

## Fully Fund Medicaid to Avoid Healthcare Cuts and Job Loss

**New Mexicans do not support cuts to Medicaid.** A new poll shows that 2 out of 3 voters oppose reducing Medicaid services - across party lines.<sup>1</sup>

To fully fund Medicaid, HSD needs \$78 million in new state funding for FY18.

1. **\$42 million** is needed to prevent further cuts to services.<sup>2</sup> Without this funding:

- **890,000** New Mexicans will suffer from reduced access to healthcare, including the **2 out of 3 children** enrolled, seniors, people with disabilities, and low-income adults.
- New Mexico will **lose \$168 million of federal matching funds** that help our economy.
- Over **1,700 jobs will be lost or foregone** – primarily in the healthcare field.<sup>3</sup>
- HSD will make **deep cuts to healthcare benefits** that help people stay healthy and save money in the long-run, including dental, vision and other necessary services. HSD may also impose **premiums and copays** on low-income patients that cause massive coverage loss and prevent people from getting needed medical care.

2. **\$26 million** is needed to **reinstate provider payment rates** that were cut in FY17. New Mexico will otherwise continue to lose healthcare providers because payment rates are too low to meet the costs of care and providers will refuse to see Medicaid patients.<sup>4</sup>

3. **Up to \$10 million** may be needed to **cover home visiting services for children** (costs will depend on how the program is structured)<sup>5</sup>. Covering home visiting for newborns and toddlers through Medicaid will save state funding that is spent through CYFD, receiving a 70% federal match. Home visiting programs are also proven to reduce healthcare costs.<sup>6</sup>

**Full funding for Medicaid is critical now:** New Mexico will be at a serious disadvantage if the federal government changes Medicaid into a **“block grant”** (current state funding levels must be adequate because they could set the baseline for future federal funding amounts).<sup>7</sup>

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<sup>1</sup> A poll conducted in January 2017 by Research & Polling, Inc. found that 67% of New Mexico’s registered voters surveyed oppose cutting Medicaid services to solve the state’s budget deficit, including 57% of Republicans and 74% of Democrats.

<sup>2</sup> HSD is requesting \$42 million in new state funding for FY18 to maintain current services.

<sup>3</sup> A study in November 2016 by Kelly O’Donnell, PhD and researcher for RWJF Health Policy Center, found that every \$10 million of under-funding for Medicaid loses over 436 “economic base” jobs that are supported solely by federal matching funds.

<sup>4</sup> Healthcare providers sent numerous comments to HSD in June 2016 warning that Medicaid payment rates were cut too low.

<sup>5</sup> The Legislative Finance Committee stated in a 2015 report that a “reasonable” target population would include 11,500 children, ages 0-3. At \$3,000 per child, the program could require up to \$10 million in state funds. However, costs could be lower if negotiated into MCO care coordination strategies, if the program is more limited, or if expected savings are achieved.

<sup>6</sup> A 2016 Rand study found that infants in the “First Born” program were 1/3 less likely to visit an emergency room.

<sup>7</sup> Block grants put a cap on federal funding for Medicaid that is set to a baseline amount and then increases modestly each year.