




New Mexico Case Study: Organizing for Health Insurance Fees for Greater Care

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INTRODUCTION: Health Insurance Assessments Background

Since 2014, Health Insurance Assessments¹ (HIA) were originally a federal fee incurred by health insurance companies to serve as a funding source for the expansion of health coverage under the Affordable Care Act (ACA). However, the [status of the HIA](#) at the federal level has fluctuated with sporadic moratoriums throughout the last eight years. At the end of 2019, as a part of the [\\$1.4 trillion spending package](#), Congress voted to halt the fee starting January 1, 2021.

STATE ACTIONS

With this fee repealed at the federal level, health care advocates recognized an opportunity to push for establishing health insurance provider fees at the state level and, subsequently, infusing [millions of dollars](#) into states. Since the 2019 repeal of the federal HIA, [Maryland and Delaware](#) have implemented state-based HIAs. Delaware's insurance provider fees have remained in place and will be in effect until at least 2024.

New Jersey followed suit and established a state HIA to increase [affordability and access](#) to health care for its residents. In July 2020, in anticipation of the January 2021 suspension of the federal HIA, the state passed the [New Jersey Health Insurer Assessment \(HIA\)](#). The funds from this HIA are currently exclusively used to increase the [affordability](#) of health insurance for New Jerseyans. Colorado [approved similar legislation last summer](#) that would implement a fee on hospitals and insurance providers to reduce the cost of health insurance for people using the state marketplace.

Most recently, New Mexico passed Senate Bill 317, [establishing the Health Care Affordability Fund](#). The Health Care Affordability Fund is a dedicated sum of funding derived from a fee on health insurance companies. It is comparable to former federal fees and it's intended to reduce the cost of health insurance for residents in the state. After unsuccessful attempts to pass a similar bill during the 2020 regular and special legislative sessions, advocates and legislative champions ultimately succeeded during the 2021 legislative session.

The following is a case study of how health advocates in New Mexico were able to seize a window of opportunity to launch a successful campaign and pass legislation to implement a fee on health insurance companies which began in January 2022. These efforts will ultimately increase access to health care.

We thank our New Mexico partners, especially the [New Mexico Center on Law and Poverty](#), for their contributions to this case study and tireless efforts to make this legislation a reality for New Mexicans.

¹ The Health Insurance Assessment may also be referred to as a Health Insurance Provider Fee or a Health Insurance Tax.

CONTEXTUALIZING NEW MEXICO'S INITIATIVE

The Urban Institute estimates that about [100,000 uninsured people](#) in New Mexico are ineligible for any subsidized health insurance coverage. They are ineligible due to incomes that exceed the threshold for Medicaid or premium tax credits, immigration status, or disqualification for premium tax credits because they or a family member have been offered employment-related coverage deemed affordable to them under current law (known as the [family glitch](#)). Through the passage of the Health Care Affordability Fund, New Mexico's state HIA will increase the state's existing [surtax on insurance providers from 1 percent to 3.75 percent](#), totaling roughly [\\$150 million](#) in annual revenue for the state that can be used to lower residents' health care costs.

As a result, the Fund will dramatically decrease marketplace premiums and out-of-pocket costs for low- and middle-income New Mexicans. The [more affordable and accessible plans](#) created through New Mexico's Health Care Affordability Fund will likely incentivize marketplace enrollment and lead to lower uninsurance rates for the state. Additionally, the legislation is projected to benefit small businesses, defined here as businesses buying from the small group market with less than 50 employees – and due to cost concerns typically face barriers in providing health insurance coverage to employees. Already, the legislation has helped reduce small businesses' premiums by 10%. Finally, the legislation will build towards a system where immigration status is not a barrier to health care coverage, by requiring the state's Superintendent of Insurance, Russell Toal, to develop a plan for extending access to health care coverage for people who are currently shut out of marketplace plans due to their immigration status.

THE CAMPAIGN ROADMAP

The path to victory for this campaign was a collaborative effort by many groups in New Mexico, relying on a coalition approach to organizing.

Learning from the 2020 Failed Attempt

The initial effort to pass the Health Care Affordability Fund died in committee during its first attempt in 2020. With opposition from the Senate Finance Committee and the small business community, advocates leaned on fiscal analyses to help make the case. In 2020, the various insurance companies opposing the bill inaccurately claimed that shifting a federal fee to the state level would raise insurance premiums. In response, lobbyists from the National Federation of Independent Business expressed cost concerns, however advocates were able to refute arguments by highlighting this [Urban Institute study](#) as well as the fiscal merits of similar legislation in other states.

