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## FISCAL IMPACT REPORT

SPONSOR: Aragon DATE TYPED: 03/04/01 HB \_\_\_\_\_  
 SHORT TITLE: Health Care Act SB 911/aSPAC  
 ANALYST: Esquibel

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
N/A			\$ 630.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 270.0	\$ 270.0	Recurring	General Fund
	\$ (17,250.0)	\$ (17,250.0)	Recurring	Insurance Premium Tax Fd

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to HB491; Conflicts with SB209, HB406, SB275, SB329

### SOURCES OF INFORMATION

- Taxation and Revenue Department (TRD)
- Commission on Higher Education (CHE)
- Retiree Health Care Authority (RHCA)
- NM Finance Authority (NMFA)
- State Agency on Aging (SAOA)
- Human Services Department (HSD)
- Workers' Compensation Administration (WCA)
- NM Health Policy Commission (HPC)
- Children, Youth and Families Department (CYFD)

## **SUMMARY**

### Synopsis of SPAC Amendments

The Senate Public Affairs Committee amendments to Senate Bill 911 specify that under the State Health Care Plan, a primary care provider is not responsible for providing services for which the primary care provider determines that specialist services are required, in which case he shall advise the patient of the need for and the type of specialist services.

### Synopsis of Bill

Senate Bill 911 proposes to create a comprehensive statewide system of health care insurance to be administered by a Health Care Commission with the responsibility to conduct health care planning; to establish procedures to contain health care costs; to create health care delivery regions with regional councils; and to direct and authorize the development of a state health plan.

Attached to this analysis is a section by section description of the contents of the bill prepared by HPC, and a table of contents.

## **FISCAL IMPLICATIONS**

SB911 does not contain an appropriation; however, the bill contains an estimated additional impact of \$630.0 in general fund for the following items:

- \$180.0 for paying 15 commissioners up to \$12.0 to attend up to 60 meetings annually;
- \$180.0 to pay 15 commissioners approximately \$100 a day for 2 days for 60 meetings annually;
- \$250.0 for the LFC to contract with economists, actuaries, and others to assist with determining financing options for the health plan;
- \$5.0 for per diem and mileage for the advisory board;
- \$5.0 for per diem and mileage for the regional council;
- \$5.0 for per diem and mileage for the long-term care committee; and
- \$5.0 for per diem and mileage for the mental health services committee.

TRD indicates it is unlikely to be successful in collecting much revenue from a person who lends or borrows a coverage card given that if a legitimate beneficiary allows his card to be used by another person, both the lender and the user are liable for the full cost of Medicare care provided to the user. This liability must be paid in full within 10 days of final determination of that liability. Liabilities created pursuant to this section shall be collected by TRD in the same manner as delinquent taxes are collected pursuant to the Tax Administration Act. TRD estimates the only analog may be the tax on illegal drugs enacted in 1989, and subsequently repealed. Total assessments exceeded \$44 million, while total collections were about \$270.0. SB911 may be the same sort of issue, since the people who will misuse the cards are unlikely to have disclosable assets that TRD may seize or sell. The filing of a tax return gives a great deal of information about the location or nature of seizable or leviable assets. The declaration of liability for misuse of a beneficiary card does not carry any information at all about these assets. Nor can TRD under the Tax Administration Act disclose the non-payment of liability to credit agencies and thereby "ruin" someone's credit rating.

HSD indicates that under the provisions of SB911, all Medicaid funds would be transferred to the Health Care Plan if the federal Health Care Financing Administration (HCFA) approves the necessary waiver requests.

The Public Regulation Commission estimated two years ago a loss of insurance premium tax revenues of between \$11,500.0 and \$23,000.0 depending on ERISA plan participation in the state.

### **ADMINISTRATIVE IMPLICATIONS**

Administration of the provisions of this legislation would have an impact on the major human service departments of New Mexico state government. The extent of these impacts have not been estimated by those departments at this time. The Departments of Health, Human Services, General Services, Retiree Health Care Authority, Public Employee Retirement Association, and the New Mexico Public Schools Insurance Authority would be significantly impacted by this legislation.

### **TECHNICAL ISSUES**

Section 9 does not include reference that the commission must comply with the Procurement Code.

Section 11, paragraph J, establishes a system to collect and analyze health care data. Many of the data listed are already being compiled by HSD, DOH and HPC.

Section 28, paragraph E, provides for recouping payments or withholding payments for health care determined to be medically unnecessary, and for assessment of penalties if excessive billing took place. These penalties are deposited "*in the current school fund*". If not a constitutional requirement, perhaps these funds should be deposited in a more appropriate fund.

Section 30, paragraph C, contains unclear language regarding taking credit in the health plan budget for all revenues produced for health care in the state.

Section 36 may need to include reference to compliance with the federal Health Insurance Portability and Accountability Act.

TRD suggests amending Section 24 to assign general collection duties to the Health Care Commission, who could then contract with a specialized private collection agency. Also, Section 24 could be amended to invoke the limited ability of TRD to intercept a tax refund or rebate. This amendment would place the due process hearing with the agency asserting the liability.

RAE/njw:ar  
Attachment