



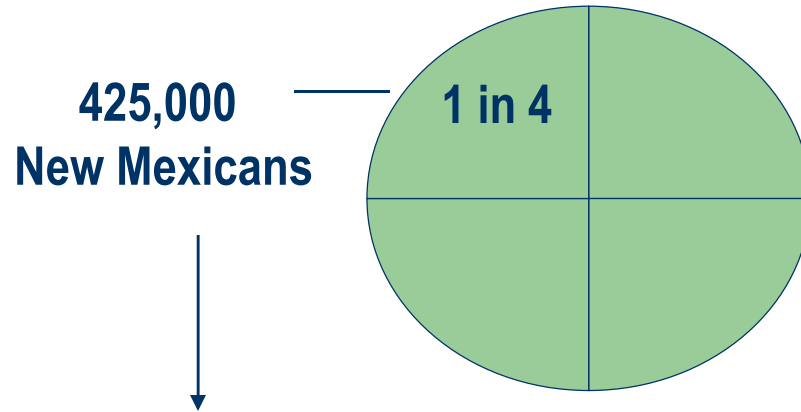
New Mexico Medicaid

What is Medicaid?

Medicaid is the nation's major public health program:

- ✓ A source of acute and long-term health care for elderly and disabled people
- ✓ A source of health insurance for low-income children and pregnant women
- ✓ A source of financing to private health care providers and businesses

New Mexico Medicaid Provides Services To:



... 2/3 of whom are children

Even with Medicaid, New Mexico has the second highest rate of uninsured children in the country

Medicaid Supports Tens of Thousands of Health Care Providers and Private Businesses



Hospitals

Nursing Homes

Community Health Centers



Pharmacies



Managed Care Plans

Group Homes

Private Providers Receive Medicaid Funding to Deliver Health Care to Those Who Cannot Afford to Purchase Commercial Insurance:

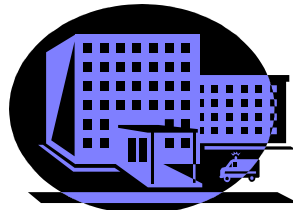
- ✓ **Low-income elderly citizens**
- ✓ **Low-income disabled citizens**
- ✓ **Low-income pregnant women**
- ✓ **Low-income children**

What Services Does Medicaid Provide?

Services provided under New Mexico Medicaid are similar to those provided in other states and



Medicare Premiums



Institutionalized Care



Community-Based Services

to those provided by commercial insurance plans

New Mexico Medicaid Does Not Provide More Generous Benefits Than Other States

- ✓ Eligibility standards for seniors and disabled people are consistent with other states.
- ✓ The eligibility standard for children is somewhat higher than in most other states, enabling more children in New Mexico to receive Medicaid.

Who Receives Medicaid Funding & Who Receives Services?

Medicaid funding flows primarily to the private sector:

- **Private Insurers**
 - Cimarron's 2001 premium income: over 60% from Medicaid
 - Presbyterian Health Plan's 2001 premium income: over 50% from Medicaid

- **Private Nursing Homes**
 - 7.5% of the Medicaid budget in FY04 went to pay for private nursing home services

- **Private Employers**
 - 80% of the jobs in New Mexico that are funded by Medicaid are in the private sector. These jobs privately insure more than 35,000 employees and their families

How Poor Do People Have To Be To Qualify for Medicaid?

- **Children:** A child living in a single-parent household with a maximum income of \$36,825 per year (235% of the federal poverty level) is eligible.
- **Senior citizens:** \$6,983 per year (75% of the federal poverty level)

The average premium in 2004 for commercial insurance for a family is \$9,068 per year – about $\frac{1}{4}$ the annual income of a single-parent family that qualifies for Medicaid for their children.

What Drives Medicaid Costs Up?

Care for the elderly and the disabled with serious disabilities or chronic, debilitating diseases takes up the biggest slice of the Medicaid budget.

[could do a pie chart here if have % of Medicaid budget taken up by care for elderly and disabled] current budget figure = state share = \$474 million

Also Adding to the Cost of Medicaid

- The high cost of prescription drugs
- Health care cost inflation – which has averaged 15% per year - drives up the cost of all health care, including the care paid for by Medicaid.
- In 2005 New Mexico's share of Medicaid costs will increase by \$63 million due to a decrease in the federal match.

How is Medicaid Financed?

