

The Impact of Federal Healthcare Reform on Indigent Health Care in Bernalillo County

A preliminary report to the Bernalillo County
Community Health Council

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I. EXECUTIVE SUMMARY

- Beginning in 2014, everyone currently enrolled in UNM Care, University of New Mexico Hospital's "indigent managed care" program, will become eligible for affordable, federally subsidized health insurance, primarily through the expansion of New Mexico Medicaid to low income adults.
- 84% of UNM Care enrollees will be eligible for Medicaid after January 1, 2014. Due to their prior utilization of healthcare services, participation in UNM Care and the authority of some hospitals to make presumptive eligibility determinations, it is assumed that virtually all of these individuals will eventually enroll in Medicaid.
- The 18% of UNM Care enrollees who have income too high to qualify for Medicaid and do not have access to affordable coverage through their employer will be eligible for heavily subsidized private coverage on the Health Insurance Exchange. Even if only half of these individuals eventually obtain coverage, in total over 90% of current UNM Care enrollees will have become insured.
- Even after full implementation of healthcare reform, not all New Mexicans who need health insurance will have it and not all those who have health insurance will have access to adequate and affordable healthcare.
- Low income individuals, particularly those experiencing temporary gaps in coverage and immigrants excluded from Medicaid or federal insurance subsidies, will continue to need health care that they cannot afford. New Mexicans who qualify for coverage may need help obtaining and retaining that coverage or navigating the healthcare system once they become insured.
- UNM Care can and should maintain access to care for low-income uninsured people until all elements of insurance reform are implemented.
- Once healthcare reforms are in place UNM Care can actively assist in making enrollment and retention in subsidized public and private insurance options simple and affordable.
- To improve the efficiency and effectiveness of healthcare reform-related outreach and enrollment, UNMHC Patient Financial Services should conduct an independent chart review of UNM Care enrollees to better understand their socioeconomic characteristics, patterns of healthcare utilization and specific needs.

- UNM Care statistics, including enrollment and utilization patterns, should be provided to the public in greater detail and on a quarterly or monthly basis.
- A system of clear and frequent communication with Bernalillo County officials should be implemented during the healthcare reform transition.
- UNMH should revisit its policy of excluding undocumented and newly legalized immigrants from UNM Care. There are strong public health and healthcare efficiency arguments for providing adequate healthcare, including preventive care, to all Bernalillo County residents regardless of immigration status.

II. INTRODUCTION

Federal healthcare reform will substantially decrease the number of uninsured New Mexicans and save New Mexico governments and hospitals hundreds of millions in uncompensated care costs. Beginning in 2014, everyone currently enrolled in UNM Care, University of New Mexico Hospital's "indigent managed care" program, will become eligible for affordable, federally subsidized health insurance, primarily through the expansion of New Mexico Medicaid to low income adults. The uptake rate for Medicaid and other healthcare subsidies among UNM Care enrollees is expected to be high because they utilize healthcare services and have some familiarity with the healthcare system due to their participation in UNM Care. In addition, healthcare reform grants some hospitals the authority to make presumptive eligibility determinations for adults, meaning that many UNM Care enrollees will be automatically enrolled in Medicaid when they next seek health care.

Over 80% of UNM Care enrollees will be eligible for Medicaid after January 1, 2014. It is assumed that virtually all of these individuals will eventually enroll in Medicaid. The 20% of UNM Care enrollees who have income too high to qualify for Medicaid and do not have access to affordable coverage through their employer will be eligible for heavily subsidized private coverage on the Health Insurance Exchange. Even if only half of these individuals eventually obtain coverage, over 90% of current UNM Care enrollees will have become insured.

However, even after full implementation of healthcare reform, not all New Mexicans who need health insurance will have it and not all those who have health insurance will have access to adequate and affordable healthcare. Low income individuals, particularly those experiencing temporary gaps in coverage and immigrants excluded from Medicaid or federal insurance subsidies, will continue to need health care that they cannot afford. New Mexicans who qualify for coverage may need help obtaining and retaining that coverage or navigating the healthcare system once they become insured. Thus, charity care programs like UNM Care can and should remain a critical component of the healthcare safety net, but only if they adjust their priorities and programs to meet the changing composition and needs of the uninsured population.

