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FISCAL IMPACT REPORT

SPONSOR Thomson/Barreras/ ORIGINAL DATE 1/31/22
Stefanics/McKenna LAST UPDATED 2/2/2022 HB 95/aHHHC

SHORT TITLE Health - Easy Enrollment Act SB _____

ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	State Fund Affected
Increased NMHIX Enrollment	\$0.0	\$19.2- \$55.4	\$76.8- 221.6	\$96.0- \$277.0	Recurring	General Fund
IT Costs (State Share)	\$0.0	\$395.75	\$0.0	\$395.75	Nonrecurring	General Fund
IT Costs (Federal Share)	\$0.0	\$1,187.25	\$0.0	\$1,187.25	Nonrecurring	Federal Funds
UAT Contract (State Share)	\$0.0	\$21.75	\$0.0	\$21.75	Nonrecurring	General Fund
UAT Contract (Federal Share)	\$0.0	\$65.25	\$0.0	\$65.25	Nonrecurring	Federal Funds
ISD FTE (State Share)	\$0.0	\$420.54	\$0.0	\$420.54	Recurring	General Fund
ISD FTE (Federal Share)	\$0.0	\$207.14	\$0.0	\$207.14	Recurring	Federal Funds
TRD Personnel Cost	\$0.0	\$15.5	\$0.0	\$15.5	Nonrecurring	General Fund
Total Federal Funds	\$0.0	\$1,459.64	\$0.0	\$1,459.64	Recurring	Federal Funds
Total State Funds	\$0.0	\$872.74- \$908.94	\$76.8- \$221.6	\$949.94- \$1,1020.94	Mixed	General Fund
Overall Total	\$0.0	\$2,347.88- \$2,384.08	\$76.8- \$221.6	\$2,409.18- \$2,553.98	Mixed	

(Parenthesis () Indicate Expenditure Decreases)

IT = Information Technology; UAT = User Acceptance Testing; ISD = Income Support Division of HSD.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the Superintendent of Insurance (OSI)
 Human Services Department (HSD)
 New Mexico Health Insurance Exchange (NMHIX)
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HHHC Amendment

The House Health and Human Services Committee amendment adds three words to the bill to make it clear that TRD may share insurance-relevant taxpayer information “with the exchange” for the purpose of helping the taxpayer find insurance coverage.

Synopsis of Original Bill

House Bill 95 proposes to make an option available to New Mexico taxpayers to allow transfer of their information to the Human Services Department and/or to the New Mexico Health Insurance Exchange if the taxpayer consents and the taxpayer states that he/she/they do not have health insurance. The information transferred in this way would include information relevant to the issuance of health insurance either through Medicaid or the state health insurance exchange and would not be used in other ways. This would then be used to enroll taxpayers and/or their family members into programs that they would qualify for, or to suggest health insurance programs that might be available through the New Mexico Health Insurance Exchange or the Medical Insurance Pool.

Section of HB95	New Material or Revision of Section Number	Provisions
1	New	Names short title of bill
2	New	Definitions, which include: <ul style="list-style-type: none"> “insurance-relevant information” means information relevant to assessing insurance eligibility from a taxpayer’s state income tax form, to include adjusted gross income, household size, claimed dependents, contact information “health coverage program” means Medicaid, the children’s health insurance program (CHIP), qualified plans available through the New Mexico Insurance Exchange Act or the Medical Insurance Pool Act
3	New	Purpose of the Acct: to identify members of taxpayers’ families that do not have health insurance, to allow taxpayers to allow TRD to release needed information to HSD, to notify taxpayers choosing this option to be notified about their eligibility for health coverage programs and to facilitate their enrollment in programs for which they are eligible.
4	New	Enumerates TRD duties: <ul style="list-style-type: none"> To make it possible on the state tax form for a taxpayer to give informed consent to the release of needed information to HSD To release that needed information to HSD when the taxpayer gives consent
5	New	Enumerates HSD duties: <ul style="list-style-type: none"> Having received taxpayers’ data, to determine eligibility for available health insurance programs To contact the taxpayer for more information if needed To enroll the taxpayer and/or members of the taxpayer’s family in Medicaid, if eligible To refer taxpayers to the health insurance exchange if deemed eligible for coverage through the NMHIX
6	New	Enumerates NMHIX duties: <ul style="list-style-type: none"> Having received a taxpayer’s information, to inform the taxpayer of coverage options, including federal premium credit

