

Medicaid Coverage for Low-Income New Mexicans Faces Many Threats

Medicaid in New Mexico

- covers ~ **900,000** children, adults, individuals with disabilities, and seniors
- brought in **\$4.3 billion** in federal dollars in FY 2016

If Medicaid funding is cut and the expansion rolled back, by 2026:

- **250,000** New Mexicans would lose their health care coverage
- NM would lose **\$11 billion** in federal funding
- NM would lose **32,000** jobs

Federal & State Threats

• **Changing to a block grant or imposing per capita caps:**

Instead of getting a percentage of the state's total Medicaid costs, NM would get a fixed dollar amount for the state or a fixed dollar amount per beneficiary. Both options would drastically reduce the federal funds coming into NM, with no increases for emerging coverage needs, rising health care costs, or aging demographics.

• **Removing pre-existing condition protections, excluding services, and adding work requirements:**

The state could be allowed to make pregnancy a pre-existing condition, for example, to opt out of providing essential health benefits like mental health or prescription drugs to individuals or small group markets, or to add a work requirement and terminate coverage for 'non-compliant' beneficiaries.

• **Imposing Medicaid premiums:** People and families with any income between the poverty level and the Medicaid eligibility level could be required to pay monthly premiums.

• **Eliminating transitional Medicaid:** The state could end transitional Medicaid, which extends coverage for four months to people whose earnings have increased in the event that the income increase makes them ineligible for Medicaid but is not enough to cover the cost of private health insurance. The loss of public benefits to a wage increase that does not cover the cost of the loss is known as the cliff effect.

Impacts on New Mexico



Fewer people insured



Less access to services



Prohibitive cost-sharing



Higher prescription drug costs



Lower provider payments



Higher uncompensated care costs



Worse provider shortages



Worse cliff effect



Less state economic activity



More pressure on the state budget



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Sources: NM Human Services Department (current enrollment), Center for Medicaid Services data (FY16 federal funds), *The Impact of the American Health Care Act on New Mexico Medicaid and the New Mexico Economy*, Robert Wood Johnson Center for Health Policy, UNM, April 2017 (impacts by 2026), Center on Budget and Policy Priorities 2017 reports on AHCA impacts on Medicaid and "Make Medicaid Better, Don't Cut it!" fact sheet, NM Center on Law and Poverty, 2017
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