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FISCAL IMPACT REPORT

SPONSOR: Taylor, JP DATE TYPED: 3/10/03 HB HM 32

SHORT TITLE: Comprehensive Health Care Study SB _____

ANALYST: Dunbar

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 955

SOURCES OF INFORMATION

Responses Received From

Department of Health (DOH)
Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House Memorial 32 requests the Legislative Health and Human Services Committee and the Legislative Finance Committee to conduct a comprehensive study on health care expenditures, reform efforts and the expected trends.

Significant Issues

HM 32 recognizes that:

- Health care includes primary and preventive care, nutrition and exercise
- Medical advancement have broaden doctor-patient relationships with alternative medicine, in home community-based health care, managed care and case management
- Viability of health care industry is a part of economic development

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- Increasing health care costs are forcing state and the federal government to consider initiatives to reform public health programs

HM 32 the study would:

- Determine the impact of health care expenditures on the health care industry and the state's economy
- Conduct a review of state and national healthcare reform efforts over the last 15 years
- Provide the cost of benefits of primary, preventive and public health initiatives
- Explore the expected fiscal and policy trends in the next decade
- Provide for the public and private cost of providing health care to all New Mexicans.

FISCAL IMPLICATIONS

Either the Health Policy Commission or the Department of Health usually does this type of study. The LFC has the expertise to contribute to the study and review. A similar bill HB955 appropriates \$250,000 from the General Fund to the Legislative Health and Human Services Committee for FY04 and FY05 for a comprehensive study of health care expenditures in New Mexico. The study will address such issues as the expectations and outcomes of previous health care reform efforts, and the public and private costs of providing health care to all New Mexicans.

It would be difficult to conduct such a study without appropriate funding.

ADMINISTRATIVE IMPLICATIONS

Performance implications for the LFC are significant. In addition, the LFC will likely contract some of the study with an outside firm, which will require staff time for contract management and eventual integration of the work product of the contractor into the final report.

RELATIONSHIP

Relates to HB 955, which appropriates \$250.0 to conduct a similar study.

TECHNICAL ISSUES

The study is funded for FY04 and FY05, but the bill indicates a report is due November 1, 2004. This is possibly meant to be a preliminary or status report, with a final report to follow, but the bill is not clear on this point.

OTHER SUBSTANTIVE ISSUES

The health care system of New Mexico is an important component of the State's economy. Health care expenditures typically comprise 10-15% of all gross receipts in New Mexico counties. Health care-related employment can comprise a similar percentage of all local jobs. Studies have shown that there are gross receipts and employment multipliers of approximately 2 for the New Mexico health sector. This would mean that there is an additional indirect impact from health care of 10-15%. An understanding of the size of this economic sector, and how public health policy decisions can affect it, is an essential baseline for future public decision-making.

A central aspect of the mission of the HPC is to work with other stakeholders in the state, and in responding to HM 32, the agency would pull together one or more task forces or work groups. In addition to HPC-collected data and analysis, any study conducted in response to HM 32 would also build on the foundation of information established by such sources as the Medicaid Reform Committee and the Department of Health's Behavioral Health Gap Analysis. Through these last two measures, the HPC would work to be certain that as many voices and perspectives are included in the process as possible.

HM 32 asks for a study that will review and determine the impact of health care expenditures on the health care industry and the state's economy, including compensated and uncompensated costs. Moreover, HB955 asks for a study that will review the expectations and outcomes of state and national health care reform efforts over the last 10 to 15 years.

There are several HPC studies and reports that could be used to lay the foundation for the study requested by HM 32. Broad studies include *New Mexico Health Care: A Blueprint for Change* (1996) and *Restructuring of Health Care Financing* (2000), and the HPC also has numerous annual and biennial surveys including studies of health care professionals, employer-based insurance coverage, household insurance coverage, prescription drugs and hospital inpatient discharge data.

HPC indicated that New Mexicans have said repeatedly that they support the goal of making certain that every citizen of the state has access to health care.

- Initial results from the 2002 Health Policy Commission Household Coverage Survey show that a majority of the survey's respondents think it is "extremely important to assure that affordable programs be provided to cover unmet needs for basic health care in New Mexico."
- A 1997 HPC focus group regarding Medicaid coverage, contribution and benefits found that New Mexicans are highly supportive of ensuring that all New Mexicans have access to necessary medical care. Additionally, a commonly held belief, even among low-income individuals, was that all New Mexicans should contribute something to the cost of their care.

AMENDMENTS

Include a date for a final report to the Legislature at the end of FY05.

BD/njw