		<ul style="list-style-type: none"> To provide a special enrollment period for qualifying taxpayers To enroll taxpayers qualifying for free coverage in available plans To inform the taxpayer when s/he must re-enroll in the chosen plan To inform eligible taxpayers of their eligibility for medical insurance pool coverage when it is available.
7	Sect. 7-1-8.8	Amends this section to allow release of necessary information for implementing this act, providing appropriate security for the data. As well as data to allow HSD to contact the taxpayer for this and also for purposes of the Health Care Quality Surcharge Act. Removes subsection N of this section regarding release of information to the federal government and redundant subsections regarding health insurance.
8	Sect. 7-1-8.10	Adds the ability to transfer otherwise protected information to NMHIX.
9	Applicability	Becomes applicable to tax years beginning January 1, 2022.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature, and, if passed, taxpayers will be given the option to have tax information disclosed for the purposes described beginning with the January 1, 2022 tax year.

FISCAL IMPLICATIONS

There is no appropriation in House Bill 95.

The Human Services Department, stating that it supports the aims of HB 95, makes the following assessment of its costs to implement the provisions of the bill, which are also displayed in the table above:

Implementation of HB95 requires modifications to the ASPEN integrated eligibility system, the exchange of relevant data with TRD, changes to real time eligibility (RTE) processes, the Yes New Mexico web portal (YESNM), and the exchange of information with the NMHIX. The total cost for the system changes is estimated to be \$1,583,000. The federal match rate for the vendor to make the required system changes is 75%. This equates to \$1,187,250 in federal funds and \$395,750 in state general funds.

HSD estimates it would take two full-time employees to test the required system changes for the duration of a 29-week period. With limited staffing resources, HSD would need to outsource testing services with an anticipated total cost of \$87,000. The federal match rate for two contractor positions would be 75%. This equates to \$65,250 in federal funds and \$21,750 in state general funds.

Combining the system and testing resource costs the total is \$1,670,000.00 with \$1,252,500.00 in FFP and \$417,500.00 in SGF.

ISD estimates it would take employees overtime to process the influx of applications received. The initial year overtime costs will be \$672,693.91. The federal match rate is 67% for FAAs. This equates to \$420,544.92 in federal financial participation (FFP) and \$207,138.99 in state general funds (SGF).

Implementation of HB95 will increase the clients enrolled on Medicaid and the Exchange. The financial impact is difficult to estimate at this time. For every 1,000 clients that are added onto Medicaid the cost is about \$7.8 million or \$1.6 million general fund.

Additional expenses may be incurred by the HSD for information requested from TRD

that is not readily available in reports for which TRD’s information systems are programmed, however it is unknown by HSD what these system limitations are so estimated future costs remain unspecified.

TRD has not submitted an estimate of its additional costs, if any, in implementing such a program.

OSI foresees a relatively small additional cost to the New Mexico Health Insurance Exchange if the bill is passed; its analysis follows:

HB 95 would not impact OSI’s operating budget. Additional enrollment in NMHIX may result in modest increased spending from the Health Care Affordability Fund. In Maryland, 0.5% of Exchange enrollees who qualify for financial assistance enrolled through the Easy Enrollment Program. If NMHIX saw similar growth as a result of the program, about 228 additional enrollees would sign up in New Mexico. Based on recent actuarial projections, OSI estimates that each additional enrollee will cost between \$28 - \$81 PMPM, depending on the continuation of federal ARPA premium subsidies. Assuming that individuals enroll through the program in by the end of April 2023, enrollment generated by the Easy Enrollment program would result in an additional \$38,304 to \$55,404 in spending from the Fund during the final quarter of FY 23.

