NEW MEXICO BUSINESS
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The Projected Impacts of Medicaid Expansion in New Mexico

Table 1

New Mexico Population Projected to be Insured Under the Medicaid Expansion and Estimated Costs

	FY 2014 Jan - June	FY 2015	FY 2020	Totals FY 2014 -20
Newly Enrolled Medicaid Population under Low Uptake Scenario				
Newly Eligible	64,810	73,279	98,283	
Presently in SCI	37,100	34,148	18,051	
Enrolled Under Low Uptake	101,910	107,427	116,334	
Percent of All Eligible Adults	*51.2%*	*54.5%*	*64.0%*	
Cost Per Person	$ 5,788	$ 6,191	$ 7,768	
Total Costs ($ Millions)	**$ 295**	**$ 665**	**$ 904**	**$ 5,077**
Newly Enrolled Medicaid Population under High Uptake Scenario				
Newly Eligible	89,114	105,847	131,044	
Presently in SCI	37,100	34,148	18,051	
Enrolled Under High Uptake	126,214	139,995	149,095	
Percent of All Eligible Adults	*63.4%*	*71.1%*	*82.0%*	
Cost Per Person	$ 5,788	$ 6,191	$ 7,768	
Total Costs ($ Millions)	**$ 365**	**$ 867**	**$ 1,158**	**$ 6,648**

UNM BBER Calculations from NM HSD Medical Assistance Division data, May 2012

This article broadly examines the impacts of the proposed Medicaid Expansion on New Mexico. The first section describes the proposed Medicaid Expansion as it has been modeled by the NM Human Services Department and analyzed elsewhere by BBER, including the estimated impacts on General Fund revenues and expenditures. The second section considers the impacts on the NM economy and examines the readily available data on both the health care industry and health care workers.

The Proposed Medicaid Expansion in New Mexico

Under the Patient Protection and Affordable Care Act (ACA) as enacted on March 23, 2010, states were required to extend Medicaid coverage to low-income adults under 65 years old with incomes at or below 133% percent of the poverty level (138% after income disregards). However, the Supreme Court held that the federal government cannot withhold current Medicaid funding should a state decide to opt out of the Medicaid Expansion. On January 9, 2013, Governor Susana Martinez announced that New Mexico will join the Medicaid Expansion program.

The NM Human Services Department Medical Assistance Division (HSD) has modeled the likely impacts of the Medicaid Expansion under different scenarios of participation by eligible adults. The impacts discussed below are based on the (HSD) estimates that were released in May 2012. A full analysis of the impacts is available on the BBER website http://bber.unm.edu/pubs/Medicaid_Expansion_10-12.pdf.

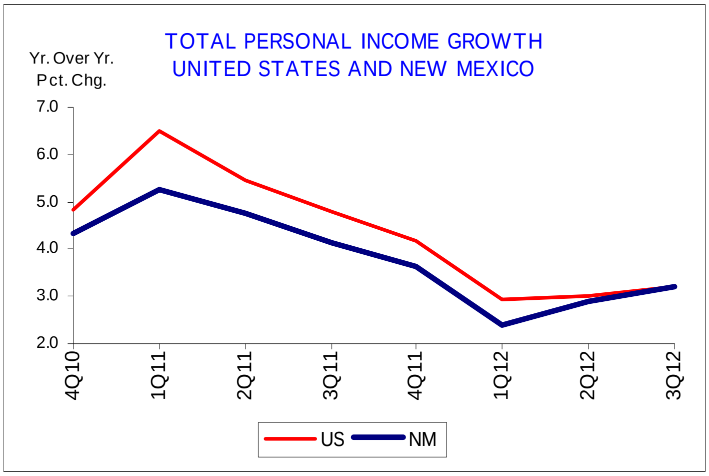
HSD has projected the numbers of eligible adults that will participate in the coverage provided under the Medicaid Expansion for both a low uptake scenario and a high uptake scenario, and has estimated the total costs of this coverage for Fiscal Years 2014 to 2020 and cumulatively for the seven fiscal years. Included in their estimates are eligible adults now covered through the State Coverage Insurance (SCI) program, which will end with the formation of the insurance exchange as called for under the ACA. Table 1 above provides the specifics for FY 14, FY 15 and FY 20 as well as the cumulative costs over the seven fiscal years.

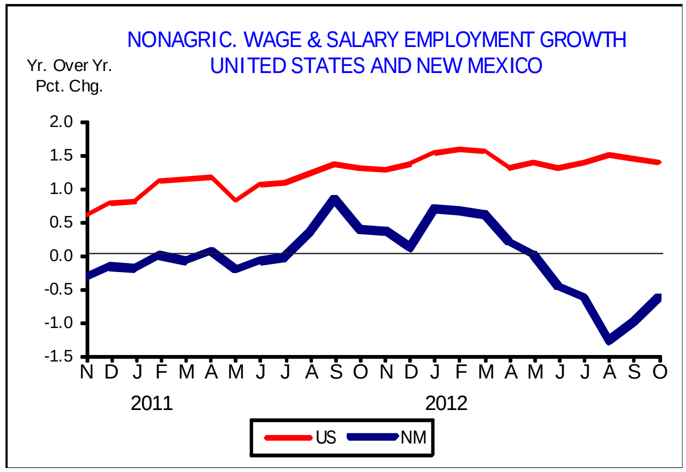
Under ACA, the Federal government will pick up 100% of the costs of extending Medicaid coverage to newly eligible adults at or below 138% of poverty for the first three years: calendar years 2014, 2015 and 2016. In calendar year 2017 the federal match will fall to 95%. The federal match will decrease to 94% in 2018, 93% in 2019, and to 90% in 2020 and beyond.

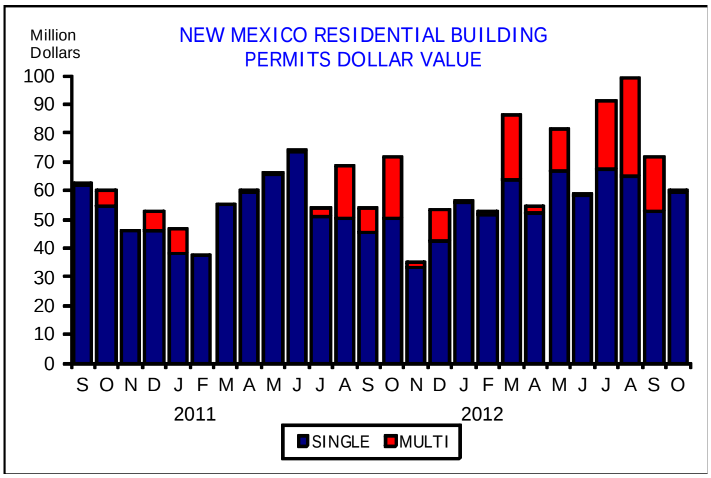
All those who enroll in Medicaid under the Medicaid Expansion will have their care coordinated by a Managed Care Organization (MCO). HSD is in the process of reforming the State's Medicaid program and is proceeding with the Centennial Care plan under which all Medicaid recipients will receive health care services, will access needed prescription drugs and durable medical equipment, and will have their care coordinated by a MCO under contract to the State. Fee-for-service Medicaid will no longer exist. MCOs will receive a capitated payment for each patient who is enrolled, which means that the MCO will receive a fixed sum for each participating adult to provide a "medical home", to cover the adult's health care expenses over a stipulated period of time, and to process payments to health care providers . Payments will be designed to cover the 1.9% federal insurance fee. BBER assumes that each MCO will take 15% off the top to cover administration, coordination of care, processing of claims, and premium taxes.

