type of premium assistance for 2024.

BeWell has seen significant enrollment growth among Native Americans over the past year. During the Open Enrollment Period for the 2023 Plan Year, just 464 Native Americans were enrolled in Marketplace coverage. Due to the end of the pandemic-era Medicaid Continuous Coverage Requirements, improved outreach strategies from BeWell, and HCA's affordability initiatives, Native American Marketplace enrollment nearly quadrupled between 2023 and 2024 (see fig. 6). NAPA uptake has increased during this period, with 1,803 consumers currently benefitting.

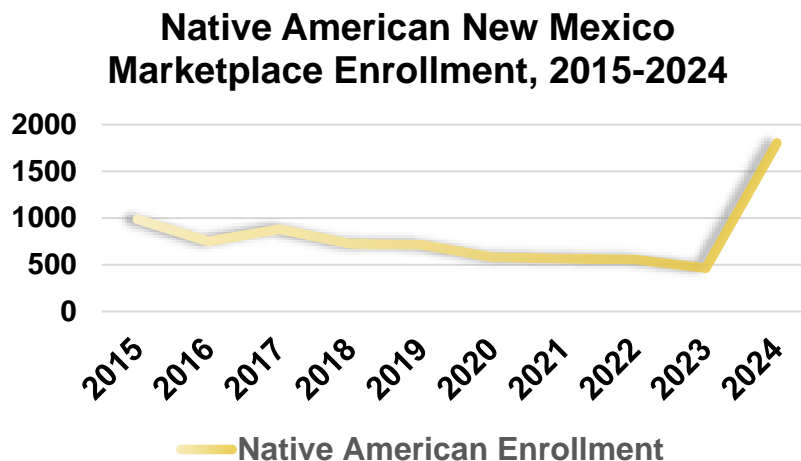


Figure 6. Native American enrollments in the Marketplace between 2015 and 2024.

Turquoise Plan Enrollment

A total of 33,096 New Mexicans signed up for Turquoise Plans in 2024, 55% of total BeWell enrollment (see fig. 7). 85% of enrollees who signed up for Marketplace coverage and qualified for SOPA opted to select a Turquoise Plan. However, there is a gap in uptake depending on household income. Among those under 200% FPL, 78% selected a Turquoise plan compared to 92% for those between 200-300% FPL. The Department has issued guidance to provide additional affordable Turquoise options in 2025 and hopes to see increased uptake within this income bracket next year. Overall, these results demonstrate well-aligned incentives, leading to significant enrollment in the plan tiers that offer the most financial protection available to the consumer.

Share of BeWell Enrollees in Turquoise Plans, 2024

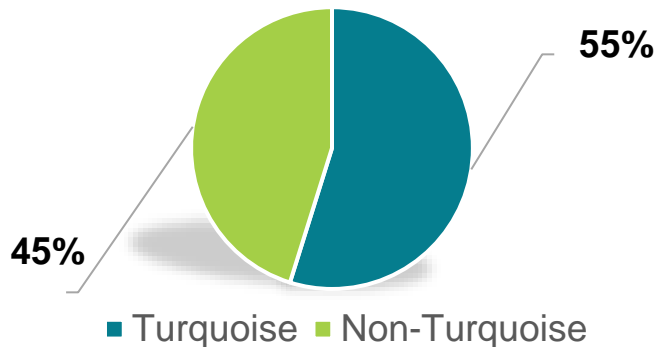
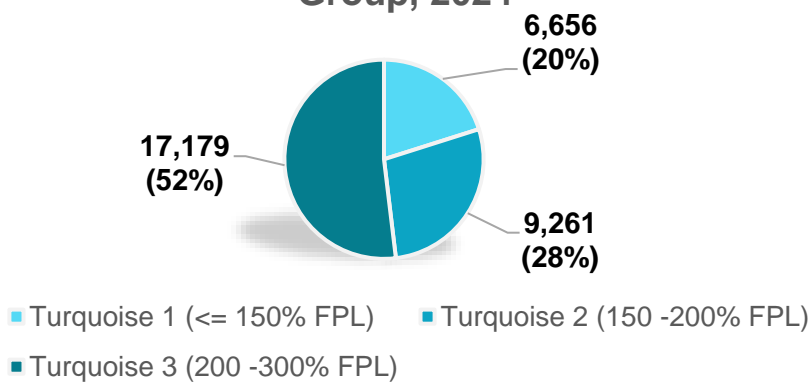


Figure 7. Share of BeWell enrollees in a Turquoise Plan.

20% of Turquoise enrollees are under 150% FPL and qualify for Turquoise 1 (99% of costs covered by the plan). Most of these individuals are in the 138-150% FPL range. Lawfully present non-citizens who do not qualify for Medicaid can qualify for Turquoise Plans and are also represented in this data. 28% of Turquoise enrollees are between 150-200% FPL and qualify for Turquoise 2 (95% of costs covered by the plan).

Turquoise Plan Enrollment by Income Group, 2024

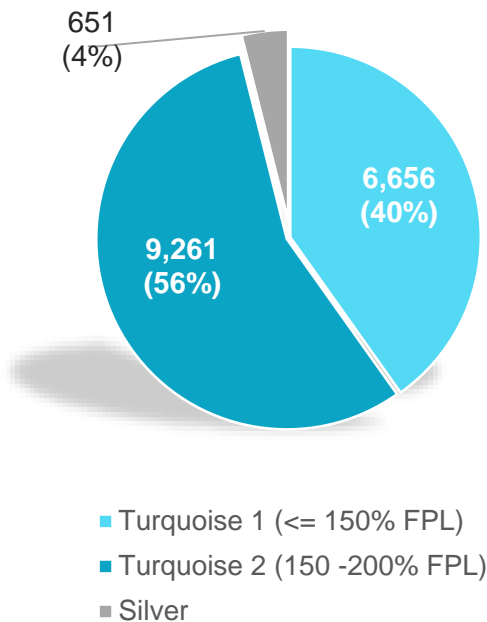


52% of Turquoise enrollees are between 200-300% FPL and qualify for Turquoise 3 (90% of costs covered by the plan) (see fig. 8). The higher concentration of enrollees in Turquoise 3 is largely due to the wider income band represented (200-300% FPL compared to 150-200% FPL in the Turquoise 2, for example).

Figure 8. Turquoise plan enrollment by income group.

Turquoise enrollees represent 96% of enrollment in Silver-level plans on the Marketplace (see fig. 9). For individuals under 200% FPL, Silver plans offer the best financial protection due to federal Cost Sharing Reductions and New Mexico's SOPA program. At the same time, Turquoise enrollees make up 41% of Gold-level plans on the Marketplace (see fig. 10). This highlights the well-designed incentives built into HCA's programs and the OSI's premium alignment guidance that both appear to contribute to the trend of more enrollees signing up for underlying Gold-level plans. In turn, this leads to better financial protection for enrollees.

Share of Turquoise 1 & 2 Enrollment in Silver Plans



Share of Turquoise 3 Enrollment in Gold Plans

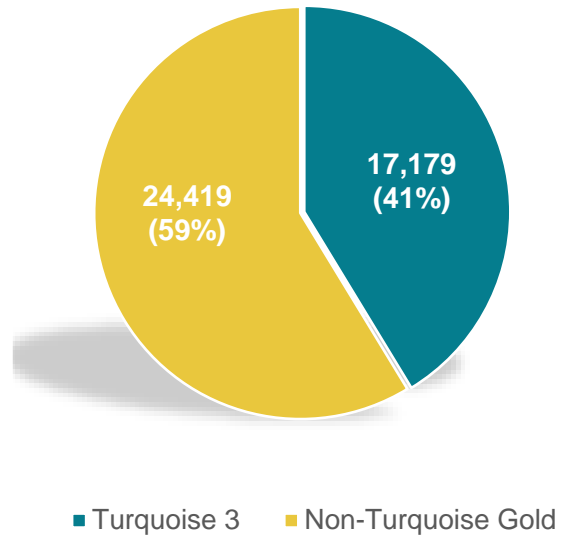


Figure 9. Share of Turquoise 1 & 2 enrollment in Silver plans.

Figure 10. Share of Turquoise 3 enrollment in Gold plans.



BERNALILLO COUNTY

**A COUPLE, LATE 30'S:
HOUSEHOLD INCOME \$55,000***

*reductions are a result of Federal and State assistance programs

Lowest Cost Turquoise / Gold Clear Cost Option

Monthly Premium: **\$39.07** from \$687.39 without assistance

Deductible: **\$1,000** from \$6,000 without assistance

Maximum Out-of-Pocket: **\$4,800** from \$10,600 without assistance

Primary Care: **\$7** from \$20 without assistance

Mental Health: **\$0** for all Turquoise Plans



In 2021, nearly 40% of enrollees signed up for Bronze plans, which have the highest average deductibles and maximum out-of-pocket limits. Only 25% of enrollees selected a Gold plan that year. By 2024, only 4% of enrollees selected Bronze plans, while over 71% signed up for Gold-level plans (see fig. 11). This represents a major shift into more robust coverage in just a few short years. This trend began after OSI adopted guidance that significantly lowered the net cost of Gold plans on the Marketplace.³ OSI designed the SOPA program around this guidance to maximize these

benefits for enrollees and drive enrollment. A [recent analysis](#) found that New Mexico has the highest percentage of Marketplace enrollment in Gold or better, with more than 95% of enrollees signed up in either Gold or Turquoise plans.

