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FISCAL IMPACT REPORT

ORIGINAL DATE 02/06/07

SPONSOR Feldman LAST UPDATED _____ HB _____

SHORT TITLE Small Employer Health Coverage Wait Period SB 428

ANALYST Hanika Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$0.1 see narrative			Recurring	SEIP fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department /Medical Assistance Division (HSD/MAD)
 General Services Department/Risk Management Division (GSD/RMD)

SUMMARY

Synopsis of Bill

Senate Bill 428 eliminates the waiting period for nonprofit employers with fewer than fifty employees to purchase health care coverage pursuant to the Group Benefits Act.

FISCAL IMPLICATIONS

The Small Employer Insurance Program (SEIP) is self-funded by premium contributions paid by employers and employees. Premiums are determined by age, gender, and geographic location. Employer contribution (of at least 50%) determine employee's share of the premium. Through SEIP, a comprehensive health insurance benefits package is offered with annual claims limit of \$100,000 per enrollee, including: primary and specialty care, inpatient and outpatient hospitalization, pharmacy, lab, X-ray, physical, occupational, speech therapy, behavioral health and substance abuse services.

A separate account is maintained to provide separate accounting, payment and private funding of health care coverage for small employers enrolled in SEIP. The funds in the account are maintained separately and ensured that the premiums charged are actuarially sound in relation to the benefits provided.

SIGNIFICANT ISSUES

SEIP was enacted during the 2005 session to allow small employers to band together to achieve the purchasing power of larger employers in the health care marketplace. As part of the original legislation, employer eligibility was limited to employers with less than 50 employees who had not offered group health insurance for the prior 12 months. SEIP was part of the *Insure New Mexico!* package of legislation passed to increase the number of New Mexicans with health insurance and to encourage employer based health insurance.

PERFORMANCE IMPLICATIONS

Program development and coordination for the Small Employers Insurance Program (SEIP) is administered through a joint powers agreement between GSD and the HSD.

The *Insure New Mexico!* Council, as one of its 2006 recommendations, proposed that the waiting period be eliminated for nonprofit organizations.

ADMINISTRATIVE IMPLICATIONS

GSD/RMD reports that it will take a minimum of 90 days to amend the regulation for this program (13.10.20 NMAC). Five years after SEIP inception, the program will be administered by the Health Insurance Alliance.

OTHER SUBSTANTIVE ISSUES

SEIP is one of five *Insure New Mexico!* initiatives that are already beginning to address the problem of the high number of uninsured working adults in New Mexico. The program, which began on July 1, 2006, is specifically tailored towards helping small employers and non-profits, with 50 or fewer employees to buy into a comprehensive health insurance program comparable to a commercial health plan, giving small employers the benefit that larger organizations have through volume buying that can reduce the cost of individual employees' health insurance.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB 695, SB 676 expanding health care insurance eligibility through SEIP to private sector employers:

- HB 695 to health/human services contractors employing an average of less than 500 people, regardless of whether the employer has previously provided health care coverage.
- SB 676 to employers with an average of less than 500 employees who have contracted with the state within the previous three years.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Employer eligibility for nonprofits will continue to be limited to those employers with less than 50 employees who have not offered group health insurance for the prior 12 months.

AHO/nt