III. UNM CARE

UNM Care is a program administered by University of New Mexico Hospital (UNMH) that provides subsidized healthcare to some low income Bernalillo County adults who do not qualify for other forms of public insurance such as Medicaid. To qualify for UNM Care patients must be US citizens or “qualified aliens” as defined under Title IV of The Personal Responsibility and Work Opportunity and Reconciliation Act of 1996, P.L. 104-193 (PRWORA)¹ and have income below 300% of the Federal Poverty Level (FPL)^{2,3}.

Although UNM Care in some ways resembles a managed care plan, it is not health insurance. Although clients can enroll in UNM Care to secure a new medical home in anticipation of seeking services in the future, eligibility for UNM Care is typically determined prospectively, after an individual has sought care at a UNM Care provider (usually UNMH) and has been determined to be medically indigent and otherwise eligible for the program. Once established, eligibility is good for one year. Once enrolled in UNM Care, patients are assigned a primary care physician (PCP) and can, for a modest sliding-scale co-payment, obtain “medically necessary” services including office visits, wellness examinations, routine immunization, limited behavioral health services, diagnostic services, hospitalization, medical, surgical and obstetric services, urgent and emergency care, prescriptions, radiology and lab services as well as physical, speech and occupational therapy at UNM Hospitals facilities, or through First Choice Community Health, First Nations Community Healthsource and Health Care for the Homeless. Fifty percent of UNM Care enrollees have a PCP at First Choice⁴. UNM Care can be secondary to commercial insurance or Medicare if the patient’s PCP is a UNMH provider⁵.

Table 1: UNM Care Copayment Schedule, 2011

Household Income as % of FPL	Copayment		
	Clinic Visit	Emergency Dept/Diagnostics	In-Patient/Day Surgery
0-100%	\$0	\$10	\$25
100%-200%	\$5	\$20	\$75
200%-300%	\$10	\$75	\$300

¹ PRWORA substantially restricted immigrants’ eligibility for means-tested benefits programs, including Medicaid and the State Children’s Health Insurance Program (SCHIP). In particular, with few exceptions, PRWORA restricts eligibility for such programs to “qualified aliens,” defined as aliens: lawfully admitted for permanent residence; granted asylum (asylees); admitted as refugees; paroled into the United States for at least one year; granted conditional entry; who have been subjected to battery or extreme cruelty.

Qualified aliens are denied means-tested public benefits including Medicaid and SCHIP for their first five years in the US. PRWORA also applies to “state and local benefits programs”

² \$22,350 for a family of four in 2011.

³ The income eligibility ceiling for UNM Care was recently increased from 235% FPL (\$52,523 for a family of 4 in 2011) to 300% FPL. The data used in this analysis are from 2009 and thus reflect the previous 235% eligibility ceiling

⁴ Cuzmar, Ivette LISW UNM Health Sciences Center Office of Community Affairs. “University of New Mexico Hospitals Financial Assistance Programs”

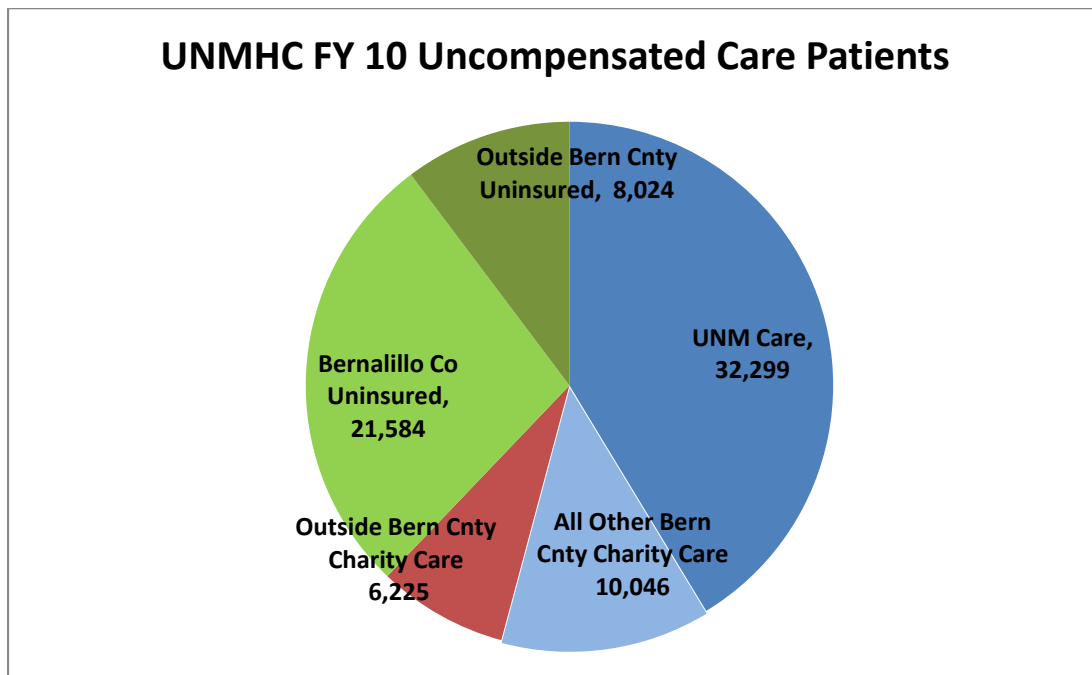
<http://www.diabetesnm.org/programs/documents/lvette%20Cuzmar%20Presentation%20Final.pdf>