³ <https://www.healthaffairs.org/content/forefront/new-mexico-dramatically-reduced-marketplace-deductibles-zero-cost-state>

Marketplace Enrollment by Metal Tier (2021-2024)

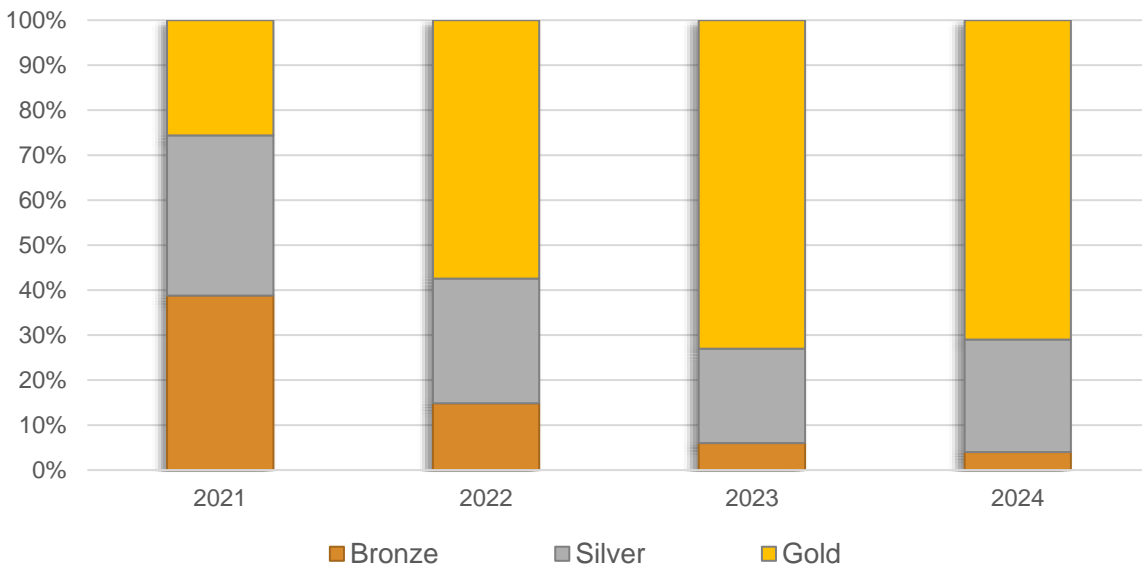


Figure 11. Marketplace enrollment by metal tier.

Enrollment by County

Marketplace enrollment has grown year-over-year in every county across the state and now totals 60,363. The map below shows enrollment by county and year-over-year enrollment growth between October 2023 and October 2024 (see fig. 12). Statewide, enrollment grew by nearly 35% over this period.

- 4 counties experienced enrollment growth over 50% (Luna, Valencia, Socorro, and Torrance)
- 7 counties experienced enrollment growth between 40-50% (Doña Ana, Quay, Hidalgo, San Juan, Cibola, San Miguel, and Eddy)
- 7 counties experienced enrollment growth between 30-40% (Rio Arriba, Bernalillo, Lea, Roosevelt, Sandoval, McKinley, and Los Alamos)
- 8 counties experienced enrollment growth between 20-30% (Chaves, Otero, Union, Curry, Lincoln, Sierra, Catron, and Guadalupe)
- 6 counties experienced enrollment growth between 10-20% (Grant, Santa Fe, Mora, Taos, Colfax, and Harding)
- 1 county experienced enrollment growth under 10% (De Baca)

A recent analysis by ACA Signups found that New Mexico has the highest percentage of Marketplace enrollment in Gold or better, with more than 95% of enrollees signed up for either Gold or Turquoise plans.

BeWell Marketplace Enrollment by County, October 2023-October 2024

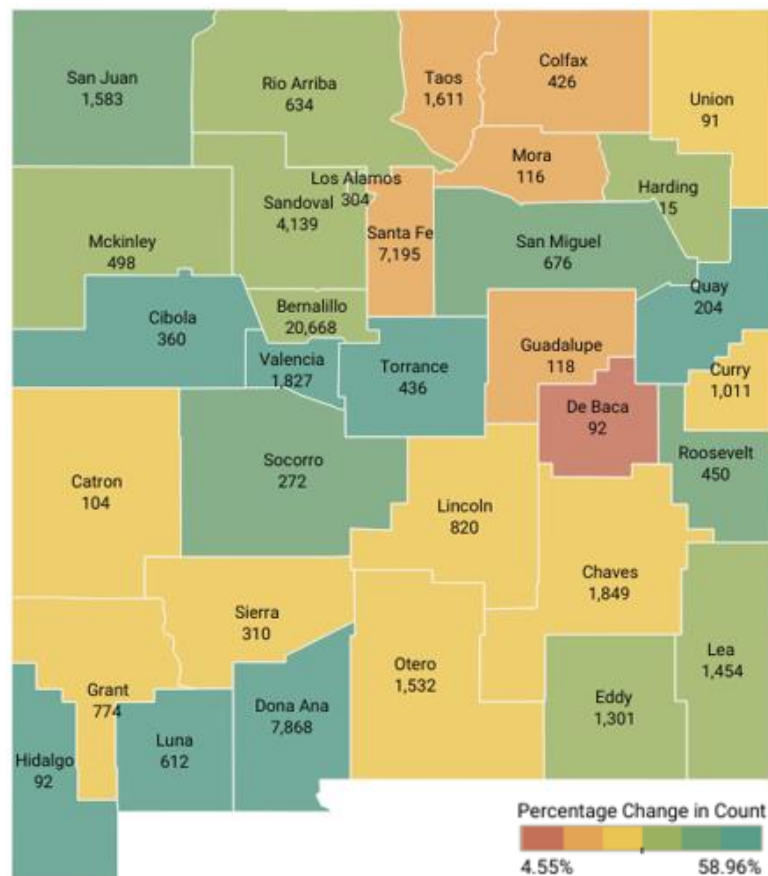


Figure 12. BeWell Marketplace enrollment by county from October 2023 through October 2024.

Cost Savings for Enrollees

Together, the federal Premium Tax Credit and New Mexico's Premium Assistance program significantly reduce the net monthly premium that eligible individuals pay to keep their coverage active. 48% of enrollees pay less than \$10 a month, and 61% pay less than \$50 per month. New Mexico's programs are designed to fully leverage federal resources before state dollars are used. On average, the NMPA assistance provides an additional reduction in premium of \$35.39 for eligible enrollees, compared to the \$542.96 average subsidy from the federal government. For those eligible for NAPA assistance, the per enrollee monthly reduction in premiums is an average of \$17.99.

New Mexico's State Out-of-Pocket Assistance program directly reduces how much enrollees pay for services and builds on top of federal Cost Sharing Reductions to maximize savings for enrollees. Department staff developed several examples to demonstrate savings for households across the state, which are placed throughout this report. A family of three in Curry County making \$74,000 annually



CIBOLA COUNTY

**A FAMILY OF FOUR:
HOUSEHOLD INCOME \$45,000***

*reductions are a result of Federal and State assistance programs

Second Lowest Cost Turquoise / Silver Option

Monthly Premium: **\$0** from \$1,203.55 without assistance

Deductible: **\$0** from \$14,000 without assistance

Maximum Out-of-Pocket: **\$160** from \$16,600 without assistance

Primary Care: **\$0** from \$45 without assistance

Mental Health: **\$0** for all Turquoise Plans



would see their maximum out-of-pocket limit drop from \$18,900 to just \$3,000 with state and federal assistance. A family of four in Cibola County making \$45,000 annually would have no deductible for a Turquoise Plan that would otherwise have a deductible of \$14,000. If they planned to have another child and hit their deductible due to labor and delivery costs, they would owe 31% of their income before coverage even kicked in under the non-Turquoise plan. These are the kinds of savings that make families more financially secure and improve access to care across the state.

State Comparisons

It is important to see how New Mexico's savings compare to other states, including those that provide additional state-funded assistance to their residents. New Mexico consistently has lower premiums and out-of-pocket costs compared to other states (see figs. 13-15). While the monthly premium for an individual at 150% FPL is the same in all states due to the enhanced federal Premium Tax Credit, the maximum amount that could be owed for covered services in California and Colorado is 5% of the individual's income, which could be very challenging on a limited income. New Mexico's plan limits the amount to 0.5% of the individual's income. Similarly, in California, an individual at 175% FPL could owe as much as 12% of their income in out-of-pocket costs, while in New Mexico, the costs are limited to 3% of their income. The starkest difference is for an individual at 300% FPL, who could be exposed to paying up to 24-26% of their income in health care costs in the comparison states. In New Mexico, enrollees in a similar plan would be limited to 6% of their income. These comparisons show how New Mexico has become a leading state in Marketplace coverage affordability initiatives.

Individual, 41-years-old, 150% FPL (\$21,870/annual)			
Marketplace PY2024 – Lowest Cost Option			
State	Monthly Premium	Annual Out-of-Pocket Costs	Max % of Income for Covered Services
New Mexico (Bernalillo County)	Turquoise Level 1 Plan; \$0 Monthly Premium	\$0 Deductible; \$100 Maximum Out-of-Pocket	0.5%
California (San Mateo County)	Silver Plan; \$0 Monthly Premium	\$0 Deductible; \$1,150 Maximum Out-of-Pocket	5%
Colorado (Denver County)	Silver Plan; \$0 Monthly Premium	\$0 Deductible; \$1,100 Maximum Out-of-Pocket	5%
Kentucky (Jefferson County)	Silver Plan; \$0 Monthly Premium	\$550 Deductible; \$550 Maximum Out-of-Pocket	3%

Figure 13. 2024 state-to-state comparison of premiums and out-of-pocket costs for consumer at 150% FPL.





