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FISCAL IMPACT REPORT

ORIGINAL DATE 2/19/19
 SPONSOR Papen LAST UPDATED 3/14/19 HB _____
 SHORT TITLE Health Insurance Exchange Board Reporting SB 294/aHHHC
 ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications	See Fiscal Implications	See Fiscal Implications	Recurring	NMHIX assessments

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act for the Medicaid program.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Office of the State Auditor (OSA)

Office of the Superintendent of Insurance (OSI)

SUMMARY

Synopsis of HHHC Amendments

The House Health and Human Services Committee Amendments to Senate Bill 294 remove the requirement that the Health Insurance Exchange would comply with the Audit Act.

The amendments clarify the members of the Health Insurance Exchange board as well as employees of the Health Insurance Exchange shall operate consistently with provisions of the Governmental Conduct Act, the Inspection of Public Records Act, the Financial Disclosure Act, the Gift Act, the Whistleblower Protection Act, the Open Meetings Act, and the Procurement Code, but are not subject to the Personnel Act.

Synopsis of Original Bill

Senate Bill 294 proposes adding reporting and accountability requirements to the New Mexico Health Insurance Exchange. Under the provisions of the bill, the Exchange would be subject to the Audit Act, the Governmental Conduct Act, the Gift Act, the Sunshine Portal Transparency

Act, the Whistleblower Protection Act, and the Procurement Code. The bill would require the Exchange to purchase a surety bond to cover its directors and employees. The bill would also require the Exchange to implement performance-based budgeting and share annual budgets with the Department of Finance and Administration (DFA) and the Legislative Finance Committee (LFC).

FISCAL IMPLICATIONS

HSD reports 77.3 percent of the costs of the New Mexico Health Insurance Exchange are borne by the Medicaid program which is funded with both state general fund and federal dollars. In 2017, the Exchange increased its budget multiple times and passed on those costs via assessments to the Medicaid program and other insurance carriers offering insurance products on the Exchange. The current Exchange assessment is \$40.3 million with \$31.1 million paid by the Medicaid program.

HSD reports the addition of the surety bond provided for in the bill will have a fiscal impact on the Medicaid program, but without clarity on the required surety bond amount and fee, it is difficult to quantify the fiscal impact.

SIGNIFICANT ISSUES

HSD notes increased transparency in the reporting and accountability of the Exchange would provide better information to clients, health plans, Medicaid, LFC, and DFA.

RAE/sb