⁵ Cuzmar, Ivette. Op. cit.

In fiscal year 2010, 32,299 patients were enrolled in UNM Care. That year, UNM Care enrollees constituted 14.7% of University Hospital's patients and 41% of the hospital's charity care patients⁶.

Charity care accounts for about three quarters of the hospital's uncompensated care costs. Charity care is health care for the medically indigent that the hospital provides through one of its financial assistance programs, such as UNM Care. The hospital estimates its total 2010 cost of providing charity care at \$130.2 million⁷, of which charity care for Bernalillo County residents accounted for about 87% or \$113.6 million⁸. UNM Care for residents of Bernalillo County accounted for approximately three quarters of the hospital's Bernalillo County charity care cost or roughly \$87 million in 2010⁹.

Figure 1



⁶ UNMH 2010 Summit Report #17 Unique Patients by Payer Type

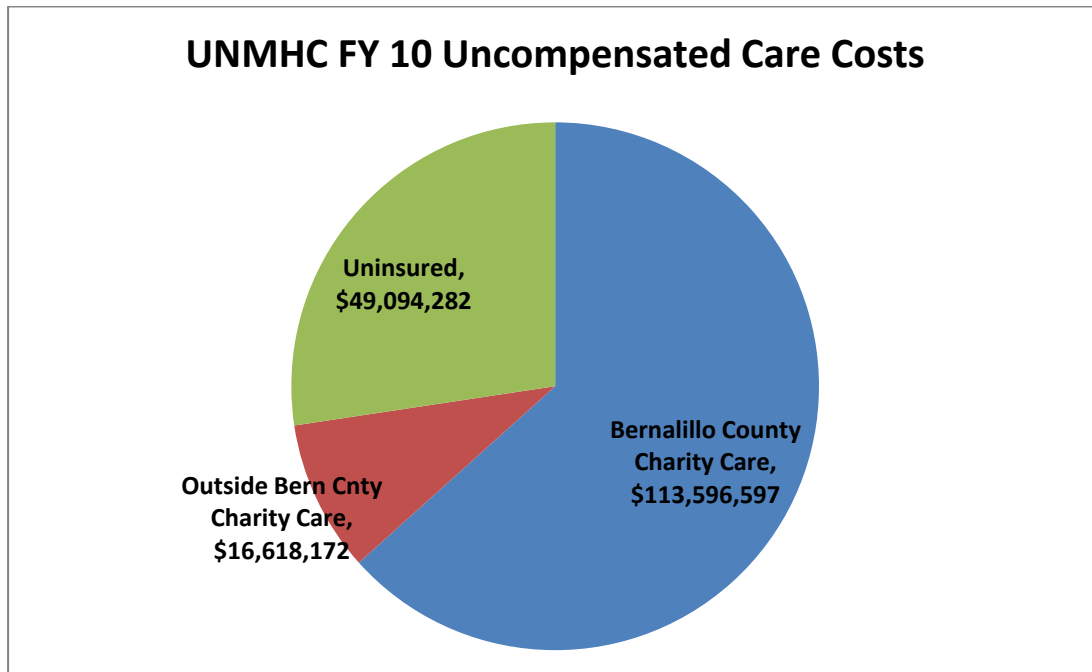
http://hospitals.unm.edu/about/finances/summit_fy10/17-report.pdf

⁷ Charity care is one component of uncompensated care. In 2010, charity care accounted for 73% of the hospital's uncompensated care costs.