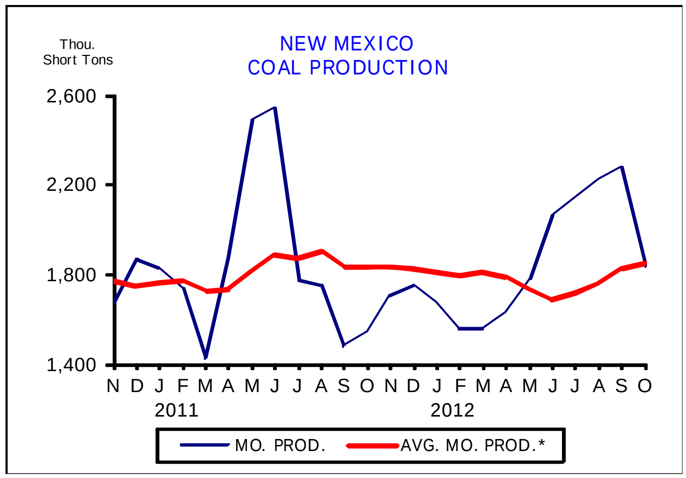
(continued on page 7)

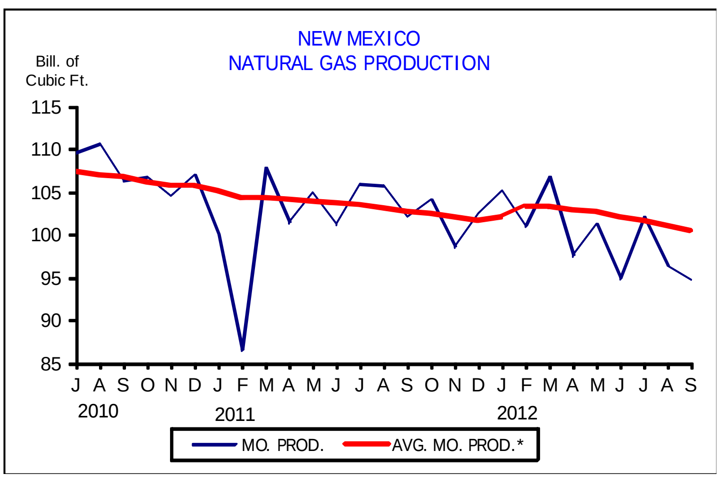
CURRENT NEW MEXICO AND U.S. ECONOMIC INDICATORS

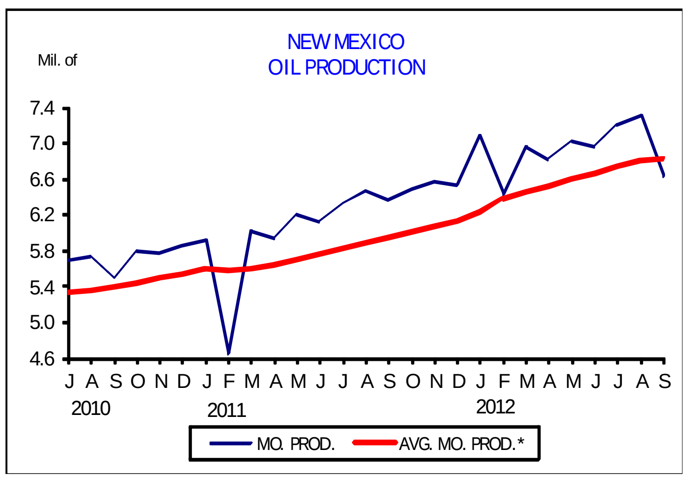












* 12 month average. For example, the point for October 2012 represents an average of November 2011 through October 2012.

U.S. ECONOMIC INDICATORS

Consumer Price Index (1982-84=100)	Current Mo./Qtr.	Current Data	% Chg. Year Ago	Previous Mo./Qtr. Data
All Urban Consumers				
All items	Oct 12	231.3	2.2	231.4
Food and Beverages	Oct 12	234.7	1.7	234.2
Housing	Oct 12	223.7	1.6	223.9
Apparel	Oct 12	131.4	3.0	128.6
Transportation	Oct 12	220.2	3.8	221.7
Medical Care	Oct 12	418.4	3.7	418.0
Other Goods and Services	Oct 12	396.3	1.9	396.2
Urban Wage Earners and Clerical Workers				
All Items	Oct 12	228.0	2.2	228.2
Gross domestic product[1] ($Bil. constant)	3Q 12	$13,638.1	2.5	$13,548.5
Prime interest rate[2] (% per annum)	Oct 12	3.25	-	3.25
Mortgage interest rate[3] (% per annum)	Oct 12	3.58	-	3.62
3 month treasury bill[4] (% per annum)	Oct 12	0.10	-	0.10
Industrial production[5] (2007=100)	Oct 12	96.6	1.8	97.0
Manufacturers new orders[5] ($Bil.)	Oct 12	$477.6	3.0	$473.8

Note: Selected data items subject to revision. **1** 2005 dollars at seasonally adjusted annual rates. **2** Closing rate for month. **3** Effective rate (in the primary market) on conventional mortgages reflecting fees and charges as well as contract rate and assumed, on the average, repayment at end of 10 years. **4** High bill rate at auction, issue date within period, bank-discount basis. Data are stop yields from uniform-price auctions. **5** Monthly data seasonally adjusted. **Source**: U.S. Bureau of Labor Statistics, consumer price index data; U.S. Council of Economic Advisors, *Economic Indicators*, all other data.

NEW MEXICO AND U.S. ECONOMIC COMPARISONS

		New Mexico			United States		
	Current Mo./Qtr.	Current Mo./Qtr. Data	% Chg. Year Ago	Previous Mo./Qtr. Data	Current Mo./Qtr. Data	% Chg. Year Ago	Previous Mo./Qtr. Data
Employment (000)	Oct 12	877.3	1.4	871.6	144,039	2.2	143,333
Unemployment rate (%)	Oct 12	6.0	-	6.0	7.5	-	7.6
Nonagricultural employment (000)	Oct 12	805.9	-0.6	802.2	134,708	1.4	133,866
Personal income[1] ($Mil.)	3Q 12	$73,519	3.2	$73,150	$13,397,827	3.2	$13,327,797
Housing units permitted							
Single	Oct 12	318	23.7	288	49,198	43.2	42,971
Multi	Oct 12	4	-98.3	229	26,097	48.1	28,412

Percent change can not be calculated because of division by zero.
1 Quarterly data seasonally adjusted at annual rates.
Note: Selected data items subject to revision.
Sources: New Mexico Dept. of Workforce Solutions and U.S. Bureau of Labor Statistics, employment and unemployment data; U.S. Dept. of Commerce, Bureau of Economic Analysis, income data; U.S. Dept. of Commerce, Bureau of the Census and individual permit-issuing agencies, construction data.

