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FISCAL IMPACT REPORT

	ORIGINAL DATE	1-27-06	
SPONSOR <u>Feldman</u>	LAST UPDATED	2-21-06	HB _____
			280/aSFC/aSfI#1/
SHORT TITLE <u>Health Coverage for New Mexicans Committee</u>			SB <u>aHGUAC</u>
			ANALYST <u>Collard</u>

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$415.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 481

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
 Human Services Department (HSD)
 Public Regulation Commission (PRC)
 Aging and Long-Term Services (ALTSD)
 Health Policy Commission (HPC)
 General Services Department (GSD)

SUMMARY

Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendment to Senate Bill 280 strikes the first Senate Floor Amendment in its entirety.

Synopsis of SFI Amendment #1

The first Senate Floor Amendment to Senate Bill 280 strikes the Senate Finance Committee amendments. The amendment also changes the make-up of the Health Coverage for All New Mexicans Committee from 39 varied members to eight legislative members, four appointed by the Speaker of the House of Representatives and four appointed by the President Pro Tempore, with a six-member advisory group consisting of three members appointed by the Governor, the Secretary of the Humans Services Department, the Executive Director of the Health Policy

Commission and the Superintendent of Insurance. The amendment removes the Governor from the responsibility naming the chair of the committee and, instead, requires the Speaker of the House of Representatives and the President Pro Tempore to appoint co-chairs.

FISCAL IMPLICATIONS

The appropriation of \$415 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund.

The bill specifies \$15 thousand is appropriated for reimbursement of the per diem and mileage expenses of the public members of the Health Coverage for All New Mexicans Committee, and \$400 thousand is appropriated to pay for the cost analysis and for the technical and legal analysis to carry out the provisions of the act.

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 280 reduces the number of appointees for the Health Coverage for all New Mexicans Committee from 39 to 35 and changes the make-up of the committee as follows: reduces the number of members appointed by the Speaker of the House of Representatives from six to five, and provides that two members must be from the minority party; reduces the number of members appointed by the President Pro Tempore from six to five, and provides that two members must be from the minority party; changes make-up of the 20 members appointed by the Governor; and, by eliminating the Secretary of the General Services Department and the Executive Director of the Health Policy Commission, reduces the number of ex-officio members from seven to five. Within the appointments, the governor, the President Pro Tempore and the Speaker of the House of Representatives must ensure two appointees are from rural areas of the state and two of the appointees are Native American. Additionally, the amendment deletes the existing appropriation section and inserts in lieu thereof an additional temporary provision section with regard to required analysis and an appropriation of \$50 thousand from legislative cash balances to the Legislative Council Service to pay for per diem and mileage expenses for the public members of the committee. The new temporary provision sections indicates the committee will work with the Health and Human Services Committee, the Legislative Council Service, HSD and HPC to determine the content, technical and legal assistance required to carry out this act.

Synopsis of Original Bill

Senate Bill 280 appropriates \$500 thousand from the general fund to the Legislative Council Services for the purpose of implementing the Health Coverage for All New Mexicans Act that proposes the following:

- Creates the “Health Coverage for All New Mexicans” Committee.
- Specifies the appointment process for the committee of 39 members with appointments made by the State Senate, House of Representatives and the Governor.
- Specifies representation by the insurance industry in the state, employers including small employers, nonprofit organizations including small nonprofit organizations, health care advocacy community, general public with a demonstrated interest in health coverage for all New Mexicans, insurance brokers, health care practitioners licensed to practice in

New Mexico, and labor.

- Includes committee membership by the secretaries or their designees from the Human Services Department, General Services Department, Department of Health, Executive Director or designee of the New Mexico Health Policy Commission, Superintendent of Insurance or designee, Executive Director or Board Chair or designee for the Health Insurance Alliance and the New Mexico Medical Insurance Pool.
- Indicates that the committee shall operate from April 2006 through December 2007.
- Provides that public members shall be paid per diem and mileage pursuant to the State Per Diem and Mileage Act.
- Provides certain operating protocols for the committee.
- Specifies that the committee shall actively and consistently solicit public input and that all meetings of the committee or its subcommittees are open to the public.
- Appropriates \$50 thousand in general fund to the Legislative Council Service (LCS) to pay for per diem and mileage and \$450 thousand to LCS to pay for the cost analysis of the various models and the technical and legal analysis associated with various coverage models.
- Requires the Committee work in conjunction with the chair of the Legislative Health and Human Services Committee, LCS, Human Services Department, and the Health Policy Commission in determining the content of the analysis and the technical and legal assistance required for carrying out provisions of the Act.
- The bill carries an emergency clause.