⁸ UNMH 2010 Summit Report #1 UNCOMPENSATED CARE GROSS PATIENT BILLINGS, COSTS AND REVENUE FUNDING THOSE COSTS. hospitals.unm.edu/about/finances/summit_fy10/1-report.pdf

⁹ UNMH does not disaggregate the cost of UNM Care from other charity care costs in its 2010 published reports. However, in fiscal year 2008 UNM Care accounted for 76% of the hospital's Bernalillo County charity care costs. Bernalillo County's Relationship with Bernalillo County. New Mexico Voices for Children July, 2009.

Figure 2



UNM hospital uses revenue from a variety of sources to offset its uncompensated care costs. These sources include county indigent funds, Medicaid and Medicare Disproportionate Share Hospital (DSH) funds, patient collections and local property tax in the form of a 6.4 mill levy imposed by Bernalillo County. The mill levy, which costs the owner of a \$100,000 home in Bernalillo County approximately \$213 annually, generated approximately \$79.7 million for fiscal year 2010 and \$90.6 million in fiscal year 2011. In total, UNMH received approximately \$142.3 million with which to offset its uncompensated care costs in 2010. The hospital estimates that the total cost of providing uncompensated care exceeded the revenue available to pay for it by about \$37 million in 2010¹⁰.

UNM CARE DEMOGRAPHICS

The following UNM Care demographic statistics are derived from UNMH encounter data for 2009. That year, 20,239 UNM Care enrollees received care at UNMH. However, the hospital reports that UNM Care enrollment totaled 30,468 in 2009. Thus, the statistics presented below accurately characterize the roughly two thirds of UNM Care enrollees who obtained care at UNMH in 2009, but not necessarily the entire population of UNM Care enrollees.

The fact that one third of UNM Care enrollees do not appear in UNMH encounter data suggests that over thirty percent of UNM Care participants either obtained healthcare exclusively from one of the providers contracted to UNMH or did not receive healthcare in 2009.

¹⁰ UNMH op. cit.

TABLE 2: AGE DISTRIBUTION OF UNM CARE ENROLLEES SEEN AT UNMH IN 2009

Age	Percent
18 to 19	3%
20 to 24	12%
25 to 29	12%
30 to 34	10%
35 to 39	10%
40 to 44	12%
45 to 49	13%
50 to 54	12%
55 to 59	9%
60 to 64	7%
Total	100%

UNM Care is a program for low income adults not eligible for other public programs. Enrollees are roughly equally distributed across age categories between 19 through 64. The UNMH encounter data includes a small number of enrollees who are categorized as under 19 or over 65. These outliers were assumed to be the result of data entry errors and suppressed.

TABLE 3: UNM CARE ENROLLEES SEEN AT UNMH IN 2009 BY RACE/ETHNICITY

Race/Ethnicity	UNM Care	Bernalillo County Adults ¹¹
Hispanic	48.4%	43.4%
Caucasian	23.6%	46.4%
Native American	4.8%	4.5%
Asian	3.6%	2.4%
African American	3.4%	2.9%
Other	16.1%	.04%
Total	100%	100%

According to the US Census, 99.6% of Bernalillo County residents fall into one of the major racial/ethnic classifications¹². However, over 16% of UNM Care enrollees who were seen at UNMH in 2009 were categorized as “Other”. It is likely that the vast majority of the individuals classified as “other” in the UNMH data would fall into one of the five major racial and ethnic classifications. This record-keeping anomaly makes a meaningful comparison of the racial and

¹¹ University of New Mexico Bureau of Business and Economic Research Compilation of 2010 Census data: Population 18 Years and Over by Race and Hispanic or Latino Origin: 2000 and 2010 <http://bber.unm.edu/cens2010data.htm>

¹² Op. cit

ethnic characteristics of the UNM Care population to the adult population of Bernalillo County very difficult.

TABLE 4: INCOME AS A PERCENT OF THE FEDERAL POVERTY LEVEL FOR UNM CARE ENROLLEES SEEN AT UNMH IN 2009

Household Income as % FPL	Enrollees
Under 100%	67%
100%-200%	29%
Over 200%	4%
Total	100%

Over two thirds of UNM Care enrollees seen at UNMH in 2009 lived in poverty. Overall, 96% of enrollees lived in households with income below twice the FPL. In 2009 the income eligibility ceiling for UNM Care was 235% of the FPL, yet the vast majority of enrollees had income well below the eligibility ceiling. Currently, the upper income limit for UNM care eligibility is 300% of the FPL, yet the majority of enrollees remain concentrated at or near the poverty threshold.