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NEW MEXICO ECONOMIC INDICATORS

	Current Mo./Qtr.	Current Data	%Chg. From a Year Ago	12-Mo./4-Qtr. Averages Current	12-Mo./4-Qtr. Averages % Chg. From Previous[1]
1. GENERAL					
Civilian labor force [r, 2] (000s)	Oct 12	933.6	0.3	928.0	0.0
Employment [r] (000s)	Oct 12	877.3	1.4	865.6	0.9
Unemployment [r] (000s)	Oct 12	56.3	-13.7	62.5	-11.2
Unemployment rate [r] (%)	Oct 12	6.0	-	6.7	-
Weekly new unemployment insurance claims	Oct 12	1,595	-14.8	1,631	-6.8
Nonagricultural wage & salary employment [r,3] (000s)	Oct 12	805.9	-0.6	802.8	-0.1
All industries average weekly wages ($) [p,4]	2Q 12	$783	2.6	$786	2.6
Personal income[5] ($ mil.)	3Q 12	$73,519	3.2	$72,589	3.0
2. AGRICULTURE					
Receipts for all agricultural commodities ($ mil.)	Oct 12	$417.7	4.7	$335.7	1.8
Livestock ($ mil.)	Oct 12	$334.1	7.4	$268.8	2.6
Crops ($ mil.)	Oct 12	$83.6	-5.0	$67.0	-1.4
Milk production (mil. lbs.)	Oct 12	656	-5.9	682	0.7
Milk cows (000s head)	Oct 12	324	-2.4	332	1.7
Milk per cow (lbs. per head)	Oct 12	2,025	-3.6	2,053	-1.0
3. MINING & LOGGING					
Total employment [r,3] (000s)	Oct 12	22.5	2.3	22.5	8.8
Mining average weekly wages ($) [p,4]	2Q 12	$1,372	2.1	$1,412	-3.9
Coal production (000 short tons)	Oct 12	1,836	18.9	1,850	0.9
Oil sales ($ mil.)[r]	Sep 12	$595.2	15.4	$614.1	17.2
Oil volume of production (mil. bbls.)[r]	Sep 12	6.6	4.2	6.8	14.8
Gas sales ($ mil.)[r]	Sep 12	$368.7	-39.6	$446.3	-24.9
Gas volume of production (bil. cf.)[r]	Sep 12	94.8	-7.1	100.4	-2.3
4. CONSTRUCTION					
Total employment [r,3] (000s)	Oct 12	42.9	-2.9	41.8	-2.8
Average weekly wages ($) [p,4]	2Q 12	$787	2.3	$805	2.9
Residential units permitted	Oct 12	322	-35.2	434	24.4
Residential building permit value ($ mil.)	Oct 12	$60.1	-16.1	$66.6	16.5
Nonresidential const. contract value ($ mil.)	Oct 12	$92.2	-30.5	$95.6	11.1
Nonbuilding const. contract value ($ mil.)	Oct 12	$73.0	4.7	$69.8	-18.0
5. MANUFACTURING					
Total employment [r,3] (000s)	Oct 12	30.5	1.3	29.8	1.4
Average weekly wages ($) [p,4]	2Q 12	$1,051	3.5	$1,065	3.7
6. WHOLESALE TRADE					
Total employment [r,3] (000s)	Oct 12	21.3	1.4	21.3	1.2
Average weekly wages ($) [p,4]	2Q 12	$930	2.4	$963	2.0
7. RETAIL TRADE					
Total employment [r,3] (000s)	Oct 12	89.1	-0.8	90.0	-0.1
Average weekly wages ($) [p,4]	2Q 12	$490	1.7	$500	2.4
Taxable gross receipts ($ mil.) [r,*]	3Q 12	$3,850.9	3.1	$3,761.7	0.8
8. TRANSPORTATION, WAREHOUSING & UTILITIES					
Total employment [r,3] (000s)	Oct 12	22.3	3.2	22.1	0.3
Transp. & warehousing average weekly wages ($) [p,4]	2Q 12	$847	5.6	$835	5.5
Utilities average weekly wages ($) [p,4]	2Q 12	$1,391	9.8	$1,394	3.5

* Data from quarterly gross receipts reports may differ from monthly averages. **na** Not available. **p** Preliminary. **r** Revised. **1** For example, in the report that contains Oct. 2012 figures this would be the percent change from the average of Nov. 2010-Oct. 2011 to the average of Nov. 2011-Oct. 2012. For quarterly data, the average column represents the average of four quarters. **2** Number of employed and unemployed persons by place of residence. **3** Number of jobs by place of work. **4** Wages represent gross pay, including commissions, bonuses and over time. **5** Quarterly data seasonally adjusted at annual rates. **6** Does not include insurance and real estate agents working on commission. **7** Includes Albuquerque, Rio Rancho, Bernalillo/Algodones, Placitas, Corrales, the East Mountains and Valencia County. **8** Includes Santa Fe City and Santa Fe County only. **9** Based on information from Santa Fe Assoc. of REALTORS® MLS for the period Jul. 2012 to Sep. 2012. This representation is based in whole or in part on data supplied by SFAR MLS who does not guarantee nor is in any way responsible for it's accuracy. Data maintained by SFAR MLS may not reflect all real estate activity in the market. **10** Commercial passenger traffic includes enplanements and deplanements. **11** Includes recurring and non-recurring revenues.