The bill proposes creation of the “Health Coverage for All New Mexicans Committee” with the Committee taking into consideration current resources, projected needs, and public and private health care expenditures in the state to contract for analyzing the cost of various models to achieve health coverage for all New Mexicans. The various models to be analyzed will take into consideration the costs of different approaches including the current system and the cost of transitioning to another system; and appropriate roles for health care consumers and providers; Medicaid and other publicly funded, operated or created health care programs; and businesses, nonprofit organizations, brokers and commercial insurers. National experts experienced in analyzing the cost of health care systems would conduct the analysis of the various models. The Committee shall report its findings and recommendations to the Governor and the Legislative Health and Human Services Committee.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund.

The bill specifies \$50 thousand is appropriated for reimbursement of the per diem and mileage expenses of the public members of the Health Coverage for All New Mexicans Committee, and \$450 thousand is appropriated to pay for the cost analysis and for the technical and legal analysis to carry out the provisions of the act.

SIGNIFICANT ISSUES

DOH indicates this bill carries a message from the Governor, and was recommended by the Leg-

islative Health and Human Services Committee and by the *Insure New Mexico!* Council in its 2005 Report to the Governor. This can be found at :
(http://insurenemexico.state.nm.us/documents/2005_Insure_NM_Report_to_Governor.pdf).

PRC indicates over 20 percent of New Mexicans are uninsured. Universal coverage is seen as a way to insure that all New Mexicans have access to health care. There are more than one universal coverage model and we need to understand the cost and the effect of moving to universal coverage.

PRC also indicates models for universal coverage include the “single payer system”, which proposes that the state operate a single managed health care plan, which provides coverage to all, contracts with providers, determines certificates of needs, develops drug formularies. In the recent year a proposal has emerged to provide universal coverage in a market based system where insurance coverage is provided by the insurance industry, based on RFP with the state as the purchaser. This system discusses payroll taxes and income taxes as a means of financing the universal coverage. A funded study would provide meaningful information about these approaches as well as explore others.

ADMINISTRATIVE IMPLICATIONS

The bill specifies staffing for the “Health Coverage for All New Mexicans Committee” will be provided by the Legislative Council Service, Human Services Department, and the Governor’s Health Policy Advisor.

DUPLICATION

Senate Bill 280 duplicates House Bill 481.

OTHER SUBSTANTIVE ISSUES

DOH notes 399,000 New Mexicans, or 21 percent of the state’s population, do not have health insurance. (Census Current Population Survey, 2004) and this figure has dropped slightly from 2003 when it was 22.1 percent uninsured. New Mexico has the second highest rate of uninsured in the country (only behind Texas).

HPC notes many New Mexicans age 55–64 years are relatively well off; however certain sub-groups including unmarried persons, women, and minorities are at a greater risk of living in poverty, lacking health insurance, and being disabled.

Among both men and women 55–64 years of age, non-Hispanic black and Hispanic adults were twice as likely to be living in poverty compared with non-Hispanic white adults in 2003. Levels of disability reported as a reason for unemployment were also higher among non-Hispanic black men and particularly among non-Hispanic black women age 55–64 years than among other racial and ethnic groups.

Those without health insurance or adequate income are particularly vulnerable to the financial and physical burdens of disease and disability. This includes uninsured children. To improve the health of all New Mexicans and to enable policymakers to chart future trends, target resources most effectively, and set program and policy priorities, it is critical that the State keep collecting

and disseminating reliable and accurate information about all components of health, including current health status, the determinants of health, resources, and outcomes. The research and work of this committee is crucial for the health and econometrics for New Mexico.

KBC/yr:nt:mt