Understanding the opposition

As was previously mentioned, insurance companies who opposed the bill advertised inaccurate claims about the bill that subsequently led to cost concerns for small businesses, specifically the National Federation of Independent Business. Advocates countered these inaccuracies through consistent messaging as well as the following strategies:

1. Highlighting in their messaging that the bill would lower health care costs and ensure any windfalls from the federal fee expiring would return to consumers rather than insurance companies. For an example of messaging, see [HERE](#) for a fact sheet developed by the New Mexico Together for Healthcare Campaign;

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2. Seeking the support of the legislative sponsor, the Office of Superintendent of Insurance (OSI), the Human Services Department (HSD), and the Governor, all of whom ultimately championed the legislation despite opposition;
 3. Carefully structuring the Affordability Fund to ensure that funds returned to expanding health care coverage, including through the Exchange, which ultimately benefits consumers as well as small business employees and insurance companies that offer coverage;
 4. The OSI, in particular, told policymakers about the benefits of expanding coverage and how small businesses would benefit from employees gaining coverage;
 5. The bill language was amended to reflect that lowering coverage costs for small business employees was a purpose for creating the Fund, and;
 6. Strong organizing to amplify the support of community members and health care providers.

2021 Passage Success

As a result of resourceful and strategic advocacy efforts, there was minimal opposition to the bill when it was reintroduced for the 2021 legislative session. Support from Gov. Lujan Grisham and committee chairs allowed advocates to focus on last minute details of the bill, rather than develop arguments in support of the health insurance assessment on a broader scale.

For advocates, leveraging relationships with allies in the governor’s office and the Legislature was key to this win. Early in the 2021 legislative session, Gov. Lujan Grisham indicated that a New Mexico state-based HIA would be a priority bill, bringing in other key state figures to lobby for the passage of this bill. New Mexico advocates also gained the support of Rep. Debbie Armstrong, chair of the House Health and Human Services Committee, and Rep. Javier Martinez, chair of the House Taxation and Revenue Committee. When it was assumed that the bill would languish in the Senate Finance Committee, Rep. Armstrong revived the HIA by strategically adopting the [House version of the bill](#) into a healthcare-related senate bill that had already been approved in the Senate. This action demonstrated the importance of forging partnerships with influential policymakers. Considering that the Senate bill had been approved in both chambers but needed to return to the Senate for concurrence with the House amendments, the newly introduced bill went to the Senate floor—where it ultimately passed.

Coalition work

The steering committee of New Mexico Together for Health Care (NMT4HC) built a robust network that includes key relationships that each organization has ushered into the health care advocacy fight over the years. Their network of organizations officially signed onto NMT4HC and led several activities to bolster support for the Health Care Affordability Fund: participated in two legislative prep meetings; participated in calls to action; and attended in unprecedented numbers to committee hearings — utilizing member stories as testimony. Specifically, OLE, NM Asian Family Center, El Centro de Igualdad y Derechos, and Together for Brothers named health care bills as their legislative priorities, provided testimony, participated in calls-to-action, and shared calls-to-action with their members through email and social media.

Furthermore, it was clear that the testimonies in support of the campaign were missing provider voices. Casa de Salud, an Albuquerque health care center that serves primarily low-income and immigrant families, was able to fill this gap. Casa de Salud heavily collaborated to attend committee hearings,

monitor floor debates, and most importantly, brought a long list of health care providers to testify in the hearings. Their work critically strengthened the argument for establishing a Health Care Affordability Fund.

Grassroots engagement

The Forward Together Action and Strong Families New Mexico developed a legislative fellowship where fellows could develop the skills to promote the Health Care Affordability Fund by attending hearings and small legislative visits, participating in testimony, calling legislative targets, and engaging in educational activities to expand knowledge of the virtual legislative session and the use of technology. The outcomes of the fellowship demonstrate the efforts put into the fellowship program: growth in solidarity and relationships between leaders, and increased technology skills and knowledge of the legislative process and budget. This type of grassroots engagement helped build a stronger coalition of people who could engage on the issue and provide support for the bill.