Individual, 41-years-old, 175% FPL (\$25,515/annual)			
Marketplace PY2024 – Lowest Cost Option			
State	Monthly Premium	Annual Out-of-Pocket Costs	Max % of Income for Covered Services
 New Mexico (Bernalillo County)	Turquoise Level 2 Plan; \$0 Monthly Premium	\$65 Deductible; \$800 Maximum Out-of-Pocket	3%
 California (San Mateo County)	Silver Plan; \$0 Monthly Premium	\$0 Deductible; \$3,000 Maximum Out-of-Pocket	12%
 Colorado (Denver County)	Silver Plan; \$7.68 Monthly Premium	\$100 Deductible; \$1,100 Maximum Out-of-Pocket	5%
 Kentucky (Jefferson County)	Silver Plan; \$11.28 Monthly Premium	\$1,600 Deductible; \$1,600 Maximum Out-of-Pocket	7%

Figure 14. 2024 state-to-state comparison of premiums and out-of-pocket costs for consumer at 175% FPL.

Individual, 41-years-old, 300% FPL (\$43,740/annual)			
Marketplace PY2024 – Lowest Cost Option			
State	Monthly Premium	Annual Out-of-Pocket Costs	Max % of Income for Covered Services
 New Mexico (Bernalillo County)	Turquoise Level 3 Plan; \$81.67 Monthly Premium	\$500 Deductible; \$1,500 Maximum Out-of-Pocket	6%
 California (San Mateo County)	Gold Plan; \$206.44 Monthly Premium	\$0 Deductible; \$8,700 Maximum Out-of-Pocket	26%
 Colorado (Denver County)	Gold Plan; \$163.21 Monthly Premium	\$1,700 Deductible; \$8,700 Maximum Out-of-Pocket	24%
 Kentucky (Jefferson County)	Gold Plan; \$248.18 Monthly Premium	\$750 Deductible; \$7,500 Maximum Out-of-Pocket	24%

Figure 15. 2024 state-to-state comparison of premiums and out-of-pocket costs for consumer at 300% FPL.

National Comparison of Marketplace Out-of-Pocket Costs

New Mexico's out-of-pocket assistance program creates significant cost reductions for enrollees. The HCA analyzed the average deductible and maximum out-of-pocket limits in New Mexico compared to the national average of similar plans. Figure 16 below shows the following:

- Consumers enrolled in a Turquoise 1 plan (for consumers between 0-150% FPL) has a \$0 deductible while the national average deductible for those in this income range with only federal Cost Sharing Reductions (AV of 94%) applied to their Silver plan is \$90.
- For consumers enrolled in a Turquoise 2 plan (between 150.01-200% FPL), the average national deductible is 8 times higher than the average deductible in New Mexico for those enrolled in a Silver plan with an AV of 87%.
- Finally, for those enrolled in a Turquoise 3 plan (between 200-300% FPL), the average national deductible is nearly 9 times higher than in New Mexico for those enrolled in a Silver plan with an AV of 73%.

2024 Average Deductible New Mexico vs National Average

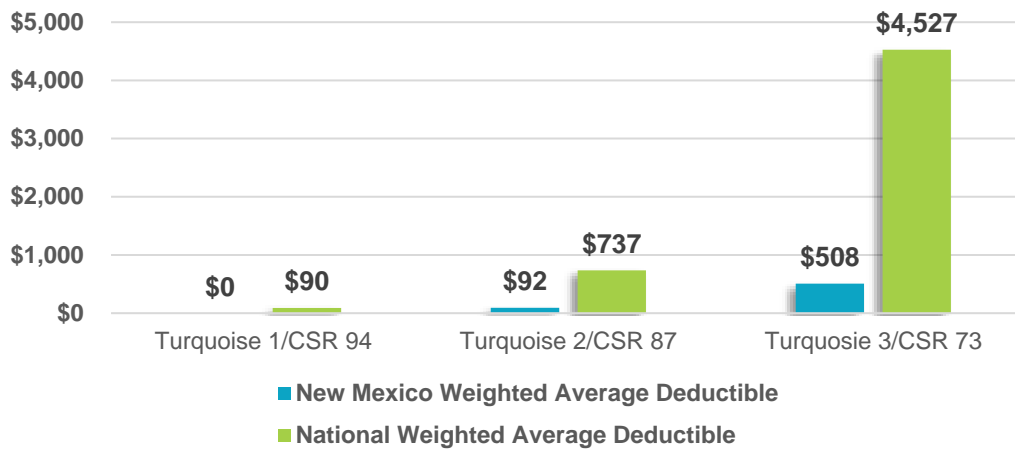


Figure 16. Data from 2024 of consumer deductibles in New Mexico for those enrolled in Turquoise plans versus the national average of deductibles for consumers enrolled in Silver plans with federal Cost Sharing Reductions applied (CSR 94% AV, CSR 87% AV, and CSR 73% AV). (Sources: [National KFF Analysis](#); HCAF program data)

Similarly, New Mexico’s maximum out-of-pocket limits for consumers enrolled in Turquoise plans are substantially lower than the national average for comparable Silver-level plans with only federal Cost Sharing Reductions applied. The national maximum out-of-pocket average is more than \$1,000 higher than for New Mexicans enrolled in a Turquoise 1 plan (0-150% FPL), nearly \$2,000 higher than New Mexicans enrolled in Turquoise 2 plans (150.01-200% FPL), and more than \$5,000 higher than New Mexicans enrolled in Turquoise 3 plans, per the chart below (see fig. 17).

2024 Average Max-Out-Of-Pocket (MOOP) New Mexico vs National Average

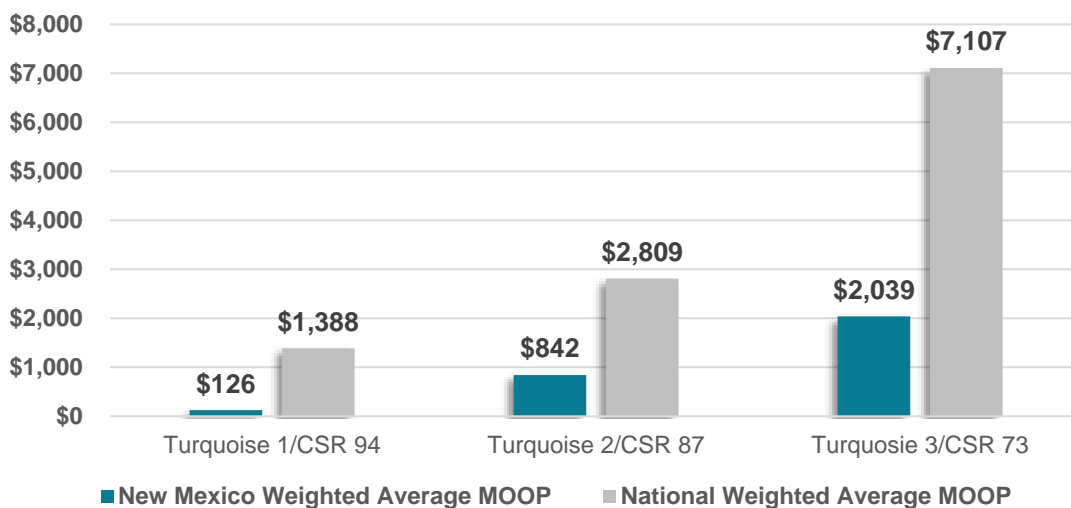


Figure 17. Data from 2024 of consumer maximum out-of-pocket costs in New Mexico for those enrolled in Turquoise plans versus the national average of maximum out-of-pocket costs for consumers enrolled in Silver plans with federal Cost Sharing Reductions Applied (CSR 94% AV, CSR 87% AV, and CSR 73% AV). (Sources: [National KFF Analysis](#); HCAF program data)

2025 Plan Year - Updates to Program Parameters

For Plan Year 2025, HCA introduced several changes to the Health Insurance Marketplace Affordability Program that seek to enhance affordability and improve cost predictability.

- Out-of-pocket assistance is extended to individuals and families up to 400% FPL (see Table 3 below).
- Limited Cost Sharing versions of Turquoise 3 Plans must be made available to Native Americans between 300-400% FPL.
- Additional premium assistance will be available to households up to 200% FPL, expanding the number of affordable options and improving coverage retention.⁴

2025 Plan Year Turquoise Plan Actuarial Values

Plan Variant	Income Eligibility Threshold	Actuarial Value
Turquoise 1	Up to 150% FPL	99%
Turquoise 2	150.01-200% FPL	95%
Turquoise 3	200.01-400% FPL	90%

Table 3. 2025 Plan Year Turquoise plan actuarial values.

Guided by program implementation assessments, and feedback from members, stakeholders, and carriers, HCA will continue to update program parameters to enhance affordability and expand health care access.

Medicaid Transition Premium Relief Program and the Medicaid Unwinding

With the end of the pandemic-era Medicaid Continuous Enrollment on March 31, 2023, BeWell partnered with the HCA to smooth the transition to private health insurance for New Mexicans who were no longer eligible for Medicaid. The HCA and BeWell conducted multi-pronged outreach campaigns, updated IT systems, and established new financial support for consumers to pay premiums. As a result, by the end of the Unwinding period, 10,483 New Mexicans enrolled in insurance coverage through BeWell after losing Medicaid.

