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FISCAL IMPACT REPORT

ORIGINAL DATE 03/16/09

SPONSOR Ryan LAST UPDATED HB

SHORT TITLE Health Insurer Code of Conduct SM 90

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$0.1 unknown	\$0.1 unknown		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)
 Health Policy Commission (HPC)
 Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Memorial 90 asks DOH to monitor the American Medical Association's (AMA) development of a health insurer code of conduct and to promote compliance by insurers with the code when it is completed.

SM90 recognizes that:

- New Mexico faces numerous challenges pertaining to health insurance coverage;
- Difficult economic times are making health insurance affordability difficult for businesses and citizens;
- Health plans can intrude on physicians and hospitals concerning clinical decision-making which might not be in the best interest of the patient and increase cost of care;
- Health plans intrusions might include limitations on diagnostic studies, therapeutic requirements, questionable payments to healthcare providers, and restrictions of proper care; and
- To help slow down the high cost of healthcare, healthcare providers must be allowed to make decisions based on patient needs and offer appropriate treatment without health plan roadblocks.

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SM90 also recognizes that to repair this problem the AMA will adopt a Health Insurer Code of Conduct to address medical care policies and payment issues. The code of conduct will:

- Be a valuable tool for consumers in providing decision-making information concerning insurers;
- Benefit patients and healthcare providers by challenging health plans to modify their restrictive practices;
- Monitor compliance; and
- Provide data which then could aid in consumer choice.

FISCAL IMPLICATIONS

The Memorial provides that to help curtail skyrocketing health care costs, the health care industry must establish policies and practices to allow physicians and others to make decisions based on patient needs without creating roadblocks to appropriate treatment, to ease the denial and pre authorization process, and to become more transparent.

Proponents of health care reform believe patients need to know that extra procedures and expensive diagnostics do not necessarily make them healthier.

DOH reports that it does not monitor health insurer practices and does not currently have either the staff expertise or the contract resources necessary to carry out the intent of SM90. To conduct such monitoring, DOH would need to contract with an outside entity.

SIGNIFICANT ISSUES

In November 2008, the AMA voted to develop a health insurer code of conduct to “set forth clear and concise principles addressing both medical care policies and payment issues to benefit patients, physicians, hospitals and other health care providers”.

ADMINISTRATIVE IMPLICATIONS

SM 90 would have an administrative impact on DOH staff and resources to complete the tasks required.

TECHNICAL ISSUES

PRC notes that is not clear what issues may arise, since the AMA’s health insurer code of conduct is not complete.

ALTERNATIVES

DOH reports that the New Mexico Insurance Superintendent administers the New Mexico Insurance Code. In addition, the HPC studies practices and trends in health and health care as they affect New Mexico. DOH suggests directing the tasks in the memorial toward these entities.

OTHER SUBSTANTIVE ISSUES

HPC reports that the 2008 New Mexico Consumer Guide to Managed Care, published by the

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Health Policy Commission (HPC), reported that New Mexicans rated their health plans lower in all five categories compared to the national average. New Mexico health plans overall, also rated lower in: cancer screenings, controlling high blood pressure, and Diabetes care.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Insurers will continue to be governed by current state and federal laws and rules, published surveys of consumer satisfaction, and accreditation and standings based on national standards through accreditation groups such as the NCQA and URAC for monitoring best practices.

AHO/mc