However, NMHIX does not foresee additional expenses in working with information provided through TRD to provide health insurance through its programs:

The Exchange has the necessary resources available to implement this bill. In transitioning off of Healthcare.gov, the Exchange has been able to better control its long-term operating costs and negotiate additional enhancements for the New Mexico-based technology solution. Improvements based on our experiences through the first Open Enrollment are necessary and would also support implementation of this bill. NMHIX resources, such as staff, will be available given the timing of the majority of work, as it does not align with other resource-intensive periods such as Open Enrollment. Existing resources will be redeployed to support this effort. The connection to the Human Services Department system is in place as part of our technology implementation and would not require further development.

TRD, for its part, estimates its expenses as follows: “For TRD’s Information Technology Division (ITD) this will require approximately 300 hours of effort or approximately 2 months for an estimated \$15,492 of staff workload costs. In addition, ITD will oversee any data file transfer exchanges with HSD and NMHIE.”

SIGNIFICANT ISSUES

According to a 2019 Urban Institute study (www.urban.org), approximately 10.5 percent of New Mexicans lack health insurance, with Hispanic and Native American populations being uninsured at higher rates. According to the same study, thirty percent of the uninsured (56 thousand people) are eligible for either Medicaid or the Children’s Health Insurance Program (CHIP), and 23 percent (43 thousand people) would be eligible for marketplace premium tax credits. The remaining 47 percent fall into one of three ineligible categories due to immigration status, affordable coverage offers, or income too high to qualify. In other words, almost 100 thousand uninsured people could benefit from the provisions of HB95.

In 2020, the state of Maryland was the first to have instituted a program similar to the proposed New Mexico Easy Enrollment System. In its first year of operation, 60,645 Maryland residents signed up for Medicaid or CHIP insurance through their state income tax forms. These new insurance recipients made up four percent of the total Medicaid and CHIP recipients in the state. Applying this percentage to the New Mexico population, one could anticipate more than 33,500 New Mexicans signing up in the first year here, as indicated in the table below. As in Maryland, it is unknown how many of those new signups would have occurred without the existence of the system in Maryland, or how many of the currently uninsured New Mexicans would opt in to one of the forms of health insurance without passage of this bill. See the attachment for a consumer’s description and depiction of the Maryland method of signing up for health care coverage.

Colorado and Virginia have also enacted legislation to facilitate enrollment in health insurance enrollment through the tax-filing process, and Pennsylvania may do so as well through administrative procedures.

State	State population	No. on Medicaid or CHIP	% on Medicaid or CHIP	Number signed up using Easy Enrollment first year	% of those on Medicaid or CHIP signing up using Easy Enrollment, 1 st year
Maryland	6.07 million	1,530,305	25.2%	60,645	4.0%
New Mexico	2.1 million	847,066	40.3%	Est. 33,569	Est. 4%

<https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>

www.marylandhbe.com/content/uploads/2021/09/2FMEEHP-Work-Group-Presentation-9.23.21.pdf?clen=898674&chunk=true

NMHIX notes its own efforts to reduce the number of uninsured New Mexicans and the benefits of adopting this easy enrollment procedure:

The New Mexico Health Insurance Exchange continues its work to educate and enroll New Mexicans in affordable health insurance coverage that promotes better access to timely, high quality healthcare. House Bill 95 will support greater ability to connect directly to New Mexicans, particularly the uninsured.

House Bill 95 offers an innovative program to continue reducing the uninsured rate in New Mexico. The reduction of the uninsured rate should provide more certainty and a healthier risk mix to the overall Exchange population, promoting premium stability. The down-stream reduction to uncompensated care should support the health system at-large.

OTHER SIGNIFICANT ISSUES

As noted by TRD, “The confidential information being shared per this bill would be shared only at the express request and consent of the taxpayer. Adding a voluntary designation on the income tax form will make it easier for uninsured taxpayers to initiate the process to learn about and enroll in health insurance. Making the sharing of information dependent on the request and consent of the taxpayer alleviates confidentiality concerns.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

As noted by NMHIX, “The awareness barrier will remain for tens of thousands of uninsured and

underinsured New Mexicans. Thousands of New Mexicans will remain without health insurance, with corresponding implications for the health system.”

LC/acv