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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/06

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE Health & Dental Claim Assignment SB 556

ANALYST Lewis

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

Department of Health (DOH)

Health Policy Commission (HPC)

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

Senate Bill 556 amends the Insurance Code to provide that dental hygiene claims paid by an administrator for a dental insurer shall be paid on the basis of assignment to the provider of the dental health care, and that no dental insurer may refuse to honor an assignment of a claim for payment of benefits for dental hygiene. An exception is made for nonprofit health care plans.

SB 556 also provides that all individual and group subscriber prepaid dental plan contracts that provide for treatment of persons for the prevention, cure or correction of any illness or physical or mental condition shall not contain any provisions that exclude a person licensed pursuant to the Dental Health Care Act and shall not discriminate in the reimbursement levels for same or similar services provided by other providers.

SIGNIFICANT ISSUES

According to the Insurance Division of the Public Regulation Commission (PRC), some PPO or network-based health insurance contracts (including prepaid dental and dental-only plans) pro-

hibit the assignment of an insured's benefits to out-of-network providers. Opponents of this practice indicate that refusal by the insurer to pay the provider directly creates collection problems for providers and drives up their costs.

Insurers use direct pay vs. non-assignment as a means of encouraging out-of-network providers to join their networks. The insurers represent that this enables them to exercise some control over negotiated fee and provide lower costs.

The PRC notes that the practice of not accepting assignment is common not only in dental insurance but also other forms of health insurance. This bill addresses non-assignment only for providers of dental hygiene and all dental providers for prepaid dental plans. The PRC further notes that SB 556 exempts the state's largest dental insurer (Delta Dental), which is licensed as a non-profit healthcare plan, from the bill's requirements.

According to the Department of Health (DOH), SB556 would address reimbursement issues for hygienists participating in collaborative practice or who own and operate their own business. Historically, insurance companies have not consistently reimbursed dental hygienists. SB556 would provide for reimbursement from dental insurers to dental hygienists and would help to level the playing field for these practitioners.

TECHNICAL ISSUES

The PRC adds that SB 556 also amends the Insurance Administrators law to require third-party administrators (TPAs) to comply. Most TPAs in the state administer these plans for single employer self-insured trusts. Federal law gives these employers wide discretion over benefit and plan designs. The PRC cautions that section 1 of SB 556 could be subject to a federal preemption of the state's attempt to interfere with the employer's discretion over benefit and plan design.

ML/nt