

Private health insurance facing challenges to its survival

New Mexico Business Weekly - January 5, 2007

by [Dennis Domrzalski](#)

Health care industry officials in New Mexico are going to be very busy in 2007. The industry, from both the insurance and health care delivery sides, is facing make-or-break type challenges that could determine whether the private health insurance industry survives in the state.

The industry has to figure out how to control rising costs that have caused health insurance premiums to increase by nine to 10 percent a year over the past several years -- increases that have more and more small businesses saying they can't afford to offer health insurance to employees. It has to try to get some money from the legions of uninsured that get free care in hospital emergency rooms. It will have to lobby to get higher reimbursement rates from the federal Medicare and Medicaid programs. And, it will have to fight an attempt during the 60-day legislative session to do away with the private health insurance industry in New Mexico.

That's not all. New Mexico is still facing a shortage of nurses and medical specialists, and health care in rural areas continues to need vast improvement.

The biggest challenge to the industry, however, will be how to quiet a rising chorus of disenchantment with its ever increasing costs and how to keep itself -- from the insurance side -- alive in New Mexico.

Universal health insurance coverage will probably come to the state in 2008. The state's Human Services Department is evaluating three universal coverage models. One, the New Mexico Health Security Act, would junk the private insurance industry, put all New Mexicans in one insurance pool, and have the system run by a government-appointed commission. The state Legislature would have the final say on premiums and employer contributions.

Mary Feldblum, executive director of the Health Security for New Mexicans Campaign, says the Health Security Act will be introduced during the 2007 legislative session. The measure has failed in the Legislature several times in the past, but Feldblum believes the idea is gaining momentum. In December 2006, the Albuquerque City Council passed a resolution urging state lawmakers to approve the act.

"Clearly, the private insurance system has failed," Feldblum says. "We should not be investing public dollars in a failed private insurance system."

It might be more difficult for the industry to beat back the bill this time because more and more people, especially small business owners, have had it with the never-ending, double-digit health care cost increases.

"Businesses are paying more and getting less, and as these prices continue to increase at rates well above that of inflation, a lot of people will continue to drop off the insurance rolls," says Samantha Lapin, owner of computer service company POD Inc.

A couple of years ago, Lapin, who chairs the Health Care Public Policy Committee for the National Association of Women Business Owners, was against universal coverage. But, as costs have increased, she is more inclined to support a universal system.

"Two years ago I was in the camp that said, 'Let's fix the current system,'" Lapin says. "But now, the situation has gone far beyond what it should be. I'm not sure that the industry is going to be in a mode to correct itself and bring its costs in line."

Those increasing costs, and the problems they pose for the health care industry, are on peoples' minds at Presbyterian Healthcare Services, which insures 419,000 New Mexicans and is working to give its patients more for their money.

"The big challenge for the year to come and thereafter will be an environment in which patients and members are really struggling to afford rising costs in health care," says Presbyterian spokesman Todd Sandman. "We ar

"Their bodies are getting tired. They're starting to get arthritis, and so we have a looming, major nursing shortage in the state," says Carolyn Roberts, executive director of the New Mexico Nurses Association.

The state's nursing schools have been turning out more nurses in the past several years. In 2005, the schools graduated 829 nurses, up from 586 in 2000. Carson says nursing schools will be looking for more money from the state Legislature in 2007 to hire more faculty members and to increase their pay.