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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/08

SPONSOR Beffort LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Non-Resident College Student Health Insurance SB 38

ANALYST Haug

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflict with SB3  
Relationship to SB37

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
New Mexico Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 38 requires nonresident students to provide proof of health insurance as a condition of admission to a postsecondary educational institution. In Senate Bill 38, the term "nonresident student" is as defined by the New Mexico Higher Education Department (NMHED) pursuant to Subsection G of Section 21-1-4 NMSA 1978. If passed, the effective date of this act would be 7/1/2008.

### FISCAL IMPLICATIONS

Senate Bill 38 has no fiscal impact.

### SIGNIFICANT ISSUES

The HED states that Senate Bill 38 requires NMHED to establish criteria and guidelines for a nonresident student to provide proof of appropriate health insurance. Senate Bill38 requires

proof of health insurance prior to nonresident student admission. The bill states that nonresident students shall not be admitted to public postsecondary institutions unless:

- They can provide proof of being covered by a health insurance policy or plan that provides substantially the same or greater coverage than a health insurance policy or plan generally offered to students by the institution; or
- They purchase coverage under the health insurance policy or plan generally offered to students by the institution.

The HED notes that Senate Bill 38 may help to contain student health care costs. For example, per the University of New Mexico (UNM) Student Health Center Director, currently, students are not required to have health insurance to receive services at the center; and, 50% of students who receive services do not have health insurance. Requiring health insurance could help defray rising student health care costs. Alternately, making health insurance coverage a condition of admission, may adversely impact educational access and affordability. For example, per the UNM Student Health Center Director, in a recent random student survey, 70% of students polled felt that having appropriate health insurance was an affordability issue. Senate Bill 38 could have an adverse impact on postsecondary institution enrollment numbers, consequently impacting institution funding as the NMHED funding formula is based on enrollment.

#### **ADMINISTRATIVE IMPLICATIONS**

The HED states that since Senate Bill 38 requires the NMHED to establish appropriate criteria and guidelines for a nonresident student to provide proof of health insurance, designated staff would need to be well versed in institution student admission policies and have substantial knowledge of the health care system and best practices. If SB3 (Health Security Act) or a similar bill is enacted, coordination would be necessary with the new Health Security Commission or other group formed to support implementation.

#### **CONFLICT, RELATIONSHIP**

The HED points out that SB38 conflicts somewhat with SB3, the Health Security Act, specifically to Section 22 which requires educational institutions to purchase health insurance coverage under the health security plan for its nonresident students, through fees assessed to those students. SB3 further states that the governing body of the educational institution shall set the fees at the amount determined by the Health Security Act Commission. SB3 also describes how a nonresident student may satisfy the requirement for health care coverage: by proof of coverage under a policy or plan in another state that is acceptable to the commission. In this case, the student would not be assessed a fee.

Additionally, SB38 requires NMHED to establish criteria and guidelines for a nonresident student to provide proof of appropriate health insurance. This conflicts with SB3 which states that the Health Security Act Commission shall adopt rules to determine proof of an individual's eligibility for the health security plan or a student's proof of nonresident health care coverage.

Senate Bill 38 is related to Senate Bill 37 which requires resident students to provide proof of health insurance prior to postsecondary institution admission.

## OTHER SUBSTANTIVE ISSUES

The HPC states:

Currently three states - Massachusetts, New Jersey, and Idaho - require college students to have insurance coverage. (Source: Insurance Options for College Students in Texas: A study of Student Health Insurance Plans, Texas Department of Insurance November 2005.)

### *Massachusetts*

The statute requiring college students to carry health insurance in Massachusetts has been in place since 1989. It requires all students attending college three-fourths of full-time or more to have coverage in a qualifying student health insurance program offered through their college or an alternate plan with comparable coverage.

### *New Jersey*

In 1991, the New Jersey Legislature passed legislation requiring all full-time students in public and private institutions of higher education to have health insurance coverage. In addition, it required all institutions of higher education to make student health insurance plans available to their students.

### *Idaho*

In 2002, the Idaho Board of Education implemented regulations requiring public, four-year universities to offer student health insurance and all full-time students at such institutions to maintain health insurance coverage.

In addition, the governing boards of large university systems have instituted coverage requirements in Montana, California, Illinois, and Minnesota. Finally, many individual schools have chosen to require insurance for students. (Source: Insurance Options for College Students in Texas: A study of Student Health Insurance Plans, Texas Department of Insurance November 2005, page 15.) Nationally, about 90 percent of private colleges and 25 percent of public universities mandate health insurance coverage for students.

GH/nt