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FISCAL IMPACT REPORT

ORIGINAL DATE 1-20-2006
 LAST UPDATED 2-14-2006 **HB** 406/HCPACS/aSPAC

SPONSOR HCPAC

SHORT TITLE Colorectal Cancer Test Insurance Coverage **SB** _____

ANALYST Dearing

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulatory Commission (PRC)
 Department of Health (DOH)

SUMMARY

Synopsis of SPAC Amendments

Senate Public Affairs Committee Amends HCPAC Substitute of House Bill 406 (HB406/sHCPAC) such that

- 1) On page 1, line 25, strike “national medical”.
- 2) On page 1, line 25, after “standards” insert “established by the United States prevented services task force”,

In general, the amendments to the substitution do not substantially change the meaning of the substitute. The amendment has the effect of specifying a particular governing body to provide the established protocols and recommended screening intervals for colorectal cancer insurance coverage.

Synopsis of Original Bill

House Consumer and Public Affairs Committee substitute version of House Bill 406 makes several additions to the original bill. Specifically, the substitute adds language to expand and clarify

what actions comprise “best practices,” regarding colorectal cancer screening. Additionally, the substitute specifies that these screenings may be subject to customary deductibles and co-insurance rates found within insureds’ existing policies for other benefits. Lastly, language is added to specify that the provisions of mandating this coverage are not to be construed as applying to travel, accident, or limited and specific-disease policies.

These language additions are found within each of four sections regarding:

Chapter 59A, Article 23 NMSA 1978 covering

1. Individual or Group Insurance policies
2. Blanket or Group Health Policies

As well as duplicate additions to HMO & Non-Profit Health Care Plan Section(s)

Synopsis of Original Bill

House Bill 406 would require insurers to cover periodic colorectal cancer (CRC) screening tests by adding new sections to Chapter 59a, Articles 22 and 23, and new sections to the Health Maintenance Organization Law and to the Nonprofit Health Care Plan Law.

FISCAL IMPLICATIONS

To the extent that insurers would need to re-file their products with the Insurance Division, there could be an increase in form and rate filings. It is anticipated that existing staff and budget could accommodate these one-time filings. The fiscal impact would be minimal.

SIGNIFICANT ISSUES

In 2005, the National CRC Research Alliance gave New Mexico a grade of “F” in its report card due to lack of legislation requiring insurance providers to cover CRC screening. Currently, about 17 states have legislation mandating health plan coverage for CRC screening. The best legislation (“A” grade) specifically defines which types of CRC screenings are covered and references accepted screening guidelines, allowing the legislation to include coverage of future advances in screening methods.

HB406 would extend insurance coverage of CRC screening to New Mexicans currently covered by the aforementioned insurers. Currently, only 32% of NM adults age 50 and older report ever having had a sigmoidoscopy or colonoscopy. (Centers for Disease Control & Prevention, 2000). Each year, over 670 people are diagnosed with colorectal cancer, and about 280 die of the disease, making it the second leading cause of cancer death (NM Tumor Registry, 2005). Screening and early detection for CRC can not only diagnose cancers earlier, when they are more responsive to treatment, but can also prevent the disease. Diagnosing and treating colorectal cancer early results in a survival rate of 90%. Nationally, only 39% of cancers are diagnosed at an early stage. (American Cancer Society, 2005).

In realizing a similar social and public health need for the early detection of breast cancer, New Mexico has adopted mandatory mammography screenings for those individual and group health maintenance organization contracts delivered or issued for delivery in this state under 59A-46-41

NMSA 1978. Accordingly, the statute provides for a baseline mammogram for those aged 35-39, biennial exams for ages 40-49, and one per year for those over 50. Similarly, mammograms covered under this statute are subject to deductibles and co-insurance, at rates consistent with other covered benefits within the insured's contract.

ADMINISTRATIVE IMPLICATIONS

As indicated above in Fiscal Implications, there could be a one-time filing of forms and rates by some insurers.

TECHNICAL

As drafted the bill applies to all health insurance, including disability income, long-term care, accident only, dental only, vision only, limited benefit and specified disease policies. This reviewer assumes that the sponsor intends that this mandate apply only to major medical expense policies and not to these limited benefit designs, in which case the following should be considered:

Limiting language can be found in Section 59A-22-40, which mandates coverage for other screenings. See in particular paragraph B and C of this section. Section 1 should be redrafted accordingly.

See also Section 59A-46-42, which mandates other screenings for HMO's. See in particular paragraph B of this section. Section 3 should be redrafted accordingly.

Section 2 and 4 should also be redrafted in a manner similar to section 1 adding the language in paragraphs B and C from Section 59A-22-40.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Health insurers other than Medicare, or managed care plans affected by the Basic Health Care Services section of the Insurance Division's managed health care regulations, NMAC 13.10.13.9(H) would not be required to cover periodic colorectal cancer screening tests. New Mexico would remain one of 33 states which do not mandate this coverage for insurers operating in their states' borders.

QUESTIONS

Are frequency of; and age-specific preliminary colorectal-screening (baseline) specifics forthcoming for consideration of this legislation?

PD/mt:yr