HCA initiated the Medicaid renewal process with a robust campaign to ensure New Mexicans submitted their renewal packets (including renewal letters in turquoise envelopes, outreach and engagement events, and materials produced by Health Action New Mexico). If members were found ineligible for Medicaid, their application was transferred to BeWell. To reach those members, BeWell conducted a targeted outreach campaign to inform New Mexicans of the affordable options on the Marketplace, if they did not have access to employer-sponsored insurance. Over the course of the campaign, BeWell sent hundreds of

⁴ The NMPA amount will be determined by the second lowest cost Silver plan amount plus 10% for those under 200% FPL.

thousands of texts and emails, and placed tens of thousands of calls, in addition to notices about the BeWell application. BeWell also conducted 64 targeted outreach events and marketed those events to individuals who recently lost Medicaid coverage. BeWell became the first state-based exchange texting consumers to attend events or schedule an appointment with a broker or enrollment counselor, a tactic that proved so successful that BeWell has expanded the text campaigns to all events and all audiences.

To improve the application process, BeWell implemented new policies and modified its IT system. When HCA transfers an application to BeWell, the BeWell system automatically provides a Special Enrollment Period when the former Medicaid member applies for coverage through the Marketplace. Then, to help them avoid a gap in coverage, BeWell allows these individuals to enroll effective the first day of the month of application. These changes allowed individuals to maintain coverage, even if they learned their Medicaid enrollment had ended in the previous month.

In partnership with BeWell, the HCA also created additional financial support for those individuals transitioning to Marketplace coverage. The Medicaid Transition Premium Relief (MTPR) program pays the first month's premium for eligible individuals who lost Medicaid and enrolled in health insurance through BeWell.⁵ MTPR's main objective is to prevent coverage disruptions and provide financial protections for individuals transitioning from Medicaid to private health insurance. This was particularly important during the period when Medicaid renewals began again after the public health emergency expired and its protections were phased out. MTPR remains a useful program to ensure retention of consumers in health coverage.

Since the program started, more than 7,320 individuals in 5,419 households have benefited from the MTPR program. Some individuals who qualified for the program did not need the assistance because they selected a \$0 premium health plan. Since MTPR builds on top of other federal and state premium assistance programs described in this report, the average state payment is relatively low, averaging just \$98.33 per household.⁶ To date, this ongoing program has covered \$500,000 in premiums for individuals transitioning from Medicaid to Marketplace coverage. The Department views MTPR as a cost-effective way to build a bridge between Medicaid and Marketplace coverage while protecting New Mexicans' overall health.



DOÑA ANA COUNTY

**A STUDENT:
HOUSEHOLD INCOME \$25,000***

*reductions are a result of Federal and State assistance programs

Third Lowest Cost Turquoise / Silver Option

Monthly Premium: \$21.71 from \$377.62 without assistance

Deductible: \$0 from \$2,500 without assistance

Maximum Out-of-Pocket: \$1,400 from \$9,450 without assistance

Generic Prescription Medicine: \$1 from \$3 without assistance

Mental Health: \$0 for all Turquoise Plans



Clear Cost Plans

Clear Cost Plans were introduced to the Marketplace in 2024. These are standardized health plans that all carriers must offer on the BeWell Marketplace. Clear Cost Plans have the same out-of-pocket costs for

⁵ MTPR is available for individuals with household incomes up to 400% FPL.

⁶ BeWell, Dashboards, 24 October 2024, <https://bewellnm.com/transparency/dashboards/>.

covered benefits, which improves the shopping experience by allowing consumers to compare offerings from each health insurance carrier "apples-to-apples" without having to compare each benefit category individually. Clear Cost Plans are designed to encourage using certain high-value health services, like primary care, by lowering out-of-pocket costs for those services.

During the 2020 legislative session, the New Mexico State Legislature passed a law to give the BeWell Board of Directors the authority to establish standardized health plans. The BeWell Board of Directors, based on recommendations from the Health Benefits Committee (the Committee), established one Silver Standardized Health Plan, one Gold Standardized Health Plan, and Turquoise variants of the applicable Standardized Health Plans for qualifying individuals and families.⁷

The Committee began meeting in late 2020, and their work culminated in establishing proposed plan designs. The Committee adopted eight key plan features to guide decision-making around plan design. To the greatest extent possible, the Standardized Health Plans should:

1. Create the opportunity for "apples-to-apples" plan comparisons for consumers.
2. Improve cost predictability by only using co-pays (fixed dollar amounts) instead of coinsurance (a percentage of the service cost).
3. Categorize co-pay levels by low, medium, and high amounts, with high-value services like primary care and generic medications having the lowest out-of-pocket costs.
4. Minimize deductibles and out-of-pocket maximum limits.
5. Minimize the number of services subject to a deductible.
6. Ensure reasonable costs for hospital/ER visits so that rural residents who have limited access to primary care and urgent care services in their area are not priced out of care. Primary care and urgent care should have out-of-pocket costs that are lower than the hospital/ER services to encourage the use of those services whenever possible.
7. Lower out-of-pocket costs for specialty medications, which are typically used to treat complex, chronic conditions like cancer, multiple sclerosis, and rheumatoid arthritis.
8. Focus on income-based out-of-pocket designs as part of the state's new out-of-pocket assistance program.

Currently, about 28% of enrollees are signed up for a Clear Cost Plan. [Click here](#) to view the final approved Clear Cost Plans for 2024. [Click here](#) to view the final approved Clear Cost Plans for 2025. View Table 4 below for information about 2025 Turquoise Clear Cost Plan designs and applicable co-pays for various services.

⁷ In accordance with 59A-23F-9, the BeWell Board of Directors established the Health Benefits Committee in 2020.

Clear Cost Turquoise Plan Designs for Plan Year 2025

Plan	Turquoise 1	Turquoise 2	Turquoise 3
Income Eligibility Group (by FPL)	Up to 150%	150-200%	200-400%
Annual Deductible	\$0	\$90	\$500
Annual Max Out of Pocket	\$200	\$900	\$2,400
Actuarial Value	99.25%	95.00%	90.17%
Medical			
Low Co-Pay Medical Services			
Preventive Care/Screening/Immunization	\$0	\$0	\$0
Mental/Behavioral Health and Substance Use Disorder Outpatient Services	\$0	\$0	\$0
Primary Care Visit to Treat an Injury or Illness (exc. Preventive, and X-rays)	\$0	\$5	\$7
Speech Therapy	\$0	\$5	\$7
Occupational and Physical Therapy	\$0	\$5	\$7
Mid Co-Pay Medical Services			
Specialist Visit	\$3	\$10	\$20
Imaging (CT/PET Scans, MRIs)	\$3	\$10	\$20
Laboratory Outpatient and Professional Services	\$3	\$10	\$20
X-rays and Diagnostic Imaging	\$3	\$10	\$20
Skilled Nursing Facility	\$3	\$10	\$20
Urgent Care Facility	\$3	\$10	\$20
Higher Co-Pay Medical Services			
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	\$5	\$35	\$60
Outpatient Surgery Physician/Surgical Services	\$5	\$35	\$60
Emergency Room Services	\$30	\$40	\$75
Inpatient Hospital Services	\$30	\$40	\$75
Prescription Medications			
Generics	\$0	\$3	\$5
Preferred Brand Drugs	\$3	\$10	\$10
Preferred Specialty Drugs	\$10	\$25	\$50
Non-Preferred Brand Drugs	\$15	\$50	\$100
Non-Preferred Specialty Drugs	\$25	\$65	\$125
Services Highlighted in Blue are Subject to Deductible			

Table 4. Clear Cost Turquoise Plan designs for Plan Year 2025. Notes: All deductible and max out-of-pocket limits are for an individual. Deductible and max out-of-pocket limits for plans with more than one enrollee are twice the amount listed. For all services highlighted in blue, the consumer must meet their deductible before only having to pay the listed co-pay for the applicable service moving forward. The Skilled Nursing Facility co-pay is applied per day for a maximum of 60 days per year; the Inpatient Hospital Services co-pay is applied per visit.

New Mexico's Easy Enrollment Program

In 2022, the New Mexico State Legislature adopted legislation to establish the Easy Enrollment Program. The law requires collaboration between the HCA, BeWell, OSI, and the Taxation and Revenue Department with the goal of increasing enrollment in quality, affordable health coverage. The program allows New Mexicans to check a box on their state income tax form to see if they qualify for low-cost or no-cost health care coverage through Medicaid or BeWell.

Leading into the 2024 tax filing season, the State conducted a marketing and outreach campaign to raise awareness about Easy Enrollment. According to BeWell, 3,052 individuals used the Special Enrollment Period established for the Easy Enrollment Program in 2024 to enroll in health plans through the Marketplace. Per the HCA, as of September, 4,874 individuals have enrolled in Medicaid in 2024 due to the Easy Enrollment Program. Medicaid enrollments for April through August of 2024 (Tax Year 2023) have greatly eclipsed Medicaid enrollments in 2023 (Tax Year 2022) (see fig. 18), demonstrating an overall positive uptake for Easy Enrollment Program utilization. The HCA will continue to find opportunities to raise awareness about the program and explore program improvements to increase the number of individuals who can benefit.

