F I S C A L   I M P A C T   R E P O R T

ORIGINAL DATE 02/17/09
SPONSOR Egolf **LAST UPDATED** **HB** 561

SHORT TITLE Chiropractic Health Insurance Parity **SB**

ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Indeterminate but could be substantial	Indeterminate but could be substantial	Indeterminate but could be substantial	Recurring	General Fund and various other

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

SUMMARY

Synopsis of Bill

House Bill 561 proposes to amend Section 59A-47-28 NMSA 1978, the Nonprofit Health Care Plan Law to require parity for chiropractic services as other similar services provided by other health care practitioners regarding deductibles, co-payments, coverage limits or other terms and conditions.

The bill provides for chiropractic physician reimbursement for all services within the chiropractic physician’s scope of practice and coverage shall not differ substantially from coverage for the same or similar services provided by other practitioners.

FISCAL IMPLICATIONS

According to the February 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is $575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Nonprofit Health Care Plan Law applies to health plans that include both the Retiree Health Care Authority (RHCA) and Public Schools Insurance Authority (PSIA). Providing parity for chiropractic services may have an adverse impact to the solvency of the funds. There is an indeterminate fiscal impact at this time.

SIGNIFICANT ISSUES

RHCA was created in 1990 to provide health care benefits for retired public employees. RHCA currently provides coverage to approximately 42,000 retirees and eligible dependents. Currently, RHCA has 276 participating entities, including State agencies, cities, counties, public and charter schools, and universities.

RHCA's main revenue sources include employer and employee contributions, premiums paid by retirees, and investment income. In FY05, employer and employee contributions equaled approximately 46 percent of RHCA's revenue, while in FY10 employer and employee contributions is expected to equal 36 percent of RHCA's revenue. In FY19, employer and employee contributions will only account for 18 percent of RHCA's revenue.

RHCA is facing a number of significant challenges including rising medical costs related to healthcare trends, an aging population, increased participation and unsustainable benefit plan options. According to the 2007 actuarial valuation, RHCA was projected to become insolvent by 2014. The valuation also placed the unfunded actuarial accrued liability (UAAL) of the program at nearly $5 billion with a nearly $400 million gap in contributions needed to support the plan and pre-fund future benefits as measured annually.

According to RHCA, further increases to retiree premiums and adjustments to benefit plans must be considered as part of an overall solvency plan; however, it will be difficult to maintain future benefits absent an increase to the employer and employee contributions.

OTHER SUBSTANTIVE ISSUES

According to a report for the Council for Affordable Health Insurance - *Health Insurance Mandates in the States*, "a health insurance "mandate" is a requirement that an insurance company or health plan cover common — but sometimes not so common — health care providers, benefits and patient populations." "For almost every health care product or service, there is someone who wants insurance to cover it so that those who sell products and services get more business and those who use the products and services don't have to pay out of pocket for them."

ALTERNATIVES

The RHCA and PSIA should provide an actuarial study of utilization trends and the rate impact of parity of chiropractic services to an interim Legislative committee, such as the Legislative Finance Committee, to consider the impact to fund solvency.

DL/svb