

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

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR Aragon, M. DATE TYPED 2/15/04 HB \_\_\_\_\_

SHORT TITLE Health Care Expenditure & Reform Option Study SB SJM 77

ANALYST Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	See Narrative				

Duplicates HJM 91

Relates to: SB 101, HB 87, HB 581, SB 538, SJM 8, HJM 3, HB 185, HB 322, SB 315, HB 301, HJM 68

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)  
Human Services Department (HSD)  
Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 77 directs the Legislative Health and Human Services Committee, with the cooperation of the New Mexico Health Policy Commission, to conduct a comprehensive study to determine current and projected health expenditures in New Mexico that serve as a base line for proposals for dealing with expenditures and reform options. The study would look at alternative health care coverage models and analyze the impact of those models on health care expenditures and the number of uninsured.

#### Significant Issues

SJM 77 directs the investigation of a range of different possibilities for financing and structuring the provision of health insurance coverage to New Mexico's large number of uninsured. This investigation should be linked to ongoing efforts of the Executive, including the Governor's health care agenda and a recently approved federal planning grant for covering the uninsured.

## **Senate Joint Memorial 77 Page 2**

The proposed activities of SJM 77 are consistent with performance targets set by the Governor in his “Paths to Progress” document – providing access to health care coverage for all New Mexicans.

The Governor’s Health Care Coverage and Access Task Force also began convening stakeholders from the private and public sectors to address many of the issues raised in SJM 77.

### **FISCAL IMPLICATIONS**

The HPC express concern that their budget has been reduced from approximately \$2.23 million in FY01 to \$1.38 million in FY04 and therefore HPC’s participation in this memorial may be limited.

### **ADMINISTRATIVE IMPLICATIONS**

The HPC recognizes that a comprehensive and thorough study such as required by SJM 77 will most likely require dedicated staffing requirements. HPC further note that current statutory demands on the HPC, combined with currently reduced staffing levels will impede the HPC’s ability to undertake additional project requests.

HSD will be asked to submit data regarding expenditures for health care services for Medicaid recipients and there is no appropriation to cover expenditures.

### **RELATIONSHIP**

SB 101; HB 87; HB 581; SB 538 –establish an expanded public agency purchasing pool for health care benefits initially to public employees and retirees, but potentially could be expanded to private companies and citizens.

SJM 8; HJM 3 – directs a study of the potential effects and methods of authorizing private businesses and individuals to join a public health insurance purchasing collaborative.

HB 185 – appropriates funds to help complete a study of options for health care coverage and access that the executive and legislature may consider to reduce the number of uninsured.

HB 322; SB 315; HB 301 – authorizes expanded oversight of hospitals by the Secretary of Health.

HJM 68 –directs investigation of a range of different possibilities for financing and structuring the provision of health insurance coverage to New Mexico’s large number of uninsured.

### **TECHNICAL ISSUES**

HPC raises the following issues:

- ❑ There is no date documented for completion of the study.
- ❑ There is no reporting requirement documented, i.e. who should receive the completed report?
- ❑ Page 1, line 11 requests the Health Policy Commission to conduct a study, while Page 3, lines 13 and 14 state that the Legislative Health and Human Services Committee, with the cooperation of the NM HPC, conduct the study. Need clarification on which agency is the lead agency and ultimately responsible for the study.

## **OTHER SUBSTANTIVE ISSUES**

According to 2000-2001 data regarding health insurance status at the state and national levels, New Mexico has the second worst rate of health insurance coverage in the nation; only Texas has worse statistics (Kaiser Family Foundation State Health Facts). In New Mexico, 22% of the general population and 18% of children 18 and under are uninsured, compared to 15% and 12% nationwide, respectively.

A smaller percentage of private sector businesses in New Mexico offer health insurance to their employees when compared to other parts of the country. DOH reports that overall, only 52.6% of private sector establishments in New Mexico offered health insurance to their employees in 2001, compared with 58.3% at the national level. On average nationwide, 96.9% of private firms with 50 or more employees and 46% with less than 50 employees offer health insurance. By comparison, in New Mexico, only 92.3% of private firms with 50 or more employees and 38.7% with less than 50 employees offer health insurance, ranking our state second worst and sixteenth worst on these measures, respectively.

The proposed study would review several different alternatives designed to increase revenue and provide additional coverage for New Mexico's large number of uninsured. It could link with several other similar efforts conducted in the state:

- ❑ The Human Services Department received support from the Robert Wood Johnson Foundation under its State Coverage Initiative (SCI) Program to identify approaches to increasing health coverage of the uninsured. The recommendations of SCI led to the submission of a Medicaid waiver to the Centers for Medicare and Medicaid Services. This waiver received preliminary approval, but has not yet been implemented. The investigation proposed by SJM 77 would allow consideration of the implementation of the SCI approaches.
- ❑ The Human Services Department has received State Planning Grant (SPG) support from the federal Health Resources and Services Administration (HRSA) to identify options for health care coverage and access that the executive and legislature may consider to reduce the number of uninsured. HPC is also involved in this effort. The investigation proposed by SJM 77 shares many of the same goals of the SPG effort, and the issues identified by SJM 77 could be addressed in the course of the SPG project.
- ❑ The Governor's Health Care Coverage and Access Task Force made a series of recommendations last year regarding some of the issues identified in SJM 77. The investigation proposed in SJM 77 could be linked to these Executive initiatives.

## **AMENDMENTS**

SJM 77 does not mention of the Department of Health or the Human Services Department. Therefore on Page 3, Line 15 insert after "commission": "and the New Mexico department of health and human services department"

## **POSSIBLE QUESTIONS**

Would the SJM 77 study duplicate efforts already underway with the HRSA grant study?

**BD/lg:yr**