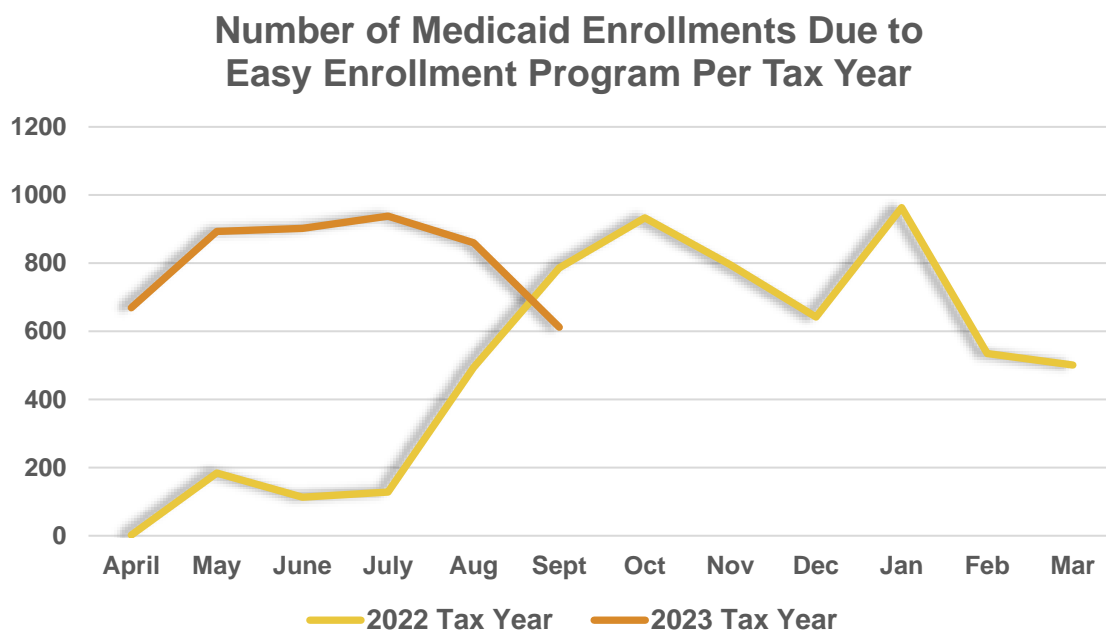


Figure 18. Number of Medicaid enrollments due to the Easy Enrollment Program per tax year.



Small Business Health Insurance Premium Relief Initiative

Creating savings opportunities for New Mexico's
small businesses.

The Small Business Health Insurance Premium Relief Initiative

According to a recent survey conducted by Small Business Majority, small employers have had to take significant measures to deal with rising health insurance costs, including but not limited to increasing premiums on employees, offering more limited coverage, and cutting other benefits (see fig. 19). To reduce health insurance premiums for small businesses that purchase coverage in the small group market, OSI launched the Small Business Health Insurance Premium Relief Initiative (Small Business Initiative) in July of 2022.

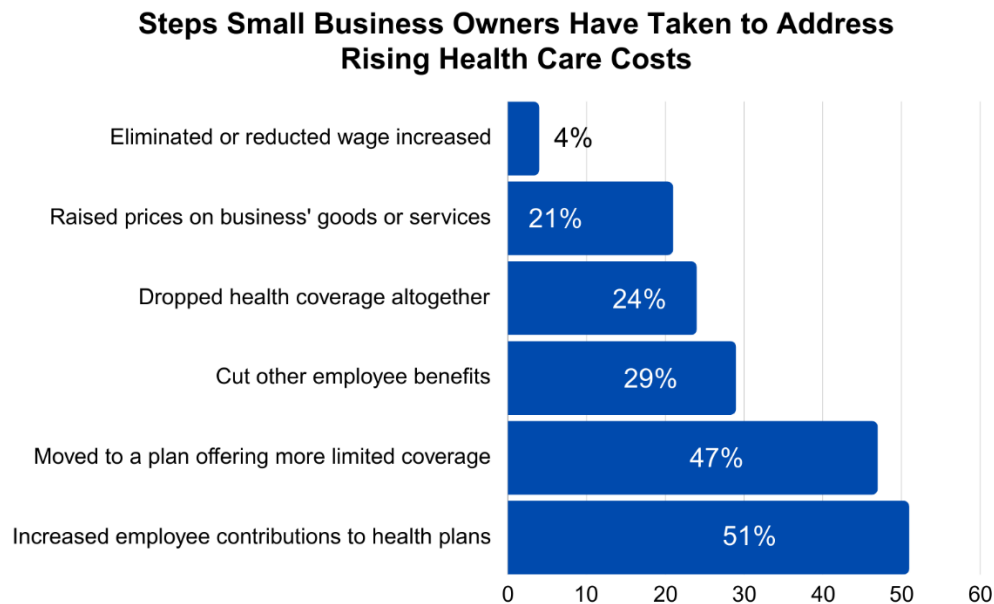


Figure 19. Steps small business owners have taken to address rising health care costs. (Source: [2024 Small Business Majority Survey Report](#))

Program Parameters and Participating Carriers

The HCA's Small Business Initiative reduces premiums by 10% for small businesses with two to 50 full-time employees, or full-time equivalents, that purchase Affordable Care Act-compliant small group plans.⁸ To minimize administrative burdens and maximize the program's reach, participating health insurance carriers automatically apply a credit to the employer's monthly invoice and charge the HCA for the benefit. The HCA reimburses carriers monthly. Three carriers offered discounted plans through June of 2024, including Blue Cross Blue Shield of New Mexico, Presbyterian Health Plan, and United Healthcare. These three carriers will continue to offer eligible plans in 2025.

⁸ The calculation of full-time equivalent (FTE) is an employee's scheduled hours divided by the employer's hours for a full-time workweek. When an employer has a 40-hour workweek, employees who are scheduled to work 40 hours per week are 1.0 FTEs. Employees scheduled to work 20 hours per week are 0.5 FTEs.

Small Group Enrollment – July 2022 to July 2024

In 2023, [Kaiser Family Foundation](#) indicated New Mexico had 28,507 small businesses of less than 50 employees. Of those small businesses, 21,551 (76%) do not offer any employer-sponsored coverage; 6,956 (24%) of those small businesses do offer some kind of employer-sponsored coverage.⁹ HCAF data shows that of those 6,956 businesses offering employer-sponsored coverage in 2023, 80% of these small businesses are benefiting from the Small Business Initiative (see fig. 20).

Small Businesses in New Mexico Using Small Business Initiative in 2023

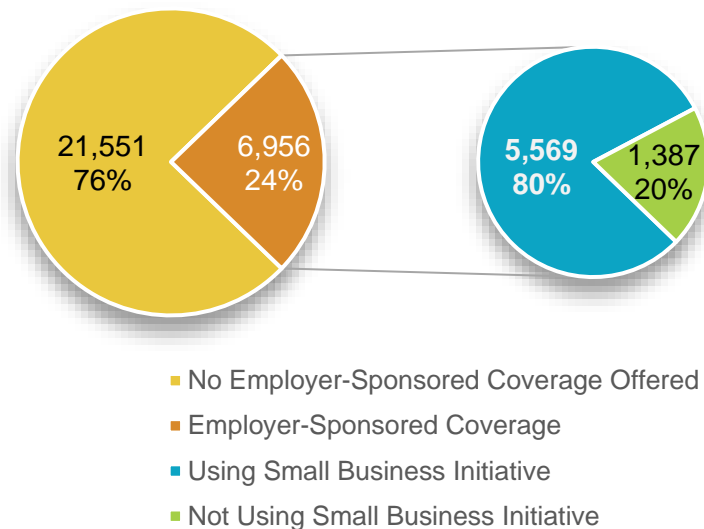


Figure 20. The total number of small businesses in New Mexico in 2023 was 28,507. Of those, only 6,956 of them offer employer-sponsored coverage. Of those 6,956, 5,569 were using the Small Business Initiative.

Under the current program design, all businesses offering small group coverage receive the discount offered by the Small Business Initiative if enrolled through Blue Cross Blue Shield of New Mexico, Presbyterian Health Plan, or United Healthcare. As of July 2024, 38,095 members from 4,676 small businesses were enrolled in coverage supported by the Small Business Initiative.

Since the program started, enrollment has seen a 13% reduction from 43,624 members to 38,095 members (see fig. 21). The total number of businesses offering small group coverage also decreased during this period, with 6,057 groups offering coverage in July of 2022 and 4,676 offering coverage by July 2024 (see fig. 22). This trend appears to be affecting small businesses of all sizes but is particularly prevalent in the smallest employers (five or fewer enrollees) who are more likely to face challenges dealing with year-to-year premium increases. Of the net 869 groups that discontinued coverage, 86% were in this cohort. Some of these businesses may have encouraged staff to seek individual and family coverage through the BeWell Marketplace, since they and their employees can benefit from the cost savings described in the previous section.

⁹ Kaiser Family Foundation, 2023, <https://www.kff.org/other/state-indicator/firms-offering-coverage-by-size/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>.

Small Business Health Insurance Premium Relief Initiative Member Enrollment



Figure 21. Small Business Health Insurance Premium Relief Initiative member enrollment.