NEW MEXICO ECONOMIC INDICATORS (continued)

	Current Mo./Qtr.	Current Data	%Chg. From a Year Ago	12-Mo./4-Qtr. Averages Current	12-Mo./4-Qtr. Averages %Chg. From Previous[1]
9. INFORMATION					
Total employment [r,3] (000s)	Oct 12	13.4	-6.3	13.7	-2.8
Average weekly wages ($) [p,4]	2Q 12	$910	9.9	$894	5.7
10. FINANCIAL ACTIVITIES					
Total employment [r,3] (000s)	Oct 12	32.3	-3.0	32.7	-0.6
Finance & insurance average weekly wages ($) [p,4,6]	2Q 12	$924	2.6	$1,044	4.9
Real estate & rental & leasing avg. wkly. wages ($) [p,4,6]	2Q 12	$668	0.9	$679	3.1
Albuquerque Area[7] Median Sales Price:					
Existing Single-Family Detached ($000s)	3Q 12	$171.8	-0.1	-	-
Existing Condo/Townhome Attached ($000s)	3Q 12	$134.0	-0.7	-	-
Santa Fe City/County[8] Median Sales Price[9]:					
Existing Single-Family Detached ($000s)	3Q 12	$328.1	-0.6	-	-
Existing Condo/Townhome Attached ($000s)	3Q 12	$265.0	3.9	-	-
11. PROFESSIONAL & BUSINESS SERVICES					
Total employment [r,3] (000s)	Oct 12	96.6	-3.3	97.0	-3.3
Professional & technical serv. avg. wkly. wages ($) [p,4]	2Q 12	$1,394	5.6	$1,383	2.4
Mgt. of cos. & enterprises avg. weekly wages ($) [p,4]	2Q 12	$1,128	7.3	$1,245	8.7
Admin. & waste & remed. serv. avg. wkly. wages ($) [p,4]	2Q 12	$632	0.3	$649	4.1
12. EDUCATIONAL & HEALTH SERVICES					
Total employment[r,3] (000s)	Oct 12	128.2	2.0	126.3	3.3
Educational services average weekly wages ($) [p,4]	2Q 12	$665	2.0	$654	2.3
Health care & social assist. avg. weekly wages ($) [p,4]	2Q 12	$732	4.4	$747	2.6
13. LEISURE AND HOSPITALITY					
Total employment[r,3] (000s)	Oct 12	87.0	3.2	86.1	2.3
Arts, entertainment & recreation avg. wkly. wages ($) [p,4]	2Q 12	$354	2.3	$371	1.5
Accommodation & food serv. avg. weekly wages ($) [p,4]	2Q 12	$298	1.4	$301	2.2
Eating & drinking place taxable gross receipts ($ mil.)	3Q 12	$702.8	2.7	$680.1	2.5
Visits to state parks (000s)	Oct 12	268.7	-15.1	334.8	-7.0
Visits to national parks/monuments (000s)	Oct 12	115.8	-9.0	117.6	-7.1
Passenger traffic at Albuquerque airport[10] (000s)	Oct 12	462.8	-12.1	457.2	-3.7
Lodgers tax receipts ($000s)	3Q 12	$11,666.9	-2.1	$10,993.8	14.2
Lodging occupancy rates (%)	Oct 12	66.6	-	57.9	-
14. OTHER SERVICES					
Total employment [r,3] (000s)	Oct 12	26.4	-1.5	26.6	-3.2
Average weekly wages ($) [p,4]	2Q 12	$553	3.6	$556	3.3
15. GOVERNMENT					
Total employment [r, 3, 9] (000s)	Oct 12	193.4	-2.3	192.9	-1.7
Federal employment [r,3] (000s)	Oct 12	30.8	-4.0	31.4	-4.1
State employment [r,3] (000s)	Oct 12	56.6	-6.3	57.2	-2.3
State education employment [r,3] (000s)	Oct 12	28.2	0.0	26.0	-3.2
Local employment [r,3] (000s)	Oct 12	106.0	0.5	104.4	-0.7
Local education employment [r,3] (000s)	Oct 12	57.5	0.2	55.7	-1.2
Federal gov. average weekly wages ($) [p,4]	2Q 12	$1,323	-3.2	$1,326	2.5
State gov. average weekly wages ($) [p,4]	2Q 12	$959	9.6	$938	4.5
Local gov. average weekly wages ($) [p,4]	2Q 12	$754	-0.9	$690	1.4
Total general fund revenues[11] ($ mil.)	Jul 12	$384.0	-10.1	$483.7	4.2
Recurring ($ mil.)	Jul 12	$383.9	-10.1	$474.4	4.3
Nonrecurring ($ mil.)	Jul 12	$0.1	543.1	$9.2	-1.5

Note: Selected data items subject to revision. Wage data through 2011 have been revised to match BLS figures. **Sources:** NM Dept. of Workforce Solutions, Economic Research and Analysis, Sections 1, 3 through 15; U.S. Bureau of Labor Statistics, Sections 1, 3 through 15; U.S. Dept. of Commerce, Bureau of Economic Analysis, Section 1; U.S. Dept. of Agriculture, Section 2; NM Taxation and Revenue Dept., Sections 3, 7, 13; U.S. Dept. of Energy, Energy Information Admin., Section 3; U.S. Dept. of Commerce, Bureau of the Census and individual building permit-issuing agencies, Section 4; McGraw Hill Construction, Dodge Local Construction Potentials, Section 4; Greater Albuquerque Association of REALTORS®, Section 10; Santa Fe Association of REALTORS®, Section 10; NM Energy Minerals and Natural Resources Dept., Park and Recreation Div., Section 13; U.S. National Park Service, Section 13; City of Albuquerque, Albuquerque International Sunport, Section 13; NM Dept. of Finance and Admin., Local Government Div., Section 13; *Rocky Mountain Lodging Report*, Section 13; NM Dept. of Finance and Admin., Section 15.

CURRENT NEW MEXICO AND U.S. ECONOMIC INDICATORS

Taxable Gross Receipts*,[1,2] from Retail Trade, Selected Cities ($000)

City	Current 3 Month Average[3] Aug-Oct[4]	% Chg. Average Year Ago	Previous 3 Month Average[3] May-Jul[4]	City	Current 3 Month Average[3] Aug-Oct[4]	% Chg. Average Year Ago	Previous 3 Month Average[3] May-Jul[4]
Alamogordo	$24,183	-0.5	$21,907	Las Cruces	$76,425	-6.2	$71,892
Albuquerque	380,022	-2.6	391,942	Las Vegas	9,734	-0.8	8,462
Artesia	15,546	13.3	13,682	Los Alamos	5,789	25.8	6,113
Carlsbad	32,453	23.5	28,619	Portales	8,703	4.7	7,530
Clovis	28,775	4.1	27,751	Rio Rancho	29,559	5.6	28,078
Deming	8,808	-6.8	8,174	Roswell	33,500	-8.1	29,752
Espanola	12,986	-3.6	11,957	Ruidoso	8,073	4.5	8,559
Farmington	62,057	-8.0	58,430	Santa Fe	92,340	-4.2	90,646
Gallup	31,432	5.2	28,209	Silver City	14,515	4.6	13,059
Hobbs	45,919	9.3	44,723	Taos	15,413	2.3	14,897
				State total	1,238,172	1.2	1,191,110

1 Taxable gross receipts are total retail sales less all applicable exemptions and deductions. Deductions are designed to make the gross receipts tax reach only receipts from sales to final users. **2** Includes taxable gross receipts and food and medical deductions.
3 Averages are used to smooth out fluctuations in the data which are not caused by changes in economic conditions.
4 Receipts based on month of activity. **Source:** NM Taxation and Revenue Dept.

