

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/10/09
LAST UPDATED 2/25/09 **HB** _____

SPONSOR Boitano

SHORT TITLE Health Care Procedure Cost Task Force **SM** 3/aSRC/aSPAC

ANALYST Chabot

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$0.1	Nonrecurring	TBD

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Aging and Long-Term Services Department (ALTSD)
 Department of Health (DOH)
 Higher Education Department (HED)
 Human Services Department (HSD)
 New Mexico Health Policy Commission (HPC)
 New Mexico Hospital Association (NMHA)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment adds “an independent practice association” to the list of participants on the task force. Secondly, in the second resolution paragraph, lines 5-20 on page 4, it deletes the following at the end of the sentence: “and whether any penalties or other protocol should be implemented to address inconsistencies between an estimate for and the ultimate health procedure costs. The puts the emphasis on the feasibility of making estimates on health care costs and making them available similar to as done with Medicaid.

Synopsis of SRC Amendment

The Senate Rules Committee amendment changes the agency responsible for conducting the study to the New Mexico Health Policy Commission instead of the Medical Society and the New Mexico Hospital Association.

Synopsis of Original Bill

Senate Memorial 3 resolves that the New Mexico Medical Society and the New Mexico hospital association be requested to convene a task force comprised of representatives from the New Mexico Medical Society, the New Mexico Hospital Association, the University of New Mexico Health Sciences Center, Presbyterian Medical Services, patient and consumer advocacy organizations, private insurers and health maintenance organizations and any other organization deemed able to provide constructive input regarding the following:

- the design and implementation of a system whereby health care consumers and payers may be informed of costs for health care procedures prior to undergoing those procedures;
- study and prepare recommendations on the feasibility for making estimates of health care costs prior to a particular health care procedure, whether the Medicare model of posting estimates is appropriate, setting limits on the types of procedures for which the information would be available, and whether penalties or other protocols should be implemented to address inconsistencies between an estimate and the actual cost, and
- report to the interim Legislative Health and Human Services Committee by October 1, 2010.

FISCAL IMPLICATIONS

There is no appropriation contained in this memorial; however, participants would have costs related to participating in the proposed task force.

SIGNIFICANT ISSUES

NMHA has adopted the following policy statement: “NMHA supports the transparent reporting of hospital pricing and quality data – including nosocomial infection rates – and will work to develop and implement a cost effective and reasonable reporting process for hospitals. NM hospitals will voluntarily participate in the data collection activities necessary to maintain comparative information. NMHA endorses providing this data and commits to public transparency in hospital pricing and quality information. We support systems that present information in a way that is easy for consumers to access, understand, and use. We advocate for transparent reporting that is presented in a timely and accurate manner, based on generally accepted accounting principles and clinically accepted indicators; and minimizes reporting burden and duplication. We encourage participation in the National Healthcare Safety Network (NHSN), a secure, internet-based surveillance system that integrates patient and healthcare personnel surveillance systems managed by the Centers of Disease Control (CDC).”

However, NMHA is concerned about “the scope and aggressiveness of the” memorial and states does it have the resources to lead such a task force. It recommends the New Mexico Health Policy Commission. In addition, there are excellent examples of hospital cost estimator programs and most are contained in health plans to estimate costs. Lastly, NMHA states a recent study found only 30-40 percent use comparative rate information when it is available.

HPC details efforts by the U.S. Department of Health and Human Services (DHHS) to make cost and quality data available beginning in June 2006. Medicare posted information on payments made to hospitals in fiscal year 2005 for common elective procedures and other hospital admissions. Later postings were made for Ambulatory Surgery Centers (ASCs), Hospital Outpatient Departments, and Physician Services. This information is available on the DHHS website.

ALTSD assess “SM3 may be duplicative in that the U.S. Department of Health and Human Services already makes this cost information available and updates this information on an annual basis.” However, the department also recognizes that most health consumers do not know the true cost of medical procedures.

HSD states it would likely be asked to participate but without funding it estimates the cost to be \$30 thousand for the department over a two-year period. It further states “increased pricing transparency is thought to be important for making health care more consumer driven, however, this would not apply to the Medicaid population who rarely if ever have out of pocket costs.

ADMINISTRATIVE IMPLICATIONS

Participants would have to pay their costs for the participation.

TECHNICAL ISSUES

The memorial asks two non-state agencies to create a task force. It is questionable whether they would do so as it is not in their charters. The memorial should be assigned to a state agency such as the New Mexico Health Policy Commission or Health Services at the University of New Mexico.

GAC/mc:svb:mt