

Senate Small Business and Entrepreneurship Committee Testimony

Wednesday, November 20, 2013

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Chairman Landrieu and Senators, thank you for the opportunity to testify today about the early success of the New Mexico Small Business Exchange. New Mexico legislated a state based Exchange Board in March of this year. The Board of thirteen is highly representative of the interests of small businesses, consumers, Native Americans, Hispanics, physicians, hospitals, and health insurers. Within five months the Board and its very capable CEO and team selected an experienced private exchange vendor, developed a statewide plan for marketing, trained over 500 "Health Guides," set the rules for an "open market" exchange, and succeeded in launching a fully operational enrollment website, BeWellNM.com on October 1. In this time of national glitches and confusing rhetoric, the Board, our very supportive Governor, Suzanna Martinez, the Exchange health insurers, and all New Mexicans are very proud of the early enrollment successes that I will detail.

A brief background on myself will help reflect the "access to care" culture that the entire Board shares. I am a general internist who started practice on the Navajo Reservation, and then developed the first rural clinic pilots for the Veterans Administration with the assistance of former Senator Domenici. I then went on to become a physician executive for the last 30 years. I have been the CEO or senior executive of large multispecialty physician groups, hospitals, and insurance companies and am currently the CEO of the new COOP health plan, New Mexico Health Connections. I have seen the health industry from all sides and am honored to sit as a carrier representative on the Board. The other Board members bring an equally extensive background of expertise and understanding the needs of New Mexico. New Mexico, which has the second highest state percentage of uninsured at 23%, has about 200,000 uninsured who will qualify for the Exchange, with 118,000 eligible for financial assistance. 96% of businesses in New Mexico have 50 or less employees, and only 47% of the population has employer sponsored insurance, the lowest in the nation which has an average coverage of 58%.

Our State based Exchange is unique from most others and we call it a Hybrid. Because the Exchange formed so late, we did not have time to implement an individual exchange this year. We were, however, able to procure a competitive contract with GetInsured, an information technology company with seven years of experience in building private exchanges. Next month they will begin work on implementing the technology for an individual Exchange which will be ready to enroll applicants in October of 2014 for coverage starting in 2015. For 2014 we have had to depend on the Federal Exchange for individual enrollment, but BeWellNM.com can

estimate individual subsidies, educate our population, and prepare individual/family enrollees for the Federal Exchange when fully operational.

Our Small Business Exchange is unique in that it not only offers employers choices of plans, but also offers choice to each of their employees as well. The employer enters the site and selects a metal level and a reference plan in that level. The employer also designates what percentage of the premium will be covered, the minimum being 50%. That then creates the dollar amount made available to the employee for premium support whatever plan the employee chooses. Thus, the employee has the choice of any plan of any carrier at that metal level at whatever cost is associated with the plan, less the employer's contribution. That is what is so great about the New Mexico Health Insurance Exchange for small businesses and their employees – choice, choice, choice!

And even better, it WORKS and it is EASY. I did it for my family last week and it was like going down a water slide! There is even a calculator to help an employee chose the right plan based on generalized use of health care in the past. The following quote is from an attorney in Albuquerque with 4 employees and comes from an interview with the New Mexico Business First Journal:

“I was very pleasantly surprised. I thought it was going to be an administrative nightmare and it literally took me 15 minutes. They gave me a quote that would save me \$1,000 over what I was paying...I thought this was going to be an all-day thing, so I had a Diet Coke handy, was well rested and I had a good lunch, and it was almost disappointing that it was so easy....I was blown away.”

To date 1,143 small businesses with 3,192 employees have registered required information with the State Exchange. If they all fully enroll with the average number of dependents (2.6 per employee) that would be a potential total of 8,299 members accessing health insurance through the small business exchange. That number exceeds the initial Exchange Board estimate of 8,000 business members enrolling for all of 2014. And open enrollment continues for small employers monthly throughout the rest of 2013 and all of 2014.

Finally, the “average” cost for a second cheapest silver plan in New Mexico is \$282 dollars with a national average of \$328. The Superintendent of Insurance estimates that the rates for 2014 are 0 to 5% higher than 2013 after reviewing and approving all rate submissions. The American Society of Actuaries earlier this year predicted a 34% increase on average for New Mexico. But as one of the four carriers working to have the most price competitive rates on the Exchange, I can tell you that competition worked. So, now New Mexico Small employers have a great opportunity to cover their employees and do so with extensive choice and low rates...in a system that works.

Thank you.

