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FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/15

SPONSOR McMillan LAST UPDATED _____ HB 388

SHORT TITLE Physical Rehab Cost Sharing SB _____

ANALYST Boerner

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minimal	Minimal	Minimal		

(Parenthesis () Indicate Expenditure Decreases)

HB 388 is a duplicate of SB 359.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Office of Superintendent of Insurance (OSI)

SUMMARY

House Bill 388 would amend sections of the Health Care Purchasing Act, the New Mexico Insurance Code, the Health Maintenance Organization Law, and the Nonprofit Health Care Plan Law to establish limits on cost sharing for physical rehabilitation services.

New material would be added to state that the health care insurer or payer could not impose a copayment or coinsurance on physical rehabilitation services that exceeds the lesser of:

- (1) The copayment or coinsurance imposed for specialist services; or
- (2) 120 percent of the copayment or coinsurance amount imposed for primary care services.

Appropriate definitions are provided in the new material.

FISCAL IMPLICATIONS

HSD notes the sections being amended would not require the Medicaid program to change its nominal copayments for rehabilitation services that apply only to: (1) the Working Disabled Individuals category of eligibility; and (2) the state Children's Health Insurance Program (CHIP) category of eligibility.

Even then, the nominal copayments for rehabilitation services for these two Medicaid categories of eligibility already comply with the requirements in the bill. The copayments for specialist services, primary care services, and rehabilitation are all set at the same amount.

The bill does not affect how many visits are allowed or prior authorization requirements. The bill only affects the commercial side of Medicaid managed care organizations (MCOs) and does not extend to the MCOs' role as Medicaid managed care organizations.

Public School Insurance Authority reports for a similar bill that its copy structure is \$20 for primary care, \$30 for a specialist, and \$30 for physical therapy and the fiscal impact, if any, would be minimal.

SIGNIFICANT ISSUES

HB 388 adds statutory language to various sections of law to set limits insurance carriers can charge their covered members for coinsurance/copayments for physical rehabilitative services. The bill defines “physical rehabilitation services” as services maximizing an individual’s level of function or returning to a prior level of function provided by a licensed physical therapist, occupational therapist or chiropractic physician or other person licensed to provide this service. The bill defines “primary care services” as basic health care for an individual’s health needs.

ADMINISTRATIVE IMPLICATIONS

The bill extends to all fully insured individual and group plans in New Mexico as well as public entities in the Interagency Benefits Advisory Committee (Public School Insurance Authority, General Services Department, Albuquerque Public Schools and Retiree Health Care Authority).

CEB/bb