IV. FEDERAL HEALTHCARE REFORM

Federal healthcare reform -- The Patient Protection and Affordable Care Act (PPACA) and The Health Care and Education Reconciliation Act of 2010¹³ -- is expected to decrease the percentage of American adults who lack health insurance by over 50%. The percent of New Mexico adults who are uninsured is expected to decline even more -- falling from 28% to 12%.

An estimated 295,000 currently uninsured New Mexico adults will likely become insured as a result of healthcare reform¹⁴. Many of the newly insured will previously have been recipients of publicly-funded indigent and charity care. Between 2014 and 2019 New Mexico state and local governments are expected to save between \$344 and \$516 million in charity care costs¹⁵.

Healthcare reform contains numerous provisions that take effect over several years beginning in 2010. The new laws improve access to health insurance and health care in a variety of ways: they regulate many insurance industry practices, reform and streamline the administration of public programs like Medicaid and Medicare, mandate that nearly all persons obtain health insurance or pay a penalty and make health insurance much more affordable, particularly for low income households and small businesses. While all of these changes have the potential to impact UNMH and thus UNM Care, this analysis focuses on the components of PPACA that

¹³ The Patient Protection and Affordable Care Act of 2009 (Public Law 111-148) and The Health Care and Education Reconciliation Act of 2010 (Public Law 111-152)

¹⁴ Who Will Be Uninsured After Health Insurance Reform? Matthew Buettgens, Urban Institute; Mark A. Hall, Wake Forest University March 2011 <http://www.urban.org/uploadedpdf/1001520-Uninsured-After-Health-Insurance-Reform.pdf>

¹⁵ <http://www.urban.org/uploadedpdf/412361-consider-savings.pdf>

directly enhance health insurance access and affordability, as these policies will have the most immediate impact on health insurance rates and enrollment in UNM Care.

Beginning January 1, 2014, Medicaid eligibility will expand to cover adults up to 133% FPL. A five percent additional income disregard makes the effective eligibility ceiling 138% FPL. Currently, New Mexico Medicaid covers children and pregnant women up to 235% FPL and some parents below 67% FPL¹⁶. The eligibility expansion is expected to increase enrollment in New Mexico Medicaid by approximately 28% or between 150,000 and 200,000 new enrollees.

The Medicaid expansion to adults below 138% of the FPL will have, by far, the largest impact on UNM Care. Approximately 82% of adults enrolled in UNM Care who received services at UNMH in 2009 were below 138% FPL. UNM Care currently follows the same standard used by Medicaid (PRWORA Title IV) to determine immigrants' eligibility for benefits, thus no current UNM Care enrollees should be excluded from coverage under the Medicaid expansion on the basis of immigration status. In order to be eligible for UNM Care an individual must be *ineligible* for other public healthcare programs. Thus, the expansion of Medicaid will automatically render most current UNM Care enrollees ineligible for the program. PPACA authorizes some hospitals to make presumptive eligibility determinations for Medicaid. Thus, Medicaid-eligible UNM Care enrollees will likely be enrolled in Medicaid the next time they seek care at UNMH.

The approximately 18% of UNM Care enrollees who do not qualify for Medicaid will be eligible to purchase private insurance on the newly created health insurance exchanges at deeply discounted rates if they cannot obtain affordable coverage through their employer. Tax credits for the provision of health insurance by small employers are expected to increase the amount of employer-sponsored health insurance, but many low income people are unemployed or under-employed and not all employer-sponsored coverage will be affordable to low wage workers. Hence, the majority of UNM Care enrollees who obtain private coverage are expected to do so on the health insurance exchange.

State health insurance exchanges will commence operations on January 1, 2014. Exchanges are not insurers, but rather marketplaces where individuals and small businesses can compare policies and purchase insurance.

PPACA provides federal subsidies in the form of advanceable, refundable tax credits for people under age 65 with income between 133% and 400% FPL who purchase coverage on their own in a health insurance exchange and are not covered through their employer, Medicare or Medicaid¹⁷. Undocumented immigrants are denied premium credits, however, legal immigrants denied Medicaid because they have been in the country less than five years *will* qualify for premium tax credits that cap the maximum premium they must pay at less than 2% of their annual income.

Premium credits will substantially reduce the cost of health insurance for low and moderate income households. PPACA establishes the maximum percentage of income an individual is required to pay for insurance purchased on the exchange. Maximum percentages range from 2% of income for individuals or families below 133% FPL to 9.5% for income for households at 300%-400% FPL (Table 5). The 18% of UNM Care enrollees with income too high to qualify for Medicaid who do not obtain coverage through their employer will qualify for these credits.

