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FISCAL IMPACT REPORT

SPONSOR: Saavedra DATE TYPED: 03/03/03 HB 614/aHCPAC

SHORT TITLE: Health Care Coverage in Child Care Orders SB _____

ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates: SB 668 with only minor differences that does not change the intent or potential result.

SOURCES OF INFORMATION

Responses Received From
Human Services Department

SUMMARY

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee amends on page 6, line 21, and after the period inserts “If the obligor is not enrolled in a plan, the premiums charged for the child or children of the obligor shall be those charged for the enrollment of the obligor only.” This language is a clarification and does not change the intent or potential result of House Bill 614.

Synopsis of Original Bill

House Bill 614 seeks to amend the Mandatory Medical Support Act (§40.4C NMSA 1978) to bring New Mexico into compliance with the federally mandated requirements for enforcing medical support of children and the use of the National Medical Support Notice required by the Child Support Performance and Incentives Act (CSPIA) now codified as 42 USC Sec. 666(a)(19) and implemented by 45 CFR 303.32.

HB 614 would require the use of a federal form, the National Medical Support Notice (NMSN) to enforce medical support orders where the non-custodial parent is to provide dependent medical coverage through an employment related health insurance plan.

The NMSN will be used to transfer notice to the employer of provision of health care coverage for children, and to act as a notice to employers to withhold mandatory employee contributions for health care coverage for children. HB 614 requires employers to use the NMSN to transfer notice to the group health plan that children are to be covered, and requires employers to notify the Human Services Department (HSD) of termination of effected employees. The group health plans are to use the NMSN to notify HSD and custodial parent of health care coverage for children.

Significant Issues

42 USC Sec. 666(a)(19) requires State child support agencies, under Title IV-D of the Social Security Act, to have a law in place to enforce health care coverage provisions in a child support order through use of the National Medical Support Notice. "Such State laws must be effective no later than the close of the first day of the first calendar quarter that begins after the close of the first regular session of the State legislature that begins after October 1, 2001."

The enactment of HB 614 is necessary to comply with federal mandates providing a uniform nationwide mechanism for the enforcement of medical support orders to insure that all children who should be covered in accordance with a medical support order are in fact covered by the available group insurance plan of the parent.

FISCAL IMPLICATIONS

The NMSN is a Federal mandate. If the state does not adopt the mandate, HSD would be subject to financial penalties for being out of compliance with its Title IV-D State Plan (up to 5% of the Temporary Aid for Needy Families (TANF) grant) and loss of Federal participation (66% of administrative costs) for the Child Support Enforcement Program.

CSED estimates incurring a one-time programming cost of \$150,000 plus initial mailing/printing costs of \$41,760 and annual mailing/printing costs of \$32,412 for the multiple-page notice. The federal government, on a ratio of 66% federal money to 34% state money, matches Title HSD IV-D costs that are required to comply with the HB 614 provisions.

It is likely that implementation will have an effect of reducing the number of children on Medicaid; however, no data is yet available to verify this from states that have already implemented the NMSN.

ADMINISTRATIVE IMPLICATIONS

If enacted, HB 614 would require additional staff time and computer programming to enforce the new requirements.

MW/prr/njw:yr