

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

## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_

**SPONSOR** Lopez **ORIGINAL DATE** 02/23/2023

**BILL**

**SHORT TITLE** Acupuncture Cost Sharing & Coinsurance **NUMBER** Senate Bill 487

**ANALYST** Chilton

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
GSD		\$100.0	\$100.0	\$200.0	Recurring	Group Health Benefits Fund
NMPSIA		\$79.4	\$81.8	\$161.2	Recurring	Group Health Benefits Fund
APS/NMPSIA		\$17.7	\$17.7	\$35.4	Recurring	General Fund
<b>Total</b>		\$197.1	\$199.5	\$396.6	Recurring	

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Regulation and Licensing Department (RLD)  
 Office of the Superintendent of Insurance (OSI)  
 General Services Department (GSD)  
 Retiree Health Care Authority (RHCA)  
 Public School Insurance Agency (NMPSIA)

#### No Response Received

Albuquerque Public Schools

## SUMMARY

### Synopsis of Senate Bill 487

Senate Bill 487, Acupuncture Cost Sharing and Coinsurance, applies to all types of health insurance sold in New Mexico the requirement that acupuncture services have no greater a copayment or coinsurance than is assessed on policy holders for primary care services.

Section of SB487	Section of Law Affected	Type of Insurance Affected
1	§13-7 NMSA 1978	Health Care Purchasing Act
2	§59A-22	Group health insurance policy, health care plan or certificate of health insurance

3	§59A-23	Group or blanket health insurance policy, health care plan or certificate of health insurance
4	§59A-46	Individual or group health maintenance contract
5	§59A-47	Non-profit health plans

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

## FISCAL IMPLICATIONS

There is no appropriation in Senate Bill 487.

RHCA states:

[Senate Bill 487] would not impact the New Mexico Retiree Health Care Authority (NMRHCA) as it would be cost neutral to plan costs associated with a reduction in member liability. NMRHCA currently covers acupuncture services, with the average member cost share responsibility at or below the PCP copayment level. The NMRHCA plan will only apply lesser of language to member liability, if the cost to the member of the service is less than the copay, the lesser amount will be applied.

GSD estimates its annual costs would increase by \$100 thousand under the plan’s provisions.

Public Schools Insurance Authority (PSIA) states that it “currently covers acupuncture services under the benefit for Acupuncture, Chiropractic (Spinal Manipulation), and Massage Therapy (if medically necessary). Coverage is subject to cost-sharing as shown in the table below.

	High Option	Low Option	EPO Option
In-Network Provider	\$50 copay (deductible waived)	25% coinsurance	\$35 copay (deductible waived)
Out-of-Network Provider	40% coinsurance	50% coinsurance	N/A
Limitations on coverage	30 visits per calendar year		

Additionally, acupuncture related to smoking/tobacco use cessation is covered at no charge to members when services are provided by an in-network provider.

Under this bill, PSIA would be required to remove the annual visit limitations and limit the cost-sharing to the levels imposed for primary care services. In particular, this would require reducing the copayments under the High and EPO options to \$25 and imposing a \$30 copayment (deductible waived) under the Low option instead of the current coinsurance.

Estimated fiscal impacts noted above are based upon a review of PSIA’s historical experience for acupuncture services that are not related to smoking/tobacco use cessation. The estimates include induced utilization to reflect the expectation that members may newly utilize acupuncture services or utilize additional acupuncture services as a result of the reduced cost-sharing.

APS did not provide estimates of the cost of the provisions of this bill, but, on the basis of the number of employees served, the cost could be near \$17.4 thousand. Those costs are indirectly covered by general fund appropriations to the public schools.

Senate Bill 487 would increase expenses for the employee group benefits fund, managed by the General Services Department. Currently, that fund is operating at a deficit because GSD has not raised rates to reflect increasing costs. Senate Bill 487 would exacerbate this deficit.

## SIGNIFICANT ISSUES

The National Center for Complementary and Integrative Health, part of the National Institutes of Health, describes acupuncture and evidence as to its effectiveness as follows ([nccih.nih.gov/health/acupuncture-what-you-need-to-know](http://nccih.nih.gov/health/acupuncture-what-you-need-to-know)):

### **What is acupuncture?**

Acupuncture is a technique in which practitioners insert fine needles into the skin to treat health problems. The needles may be manipulated manually or stimulated with small electrical currents (electroacupuncture). Acupuncture has been in use in some form for at least 2,500 years. It originated from traditional Chinese medicine but has gained popularity worldwide since the 1970s.

### **How widely is acupuncture used?**

According to the World Health Organization, acupuncture is used in 103 of 129 countries that reported data.

In the United States, data from the National Health Interview Survey showed a 50 percent increase in the number of acupuncture users between 2002 and 2012. In 2012, the most recent year for which statistics are available, 6.4 percent of U.S. adults reported they had used acupuncture, and 1.7 percent reported they had used it in the past 12 months.

### **What is acupuncture used for?**

National survey data indicate that in the United States, acupuncture is most commonly used for pain, such as back, joint, or neck pain.

### **How does acupuncture work scientifically?**

How acupuncture works is not fully understood. However, there's evidence that acupuncture may have effects on the nervous system, effects on other body tissues, and nonspecific (placebo) effects.

- Studies in animals and people, including studies that used imaging methods to see what's happening in the brain, have shown that acupuncture may affect nervous system function.
- Acupuncture may have direct effects on the tissues where the needles are inserted. This type of effect has been seen in connective tissue.
- Acupuncture has nonspecific effects (effects due to incidental aspects of a treatment rather than its main mechanism of action). Nonspecific effects may be due to the patient's belief in the treatment, the relationship between the practitioner and the patient, or other factors not directly caused by the insertion of needles. In many studies, the benefit of acupuncture has been greater when it was compared with no treatment than when it was compared with sham (simulated or fake) acupuncture procedures, such as the use of a device that pokes the skin but does not penetrate it. These findings suggest that nonspecific effects contribute to the beneficial effect of acupuncture on pain or other symptoms.
- In recent research, a nonspecific effect was demonstrated in a unique way: Patients who had experienced pain relief during a previous acupuncture session were shown a video of that session and asked to imagine the treatment happening

again. This video-guided imagery technique had a significant pain-relieving effect.

**What does research show about the effectiveness of acupuncture for pain?**

Research has shown that acupuncture may be helpful for several pain conditions, including back or neck pain, knee pain associated with osteoarthritis, and postoperative pain. It may also help relieve joint pain associated with the use of aromatase inhibitors, which are drugs used in people with breast cancer.

An analysis of data from 20 studies (6,376 participants) of people with painful conditions (back pain, osteoarthritis, neck pain, or headaches) showed that the beneficial effects of acupuncture continued for a year after the end of treatment for all conditions except neck pain.

OSI states:

There is no language in this legislation outlining regulatory compliance or enforcement expectations for the Office of Superintendent of Insurance, such as audits of insurance claims or internal policy reviews. As a result, OSI is assuming its main enforcement will be through form review and complaints. An additional staffing appropriation would be required if there was an expectation of active enforcement of this law, or forms review and approval of plans issued pursuant to the Health Care Purchasing Act.

LAC/rl/hg/ne