¹⁶ Kaiser State Health Facts Income Eligibility-Low Income Adults-New Mexico. www.statehealthfacts.org

TABLE 5: INDIVIDUAL INSURANCE SUBSIDIES BY INCOME AS A PERCENT OF THE FEDERAL POVERTY LEVEL

FPL	Maximum Premium as a % of Income (2014)	Maximum Annual Family Premium by Family Size			
		1	2	3	4
100%	Medicaid / 2%*	Medicaid / 2%*	Medicaid / 2%*	Medicaid / 2%*	Medicaid / 2%*
133%	Medicaid / 2%*	Medicaid / 2%*	Medicaid / 2%*	Medicaid / 2%*	Medicaid / 2%*
133.01%	3.0%	\$487	\$656	\$824	\$992
150%	4.0%	\$650	\$874	\$1,099	\$1,323
200%	6.3%	\$1,365	\$1,836	\$2,307	\$2,778
250%	8.05%	\$2,180	\$2,932	\$3,685	\$4,438
300%	9.5%	\$3,087	\$4,152	\$5,218	\$6,284
350%	9.5%	\$3,601	\$4,845	\$6,088	\$7,332
400%	9.5%	\$4,115	\$5,537	\$6,958	\$8,379
<p>*Legal immigrants who have been in the US for less than 5 years do not qualify for Medicaid but they do qualify for premium credits. If they are below 133% FPL, premium credits will keep their maximum premium below 2% of annual income. Source: Congressional Research Service Health Insurance Premium Credits Under PPACA (P.L. 111-148) April 6, 2010 http://liberalarts.iupui.edu/economics/uploads/docs/jeanabrahamcrscredits.pdf</p>					

The uptake rate for private insurance subsidized by federal premium credits by low income adults who do not qualify for Medicaid is difficult to predict. However, when surveyed by the New Mexico Office of Healthcare Reform (NMOHR) in March of 2011, 84% of uninsured New Mexicans reported that they lacked insurance because they could not afford it and 81% stated that they were likely to utilize a health insurance exchange to purchase insurance if one were available¹⁸.

Premium assistance and cost sharing limits will reduce the cost of health insurance by an average of approximately 56% to 59%¹⁹, thus it seems reasonable to assume that at least one half of the 5,545 UNM Care enrollees with income too high to qualify for Medicaid will obtain private health insurance through the exchange. UNMH encounter data and reports published by UNMH do not contain information on the employment status of UNM Care enrollees. However, only 25% of respondents to the NMOHR survey reported having year-round full-time

¹⁸New Mexico Office of Healthcare Reform Uninsured Adult Household Survey May 2011
<http://www.hsd.state.nm.us/pdf/hcr/Uninsured%20Survey%20Final%20Report%20June%202011.pdf>

¹⁹ What Healthcare Reform Means to New Mexicans. Senator Jeff Bingaman
<http://bingaman.senate.gov/policy/hcrnm.pdf>

employment . As discussed above, a relatively small but also indeterminate number of UNM Care enrollees are likely to become ensured through their employer.

Table 6: Eligibility of Current UNM Care Enrollees for Medicaid and Premium Tax Credits as of January 14, 2014

% FPL	Adults	Total	Eligibility	
			Medicaid	Premium Credits
Under 100%	20,414	67%	25,014 (82% of enrollees)	n/a
100-133% (approx)	4,599	15%		
134%-200%	4,245	14%	n/a	5,455 (18% of enrollees)
>200%	1,209	4%		
total	30,468	100%		

Who Will Remain Uninsured?

Even after full implementation of healthcare reform, about 8% of Americans and 12% of New Mexico adults will remain without health insurance. However, because they utilize healthcare and are among the population of low income uninsured targeted by the Medicaid expansion and premium credits, the percentage of UNM Care enrollees who “slip through the cracks” and remain uninsured is likely to be much lower than the average rate of un-insurance for New Mexicans overall. In fact, after January 2014, all current UNM Care enrollees will be eligible for some form of affordable coverage and, due to their prior utilization of health care, enrollment in UNM Care and the authority for hospitals to make presumptive eligibility determinations the uptake rate for coverage among UNM Care enrollees is likely to be very high. Assuming that all those eligible for Medicaid eventually enroll and that only half those eligible for premium subsidies obtain coverage, it is likely over 91% of people currently enrolled in UNM Care will obtain health insurance as a result of healthcare reform.

