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FISCAL IMPACT REPORT

SPONSOR Picraux ORIGINAL DATE 01/28/08
LAST UPDATED _____ HM 9
SHORT TITLE Continue Obstetric Health Care Task Force SB _____
ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$.01				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House Memorial 9 requests the New Mexico HPC continue the work of its task force on obstetric health care practitioner liability insurance to find solutions to the continuing crisis in obstetric health care.

The Memorial includes all health care practitioners that practice in obstetrics.

The Memorial further recognizes that there is a continuing crisis in obstetric health care access due to escalating malpractice premiums. The escalating costs threaten access to childbirth services, especially in underserved and rural areas where certified nurse-midwives provide many services. The Memorial further confirms that one-third of all vaginal births in New Mexico are delivered by certified nurse-midwives.

The Memorial proposes that the task force submit its findings and recommendations by October 2008 to the Legislative Health and Human Services Committee, the Legislative Finance Committee, and the Office of the Governor.

FISCAL IMPLICATIONS

There will be costs to State agencies and others (as requested) to provide staff time to participate on the task force.

SIGNIFICANT ISSUES

In October of 2007, the HPC published the *Childbirth Injury and Obstetrical Liability Insurance* report, which identified the issues regarding obstetric health care access due to the escalating malpractice premiums. The information collected by the task force indicates that this is an issue throughout the entire State, especially for rural areas where there are fewer care options.

The following was provided by HPC:

Findings on Medical Malpractice Insurance

The task force has found the following regarding the cost and availability of professional liability coverage for providers of obstetrical services in New Mexico:

- Problems with the cost and availability of medical malpractice insurance are experienced primarily by those certified nurse midwives (CNM) who do births and are not employees of large systems.
- Obstetrician practices that employ CNMs confirmed to commission study members that the cost of CNM malpractice insurance to the practice has increased substantially and may threaten the practices ability to maintain them as employees.
- Professional liability insurance is unavailable to licensed midwives who provided care for most of the 1% of New Mexico births that occur in the home. Those providers who perform home births do so at their own legal and financial risk.
- For licensed midwives who work in birthing centers, professional liability insurance is available from only one company, whose rates are unregulated, and at a cost that is rapidly increasing and threatens the ability of licensed midwives to stay in business.
- For CNMs in private practice or in small clinics, professional liability insurance is available primarily from one company, whose rates are unregulated, and at a cost that is rapidly increasing and threatens the continued economic viability of CNMs.
- Professional liability insurance remains available in New Mexico, at a substantial though relatively stable cost, for most independent Obstetrician/Gynecologists and family Doctors who perform deliveries.
- The proportion of malpractice insurance premiums written by carriers on surplus lines increased from 15.0% in 2002 to 36.0% in 2006 for providers other than physicians and surgeons in New Mexico. These carriers are not subject to regulation under New Mexico insurance laws.
- Data is not available to the commission task force concerning the extent to which cost of obstetrical malpractice insurance, settlements and suits has influenced business costs for large governmental and corporate organizations.

PERFORMANCE IMPLICATIONS

The HPC will provide staff for the Obstetric Health Care Practitioner Liability Insurance Task Force. The HPC staff will also provide resources and assist in the development and writing of the Task Force's findings and recommendations.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SM 1

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The HPC believes it may be unable to continue to pursue solutions to the continuing crisis in obstetric health care due to liability insurance.

POSSIBLE QUESTIONS

Who else sits on the task force other than HPC staff members?

AHO/bb