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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/22/09  
 SPONSOR Picraux LAST UPDATED 02/26/09 HJM 24/aHAFC  
 SHORT TITLE Cost of Chronic Disease & Wellness Programs SB \_\_\_\_\_  
 ANALYST Hanika-Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$0.1	\$0.1		Recurring	Various

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Workers Compensation Administration (WCA)  
 Department of Health (DOH)  
 Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of HAFC Amendment

The House Appropriations and Finance Committee Amendment corrects a misspelling, changing “Millikin” to “Milken.”

#### Synopsis of Original Bill

House Joint Memorial 24 would require DOH and Economic Development Department (EDD) to collaborate on a study of the cost and impact of chronic disease on the New Mexico work force and the potential positive impact of business-based wellness programs.

### FISCAL IMPLICATIONS

DOH and the EDD would need to provide or redirect staff and resources within existing budgets.

DOH reports that for every \$1 spent on employee health programs, \$3.50 are saved from lower healthcare costs as noted on a summary of 32 published scientific articles (Aldana, American Journal of Public Health, 2001). Based on this evidence, implementation of business-based wellness programs could have a positive impact on the state’s economy.

WCA notes any programs enacted as a result of the study could have the potential to reduce the number of workers' compensation claims submitted if the general level of health of the population could be positively affected.

### **SIGNIFICANT ISSUES**

DOH notes that the leading causes of preventable disease and death are tobacco use, lack of adequate physical activity and poor nutritional practices. Lack of physical activity and poor nutritional habits are believed to be the biggest contributors to overweight and obesity. Overweight and obesity in adults increase the risk of diabetes, cardiovascular disease, asthma, arthritis and some cancers. Chronic diseases such as these are responsible for six out of every ten deaths in New Mexico.

DOH further notes that worksites are an important venue for health promotion and disease prevention programs because employees spend many of their waking hours at work. By creating work environments that support and encourage good health, businesses have the ability to reduce chronic disease risk factors; including poor nutrition, inactivity, and tobacco use. In addition to improving health, effective worksite wellness programs improve productivity and morale and lower healthcare costs.

### **PERFORMANCE IMPLICATIONS**

Findings and recommendations from the study would be presented to the interim Legislative Health and Human Services Committee by November 1, 2009.

### **ADMINISTRATIVE IMPLICATIONS**

The WCA was not included as a participant in the study.

### **OTHER SUBSTANTIVE ISSUES**

HPC notes that the CDC reports that tobacco use accounts for 435,000 deaths per year. Physical inactivity, unhealthy eating and overweight/obesity account for 365,000 deaths per year.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

DOH and EDD will not be required to collaborate on a study of the cost and impact of chronic disease on the New Mexico work force and the potential impact of business-based wellness programs.

AHO/mt:svb