Number of Small Businesses Benefiting from New Mexico's Small Business Initiative

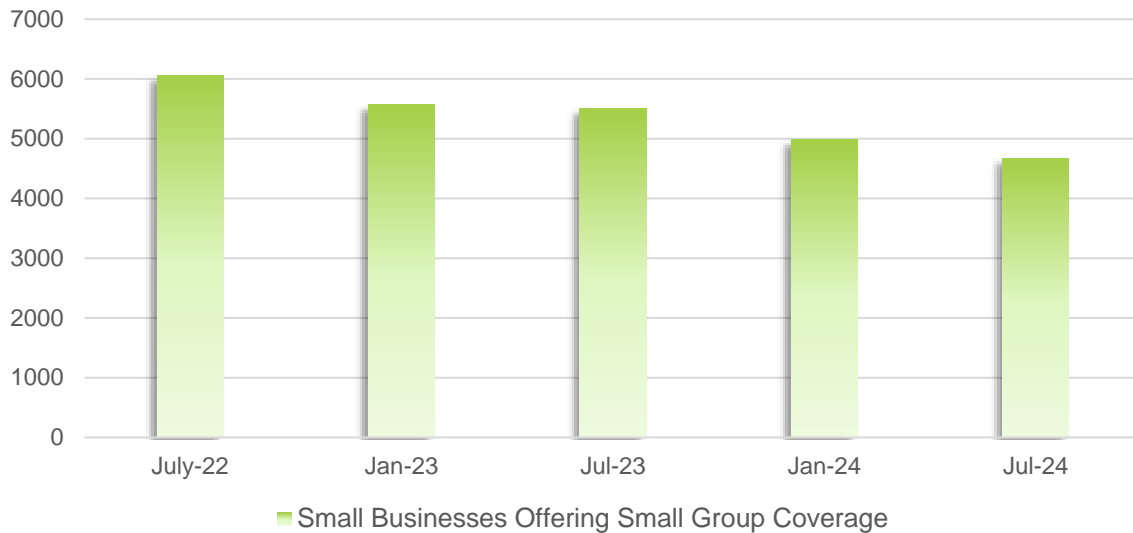


Figure 22. Number of small businesses benefiting from New Mexico's Small Business Initiative.

The chart below (see fig. 23) shows the number of businesses benefitting from HCA's Small Business Initiative in July of 2023 compared to July of 2024 by the group size.

2023-2024 Small Business Group Distribution by Group Size Range

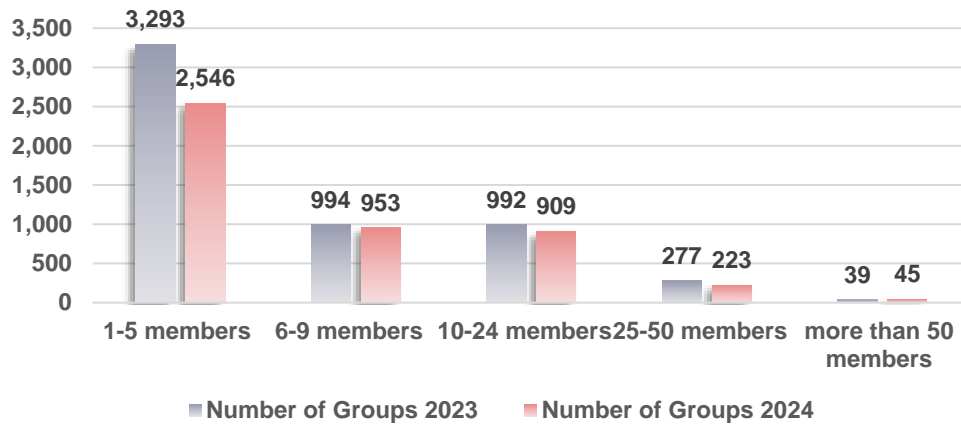


Figure 23. Small business group distribution by group size range from 2023 through 2024. Note: There is data on groups with more than 50 members because, though the businesses have 50 or fewer employees, when dependents are included, the group enrollment can exceed 50 members.

Cost Savings for Small Businesses

As stated above, the purpose of the Small Business Initiative is to provide premium relief for businesses so that it is easier for them to provide health insurance coverage. The Small Business Initiative's 10% reduction in premiums across all plans in the market provides a straightforward reduction that minimizes administrative burdens on employers, their employees, and the HCA. The table below (see fig. 24) displays the average monthly savings per member per month July 2022 through July 2024. Average savings per member has increased by approximately \$10 per month since the program started, largely driven by premium increases.

NM Average Savings Per Member Per Month

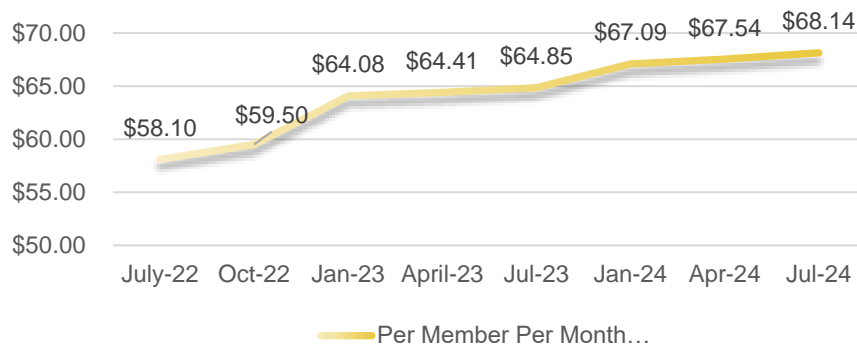


Figure 24. Average savings per member per month due to the Small Business Initiative.

The program continues to provide meaningful savings to small businesses. Moving forward, given the enrollment status of the program and increasing pressure on small businesses, the HCA plans to explore new ideas for assisting small businesses and their employees with the cost of health insurance.

A group of five diverse people (three men and two women) are smiling and posing for a photo. The man on the top left has a beard and is wearing a blue shirt. The man on the top right is wearing glasses and a red jacket. The man in the center is wearing a red jacket. The woman on the bottom left is wearing a red jacket and has sunglasses on her head. The woman on the bottom right is wearing a red jacket. The background is a warm, orange-toned outdoor setting.

The Uninsured Program

NM Medical Insurance Pool | July 2025

The Uninsured Program

Those who are uninsured [cite](#) affordability as the biggest barrier to coverage. The Affordable Care Act addressed major affordability issues by expanding Medicaid and providing subsidized coverage through health insurance marketplaces, with recent state and federal initiatives further reducing costs for eligible consumers. However, many people still cannot access those programs and struggle to get the care they need. This creates significant health equity issues and strains New Mexico's health care providers who often must provide uncompensated care to serve their community.

The New Mexico Medical Insurance Pool (NMMIP) has been the coverage of last resort for uninsurable New Mexicans for decades, playing a life-saving role for thousands of people. While NMMIP provides income-based discounts, the coverage is still prohibitively expensive for most lower-income individuals, causing only those with the highest health needs to enroll.

At the same time, current low-income NMMIP enrollees are exposed to premiums and out-of-pocket costs well above what is available through BeWell. For example, in 2023 a 40-year-old non-smoker in Albuquerque would pay \$132 a month for a policy with a \$500 deductible and \$5,500 out-of-pocket maximum. For an individual at 100% FPL, the premium for this policy would cost nearly 12% of their household income and a potential out-of-pocket exposure of 37% of household income. Taken together, nearly half of this individual's income could potentially be consumed by health care costs. A similarly situated BeWell enrollee could find a plan with a \$0 premium and less than \$200 annual out-of-pocket maximum.

As required by 59A-23F-12, in 2022 OSI submitted a plan to the Legislative Finance Committee and the Legislative Health and Human Services Committee that could offer health care coverage for uninsured individuals and families who do not qualify for other coverage programs. In crafting the plan, the State engaged stakeholders to better understand the needs of the population, develop guiding principles, and generate policy recommendations. The State established the following guiding principles based on the statute and stakeholder engagement:

1. Consumer costs should be similar to what is offered on BeWell;
2. Coverage for uninsured individuals and families under 200% FPL should be prioritized;
3. The plan should align with existing programs to the greatest extent possible to minimize complexity while providing enough flexibility to meet the needs of the population; and
4. The plan should identify opportunities for program savings so that both benefits and enrollment can be maximized.

The report to the legislature provides a roadmap for program design. It provides recommendations on eligibility, benefits, affordability criteria, program administration, enrollment, community outreach, and potential risk mitigation strategies. Using the directives and resources from the HCAF, the HCA proposed entering into an agreement with NMMIP to establish a new initiative to reduce costs and boost coverage. The program will be designed to address the affordability and access issues currently facing uninsured New Mexicans and low-income NMMIP enrollees. The HCA proposes that individuals could qualify for the program if they live in New Mexico; earn up to 200% FPL; do not have access to Medicaid, Medicare, a Qualified Health Plan through BeWell, employer-sponsored insurance, or other affordable minimum essential coverage; and are uninsured or enrolled in NMMIP's low-income discount program.

As proposed, the program would cover the 10 essential health benefits while continuing to provide emergency services through Emergency Medicaid to leverage federal matching dollars. Premiums and

out-of-pocket costs will vary based on income to closely align with coverage offered through the Marketplace.

Benefits to New Mexicans: Improving Health Equity and Access to Services

The goal of the program is to remove barriers to coverage and care for individuals without access to other forms of health coverage. Evidence [shows](#) that uninsured individuals are less likely to seek needed medical care and more likely to postpone needed health care. Not accessing care can lead to worse health outcomes and may result in higher medical costs and future medical debt. The proposed design of the program will allow members to receive similar coverage and benefits to those enrolled in a BeWell health plan.

By offering affordable coverage to these individuals, New Mexico can improve health equity and access to services while ensuring that providers are reimbursed for their services. In focus groups with primary care providers, providers shared that expanding coverage would improve provider capacity by funding critical services and providing more opportunities to refer individuals to more complex care when needed.

There is a clear role for NMMIP in this program. The organization has always served as a critical safety net for New Mexicans, with a focus on providing coverage to those who struggle to find other coverage. The improvements in affordability offered by the program would advance the organization's long-term mission while also providing an opportunity to realize savings for consumers and through the sharing of resources between HCAF and NMMIP.

