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FISCAL IMPACT REPORT

ORIGINAL DATE 03/11/09

SPONSOR HAFC LAST UPDATED _____ HB 779/HAFC

SHORT TITLE Health Care Partnership Act SB _____

ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	Up to \$500.0	Recurring	Legislative Cash Balances

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

The House Appropriations and Finance Committee Substitute for House Bill 779 creates the “New Mexico Health Care Partnership” to address health care access, coverage, quality and costs; sets affordability guidelines for individuals and employers; recommends financing options; and utilizes Medicaid and other public funding.

HB779 calls for the following from the partnership:

- conduct studies and make recommendations by September 1, 2010 concerning coverage, quality and access;
- develop services benefit plans that employers and individuals can buy into;
- recommend financing options for these plans;
- develop affordability guidelines that the Legislature can use if and when funds are available;
- authorize the Human Services Department (HSD) to make available partnership benefit plans to individuals and employers using private insurance, state and federal dollars; and
- authorize the Department of Health (DOH) to adopt practice and access standards for health care services in New Mexico.

FISCAL IMPLICATIONS

The substitute bill appropriates up to \$500 thousand from legislative cash balances rather than from general fund to the Legislative Council Service (LCS) in FY10 and FY11 to support the activities of the health care partnership and accomplish the purposes of the health care partnership act. The appropriation of up to \$500 thousand contained in this bill is a recurring expense to legislative cash balances. Any unexpended or unencumbered balance remaining at the end of FY11 shall revert to legislative cash balances rather than general fund.

The substitute bill is not clear but it is assumed that the LCS shall use the appropriation for technical and legal assistance, and for reimbursing the per diem and mileage expenses of the committee members.

The substitute bill provides that in recommending financing options, the partnership be required to consider limitations and exclusions that are reasonable and necessary to ensure that partnership benefit plans provide appropriate coverage while remaining actuarially sound.

The substitute bill provides that nothing shall preclude HSD from directly paying for health care services or health coverage pursuant to Chapter 27 NMSA 1978.

The substitute bill also provides that nothing in the health care partnership act shall prohibit the voluntary purchase of insurance or health coverage for health care services in the state.

Educational institutions shall require health coverage for nonresident students and shall purchase health coverage under one or more of the partnership benefit plans for its nonresident students not otherwise covered, through fees assessed to those students or a combination of fees and contributions by educational institutions.

SIGNIFICANT ISSUES

HB779 proposes that the Legislative and Executive branches develop recommendations and action plans, along with costs and financing options for increasing health care access, quality, cost containment and coverage initiatives using existing administrative infrastructures and preserving appropriation authority and oversight to the legislature, and implementation authority to the executive.

The Legislative Finance Committee (LFC), interim legislative Health and Human Services Committee, LCS and executive health policy, delivery, finance and regulatory agencies will be required to work together as the New Mexico health care partnership to develop benefit plans for employers and individuals, utilizing private companies and public and private financing within the constraints of current federal law.

The process would include public input, ad hoc advisory groups, and expert data and would result in recommendations by September 1, 2010 that would be acted on by the Legislature and the Executive by December 1, 2010. The Legislature and the Executive would approve or reject the recommendations and action steps, and would leave to the Legislature the decision about what if anything to appropriate each year to implement recommendations, beginning FY12.

The substitute bill provides that the final report will summarize the advice of all advisory groups and identify differences between the final recommendations of the partnership and the advice of the advisory groups.

The partnership would develop essential, expanded and long-term services partnership benefit plans. To the extent funds are appropriated, HSD would implement the offering of these benefit plans through private sector companies, Medicaid and premium assistance programs.

DOH and practitioner licensure boards would develop a quality improvement program and professional practice guidelines by July 1, 2011, and conduct training for practitioners out of compliance with these guidelines and/or refer to the appropriate licensing and certification boards those practitioners continuing to be out of compliance with the practice standards.

DOH would also develop by July 1, 2011, methods and costs to address the number, quality and locations of primary, specialty and emergency practitioners, as well as practitioner competencies, based on recommendations of the partnership. These methods would include developing standards for access to primary, specialty and emergency care, by time and distance.

PERFORMANCE IMPLICATIONS

DOH notes that the bill does not create any new administrative infrastructures, nor does it mandate anyone to have insurance other than nonresident students who are enrolling in New Mexico educational institutions.

The bill requires that the partnership meet at least once each calendar quarter until September 1, 2010. To the extent resources are available; the partnership may request staff assistance from any state agency, the LFC and the LCS as appropriate to carry out the provisions of the act. The partnership and any advisory groups that it creates shall be dissolved and discontinued meeting effective July 1, 2014.

ADMINISTRATIVE IMPLICATIONS

The “Health Care Partnership” would consist of DOH, HSD, LFC, LCS, PRC and the interim LHHS.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB779 is a companion to HB109, Employer Pre-Tax Health Coverage Options; HB110, Health Insurer Direct Services Reimbursement; HB111, Health Insurer Direct Services Reimbursement; HB592, Health Insurance Alliance Reorganization; HB662, Public Employee Benefit Option Health Care; SB246, Limit Index Rate for Certain Health Plans; SB278, Electronic Medical Records Act; SB332, Create Office of Health Policy; SB439, Domestic Partner Health Coverage.

OTHER SUBSTANTIVE ISSUES

HPC reports that from 2005 to 2007, 21.9% of New Mexicans did not have health insurance. New Mexico had the second highest rate of people without health insurance in the nation. Private health insurance is provided through benefit plans sponsored by employers. About 158 million non-elderly people were insured through employer-sponsored health insurance in 2006. In 2008,

63% of employers offered health benefits. Forty-nine percent of firms with 3 to 9 workers offered coverage, compared to 78% of firms with 10 to 24 workers, 90% of firms with 25 to 49 workers, and over 95% of firms with 50 or more workers.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

A New Mexico Legislative and Executive branch “health care partnership” will not be created to provide opportunities for New Mexicans to obtain affordable health care coverage through a combination of public and private options and financing.

AHO/svb