But this does not mean that there will no longer be a need for charity care in Bernalillo County. Not everyone who becomes eligible for Medicaid or health insurance subsidies will take advantage of the opportunity to become insured. Some people, like immigrants who have been legalized for less than five years, will be unable to access Medicaid despite being below 138% FPL, and still others, like undocumented immigrants, will be unable to access any public programs or insurance subsidies what-so-ever.

The specific characteristics of the New Mexicans likely to remain uninsured after full implementation of healthcare reform remain uncertain. Most of the non-elderly uninsured adults, will, however, fall into one of four broad categories: (1) People who are Medicaid eligible but un-enrolled, (2) “unauthorized immigrants”, (3) people exempt from the individual

mandate, and (4) people who choose to remain uninsured despite penalties or the availability of heavily subsidized coverage.

1. Medicaid Eligible but Un-enrolled – The Urban Institute predicts that nationally 37% of the post-healthcare reform uninsured will be Medicaid eligible but un-enrolled²⁰. Most Medicaid-eligible UNM Care participants, however, are expected to enroll. PPACA authorizes hospitals participating in a state plan to make presumptive eligibility determinations for adults, thus most UNM Care patients are expected to be enrolled in Medicaid by their provider when they next seek healthcare.

2. Unauthorized Immigrants – Between one quarter and one third of New Mexicans who remain uninsured will be undocumented immigrants. Also ineligible for Medicaid and SCHIP are legal immigrants who have been in the US less than five years.

More than half of the immigrants who are denied Medicaid coverage under healthcare reform will be below 138 percent of the federal poverty level, so their emergency care will be covered by Emergency Medical Services for Aliens (EMSA). EMSA provides Medicaid coverage of emergency services for certain non-citizens who do not meet the immigration criteria for Medicaid but are otherwise eligible. In 2009, EMSA paid approximately \$17 million for 1,970 visits to UNMH by 1,611 low income immigrants.

It is also worth noting that Bernalillo County residents who were uninsured and did not qualify for any public programs including UNM Care accounted for roughly 10% of UNMH patients and 27% of UNMH's total uncompensated care cost in 2010. Only 16% of New Mexico's uninsured have annual household income in excess of \$40,000²¹. Thus, while it is likely that some of the uninsured did not qualify for public programs on the basis of income or assets, a large percentage were disqualified on the basis of immigration status.

Precise estimates are hard to come by for obvious reasons, but there are probably about 28,000 undocumented immigrants residing in Bernalillo County²². The majority of undocumented immigrants are both low income and uninsured.

3. Exempt from the individual mandate -- Some of those who remain uninsured after full implementation will qualify for one of the exemptions from the individual health insurance mandate. Exempt from the individual mandate are people for whom there is no affordable coverage available (hardship exemption), Native Americans, prisoners and people with religious objections.

a. Hardship exemption -- People who would have to pay more than 8% of their annual income for the *least expensive* plan available are exempt from the tax

²⁰ Who Will Be Uninsured After Health Insurance Reform? Matthew Buettgens, Urban Institute; Mark A. Hall, Wake Forest University March 2011 <http://www.urban.org/uploadedpdf/1001520-Uninsured-After-Health-Insurance-Reform.pdf>

²¹ *New Mexico Office of Healthcare Reform Uninsured Adult Household Survey May 2011*

<http://www.hsd.state.nm.us/pdf/hcr/Uninsured%20Survey%20Final%20Report%20June%202011.pdf>

²² The Pew Hispanic Center <http://pewhispanic.org/files/reports/133.pdf> estimates that undocumented immigrants make up about 4.3% of New Mexico's population and 5.6% of the state's workforce. The estimate for Bernalillo County assumes that the proportion of undocumented immigrants in the County is proportional to that of the state overall.

penalty for not having coverage. Since the tax credits are tied to premiums for mid-cost coverage, very few people below 400% FPL will fall into this category. Most of those that do would be older, reflecting the ability of insurers to substantially vary their premium rates based on age, for individual and small-group purchasers. The Urban Institute predicts that nationally 16% of post-healthcare reform uninsured adults will be exempt from the individual mandate on the basis of affordability. A small percentage of the older UNM Care with income above the Medicaid eligibility threshold may fall into this category.

