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FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/09

SPONSOR Feldman LAST UPDATED _____ HB _____

SHORT TITLE Healthy New Mexico Task Force Goals SB 41

ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
\$0.1 see narrative	\$0.1 see narrative	Recurring	

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Health Policy Commission (HPC)

General Services Department/Risk Management Division (GSD/RMD)

Human Services Department/Medical Assistance Division (HSD/MAD)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 41 proposes to add a new provision to the Healthy New Mexico Task Force's strategic plan to include recommendations for the design and implementation of a pay-for-performance system that would use financial incentives for providers.

FISCAL IMPLICATIONS

Any fiscal impact for state agencies would be dependent upon what recommendations made by the Task Force were ultimately implemented.

Payment reform may help revive the State's primary care infrastructure. Pay-for-performance incentive programs may have the potential to increase physician use of electronic health information technology, evidence-based clinical guidelines, administrative and clinical "best practices" and access to appropriate and timely care.

DOH reports that pay-for-performance is a major new initiative at the federal level, wherein the Medicare Program has established higher reimbursement levels for those providers who achieve better outcomes. Federal pay-for-performance incentives emphasize higher payments for procedural compliance and poor outcome prevention.

SIGNIFICANT ISSUES

A pay-for-performance program provides a financial incentive for physicians controlling and managing chronic diseases and conditions. Providers are subject to a financial incentive once they have demonstrated measurable improvements in the health of their patients.

The bill also requests the Task Force to develop recommendations regarding quality evaluation tools and measurement protocols which assess provider performance, and provide recommendations for increasing community support for quality health care outcomes.

PERFORMANCE IMPLICATIONS

The Healthy New Mexico Task Force [86-1 NMSA 2008] was charged with devising a comprehensive five-year strategic plan for preventing disease and managing chronic conditions. The Task Force must include in its report recommendations for reducing demand for high-cost medical and behavioral health treatments. A report on the strategic plan is to be presented to the interim legislative health and human services committee by June 30, 2009

The Healthy New Mexico Task Force has begun to assess ways to prevent disease and manage chronic illness within public programs operated by the State and private health insurance programs regulated by the State. The emphasis is on Medicaid and State employee programs which are paid directly by the State. DOH believes that the addition of pay-for-performance considerations to the Task Force deliberations would be a natural extension of its current duties.

ADMINISTRATIVE IMPLICATIONS

Expansion of Task Force duties would increase the need for staff support from participating agencies.

TECHNICAL ISSUES

The bill does not define “provider”.

OTHER SUBSTANTIVE ISSUES

HPC notes that researchers from the Harvard School of Public Health assessed the effects of a pay-for-performance program in a large health plan and found significant quality improvement in a physician group with a quality incentive program, compared with a physician group without a quality incentive program.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The current law does not appear to exclude the Task Force from including pay-for-performance in its strategic plan. It mandates what items shall be included in that plan but does not limit the plan to only those items listed.

POSSIBLE QUESTIONS

Under a pay-for-performance system, could patients with more chronic medical or behavioral health conditions have more difficulty finding a provider?

AHO/svb