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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/07  
 LAST UPDATED 2/28/07      HB \_\_\_\_\_

SPONSOR Beffort

SHORT TITLE Smoking Policy for Small Employer Insurance      SB 663/aSPAC

ANALYST Earnest

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)

Human Services Department (HSD)

### SUMMARY

#### Synopsis of SPAC Amendment

The Senate Public Affairs Committee (SPAC) amendment strikes the requirement that a small employer have a policy that prohibits the hiring of a person who smokes or uses tobacco products. Instead, the amendment would require the small employer to have a non-smoking policy for participation in the Small Employer Health Care Coverage program.

#### Synopsis of Original Bill

Senate Bill 663 amends a section in the Group Benefits Act to add a requirement of small employers for participation in the Small Employer Health Care Coverage program, stating that the employer must have a policy that prohibits the hiring of a person who smokes or uses tobacco products. The policy must be in place at least one year prior to the effective date of the health care coverage.

### SIGNIFICANT ISSUES

According to PRC, the Group Benefits Act was amended in 2005 to provide for small employers being given the opportunity to purchase health care coverage. The General Services Department

was to administer this program separately from its other programs under the act and maintain separate accounting. The law requires that the separate funding of this program be actuarially sound.

HSD indicates that the program was enacted to increase the level of New Mexicans with health insurance and to promote employer based health insurance coverage. Adding the restriction concerning smoking would decrease the number of eligible employers and employees who could participate in SEIP and thus work against the goal of increasing health care coverage.

BE/nt