Estimated Civilian Labor Force and Employment

	New Mexico		Albuquerque MSA[1]		Farmington MSA[2]		Las Cruces MSA[3]		Santa Fe MSA[4]	
	Oct 2012	%Chg. Year Ago	Oct 2012	%Chg. Year Ago	Oct 2012	%Chg. Year Ago	Oct 2012	%Chg. Year Ago	Oct 2012	%Chg. Year Ago
Total Civilian Labor Force [5, p]	933,577	0.3	398,082	0.0	55,023	-2.0	91,981	-1.5	76,346	2.0
Employment	877,261	1.4	372,638	1.3	51,701	-1.0	86,242	-0.9	72,646	3.0
Unemployment	56,316	-13.7	25,444	-15.7	3,322	-15.4	5,739	-9.5	3,700	-14.7
Unemployment rate (%)	6.0	-	6.4	-	6.0	-	6.2	-	4.8	-
Total Nonagricultural Wage & Salary Employment [5, r]	805,900	-0.6	371,300	-0.4	48,600	-3.0	68,800	-3.4	61,900	2.0
Private Sector	612,500	-0.1	288,700	-0.2	37,700	-2.6	47,800	-3.2	45,900	2.9
Goods Producing	95,900	-0.4	36,900	-4.4	11,600	0.0	6,600	-1.5	3,400	-2.9
Services Providing	516,600	0.0	251,800	0.4	26,100	-3.7	41,200	-3.5	42,500	3.4
Mining & Logging & Construction	65,400	-1.2	19,100	-7.3	*	-	3,700	0.0	2,700	-3.6
Mining & Logging	22,500	2.3	#	-	*	-	#	-	#	-
Construction	42,900	-2.9	#	-	*	-	#	-	#	-
Manufacturing	30,500	1.3	17,800	-1.1	*	-	2,900	-3.3	700	0.0
Wholesale Trade	21,300	1.4	11,400	-0.9	*	-	1,100	0.0	1,000	0.0
Retail Trade	89,100	-0.8	41,100	1.5	*	-	6,900	-5.5	8,700	0.0
Transp., Whsing & Utilities	22,300	3.2	9,500	1.1	*	-	2,000	0.0	700	0.0
Information	13,400	-6.3	8,400	-1.2	*	-	800	-11.1	800	-11.1
Financial Activities	32,300	-3.0	16,900	-1.7	*	-	2,100	-12.5	2,700	3.8
Professional & Business Services	96,600	-3.3	55,900	-0.2	*	-	7,200	-2.7	4,700	0.0
Educational & Health Services	128,200	2.0	58,800	0.0	*	-	12,700	-1.6	11,100	3.7
Leisure & Hospitality	87,000	3.2	38,100	2.4	*	-	7,000	-2.8	10,200	10.9
Other Services	26,400	-1.5	11,700	0.0	*	-	1,400	-6.7	2,600	0.0
Government	193,400	-2.3	82,600	-1.1	10,900	-4.4	21,000	-3.7	16,000	-0.6
Federal	30,800	-4.0	14,800	-4.5	1,600	0.0	3,600	-7.7	1,000	0.0
State	56,600	-6.3	27,400	0.4	500	0.0	8,700	-5.4	8,200	0.0
Local	106,000	0.5	40,400	-0.7	8,800	-5.4	8,700	0.0	6,800	-1.4

Suppressed. Included in "Mining & Logging & Construction" super sector. ***** Suppressed. Included in total. **p** Preliminary. **r** Revised.
1 Bernalillo, Sandoval, Torrance and Valencia counties. **2** San Juan Co. **3** Dona Ana Co. **4** Santa Fe Co. **5** Civilian labor force data are by place of residence and include self-employed persons and agricultural workers. Wage and salary employment data are by place of work.
Note: Data have been revised and are subject to future revisions. **Source**: NM Dept. of Workforce Solutions, Economic Research & Analysis.

ECONOMIC INDICATORS FOR CITIES AND METRO AREAS

New Mexico Construction[1, p] Selected Cities

	Number of Building Units or Permits[2]					Value of Building Permits ($000)				
			Cumulative Total					Cumulative Total		
	Oct. 2012	Oct. 2011	Oct. 2012	Oct. 2011	% Chg.	Oct. 2012	Oct. 2011	Oct. 2012	Oct. 2011	% Chg.
New Residential[3]										
Albuquerque	74	83	1,418	876	61.9	$12,568	$11,939	$196,050	$133,090	47.3
Single Family	74	53	806	667	20.8	12,568	9,114	145,683	111,440	30.7
Multi Family	0	30	612	209	192.8	0	2,825	50,367	21,650	132.6
Carlsbad	11	5	342	271	26.2	2,038	188	31,228	21,794	43.3
Clovis	8	27	158	138	14.5	1,587	3,673	28,122	28,105	0.1
Farmington	4	69	98	135	-27.4	885	6,071	18,734	18,880	-0.8
Gallup	1	0	6	2	200.0	280	0	1,008	495	103.5
Hobbs	20	10	77	25	208.0	1,884	979	9,635	3,857	149.8
Las Cruces	21	31	723	397	82.1	3,969	6,299	95,062	71,065	33.8
Los Alamos	N	2	N	7	-	N	266	N	1,864	-
Rio Rancho	37	147	369	380	-2.9	8,208	16,852	67,800	57,587	17.7
Roswell	4	4	36	22	63.6	534	633	6,239	3,266	91.0
Ruidoso	7	6	44	41	7.3	1,544	1,254	9,332	8,317	12.2
Santa Fe	21	7	322	119	170.6	3,714	1,729	40,564	23,987	69.1
New Nonresidential										
Albuquerque	4	1	29	31	-6.5	$2,065	$284	$35,465	$45,063	-21.3
Carlsbad	0	1	13	12	8.3	0	136	6,366	10,322	-38.3
Clovis	1	1	16	16	0.0	290	800	2,937	7,422	-60.4
Farmington	2	2	14	13	7.7	2,415	116	13,047	7,024	85.7
Gallup	0	3	5	7	-28.6	0	928	1,727	5,128	-66.3
Hobbs	4	3	22	20	10.0	1,871	1,300	14,157	10,556	34.1
Las Cruces	1	3	19	20	-5.0	-	1,800	24,610	24,230	1.6
Los Alamos	N	0	N	0	-	N	0	N	0	-
Rio Rancho	2	1	28	19	47.4	475	53	6,022	8,805	-31.6
Roswell	1	3	47	45	4.4	3	11	9,510	1,601	494.0
Ruidoso	1	0	11	6	83.3	6	0	4,619	468	887.2
Santa Fe	2	0	17	15	13.3	240	0	12,241	23,224	-47.3

N Not available. **p** Preliminary. **r** Revised. **1** Data refer only to permits authorized for private construction projects. Public buildings are excluded. **2** Residential data show the number of permitted units while nonresidential data show the number of permits. **3** Residential data include both single- and multi-family units. **Sources:** U.S. Dept. of Commerce, Bureau of the Census, and local permit-issuing agencies.