- b. Native American exemption – Healthcare reform includes many benefits for Native Americans including improvements to the IHS, access for some tribal organizations to participation in the Federal Employees Health System, no cost-sharing and more frequent enrollment periods for policies purchased on the health insurance exchange, and the expansion of Medicaid. In recognition of tribal sovereignty, however, Native Americans are exempt from the individual mandate and accompanying penalties. Many Native Americans will gain health insurance under healthcare reform. However, Native Americans have historically low rates of participation in public programs for which they qualify, including Medicaid and Medicare and are somewhat less likely to participate in the federal tax system through which the health insurance subsidies are administered. Native American respondents to the New Mexico Office of Healthcare Reform's March 2011 survey of the uninsured were twice as likely as Anglo and Hispanic respondents to report that they lacked health insurance because they were “healthy and didn't need it”, “health insurance isn't important to me” and “I have access to adequate health care without health insurance”. A small number of these individuals may seek indigent healthcare at UNMH. But even if one half of the Native American UNM Care enrollees who don't qualify for Medicaid seek charity care at UNMH they will total only about 134 patients or about one tenth of one percent of current enrollment.
3. Un-enrolled despite penalties or subsidies -- Some people who remain uninsured will do so by choice and pay the tax penalties rather than enroll in coverage. These individuals are less likely to be candidates for indigent care, as the individual mandate applies only to people above the poverty threshold and is only enforceable for people who file federal income taxes.

V. Opportunities for Implementation

Healthcare reform will reduce the number people eligible for UNM Care under current rules by over 90%. This determination can be made with a fair degree of certainty with just the limited data currently available. However, additional data on employment status, access to employer-sponsored insurance, income and household composition for UNM Care recipients would assist in gaining a better understanding of the indigent and charity care population and thus in designing and implementing outreach to ensure that this population receives the maximal benefit from healthcare reform.

Recommended Action:

1. UNM Care can and should maintain access to care for low-income uninsured until all elements of insurance reform are implemented, and, once reforms are in place, actively assist in making enrollment and retention in subsidized public and private insurance options simple and affordable.
2. Patient Financial Services should conduct an independent chart review of UNM Care enrollees to help determine the following characteristics of UNM Care enrollees :
 - a. Employment status
 - b. Income
 - c. Presence of children
 - d. Family structure -- one and two parent families as well as grandparents raising their grandchildren
 - e. Healthcare utilization patterns
 - f. Health status
 - g. Secondary insurance

To make the best use of this data the chart review should be undertaken as soon as possible.

3. Provide UNM Care statistics in greater detail and on a quarterly or monthly basis. Quarterly statistics should include, but not be limited to:
 - a. Enrollment patterns
 - b. Number and percent of total enrollees that utilize services
 - c. Point of service utilized
 - d. New enrollments by enrollment site.
4. Implement a system of clear and frequent communication with Bernalillo County officials while the healthcare reform transition takes place.
5. Also helpful in helping to determine the future of UNM Care and other indigent programs would be data on the populations, including immigrants, likely to remain uninsured after full implementation of healthcare reform.
6. To keep UNM Care relevant to the community it serves, UNMH might revisit its policy of excluding undocumented and newly legalized immigrants from UNM Care. There are strong public health and efficiency arguments for providing adequate healthcare, including preventive care, to all Bernalillo County residents regardless of immigration status.

VI. CONCLUSION

Full implementation of healthcare reform will substantially increase the percentage of New Mexicans who have health insurance and thus access to adequate and affordable healthcare. Beginning January 1, 2014, between 150,000 and 200,000 low income New Mexico adults will become eligible for Medicaid and over 200,000 New Mexicans will be eligible for new private coverage through the health insurance exchange or from their employers. The majority of New Mexicans newly eligible for insurance will enroll in coverage.

Many of the newly insured will be previous recipients of charity and indigent care, most of which is funded by state and local governments. The shift from state and locally funded indigent care to federally subsidized health insurance will lift a large financial burden from New Mexico governments and healthcare providers, freeing hundreds of millions of public dollars for other beneficial uses.

With most of their clientele covered under other programs, charity care programs like UNM Care will have to reinvent themselves to remain relevant to their communities and the vulnerable populations they were designed to serve.

UNM Care can maximize its benefit to the community by maintaining access to care for low-income uninsured until all elements of insurance reform are implemented, and, once reforms are in place, making enrollment and retention in subsidized public and private insurance options simple and affordable. In addition, even after full implementation of healthcare reform, 12% of New Mexicans will remain uninsured and almost half of the remaining uninsured will be low income. Among the uninsured will be approximately 80,000 undocumented immigrants, most of who are low income and one third of whom reside in Bernalillo County. Other potential recipients of charity include people eligible for coverage who undergo temporary gaps in coverage as their family and financial circumstances change.