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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/06

SPONSOR     Martinez     LAST UPDATED                      HB   610  

SHORT TITLE   Health Coverage Trust Fund Implementation   SB                     

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ANALYST   Lewis  

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	100,000.0*	Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

\*Contingent - see narrative.

Companion to HJR 10 (Health Care Coverage Trust Fund, CA).

Relates to HB 481/SB 280 (Health Coverage for New Mexicans Committee).

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	(100,000.0)*		Non-Recurring	General Fund
	100,000.0*		Non-Recurring	Health Care Cover- age Trust Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

\*Contingent - see narrative.

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Health Policy Commission (HPC)  
Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

House Bill 610, with emergency clause, creates the Blue Ribbon Health Care Coverage Task Force, which shall function from the date of its appointment until December 1, 2007.

If the health care coverage trust fund is established by a constitutional amendment adopted in the 2006 general election,

- \$100 million is transferred from the general fund to the health care coverage trust fund;
- money in the fund shall only be used to make an annual appropriation, in fiscal year 2009 and each fiscal year thereafter, based on recommendations of the Blue Ribbon Health Care Coverage Task Force, for any health care coverage or insurance program for the prevention, diagnosis and treatment of disease, illness or injury; and
- money in the fund shall not revert.

The Blue Ribbon Health Care Coverage Task Force shall consist of nine members, including:

- three public members appointed by the governor;
- three members appointed by the Legislative Council from the House of Representatives; and
- three members appointed by the Legislative Council from the Senate.

Members shall be appointed from each house so as to give the two major political parties in each house the same proportionate representation on the task force as prevails in each house.

No action shall be taken by the task force if a majority of the total membership from either house on the task force rejects the action.

After its appointment, and upon approval by the Legislative Council of its work plan and budget, the Blue Ribbon Health Care Coverage Task Force shall, with staff provided by the Legislative Council Service:

- 1) examine the public and private financing of health care in the state;
- 2) inventory, consider and take testimony on the various unmet health care coverage and access needs in the state and determine or devise a method for setting priorities among those unmet needs;
- 3) study the impact of appropriating distributions from the health care coverage trust fund and determine whether any changes should be made in the law regarding the funds or the distribution mechanism;
- 4) develop a formula or guidelines for determining which purposes, programs or activities will be funded annually, using categories generally for household incomes below 150 percent, between 150 and 300 percent, and over 300 percent of the federal poverty level; and
- 5) review any other statutes, constitutional provisions, regulations and court decisions relevant to the use of health care coverage.

The task force shall report its findings and recommendations, including proposed legislation, for the consideration of the second session of the forty-eighth legislature. The report and proposed legislation shall be submitted to the Legislative Council on or before December 15, 2007.

## **FISCAL IMPLICATIONS**

The appropriation of \$100 million contained in this bill is a contingent, non-recurring expense to the general fund. Money in the health care coverage trust fund shall not revert to the general fund.

## **SIGNIFICANT ISSUES**

HJR 10 (Health Care Coverage Trust Fund, CA) provides that submission to the people at the

next general election of the constitutional amendment creating the health care coverage trust fund is contingent upon enactment into law of a bill that transfers \$100 million to the fund. The joint resolution further provides that:

- money in the fund shall be invested by the State Investment Officer as land grant permanent funds are invested;
- earnings from investment of the fund shall be credited to the fund; and
- money in the fund shall not revert or be expended for any purpose, but an annual distribution shall be made pursuant to law.

It should be noted that, although submission of the constitutional amendment to the people under HJR 10 and HB 610's appropriation of \$100 million to the health care coverage trust fund are mutually contingent, creation of the Blue Ribbon Health Care Coverage Task Force does not depend on either action. If the \$100 million is not appropriated, and the fund is not created, the Blue Ribbon Health Care Coverage Task Force could still be established; and three of its five responsibilities would still be relevant to planning with regard to the state's health care needs.

According to the Health Policy Commission (HPC), New Mexico has the second highest rate of uninsured in the nation, with 21 percent of the population or nearly 400,000 uninsured. HPC's most recent Employer Survey has confirmed that small businesses in particular do not offer health insurance largely because of the high cost. Also noted was the increasing cost of health insurance and the possibility that more employers would drop or reduce health benefits because of affordability.

The Department of Health (DOH) notes that HB 610's one-time transfer of \$100 million from the general fund to the new health care coverage trust fund would convert a current year revenue surplus into long-term use.

According to the DOH, several executive and legislative agencies and groups, including the Health Policy Commission, deal with issues of health care coverage and access; and HB 610 does not specify how the activities of these other entities would be coordinated with those of the Blue Ribbon Health Care Coverage Task Force.

## **ALTERNATIVES**

The HPC suggests that the proposed \$100 million could be matched on a three-to-one basis with the Centers for Medicare & Medicaid Services (CMS) if a waiver was obtained.

ML/yr