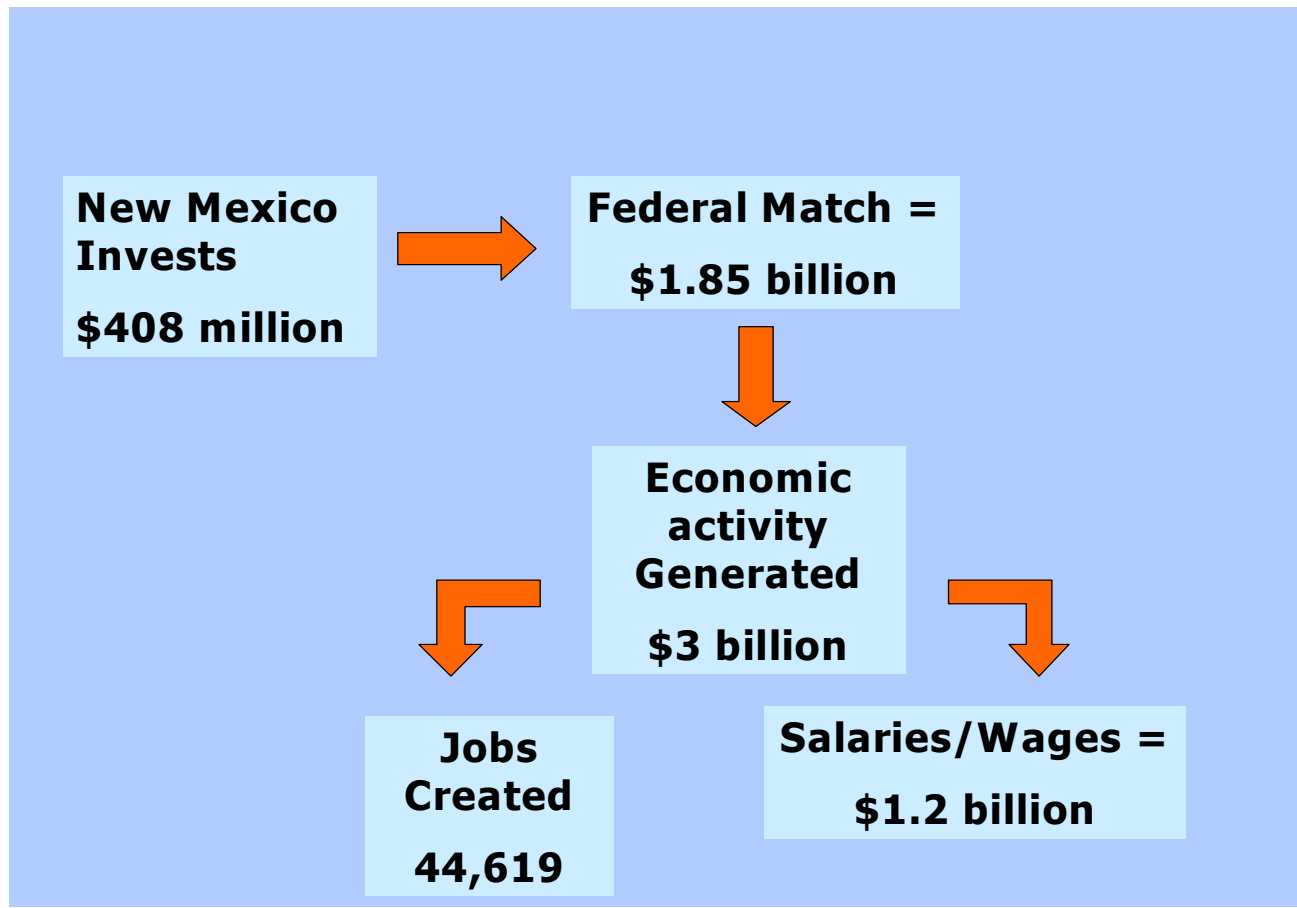
- Medicaid is paid for primarily by the federal government, with state governments paying a smaller portion. The federal match rate is based on each state's per capita income.
- In New Mexico, every \$1 invested by the state has been matched with \$3 from the federal government. In this way, New Mexico receives a 75% discount on health care for one-fourth of its population.

Medicaid's Contribution to the Economy

Medicaid's financing structure – the federal match – and the magnitude of Medicaid spending enable the program to make significant contributions to state economies in terms of:

- ✓ **Jobs created**
- ✓ **Income generated**
- ✓ **Multiplied economic activity**
- ✓ **Providing the backbone of our health care infrastructure**