Next Steps

The Department has conducted several rounds of modeling and adjustments to the proposed implementation plan and has presented several versions of the plan to the NMMIP Board of Directors in order to enter into a partnership to implement the program. The NMMIP Board of Directors will meet in early November, to consider an updated proposal to partner on this program and use their system for program eligibility and to provide coverage starting in mid-2025. Additional details will be available prior to the 2025 Legislative Session and will be shared with the Legislative Finance Committee.

HCAF Finances and Administration



Investing in New Mexico's
Health and Economic Security

The Impact of HCAF Programs on Health Insurance Enrollment

While there is no direct way to track the number of individuals who would otherwise be uninsured without HCAF programs, the HCA is able to compare actual and projected enrollment against baseline actuarial projections produced in 2022 and 2023. Based on this data, the HCA's estimate is that 20,200 individuals would not be insured without these HCA programs for 2024 and 31,000 for 2025. Table 5 below shows these estimates of the program uptake.

Program Impact on Insurance Uptake - Additional Insured

2024	HCAF Program	2025
1,800	Small Business	1,700
18,400	Marketplace	21,600
N/A	Uninsured Program	7,700
20,200	Total Take-Up	31,000

Table 5. Program impact on insurance uptake for 2024 and 2025. (Source: Wakely HCAF Analyses 2022-2024; all calculations produced by HCA)

HCAF Public Outreach and Communication

To achieve the maximum impact from the HCAF program components, HCA engaged in a two-track outreach and communication strategy.

- **Track 1** relies on outreach activities that deliver the message directly to potential beneficiaries via various traditional and digital channels.
- **Track 2** focuses on continuous collaboration with HCA's partners to deliver the program components. These partners are BeWell, participating insurance carriers, advocacy organizations, and the larger HCA agency.

Track 1 aims to deliver information regarding HCAF directly to New Mexicans through multiple methods of public outreach.

- A webpage dedicated to HCAF program information is maintained on both the OSI and HCA websites.
- Local media presence was expanded by reestablishing relationships with KOB 4 and Telemundo, and renewing communications with KRQE, KOAT, and KNME.
- Informational and educational posts have been produced for social media platforms, specifically Facebook, Instagram, Twitter, and LinkedIn, resulting in increased social/digital engagement.
- A concerted effort has been made to deliver HCAF information and messaging in both English and Spanish languages in order to reach a greater number of New Mexicans.
- Direct public outreach using listening sessions and focus groups has also increased public engagement and the ability to disseminate information to populations that could potentially benefit from HCAF programming.

Track 2 prioritizes collaboration with various health care partners in New Mexico. Partners include BeWell, participating health insurance carriers, and the larger HCA agency. One example of this collaboration is HCA working with BeWell on assister outreach and participation in system update conversations. Collaborating with these organizations and agencies enables information and messaging to reach a larger population throughout New Mexico.

Messaging has not only pertained to Open Enrollment Periods, Special Enrollment Periods, and information regarding the Medicaid Unwinding, but also includes all active HCAF initiatives. By collaborating with different entities, the Department continues to expand its reach to the most rural parts of New Mexico and give people information about potential savings opportunities as they take care of their health care needs.

HCAF Finances

HCA has two fiscal years of experience with the Small Business Initiative and one and a half years with the Marketplace Affordability Program.

- The actual spending for the Small Business Initiative closely tracks the projections by OSI's actuarial consultants.
- Overall, Marketplace Affordability Program expenditures were lower than projected in Year 1 but are currently on track in Year 2, even with higher than projected enrollment increases.
- Holistically, State premium assistance programs have been less costly than originally projected, while SOPA costs have closely aligned with projections.

HCA's actuarial consultants produce new estimates when program data becomes available, and a new round of analysis is expected in the coming months.

HCAF Revenue and Spending Summary (Actual and Projections)

FY22 was the first year a distribution was made to the Fund. Funding available for that year was primarily allocated to uses not specified in the statute and to building reserves. In FY23, the Small Business Initiative began operations. The Market Affordability Program spending started in January 2023 with premium assistance and out-of-pocket assistance available to New Mexicans enrolling in health plans available on the BeWell Marketplace.

HCAF is funded through a distribution from the state's surtax on carriers. See Figure 25 below regarding the percentage of the surtax revenue that has been or will be distributed to the HCAF by fiscal year due to statutory requirement.

Percentage of State's Surtax on Carriers Distributed To HCAF

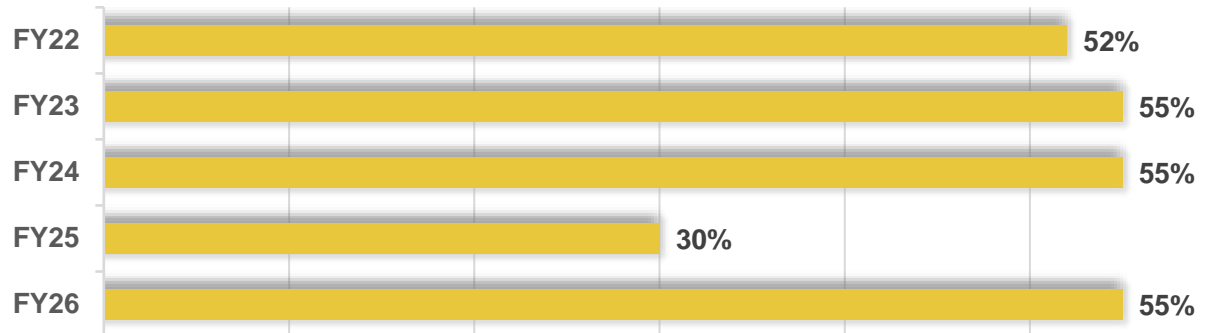


Figure 25. Percentage of state's surtax on carriers that has been distributed to HCAF by fiscal year.

The significant drop in revenue for FY25 created challenges for program sustainability and caused OSI to design the programs in the first several years to account for the funding cliff. In 2024, the state legislature passed HB 7, which adjusts the distribution back to 55% starting in FY26. The HCAF is a non-reverting fund, and reserves will be essential for program stability. The Department is in the process of developing proposed reserve targets which will be presented to the Legislative Finance Committee.

According to the 2024 Consensus Revenue Estimating Group (CREG) estimates provided by the Taxation and Revenue Department, \$152.3 million was distributed to the HCAF in FY24 and \$97.7 million in FY25. As demonstrated by this report, HCAF programs deliver substantial benefits to individuals and families, and small businesses. HCA's FY26 budget request includes several proposed program expansions and enhancements, supported by actuarial analysis (see Table 6).

Projected HCAF Revenue

FY26-28 (Millions)

Fiscal Year	FY26	FY27	FY28
HCAF Revenue	\$214.65	\$220.76	\$227.10

Table 6. Projected HCAF revenue for Fiscal Years 2026, 2027, and 2028. (Source: Taxation and Revenue Department, June 2024)

Budget Requests and Actual Spending in FY 23-24

OSI's actuarial consultants project that total program spending will increase in the coming fiscal years as the Uninsured Program is implemented. However, total spending is significantly lower than the total revenue generated for the state by HCAF's enabling statute. Together, the HCAF's programs will continue to have a positive impact on the health, economic security, and ability to access care for New Mexicans while ensuring providers are paid for their services.

The Health Insurance Marketplace Affordability Program

When OSI submitted their budget request for FY23, enhanced federal premium subsidies under the American Rescue Plan Act were scheduled to expire on January 1, 2023. The agency's request of \$28 million was based on the expected costs without the enhanced federal subsidies for six months (January-June of 2023). The United States Congress debated whether to extend the premium subsidies throughout 2022, creating significant uncertainty for the Marketplace Affordability Program. OSI and BeWell took extraordinary steps to prepare for either scenario, creating unique guidance and system changes to ensure consumers could receive the full benefits available to them.

Ultimately, Congress extended the enhanced subsidies through 2025 by enacting the Inflation Reduction Act in August 2022. With the extension of these subsidies, the cost of OSI's program was reduced significantly. During the first six months of the program, OSI expended \$6.38 million on the Marketplace Affordability Program, with monthly spending stabilizing starting February 2023 onwards. The most significant external factor that could impact program costs is whether or not Congress extends the enhanced federal premium subsidies on the Marketplace again. HCA is working with its consultants to proactively assess the impacts on enrollment, consumer costs, costs to the State, and mitigation strategies. The agency will explore several policy options to shield lower-and-middle income enrollees from significant cost increases, including federal waivers and program changes.

Premium assistance programs account for 38% of Marketplace Affordability Program spending while SOPA accounts for 62% (see fig. 26).

MAP Distribution of Payments Across Initiatives (January 2023 - September 2024)

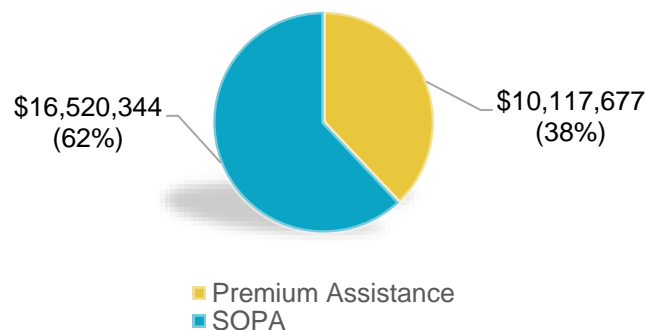


Figure 26. Marketplace Affordability Program payment distribution for premium assistance vs. out-of-pocket assistance.

