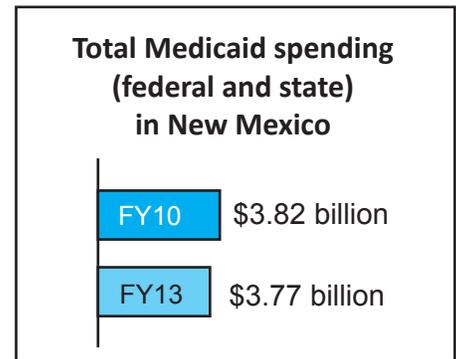


# The Facts about Medicaid and the Opportunity to Extend Coverage to Low-income Adults



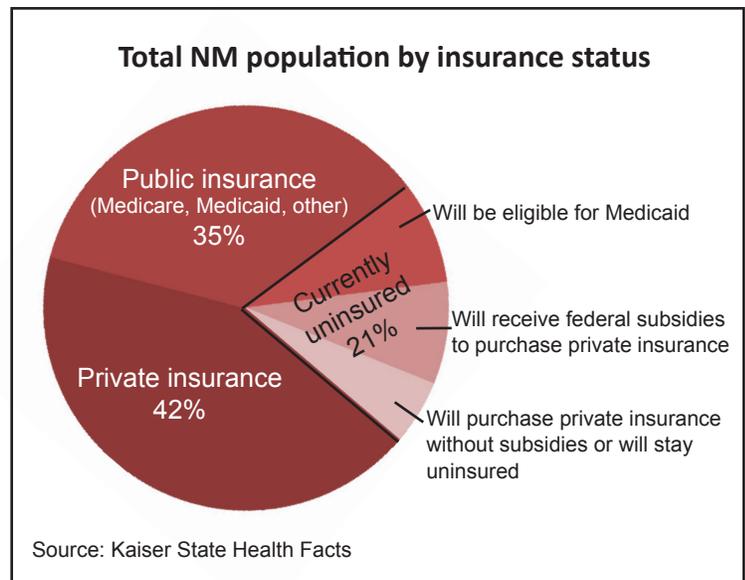
## New Mexico's Medicaid costs have been flat since FY10

In FY10 the total cost (federal and state) was \$3.82 billion. In FY13 the cost is estimated to be a little less: \$3.77 billion.



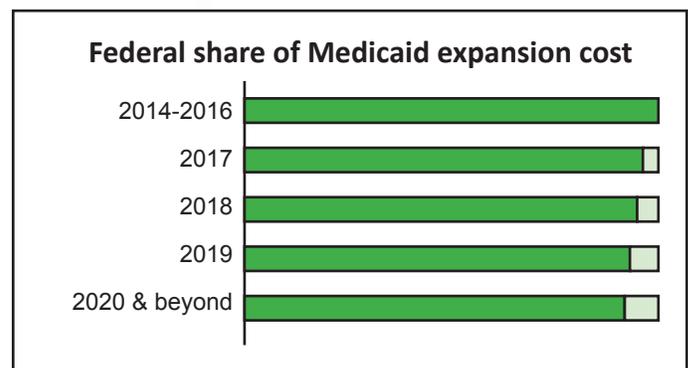
## The Affordable Care Act extends Medicaid to low-income uninsured adults

If New Mexico extends Medicaid to all adults below 138% of the federal poverty level, approximately 150,000 to 170,000 low-income adults who currently have no health insurance will receive coverage. (About another 150,000 will obtain insurance in the new Health Insurance Exchange, where federal subsidies will be available.)



