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FISCAL IMPACT REPORT

SPONSOR Gonzales ORIGINAL DATE 3/07/17 575/HAFCS/
LAST UPDATED 3/15/17 HB aHF1#1
SHORT TITLE Health Security Plan Analysis Act SB _____
ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$150.0- \$300.0		\$150.0- \$300.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 101 and Senate Bill 172, which duplicate one another.

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Amendment

The House Appropriations and Finance Committee amendment would specify that the analysis requested of the Legislative Finance Committee be based upon the provisions of House Bill 101/Senate Bill 172. It would also request a comparison of those provisions with other statewide models of comprehensive state health plans designed to control costs while improving covered persons' health care.

Synopsis of Bill

The House Appropriations and Finance Committee Substitute for House Bill 575 would enact the Health Security Plan Analysis Act, providing for the creation of a fund and a mandate to study a single-payer health care system for New Mexico. The plan itself would endeavor to provide health care coverage for all New Mexicans, control escalating health care costs, and improve the health of New Mexicans. The analysis would be done by the Legislative Finance Committee (LFC).

The analysis would look at this year's House Bill 101 and its committee substitute and whatever other models were available for a state-wide plan. It would include a fiscal analysis of the first five years after enactment of a statewide plan. It would require that LFC estimate the costs for a Health Security Act that would be allotted to the state budget, employers, and to individuals. It would mandate that the health services to be included would be determined in the analysis, but

would be no less in coverage than those provided for state employees under the Health Care Purchasing Act. Cost-sharing based on income would be assessed. A recommendation as to governance of the statewide plan would be part of LFC's report. The analysis would make a recommendation as to possible inclusion of Medicare supplementation, long-term care, automobile medical liability, and worker's compensation insurance, among others. LFC would make a report on its findings to interim committees by October 1, 2018.

FISCAL IMPLICATIONS

A "health security plan analysis fund" is created in the state treasury which would receive appropriations (though none are included in this bill), donations, grants, and other sources of funding. Money in the fund is subject to appropriation by the legislature and may be expended by the legislative finance committee for the purposes of conducting its health security plan analysis pursuant to this act.

This bill creates a new fund and provides for continuing appropriations "as state revenues permit." The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

LFC staff estimates that three performance evaluators would need to do the fiscal analysis required by this bill. The staff probably would devote all of their time to this effort. This is estimated at \$150 thousand. However, if it were determined that the analysis were to be contracted, estimated costs would at least double. In addition, other planned evaluations may have to be deferred because of the equivalent of a full-time position would not be available. The LFC currently has 5 vacancies that will continue to be unfilled because of the current fiscal situation. The bill requires a report to the interim committees within 18 months; performance of the extensive task in that period of time will probably increase the cost, requiring outside help.

SIGNIFICANT ISSUES

LFC lacks the expertise at present to complete an analysis of this nature, and would probably require consultation from experts, which would come at additional cost.

RELATIONSHIP AND CONFLICT with House Bill 101 and Senate Bill 172, duplicate bills which would not only set up a study as in House Bill 575, but would also mandate a structure to be used for a health care commission that would carry out the management of the Health Security Act, and providing for delayed repeal of the Health Security Act if it were not funded and re-authorized by the legislature.

ALTERNATIVES

Passage of the Health Security Act, (SB 172 or HB 101), which would obviate the need for this bill.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If neither this bill nor the Health Security Act pass, New Mexicans would continue to obtain health care coverage through the multitude of employer-based, individual, and government-funded insurance plans as at present, with some proportion of the population remaining uninsured. Especially if the Affordable Care Act and/or the Medicaid expansion are reversed, the number of uninsured would grow considerably, and health care providers and institutions would confront the need to provide much uncompensated care.

LAC/jle