Small Business Health Insurance Premium Relief Initiative

OSI was appropriated \$30 million for the first 12 months of the Small Business Initiative. During the 2023 legislative session, the agency requested and was appropriated an additional \$2.3 million in anticipation of rate changes that occurred halfway through the fiscal year. However, due to the exit of two carriers from the market, enrollment shifts slightly reduced the amount of money needed to provide the 10% reduction in premiums to employers during the final six months of the fiscal year.

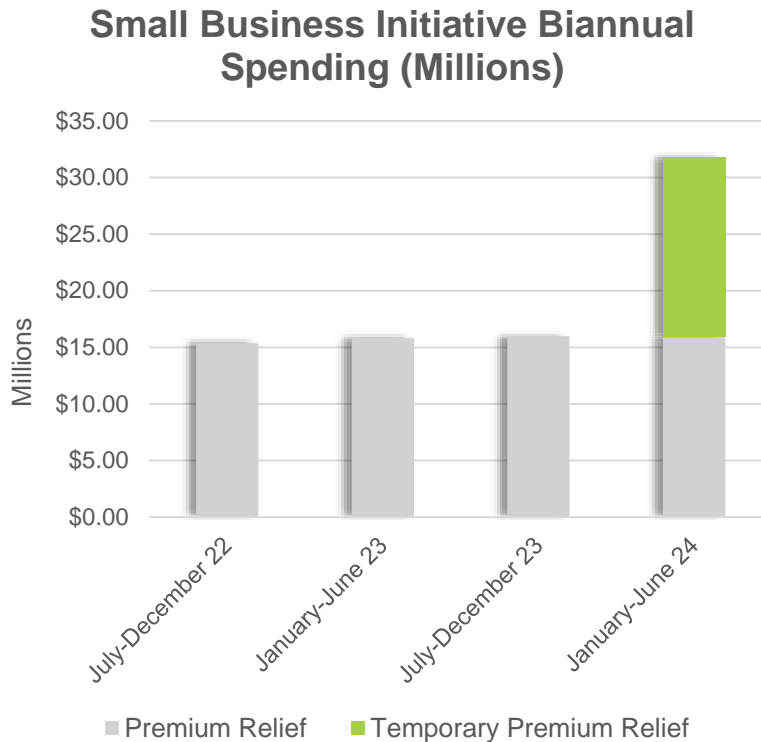


Figure 27. Small Business Premium Relief Initiative biannual spending in millions of dollars.

OSI's actuaries did not project significant enrollment changes due to the premium discount. Enrollment in the Small Business Initiative has declined modestly over the past year from 5,538 to 4,643 groups (40,886 to 38,095 members). OSI requires all carriers to notify new and existing members of the Small Business Initiative of any possible changes. Figure 27 provides the biannual spending for the Small Business Initiative.

Overall, projections have closely mirrored actual experience. Premium increases, total small group enrollment, and group shifting between carriers will be the biggest drivers of program costs moving forward. In June of 2024, OSI provided a temporary, additional 10% premium reduction to small businesses for

the previous six months of coverage, providing extra relief for businesses that cover employees. Otherwise, overall spending has remained consistent, even with decreases in enrollment in the small group market.

Other Spending

During FY22-25, the Legislature appropriated funding to several priorities not specified in the HCAF authorizing statute. This included funding for ongoing Medicaid costs, Medicaid nursing home programs, state-employee health benefits, the Rural Healthcare Delivery Fund, behavioral health services, and emergency funding for hospitals (see Table 7).

Health Care Affordability Fund Spending for Fiscal Year 2024

OSI received \$79.21 million in appropriations for HCAF programs in FY24. These funds were used to continue the HCA's existing programs, provide program enhancements, assist with the Medicaid Unwinding transition, and support the implementation of the agency's Uninsured Program. Ultimately, the Uninsured Program was delayed, resulting in a reversion to the Fund. In addition, the Marketplace Affordability Program spending was under budget, despite enrollment increases. The total program spending for FY24 was \$67.2 million (see Table 7).

Projections Through Fiscal Year 2026

Table 7 details how funds were used from FY22 through FY24, as well as projections on how funding may be used through FY26.

Fiscal Year	FY22	FY23	FY24	FY25	FY26
FY Revenue (Projected FY25 and FY26)	\$73.96	\$175.94	\$152.30	\$97.70	\$214.70
Small Biz	\$0.00	\$28.37	\$48.10	\$36.60	\$76.30
Marketplace Affordability	\$0.00	\$5.62	\$19.10	\$25.00	\$72.30
Uninsured Program	\$0.00	\$0.00	\$0.00	\$23.00	\$58.40
Program Management	\$0.15	\$0.60	\$0.95	\$0.95	\$2.00
GSD Benefits	\$10.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Medicaid Spending	\$23.98	\$31.76	\$41.30	\$31.00	\$0.00
Total Spend on HCAF Programs	\$0.00	\$33.99	\$67.20	\$84.60	\$207.00
Total Spend in FY	\$34.13	\$66.35	\$109.45	\$116.55	\$209.00
Remaining Fund Balance	\$39.83	\$149.43	\$192.28	\$173.43	\$179.13

Table 7. Sources and uses for projected funding through FY26. Notes: FY22-24 represent actual spending and revenue. FY24 onward represent actuarial projections and CREG revenue projections. The "GSD Benefits" listed were an appropriation that the legislature made to the New Mexico employee health plan in FY22.

Acknowledgements

The Health Care Authority thanks Governor Michelle Lujan Grisham for her vision that has allowed New Mexico to be a leader on providing cost-effective health coverage; Health Care Authority internal leadership, including Secretary Kari Armijo and Deputy Secretary Alex Castillo Smith; the State of New Mexico Legislature for supporting the vision of the HCAF, as well as its funding; the Legislative Finance Committee; the Department of Finance and Administration; and the diligent, hard-working staff of the Health Care Affordability Division.

The Health Care Authority would also like to thank BeWell, the New Mexico Health Insurance Marketplace, and their team for their partnership, support, and implementation work, including Chief Executive Officer, Bruce Gilbert; Chief Operating Officer, Brent Earnest; and Chief Information Officer,

Sean Pearson. Also, the Health Care Authority thanks the carriers who offer coverage that qualifies for the program described in this report, including BlueCross BlueShield of New Mexico, Molina Healthcare, Presbyterian Health Plan, United Healthcare, and Ambetter from Western Sky Community Care.

Finally, the Health Care Authority would like to thank the team at the Office of Superintendent of Insurance for their dedicated work since April 2021, including Superintendent of Insurance, Alice T.

Kane; Life and Health Division Director, Viara Ianakieva; Chief Economist, Sahar Hassanin; and Rate Review Analyst, Brittany ODell. Without their efforts, the HCAF programs would not have been possible.

HCAF Administration and Operations

Upon the passage of the HCAF, OSI established the Health Care Affordability Bureau within the Life and Health Division. As of July 1, 2024, the Health Care Affordability Bureau has been transitioned to the HCA and renamed as the Health Care Affordability Division (the Division). The Division focuses on implementing the HCA's affordability initiatives and works collaboratively with state agencies and stakeholders to improve and expand coverage for those they serve. The Division currently has five authorized full-time employees.

Jessica Rosenthal – Health Care Affordability Program Coordinator

Jessica (“Jess”) Rosenthal joined the Division in June 2024 and serves as a project manager, coordinating activities across the Division and ensuring tasks and milestones are achieved on time. She will also develop, draft, and issue guidance for the agency's affordability initiatives. Ms. Rosenthal will manage stakeholder feedback and regularly updates FAQs and bulletins for the Health Insurance Marketplace Affordability Program, Small Business Initiative, and Medicaid Transition Premium Relief Program. In FY25, she will continue these activities, as well as participate in the development and implementation of the agency's Uninsured Program; update and improve existing programs policies; take on certain elements of rate review related to standardized health plans; work with the state Marketplace to create innovative re-enrollment strategies and improve consumer shopping tools; and assist with the agency's outreach and messaging efforts.

Shannon Chapman – Health Care Affordability Financial Coordinator

Shannon Chapman develops and implements payment processes for programs under the HCAF and is responsible for ensuring timely, accurate payments. She collects, tracks, analyzes, validates, visualizes, and presents financial data for the Division's initiatives. She conducts regular training with carriers on payment processes and troubleshoots issues in collaboration with other members of the Division. Ms. Chapman is responsible for the annual reconciliation process under the Small Business Initiative. She consistently tracks program spending to ensure programs are within budget. In FY25, Ms. Chapman will continue these activities as well as develop payment and budget tracking processes for the agency's Uninsured Program, assist with program research and modeling, and review all financial elements of program policies.

Cynthia C. Cisneros – Public Outreach Coordinator

Cynthia C. Cisneros develops consumer-facing materials, supports the Division's webpages, oversees ad campaigns, drafts press releases, conducts media interviews, tracks news stories, collaborates with partner agencies on public communications. She makes presentations, convenes and conducts consumer focus groups, and leads many of the Division's efforts to promote Health Care Affordability Fund initiatives and the importance in health care coverage. Ms. Cisneros manages the outreach and engagement campaign and its contracted vendor for the Division's Uninsured Program and the Marketplace Affordability Program.

Colin Baillio – Health Care Coverage Innovations Director

Colin Baillio currently oversees the Health Care Affordability Division. He sets the strategic vision for the Division, manages the HCAF, leads policy and budget development, manages contractors, oversees research efforts, engages stakeholders, and oversees the team. He works across multiple state agencies and quasi-governmental bodies to achieve policy goals, presents to legislative committees, tracks and responds to federal policy developments, and works with other leaders in the HCA.



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