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SENATE BILL 431

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Manny M Aragon

AN ACT

RELATING TO HEALTH CARE; ENACTING THE HEALTH CARE ACT TO
PROVIDE FOR COMPREHENSIVE STATEWIDE HEALTH CARE; PROVIDING FOR
HEALTH CARE PLANNING; ESTABLISHING PROCEDURES TO CONTAIN
HEALTH CARE COSTS; CREATING A COMMISSION; PROVIDING FOR ITS
POWERS AND DUTIES; PROVIDING FOR HEALTH CARE DELIVERY REGIONS
AND REGIONAL COUNCILS; DIRECTING AND AUTHORIZING THE
DEVELOPMENT OF A STATE HEALTH CARE PLAN; PROVIDING FOR FUNDING
OF THE COSTS OF IMPLEMENTING THE HEALTH CARE PLAN.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE. -- This act may be cited as the
"Health Care Act".

Section 2. PURPOSES OF ACT. -- The purposes of the Health
Care Act are to:

- A. create a program that ensures health care

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1 coverage to all New Mexicans through a combination of public
2 and private financing; and

3 B. control escalating health care costs.

4 Section 3. DEFINITIONS. -- As used in the Health Care Act:

5 A. "beneficiary" means a person eligible for
6 coverage and benefits pursuant to the health plan;

7 B. "budget" means the total of all categories of
8 dollar amounts of expenditures for a stated period authorized
9 for an entity or a program;

10 C. "capital budget" means that portion of a budget
11 that establishes expenditures for:

12 (1) acquisition or addition of substantial
13 improvements to real property; or

14 (2) acquisition of tangible personal
15 property;

16 D. "commission" means the health care commission
17 created pursuant to the Health Care Act;

18 E. "consumer price index for medical care prices"
19 means that index as published by the bureau of labor
20 statistics of the federal department of labor;

21 F. "controlling interest" means a five percent or
22 greater ownership interest, direct or indirect, in the person
23 controlled or, because of business or personal relationships,
24 having the power to direct important decisions of the person
25 controlled;

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1 G. "financial interest" means an ownership
2 interest of any amount, direct or indirect;

3 H. "group practice" means an association of health
4 care providers that provides one or more specialized health
5 care services or a tribal coalition in partnership or under
6 contract with the Indian health service that is authorized
7 under federal law to provide health care to Native American
8 populations in the state;

9 I. "health care" means health care provider
10 services and health facility services;

11 J. "health care provider" means:

12 (1) a person licensed or certified and
13 authorized to provide health care in New Mexico;

14 (2) an individual licensed or certified by a
15 nationally recognized professional organization and designated
16 as a health care provider by the commission as a:

17 (a) prosthetist;

18 (b) orthotist; or

19 (c) oculist; or

20 (3) a person that is a group practice or a
21 transportation service;

22 K. "health facility" means a health maintenance
23 organization, a school-based clinic, an Indian health facility
24 or a licensed general or special hospital, outpatient
25 facility, psychiatric hospital, laboratory, skilled nursing

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1 facility or nursing facility;

2 L. "health plan" means the program that is created
3 and administered by the commission for provision of health
4 care pursuant to the Health Care Act;

5 M. "major capital expenditure" means construction
6 or renovation of facilities or the acquisition of diagnostic,
7 treatment or transportation equipment by a health care
8 provider or health facility that costs more than an amount
9 recommended by the commission and established by future
10 legislative enactment as a provision of the Health Care Act;

11 N. "operating budget" means the budget of a health
12 care facility exclusive of the facility's capital budget;

13 O. "primary care provider" means a health care
14 provider who is a physician, osteopathic physician, nurse
15 practitioner, physician assistant, osteopathic physician's
16 assistant, pharmacist clinician or other health care provider
17 certified by the commission as a primary care provider after
18 the commission's determination that the provider provides the
19 first level of health care for a beneficiary's health needs;

20 P. "provider budget" means the authorized
21 expenditures pursuant to payment mechanisms established by the
22 commission to pay for health care furnished by health care
23 providers participating in the health plan; and

24 Q. "transportation service" means a person
25 providing the services of an ambulance, helicopter or other

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1 conveyance that is equipped with health care supplies and
2 equipment and is used to transport patients to other health
3 care providers or health facilities.