## The federal government pays 100% of the cost for 2014 through 2016

The federal government then pays 95% of the costs in 2017, 94% in 2018, 93% in 2019, and 90% in 2020 and thereafter. *This is a great deal. There is no significant up-front cost to the state.*



## New tax revenue will cover the state's costs

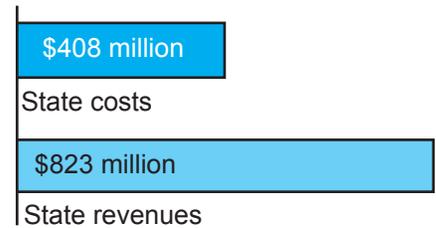
The federal Medicaid funds and the federal tax credits provided through the Exchange will be used to purchase coverage mostly from managed care organizations—where it will be subject to the state's Insurance Premiums Tax of 4.003%. When the funds are spent for health care and other goods and services in the state they will also be subject in part to the state's gross receipts tax and other taxes.

# The Facts about Medicaid, continued



Economist Kelly O'Donnell, PhD, in a study for NM Voices for Children, estimates that the new revenues from these existing taxes will be about twice the state's cost of expanding Medicaid during the first seven years (2014-2020), and will be approximately equal to annual state costs in the years after 2020. *Future costs to the state are no reason not to extend Medicaid to low-income adults as provided by the ACA.*

**Average estimated state Medicaid expansion costs and revenue (2014-2020)**



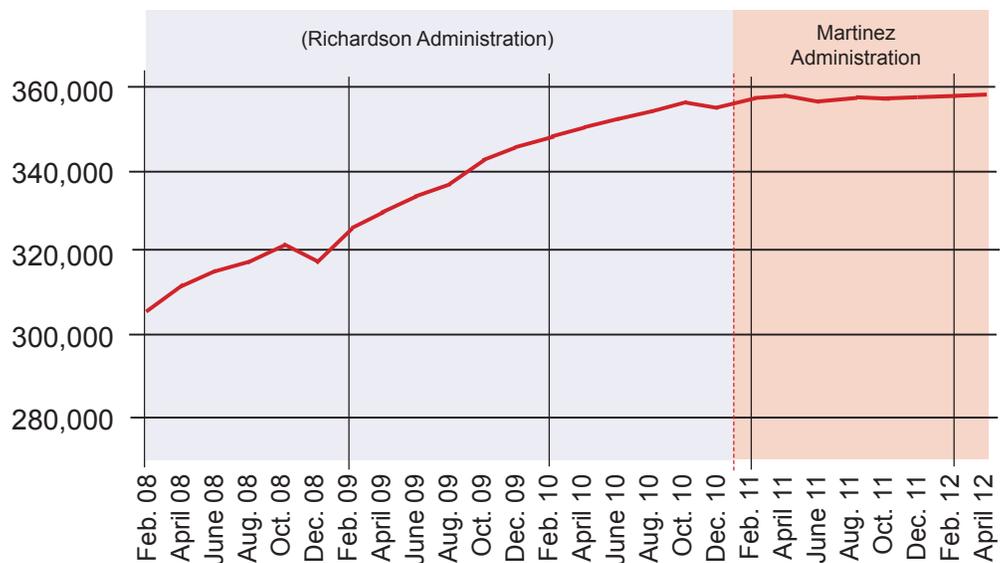
## The Medicaid expansion will also save the state billions in uncompensated care costs

The Hilltop Institute of the University of Maryland did a study for HSD estimating that if New Mexico fully implements the ACA we should see a drop of \$2 to \$3.3 billion in uncompensated care costs to New Mexico hospitals over the first seven years.

## Enrollment of children has been stagnant

NM Voices for Children is very concerned that the number of children enrolled in Medicaid has not increased at all during Governor Martinez's term up through May 2012 (the latest data available). HSD has almost completely eliminated any funding for outreach and enrollment; it formerly had four regional outreach supervisors and one state-wide outreach coordinator, and now has none. NM Voices for Children is asking the Governor to include several million dollars in her budget for outreach and enrollment of low-income children and to have HSD remove unnecessary administrative barriers to enrolling these kids.

**Children's Medicaid enrollment in New Mexico (2008-2012)**



Source: NM HSD Monthly All Children Eligibility Reports 2008-2012