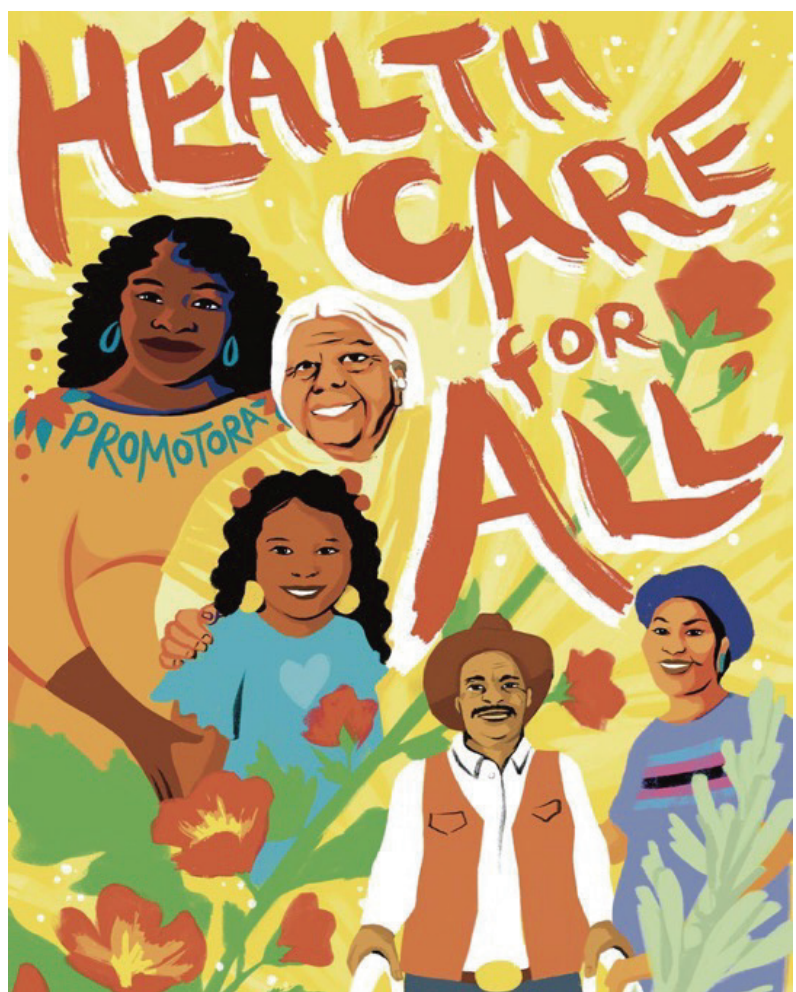
Media strategy

The image displayed above was created by Micah Bazant with guidance on language and imaging from the New Mexico team. The image features Black, Indigenous, and people of color (BIPOC) community members through different generations, and shows a caregiver supporting a person with a disability. The image also shows native New Mexico plants that are used for medicine. The image has been used to promote the Health Care Affordability Fund since 2021.

The coalition also received local TV, print, and online media coverage that highlighted the Health Care Affordability Fund in **18 pieces**. Some key examples include coverage in the [NM Political Report](#) and [Santa Fe New Mexican](#) that highlight important components of the Fund and the impact that the Fund would have.

IMPLEMENTATION

The Health Care Affordability Fund was passed in April 2021 and was implemented in January 2022, when the HIA will be collected and placed into the Health Care Affordability Fund. The enabling legislation requires the Superintendent of Insurance to start utilizing money from the Health Care Affordability Fund to decrease premiums and out-of-pocket costs for plans on the marketplace by the year 2023. To effectuate that mandate, the



legislature appropriated \$58 million from the Fund to the Superintendent’s office for marketplace and small business affordability initiatives.

Six months following the implementation of the HIA (June 2022), the Superintendent of Insurance was required to submit a plan proposal for extending healthcare coverage access to those unable to purchase plans on the marketplace due to their immigration status. The SOI’s planning proposal included details such as its healthcare benefits, the extent to which it will reduce premiums and out-of-pocket costs, and income eligibility parameters. The Superintendent’s plan was required to both (1) prioritize eligibility for those with incomes under 200% of the federal poverty level, and (2) provide premiums and out-of-pocket costs that result in—to the greatest extent possible—healthcare costs comparable to costs for New Mexicans who benefit from lower premiums and out-of-pocket costs on the marketplace due to the Health Care Affordability Fund. This coverage should be available by early 2024.

Advocates continue to monitor the implementation of these initiatives and engage in administrative advocacy, particularly due to the necessary appropriation of funds by the Legislature. The funding structure, as designed by the House Appropriations and Finance Committee, designates over half of the funds raised by the HIA to the Health Care Affordability Fund *for the first three fiscal years*. However, the formula switches in fiscal year 2025, when only 30% of the funds raised by the HIA are dedicated to the Health Care Affordability Fund. Although this formula was drafted with the stated purpose of giving the Legislature more control over these funds, the Legislature is nevertheless responsible for appropriating from the Health Care Affordability Fund. Advocates are concerned that this formula will permit legislators to use HIA-sourced funds for purposes unrelated to health care, which could diminish the benefits of a HIA.

WAYS TO EMULATE NEW MEXICO’S SUCCESS

1. Relationship-building at all levels. Advocates were successful because they built relationships at all levels of the state government. Working with legislative leadership, committee members and chairs, and the governor’s office was crucial to their success.
2. Effective messengers. Finding and coaching effective messengers was crucial to building an understanding of the benefits of the legislation for key stakeholders, for example, bringing in physicians and health care workers to speak about the importance of this bill.
3. Grassroots involvement. Amidst the COVID-19 pandemic, the New Mexico Legislature made it easier for constituents to provide testimony and participate in civic engagement more than ever before. Subsequently, patients and providers were able to call in from across the state and share their stories.