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FISCAL IMPACT REPORT

		ORIGINAL DATE	02/14/15		HB17/HWMCS/aHW
SPONSOR	HWMC	LAST UPDATED	02/19/15	HB	MC
SHORT TITI	LE Health Care Cover	rage ID Card Requireme	SB		
			ANAI	YST	Hanika Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
State Personnel Office (SPO)
General Services Department (GSD)
Office of the Attorney General

SUMMARY

Synopsis of HWMCS amendment to HWMCS/HB17

The amendment to the substitute changes the effective date one year to January 1, 2017.

Synopsis of Bill

The House Ways and Means Committee Substitute for House Bill 17 (HB17/HWMCS) adds new sections to the Health Care Purchasing Act, the New Mexico Insurance Code, the Health Maintenance Organization Law, and the Non-Profit Health Care Plan Law to provide for health insurance coverage identification (ID) card requirements for health plan members.

The substitute bill defines an ID card as a card or other machine-readable format or medium, including bar codes or other electronic coding, that contains certain required information.

The ID cards will be required to display the card issuer identifier, the name of the cardholder, the cardholder's identification number, and the group health plan number.

The substitute bill requires ID cards to be issued within 30 days of a plan's effective date.

The substitute bill requires GSD consult with the superintendent of insurance and promulgate

House Ways and Means Committee Substitute for HB17/aHWMC – Page 2

rules to establish standards for ID cards and consider industry standards, costs, feasibility of issuing machine-readable ID cards, and projected utilization of machine-readable ID cards.

The substitute bill does not apply to group insurance intended to supplement major medical group-type coverage such as Medicare supplement, long-term care, disability income, specified disease, accident-only, hospital indemnity or any other limited-benefit health insurance policy.

FISCAL IMPLICATIONS

These types of overhead expenses are usually part of the costs of running a health plan.

The substitute bill supports transition to electronic medical records which increases efficiencies, lowers costs, and improves quality of care from fewer errors and service duplication.

Machine-readable ID cards should also be "human-readable" to accommodate providers, particularly in small practices, who have not yet installed or cannot afford to install card readers.

SIGNIFICANT ISSUES

The substitute bill only affects the commercial side of Medicaid managed care organizations (MCOs) and does not extend to the MCOs' role as Medicaid managed care organizations.

The substitute bill enables health plans to obtain real time insurance eligibility information.

ADMINISTRATIVE IMPLICATIONS

The substitute bill impacts all fully insured and self-insured group plans in New Mexico such as the New Mexico Public School Insurance Authority, General Services Department, Albuquerque Public Schools and New Mexico Retiree Health Care Authority.

TECHNICAL ISSUES

The ID requirements do not include a telephone number or address to request prior authorization.

OTHER SUBSTANTIVE ISSUES

While the machine-readable cards are intended to increase the efficiency with which health information is exchanged, it can lead to privacy concerns in the absence of security measures.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Health plans may be slower to adopt machine-readable health insurance ID card formats.

AHO/bb/aml/je