Medicaid Expansion in NM... (cont. from pg. 1)

Net new federal dollars for Medicaid. For the low uptake scenario, the federal share of the almost $5.1 billion in costs is estimated to total $4.9 billion over the 7-year period from FY 14 to FY 20. The cumulative net new federal dollars flowing to the state under this scenario, however, are estimated to be $3.9 billion.[1] The difference is explained as follows. Under ACA and as noted above, the federal government will charge a 1.9% insurance fee on the additional costs for the care of those adults newly enrolled in Medicaid. (This fee was anticipated in the cost per patient numbers developed by HSD.) Netting out the insurance fee reduces the total flow of federal dollars by $96 million over the seven years. Moreover, as indicated above, some of those adults newly eligible for Medicaid are currently provided with health insurance under the SCI program, a limited health insurance program for adults. The SCI program is funded in part by federal Medicaid which the state receives both for low income childless adults and for low income parents under two separate Medicaid waivers. With ACA, SCI will cease to exist: those above 138% of poverty, about 6% of the total, will be covered through the Exchange; those with incomes at or below 138% of poverty will be eligible to obtain coverage at the more favorable federal match from the Medicaid Expansion. The cumulative loss in federal Medicaid for the SCI program is $826 million by FY 20. The final source of loss is a small amount, an estimated cumulative loss of $25 million in federal contribution to the Medicaid Disproportionate Share Hospital (DSH) program.[2]

(continued on page 8)

1 As noted in the text, the Federal matching rate (FMAP) for newly eligible adults with income up to 138% of the Federal Poverty Level is 100% for calendar years 2014, 2015 and 2016, 95% for 2017, 94% for 2018, 93% for 2019 and 90% for 2020 and after. However, HSD's analysis projects a lower federal match in every year on the assumption that 8% of newly eligible adults will become parents over the forecast period, which will "result in them being re-categorized as Parents, a category of eligibility available as as of December 2009. [JUL Medicaid]. Therefore, the federal share for these adults is assumed to be reversed to the regular FMAP rate of 69.07%." BBER's estimates do not make this assumption. In a telephone conversation, Brent Earnest, Deputy Secretary of HSD, indicated that much could hinge on the final benefit package agreed upon for the Medicaid Expansion in New Mexico, since recipients would have the option of changing to another Medicaid program with a different rate of federal match.

2 This program provides federal assistance with a state match to hospitals that serve a disproportionate number of low income patients. NM is a low DSH state, meaning that it currently receives less than $20 million from the federal government for this program. Under ACA and in anticipation of the reduction in uncompensated care, the federal DSH allotments to states will be reduced by $18.1 billion over seven years. Including the State match, which is estimated to be 31.21% in FY 14, HSD anticipates the total DSH payments to NM hospitals will decrease from $30.1 million in FY14 to $17.3 million in 2020. This analysis is based on testimony by Brent Earnest, Deputy Secretary of HSD, to the Legislative Health and Human Services Committee on Aug. 13, 2012.

Table 2
Economic Impacts of the Medicaid Expansion on New Mexico
Output and Labor Income in MIllions of Dollars

		Output	Employment		Labor Income
Low Uptake Scenario					
FY 2015					
Direct Health Care	$	329.3	2,206	$	157.6
Direct Administration	$	46.7	227	$	10.3
Total Economic Impact	$	621.9	4,084	$	236.0
FY 2020					
Direct Health Care	$	437.0	2,853	$	199.5
Direct Administration	$	71.0	305	$	15.7
Total Economic Impact	$	729.5	6,001	$	298.4
High Uptake Scenario					
FY 2015					
Direct Health Care	$	545.9	3,747	$	261.2
Direct Administration	$	98.3	328	$	21.8
Total Economic Impact	$	1,063.5	6,710	$	427.8
FY 2020					
Direct Health Care	$	833.4	4,052	$	380.4
Direct Administration	$	119.3	406	$	26.4
Total Economic Impact	$	1,391.0	8,461	$	621.2

UNM BBER calculations

Medicaid Expansion in NM... (cont. from pg. 7)

It should be noted that there is a further loss to the state under ACA that is not included in BBER's analysis, namely reductions in Medicare payments that were negotiated with providers. These reductions are estimated to result in reduced payments to hospitals of $751 million over 10 years, but this would occur regardless of whether or not the State participates in the Medicaid expansion.[3]

In the case of the high uptake scenario, the federal share of the more than $6.6 billion in total patient costs is almost $6.4 billion, with the net new federal dollars estimated to be $5.4 billion. The difference between the federal match and the estimated flow of net new federal dollars is due to the 1.9% insurance administration fee mandated by ACA (estimated to total $126 million over seven years), the loss in federal Medicaid for those receiving insurance under SCI who will now qualify for coverage under the Medicaid Expansion ($826 million as above), and the reductions in the federal contributions for the DSH program ($25 million).

State expenditures. Total state expenditures that are expected to result from the Medicaid Expansion are calculated by subtracting available federal Medicaid funding from the total program costs. For the implementation period FY14 through FY20, the State match totals $199 million under the low uptake scenario and $258 million under the high uptake scenario. HSD is estimating that the State costs of administering the Medicaid Expansion will be $2.8 million per year. With inflation, BBER estimates the cumulative administrative costs at $23 million. However, the state is expected to save money with the elimination of the State Coverage Insurance (SCI) program -- $239 million over seven years as nearly all adults in SCI receive coverage through the Medicaid Expansion.[4] We estimate that after accounting for these savings, the state may spend up to $42 million on Medicaid Expansion over state fiscal years 2014 to 2020 assuming the higher level of participation by enrollees and could save more than $17 million assuming the lower level of participation.

These numbers do not reflect the impact on State expenditures of the "Woodwork Effect" under which those currently eligible for Medicaid but not enrolled come out of the woodwork as implementation of the ACA proceeds. This effect may be expected with or without the Medicaid expansion and was therefore not part of this analysis.

More significantly, the estimates for State expenditures do not take into account new revenues generated. The next section presents BBER's estimates of General Fund impact.

