

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

ORIGINAL DATE 1/22/21
 SPONSOR Matthews LAST UPDATED 2/13/21 HB 34/aHF1

SHORT TITLE Podiatric Svc. Cost Sharing Limits SB _____

ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Costs to state health insurance programs		Uncertain, probably substantial	Uncertain, probably substantial	Uncertain, probably substantial	Recurring	General fund
Costs to OSI		Uncertain, probably small	Uncertain, probably small	Uncertain, probably small	Recurring	General fund
Total		Uncertain, probably substantial	Uncertain, probably substantial	Uncertain, probably substantial	Recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

- Office of the Superintendent of Insurance (OSI)
- Regulation and Licensing Department (RLD)
- University of New Mexico Health Sciences Center (UNM-HSC)
- General Service Department (GSD)
- Human Services Department (HSD)
- Retiree Health Care Authority (RHCA)

No Response Received

Medical Board (MB)

SUMMARY

Synopsis of HF1 Amendment

The House floor amendment to House Bill 34 effectively limits the application of the bill to non-surgical services provided by podiatrists (and not other types of medical providers). As the revised title indicates, it is “establishing limits on cost sharing for certain podiatric services.” The change is repeated in each of the sections of the bill, as indicated in the chart below.

It is likely the cost of enacting the provisions of the bill would be reduced by excluding surgery and other types of providers from the bill’s provisions.

Synopsis of Original Bill

House Bill 34 would dictate that insurance products for sale in New Mexico could not impose a higher coinsurance percentage or copay amount on a consumer for services provided by a podiatrist than for primary care services, defined in each of the bill’s sections as “the first level of basic or general health care for a person’s health needs.” The definition of podiatry services in the bill includes “examination, diagnosis, treatment, and prevention, by medical, surgical and biomechanical means, of ailments affecting the human foot and ankle...”

Section	Applies to	Section of NMSA 1978 modified
1	Group health coverage and self-insurance	Health Care Purchasing Act
2	Individual or group health policy, health care plan, certificate of health insurance	Chapter 59A, Article 22
3	Group or blanket health insurance policy, health care plan, certificate of health insurance	Chapter 59A, Article 23
4	Individual or group health maintenance organization contract	Health Maintenance Organization Law
5	Non-profit health care plans	Non-Profit Health Care Plan Law

Section 6 establishes the effective date of this bill as January 1, 2022.

FISCAL IMPLICATIONS

There is no appropriation in House Bill 34.

Costs to the state would be incurred if insurers felt the need to increase premiums to cover lowered copayments or copays, especially in the case of surgery. Such pass-through of increased insurer cost would be felt by insured persons, but also the state health insurance programs under the Health Care Purchasing Act. OSI states that it is unable to provide an estimate of this increased cost, but believes it might be substantial: “A plan design that prohibited cost sharing for these services at anything above what is required for a primary care visit would increase insurance premiums in a significant manner. An analysis of this increase would entail an evaluation of the frequency of these services among the exchange population and the average expense. This amount would be prorated across all insureds in a risk pool. It is difficult to project the impact of the proposal on premium rates. Also, as noted above, any premium increase related to this proposed legislation would impact tax payers as HB34 applies to public employees via the Health Care Purchasing Act.” It further goes on to indicate that increased costs would also follow if services such as nail-clipping, not covered through the ACA, were to be provided as a result of this bill.

In addition, RHCA indicates a direct cost to that agency of \$16 thousand per year for picking up coinsurance and copay amounts for its members: “The New Mexico Retiree Health Care Authority Program would be financially responsible for the difference between the current specialist copay and the copay of a PCP’s visit; \$15 to \$20 more per episode of care.”

GSD states that “The proposed legislation would require that the State of New Mexico Group Benefit Program would be financially responsible for the difference in cost between the current specialist copay and the copay of a PCP’s visit; \$45 vs. \$25. That is, an additional charge to the Group Benefit Program of \$20 per visit for approximately 900 visits impacted in FY22 (\$18k total).

Both GSD and RHCA make the point that if more specialist services were to be authorized at the primary care rate or coinsurance or copayment, consideration would have to be given to increasing copays and coinsurance for primary care visits.

HSD notes that “The Medicaid program does not charge co-pays or coinsurance to enrolled beneficiaries.”

SIGNIFICANT ISSUES

UNM HSC pointed out, prior to the amendment, that “This legislation applies to both podiatrists and orthopedic surgeons [and presumably others, including primary care doctors] who care for patients with foot ailments.”

There is little question that care of disorders of the foot and ankle is highly important to the well-being of New Mexicans, especially older New Mexicans and those with diabetes. In what may be the most salient example, According to CDC data, as much as 89 percent of diabetes-related amputation could be prevented both through screening of diabetics for peripheral nerve damage and through treatment alternatives to amputation. Amputation results in a considerably decreased quality of life for those for whom it is necessary. Probably due to greater awareness on the part of both the public and of medical care providers and better care, the national rate of lower extremity amputations decreased from 11.2 per 1,000 persons with diagnosed diabetes in 1996 to 3.9 (a decrease of 65 percent) in 2008.

https://www.cdc.gov/media/releases/2012/p0124_lower_limb.html).

On the other hand, as pointed out by OSI, the bill’s cost is difficult to assess, particularly as surgical and other non-office based foot and ankle procedures are included in the definition of podiatric service in HB34. OSI continues, “This legislation broadly requires that all podiatric services be covered via a primary care copayment, including surgical services. In New Mexico, the scope of practice of podiatrists includes complex foot and ankle surgery. Per Fair Health, a health care benchmarking nonprofit, the average charge for a common surgical procedure in Albuquerque, plantar fasciitis release, is \$1,283. This does not include anesthesia or facilities fees. It is unclear whether these charges would be considered a podiatric service pursuant to the language of the legislation. If so, the total cost of the procedure may be as high as \$7,545. A plan design that prohibited cost sharing for these services at anything above what is required for a primary care visit would increase insurance premiums in a significant manner.”

ADMINISTRATIVE IMPLICATIONS

OSI indicates that “OSI staff would be required to evaluate the forms and reporting for nine major medical health insurance carriers to ensure compliance. Rate review conducted by an actuary would have to ensure that any potential increases in premiums due to this new statute were fair and reasonable.”

ALTERNATIVES

The bill might limit the types of foot and ankle procedures that would be subject to the limitations of copays and coinsurance, and might wish to limit the types of practitioners to whose charges these limitations might apply. Both of these alternatives were adopted through the amendment.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Preventive and treatment services regarding the feet and ankles might continue to be provided with higher copayments or coinsurance than primary care services, decreasing the access of New Mexico patients to these services.

LAC/al/rl/al