The Positive Economic Impact of Medicaid in New Mexico in 2004

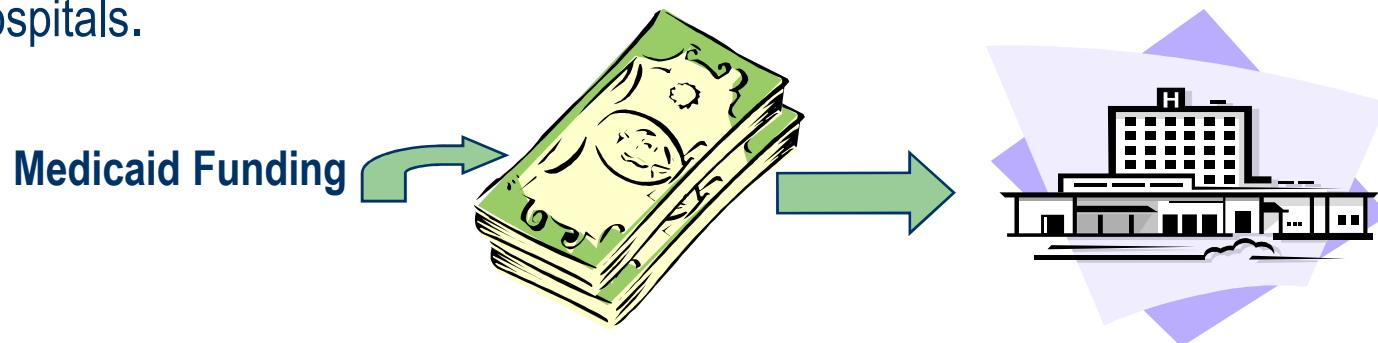


Health Care is one of the Largest and Fastest Growing Sectors in New Mexico's Economy

- In June, 2004 70,100 New Mexicans were employed in healthcare jobs.
- The vast majority of these jobs are in the private sector.
- Health care is a growing industry. In a one year period (2001-2002) health care employment grew by 2,400 jobs.
- This growth rate (of 4.3%) was significantly larger than the (2.8%) growth rate of the service sector as a whole.

Medicaid is Especially Beneficial to New Mexico's Local & Rural Economies

- Medicaid recipients are primarily low income households that spend a larger portion of their income within the local economy.
- In some rural communities, the local hospital is the largest employer, and one of the few sources of higher-wage jobs.
- Health care providers in rural communities are especially reliant on Medicare and Medicaid payments – which account for almost 80% of revenues for rural hospitals.



Health Care Creates More, and More Desirable, Jobs With Higher-Than-Average Wages

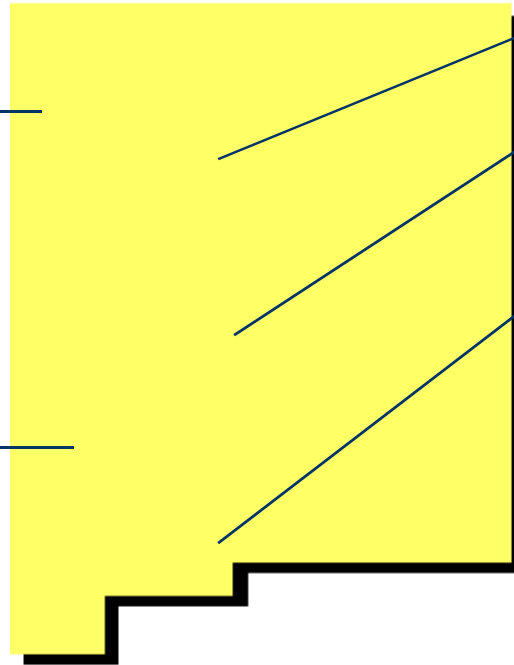
- Over 20,000 jobs in New Mexico are supported through federal funding of Medicaid – jobs that pay 13% higher than New Mexico’s average weekly wage, according to the New Mexico Department of Labor.
- Without Medicaid, the health care infrastructure of many rural communities would collapse. Too few residents have commercial insurance and they cannot afford to pay the full cost of health care.
- Communities lacking health care services are less attractive locations for business.

Medicaid-Funded Jobs and Services Are Located Throughout New Mexico

McKinley County:
36% of hospital admissions
in 2001 paid for by Medicaid

Hidalgo County:
48% of hospital admissions
in 2001 paid for by Medicaid

Medicaid pays for
56% of all births
in New Mexico



A Reduced State Investment in Health Care Damages New Mexico's Economy ...

Every \$10 million reduction in New Mexico's investment in Medicaid costs the state and local communities:

- ↓ **1,000 jobs lost**
- ↓ **\$29 million in lost compensation**
- ↓ **Millions of dollars in lost tax revenues and reduced consumer spending**
- ↓ **Increased costs of social services and income supplement programs as health care needs go unmet.**

When the State Reduces Its Investment in Medicaid Health Care Costs are Shifted To Everyone Else

- Private insurers shift their increased costs onto everyone in the form of higher premiums.
- Hospitals and other health care providers absorb greater uncompensated care costs.
- County governments face increased pressure on indigent care funds.