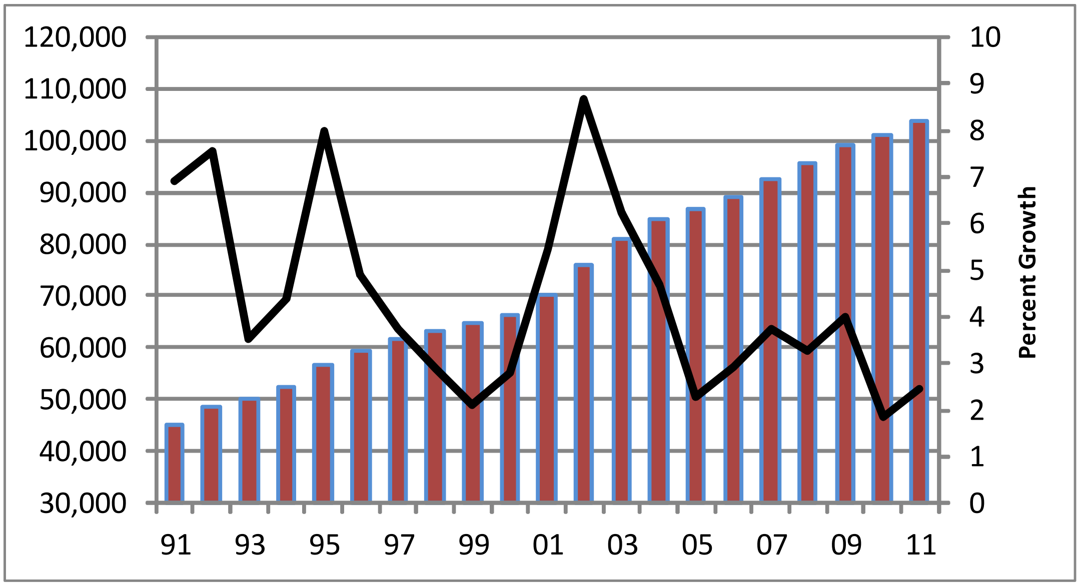
General Fund impacts. In addition to the changes in State expenditures mentioned above, the Medicaid Expansion and the associated additional economic activity will generate new revenues from existing taxes and fees that will accrue to the State General Fund. New Mexico levies insurance premium

(continued on page 9)

3 Materials provided by Jeff Dye, Executive Director, New Mexico Hospital Association.

4 HSD estimates that 94% of current SCI enrollees would be eligible for coverage under the Medicaid Expansion. See HSD chart, *Medicaid Under Healthcare Reform By State Fiscal Year with Different Up Take Rates* (May 2012), page 2 with “Low Uptake Scenario”, footnote 5.

Figure 1
NM Private Wage and Salary Employment in Health Care and Social Assistance, Employment and Percent Growth



NM Dept. of Workforce Solutions & US Bureau of Labor Statistics, *Quarterly Census of Employment and Wages*.

Medicaid Expansion in NM... (cont. from pg. 8)

taxes on managed care organizations and gross receipts taxes on some healthcare providers that serve Medicaid enrollees. The state can also expect additional revenues from income taxes and gross receipts taxes as new jobs and income are generated by the federal funds. Gains may also be expected through the phasing out of the state's high risk pool which currently serves adults who may transfer to Medicaid. When the anticipated savings and the additional revenues from existing taxes and fees are all taken into account, the Medicaid Expansion is estimated to result in net gains for the State of about half a billion dollars (slightly less for the Low Uptake Scenario, slightly more for the High Uptake Scenario) over fiscal years 2014 to 2020. The State General Fund will show a positive gain in each of the seven fiscal years under both the Low and the High Uptake Scenarios. Because FY 20 only included half a year at the 10% State match rate, BBER examined the case where the state share rises to 10% for a full year. Assuming no change in the rules, the program is likely to continue to cover costs at this rate after the year 2020.

The Medicaid Expansion and the New Mexico Economy

Economic impacts. Economic impacts on the state's economy result when out-of-state funds are used to purchase goods and services within New Mexico and thereby stimulate an overall expansion of production, employment and labor income. Before analyzing the impacts of the new federal dollars estimated to flow to New Mexico, it is important to ask about potential costs of this new money. One set of costs relate to the State expenditures that will be required but these expenditures have already been taken into account with the finding of net positive impacts on the State's General Fund. While the Medicaid Expansion is likely to have the same stimulatory impact across the country as it will in New Mexico, it seems likely that the federal government will have to raise the funds for the Medicaid expansion from somewhere - diverting funds from other expenditures or raising additional revenues from taxes. Either way, there could be negative affects on New Mexicans and the New Mexico economy. However, New Mexico is a very small state. As such, the marginal impacts of New Mexico's participation in the program are likely to be relatively limited. Furthermore, New Mexico will end up paying for the program - in terms of cuts in federal government programs, in terms of higher fees and taxes - regardless of whether or not we as a state participate. In this particular instance, a standard economic impact analysis seems to require only careful consideration of the net additional flow of federal dollars into the state.

The economic impact of Medicaid Expansion includes economic activity, which encompasses new jobs, supported directly and indirectly by the additional federal expenditures for Medicaid. (Additional spending by the State of New Mexico on Medicaid does not result in net new economic activity, since the money could have been spent elsewhere or returned to taxpayers.) Details on how the Medicaid Expansion impacts were modeled are spelled out in the article on our website. BBER estimates that the expansion of Medicaid under ACA will generate cumulatively from $4.8 billion to $8.6 billion of economic activity in New Mexico between FY 14 and FY 20 and create 6,000 to almost 8,500 new jobs by FY 20 depending on Medicaid enrollment levels.

The estimated impacts for the first full year, FY 15, and for the seventh fiscal year, FY 20, for both the low and the high uptake scenarios are presented in Table 2 on page 8. As the new federal dollars flow from the MCOs to health care providers, the providers will step up hiring to meet the additional demand and they will purchase various goods and services necessary for the provision of patient care. The employment impacts are in the second column. Note that in FY 15, direct employment in the health care sector due to the Medicaid Expansion is expected to be 2,206 under the Low Uptake Scenario, which

(continued on page 10)

Table 3
Public and Private Employment in New Mexico Hospitals and Ambulatory Services, 2005 to First Half 2012

Sector	2005	2006	2007	2008	2009	2010	2011	2012 1st half
Ambulatory Health Care Services	**39,863**	**40,905**	**41,669**	**41,535**	**43,442**	**44,128**	**45,909**	**46,437**
Change same period year ago		1,042	764	(135)	1,908	686	1,781	866
% Growth		2.6%	1.9%	-0.3%	4.6%	1.6%	4.0%	1.9%
Hospitals	**29,640**	**30,980**	**31,936**	**33,686**	**34,482**	**35,174**	**35,327**	**35,766**
Change same period year ago		1,341	956	1,750	797	692	153	815
% Growth		4.5%	3.1%	5.5%	2.4%	2.0%	0.4%	2.3%
Hospitals & Ambulatory Services	**69,503**	**71,885**	**73,605**	**75,220**	**77,924**	**79,302**	**81,236**	**82,202**
Change same period year ago		2,382	1,720	1,616	2,704	1,378	1,934	1,680
% Growth		3.4%	2.4%	2.2%	3.6%	1.8%	2.4%	2.1%

Data from NM Dept of Workforce Solutions, Quarterly Census of Employment and Wages, Laser Version Nov. 30, 2012

Medicaid Expansion in NM... (cont. from pg. 9)

is a gain of 554 over the number anticipated to be employed directly in the health care sector during the second half of FY 14. Similarly, the MCOs are themselves expected to employ 227 in FY 15, up from 200 in the second half of FY 14. Most of the direct employment gains will be felt in the first three years of the program when the federal match is 100%. As both the health care sector and the insurance industry expand to meet the new demands for their services, they will set in motion an overall expansion of the New Mexico economy. Many businesses around the state will benefit from the increased demand for their goods and services. Overall in FY 15 and under the lower participation scenario, sales (output) supported directly and indirectly by the expansion will exceed $600 million, and employ over 4,000 people, with earnings and benefits approaching $240 million. By 2020, 6,000 will be employed.