4 Section 4. HEALTH CARE COMMISSION CREATED-- GOVERNMENTAL
5 INSTRUMENTALITY-- VOTING AND NONVOTING MEMBERS. --The "health
6 care commission" is created as a public body, politic and
7 corporate, separate and apart from the state, constituting a
8 governmental instrumentality. The commission is created and
9 organized for the purposes of creating a health care program
10 that ensures coverage to all New Mexicans through a
11 combination of public and private financing of the statewide
12 health program and controlling escalating health care costs.
13 The commission consists of fifteen voting members and nine
14 nonvoting members.

15 Section 5. COMMISSION-- APPOINTING AUTHORITY FOR VOTING
16 MEMBERS-- SELECTION OF VOTING MEMBERS-- CREATION OF HEALTH CARE
17 COMMISSION MEMBERSHIP NOMINATING COMMITTEE-- MEMBERSHIP, TERMS
18 AND DUTIES OF COMMITTEE. --

19 A. The voting members of the commission shall be
20 appointed by the governor with the advice and consent of the
21 senate. The governor shall appoint those members in
22 accordance with the procedures and provisions of this section.

23 B. There is created the "health care commission
24 membership nominating committee", consisting of: the dean of
25 the university of New Mexico school of medicine, who shall be

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1 chair of the committee and shall vote only in the case of a
2 tie vote; two consumer members appointed by the speaker of the
3 house of representatives; two consumer members appointed by
4 the president pro tempore of the senate; one consumer member
5 appointed by the governor; the superintendent of insurance;
6 the secretary of health; and the chair of the group benefits
7 committee created pursuant to Section 10-7B-3 NMSA 1978. The
8 appointed members shall be appointed in a manner so that each
9 of the two largest major political parties, as defined by the
10 Election Code, are equally represented on the committee.

11 C. The first five members appointed to the
12 committee shall have terms chosen by lot: one two-year term;
13 three three-year terms; and one four-year term. Thereafter,
14 members shall serve four year terms. A member shall serve
15 until his successor is appointed and qualified. Successor
16 members shall be appointed by the appointing authority that
17 made the initial appointment to the committee.

18 D. The committee shall hold its first meeting
19 within ten days after the adjournment of the second session of
20 the forty-fourth legislature. The committee shall actively
21 solicit, accept and evaluate applications from qualified
22 persons for membership on the commission subject to the
23 requirements for commission membership qualifications set
24 forth in Section 6 of the Health Care Act.

25 E. No later than June 1, 2000, the committee shall

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1 submit to the governor the names of persons qualified for
2 appointment to and those recommended for appointment to the
3 commission by a majority of the committee. Immediately after
4 receiving committee nominations, the governor may make one
5 request of the committee for submission of additional names,
6 and the committee shall promptly submit additional names, if a
7 majority of the committee finds that additional persons would
8 be qualified, and recommend those persons for appointment to
9 the commission.

10 F. Appointed committee members shall be reimbursed
11 pursuant to the Per Diem and Mileage Act for expenses incurred
12 in fulfilling their duties.

13 Section 6. APPOINTMENT OF COMMISSION MEMBERS--
14 QUALIFICATIONS--TERMS. --

15 A. From the nominees submitted by the health care
16 commission membership nominating committee, the governor shall
17 appoint the voting members of the initial commission by July
18 1, 2000.

19 B. The terms of the initial voting members
20 appointed shall be chosen by lot: five members shall be
21 appointed for terms of four years; five members shall be
22 appointed for terms of three years; and five members shall be
23 appointed for terms of two years. Thereafter, all members
24 shall be appointed for terms of four years. After initial
25 terms are served, no member shall serve more than three

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1 consecutive four-year terms. A member shall serve until his
2 successor is appointed and qualified.

3 C. When an actual vacancy occurs in the voting
4 membership of the commission, the health care commission
5 membership nominating committee shall meet and act within
6 thirty days of the occurrence of the vacancy. From the
7 nominees submitted, the governor shall fill the vacancy within
8 thirty days after receiving final nominations.

