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RE: Oppose **HB 186 State-Administered Health Coverage Plan**

Mr./Madame Chair and Committee Members:

The New Mexico Business Coalition (NMBC) represents hundreds of businesses and thousands of New Mexicans. We focus on making New Mexico a better place to live and work, with abundant good-paying jobs to provide for our families.

NMBC opposes HB 186 State-Administered Health Coverage Plan proposes expanding the Medicaid program in New Mexico, allocating \$2 million from the general fund to the Health Care Authority (HCA) to develop the Medicaid forward plan. While this bill may appear to be a step toward broader healthcare coverage, the proposal overlooks responsible government management principles and places undue strain on state resources, with unclear financial outcomes that threaten fiscal responsibility and the sustainability of existing programs.

1. Unclear Financial Implications

The projected fiscal impact of this bill is deeply concerning. The bill appropriates a \$2 million nonrecurring expense for program development. Still, estimates indicate that by FY28, the total cost of implementation could escalate to as much as \$4.6 billion, with the state's share amounting to over \$1.2 billion. This represents a significant and growing financial burden on the state, with no clear strategy for covering these ongoing costs. The existing \$2 million appropriation is insufficient to meet the program's needs, and it will require a recurring stream of general fund dollars starting in FY28—an expense that future taxpayers and budget requests must support. Without definitive clarity on these financial obligations, the state risks overcommitting resources to a plan whose cost cannot be accurately forecasted.

2. Potential Instability of the Health Insurance Market

The proposal will likely destabilize New Mexico's existing health insurance market, particularly the State Health Benefits (SHB) and the BeWell Marketplace. The bill's effects on the SHB program could result in the loss of nearly 60 percent of its enrollees, shifting costs and burdens without clear mitigation strategies. The resulting reduction in premiums paid by SHB enrollees and a significant decrease in BeWell Marketplace enrollment would leave these plans financially unsustainable. The bill does not address the impact of these reductions on the insurance market or the long-term solvency of the plans involved, increasing the risk of higher premiums and reduced coverage for existing participants.

3. Administrative Overload and Unnecessary Costs

The bill projects substantial administrative costs in implementing the Medicaid Forward plan, with estimates of up to \$92 million in administrative expenses alone. This figure includes the hiring of new staff, increased facilities and equipment costs, and technical contract services. Given that these expenses are necessary only for the rollout and ongoing maintenance of an expanded program, allocating these funds raises concerns about the state's ability to manage these operations efficiently. These costs would drain resources from other critical state programs and services, including education and public safety.

4. **Lack of Transparency and Accountability**

The bill also lacks sufficient transparency regarding the roles of the entities involved in the program. It specifies that the HCA, the Office of Superintendent of Insurance (OSI), and the New Mexico Health Insurance Exchange (NMHIX) must coordinate efforts, but it does not define how these agencies will share responsibility or what measures will be put in place to ensure accountability in their interactions. Additionally, the bill introduces complexities in premiums, cost-sharing, and federal waiver requirements, with no clear guidelines on how these changes will be communicated to the public or implemented effectively. The lack of clarity and oversight further exacerbates concerns regarding accountability and the potential for inefficiency.

5. **Inadequate Justification for Expansion**

While the bill's stated goal is to provide medical assistance to residents under 65 who are not otherwise covered, there is little evidence to suggest that this expansion is necessary or the most effective way to improve healthcare access in New Mexico. Instead of expanding a government program with uncertain financial impacts, the state should improve existing health systems, increase access to care for underserved populations, and address inefficiencies within the current framework. Medicaid Forward, as proposed, introduces new risks and financial burdens without clear, measurable improvements in health outcomes.

6. **Risk of Fiscal Crisis**

The most significant concern with HB 186 is the potential for an escalating fiscal crisis. With an uncertain cost trajectory, the bill sets up a future where the ongoing expansion of Medicaid would severely strain the state's budget. As the program grows, so too will its fiscal demands, potentially competing with other essential state programs for limited resources. Given the state's historical challenges with budget shortfalls, this bill would trigger an unsustainable fiscal path that leads to difficult choices, including tax increases, program cuts, or debt accumulation.

HB 186 represents an unchecked expansion of government programs without sufficient consideration for the long-term fiscal impacts on the state of New Mexico. The state should prioritize budgetary responsibility, efficiency, and accountability. Expanding Medicaid under these terms would likely result in increased government size, destabilize existing health plans, and significantly strain the state's budget. As such, this bill should be rejected in favor of policies that focus on improving healthcare access without the unnecessary growth of government expenditures.

For these reasons, we respectfully ask you to vote 'NO' on HB 186.

Thank you for considering my comments,



Carla J. Sonntag
President and CEO