The economic impacts on New Mexico of the flow of federal dollars under the Medicaid Expansion will depend critically on the extent to which the anticipated additional demand for health care services can actually be met by providers working out of facilities in New Mexico. The impacts will also depend upon the New Mexico presence of the MCOs, e.g., on where they locate their payment processing facilities. In an effort to address some of the capacity issues regarding health care providers, BBER has looked at some recent data on the health care industry in New Mexico. This information is presented in the next section.

The Health Care sector and workforce in New Mexico. As Figure 1 on page 9 illustrates, job growth in the health care and social assistance sector has been remarkable over the past 20 years. Job growth has never been negative year over year and has averaged just under 2,900 jobs per year. There is no other sector that has such a track record and the numbers only include the private sector providers. According to the Quarterly Census of Employment and Wages or QCEW (accessible through the LASER tool on the NM Department of Workforce Solution's website), the public sector workforce for this industry numbered about 14,400 in 2011 and has also seen continuing growth at least since 2005, the earliest year for which data are available.

The historical performance of this sector is encouraging as to the development of the state's capacity to serve this new Medicaid population. Under the Low Uptake Scenario, 1,651 new health care workers are estimated to be needed in the second half of FY 14, with 555 more needed in FY 15, and 540 in FY 16. Thereafter the annual increases needed average about 100 per year. Without looking at the detail of the specific skill sets required, this type of growth is well within what has been seen historically. Meeting the labor force requirements of the High Uptake Scenario would be somewhat more challenging, at least initially, but is within the range of possibility: 2,180 in second half FY 14, with an additional 1,240 needed in FY 15, 930 in FY 16, and 50 in FY 17. Thereafter the needs actually shrink slightly. Of course, the newly eligible Medicaid recipients may need to compete for services with a growing elderly population as well as those newly insured who purchase insurance through the Exchange, and New Mexico will need to compete with other states similarly trying to meet the greater demand expected for health care services.

Table 3 above takes a closer look at the historical growth in employment for the two subsectors of the New Mexico health care industry most likely to be needed by the newly eligible adults participating in the Medicaid Expansion, ambulatory care services and hospitals. Over the period for which we have data, these two subsectors together have had average annual job growth of over 1,900. This is in the ballpark and indeed the workforce is actually larger than this, as it includes self-employed workers. BBER examined Census Bureau data on non-employers. In 2010, the latest year for which we have data, there were 6,305 New Mexico non-employers providing ambulatory health care services. Self-employed workers are included in the economic impact analysis and correctly should be added to the QCEW totals reported in Table 3.

It should be noted that not all those who work in hospitals and in establishments providing ambulatory care services are health care workers. The Occupational Employment Statistics produced by the US Department of Labor on occupations in the ambulatory health care services industry indicate that only 59% of the workforce are in healthcare practitioner & technical occupations and healthcare support occupations, with the rest drawn from management occupations, community and social service occupations, office and administrative support and others, while two-thirds of those in the hospital industry are health care workers.[5] So not all the employees estimated to be needed for the Medicaid expansion will be health care workers, and only some of those will be physicians and surgeons and other health care occupations requiring many years of schooling followed by extensive training. This is not

(continued on page 11)

5 http://www.bls.gov/oes/current/naics4_621900.htm and http://www.bls.gov/oes/current/naics4_622100.htm.

Medicaid Expansion in NM... (cont. from pg. 10)

to deny the difficulties in attracting and keeping highly qualified physicians and surgeons.

In an effort to look more specifically at health care workers in New Mexico, BBER looked at the occupational data for 2010 that were used as a basis for occupational projections through 2020 by the NM Department of Workforce Solutions.

The latest occupational forecast identifies 71,604 health care workers in 2010,[6] of which 45,268 were health professionals, including physicians, dentists, registered nurses, pharmacists, and dental hygienists, and 26,336 were in "Heathcare Support Occupations", such as home health aides, orderlies, occupational therapists and assistants, massage therapists and medical assistants. The data include self-employed individuals as well as wage and salary workers reflected in the QCEW. The demand for people in these occupations is expected to grow by 18,286, or more than 25%, between 2010 and 2020. The annual openings due to growth are one tenth of this total, or 1,829. However, and this is of concern, an additional 1,311 positions are expected to open up annually to replace those who retire or leave. This puts the total annual openings for health care workers at 3,140. Of specific concern, BBER calculated that of the 149 additional physicians that would be needed in each year, 84 would be needed simply to replace those retiring or otherwise leaving their practice in New Mexico.

In discussing the 2010-2020 occupational projections of the US Department of Labor, the authors of a recent article on these projections mention the aging of the population as a driver for the projected growth in health care workers. They briefly mention the Affordable Care Act: "The recently passed healthcare reform legislation could also have a large impact on the growth rate for healthcare practitioners, but its full effects remain unknown.[7] Nor was this legislation explicitly taken into account in developing the New Mexico projections."[8]

Meeting the additional demand for physicians and surgeons is likely to require increased use of mid-level health care professionals - advanced practice nurses, such as nurse practitioners and nurse midwives, as well as physician assistants. The NM occupational projections indicate that there were 712 physician assistants employed in the state in 2010, with 846 projected to be employed by 2020. Unfortunately, advanced practice nurses have only recently been added as a detailed occupational classification and are not explicitly included in the 2010-2020 occupational projections, both at the national level and in New Mexico. Although future projections are not available, the Census Bureau's new EEO Tabulation indicates that there were 655 nurse practitioners and nurse midwives employed in the state, according to American Community Survey data collected over the 2006-2010 period. New Mexico has a long history of reliance on advanced practice nurses. In contrast to the situation in many states, advanced practice nurses (Nurse Practitioners, Clinical Nurse Specialists, Nurse Anesthetists as well as Certified Nurse Midwives) in New Mexico are "Licensed Independent Providers" and are able to lead "medical" or "health care homes," and have full prescriptive authority without any additional supervision.[9]

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BBER Director

6 This figure explicitly excludes any veterinary workers.

7 C. Brett Lockard and Michael Wolf, "Employment outlook: 2010-2020: Occupational employment projections to 2020," *Monthly Labor Review*, Jan. 2012., p. 84.

8 Conversation with Suzan Reagan of the NM Department of Workforce Solutions.

9 Correspondence and conversation with Elaine Brighwater, RN, CNM, DNP.

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