9 D. Voting members shall include:

10 (1) at least eight members who represent
11 consumer interests, with at least one person from:

12 (a) persons who represent elderly
13 consumer interests;

14 (b) persons who represent persons with
15 physical or mental disabilities that limit one or more of
16 their major life activities; and

17 (c) persons who represent organized
18 labor;

19 (2) no more than five persons who represent
20 either health care providers or health facilities; and

21 (3) at least one person representing
22 employers of more than fifteen persons and at least one person
23 representing employers of fifteen persons or fewer.

24 E. The voting members appointed shall reflect the
25 ethnic, gender and economic diversity of the state. Persons

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1 appointed who do not represent health care providers or health
2 facilities must have a knowledge of and interest in the health
3 care system as demonstrated by experience or education. To
4 ensure fair representation of all areas of the state, members
5 shall be appointed from each of the state board of education
6 districts established by the 1991 Educational Redistricting
7 Act as follows:

- 8 (1) two from state board of education
9 district 1;
- 10 (2) one from state board of education
11 district 2;
- 12 (3) one from state board of education
13 district 3;
- 14 (4) two from state board of education
15 district 4;
- 16 (5) two from state board of education
17 district 5;
- 18 (6) one from state board of education
19 district 6;
- 20 (7) two from state board of education
21 district 7;
- 22 (8) two from state board of education
23 district 8;
- 24 (9) one from state board of education
25 district 9; and

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1 (10) one from state board of education
2 district 10.

3 F. A voting member may be removed from the
4 commission by the governor only for incompetence, neglect of
5 duty or malfeasance in office. No voting member shall be
6 removed without proceedings consisting of at least notice of
7 hearing and an opportunity to be heard. The supreme court has
8 exclusive original jurisdiction over proceedings to remove a
9 voting member.

10 G. A majority of the commission's voting members
11 constitutes a quorum for the transaction of business.
12 Annually, the commission shall elect its chairman and any
13 other officers it deems necessary.

14 H. To reimburse them for expenses incurred in
15 service on the commission, voting members shall receive per
16 diem and mileage in accordance with the provisions of the Per
17 Diem and Mileage Act. Additionally, members shall be
18 compensated at the rate of two hundred dollars (\$200) for each
19 meeting actually attended not to exceed compensation for one
20 hundred twenty meetings for a two-year period occurring in a
21 term.

22 Section 7. NONVOTING MEMBERS.--The commission is
23 composed of the following nine nonvoting members:

- 24 A. the secretary of health;
- 25 B. the secretary of human services;

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1 C. the secretary of children, youth and families;
2 D. the secretary of taxation and revenue;
3 E. a person designated by the New Mexico office of
4 Indian affairs, after consultation with the federal Indian
5 health service;

6 F. two members of the house of representatives,
7 including one member of the majority party and one member of
8 the minority party, appointed by the speaker of the house of
9 representatives; and

10 G. two members of the senate, including one member
11 of the majority party and one member of the minority party,
12 appointed by the committees' committee of the senate or, if
13 the senate appointments are made in the interim, by the
14 president pro tempore of the senate after consultation with
15 and agreement of a majority of the members of the committees'
16 committee.

17 Section 8. CONFLICT OF INTEREST--DISQUALIFICATION FOR
18 APPOINTMENT--DISCLOSURE BY MEMBERS AND DISQUALIFICATION FROM
19 VOTING ON CERTAIN MATTERS. --

20 A. Except for nonvoting members and persons
21 appointed to represent health facilities or health care
22 providers, a person shall be disqualified for appointment to
23 the commission if he or a member of his household is employed
24 by, an officer of or has a controlling interest in a person
25 providing health care or health insurance.

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1 B. The commission shall adopt a conflict of
2 interest disclosure statement for use by all members that
3 requires disclosure of a financial interest, whether or not a
4 controlling interest, of the member or a member of his
5 household in a person providing health care or health
6 insurance.

7 C. No member of the commission shall vote on any
8 matter in which he or a member of his household has a
9 financial interest, except that all members representing
10 health facilities or health care providers may vote on matters
11 that pertain generally to health facilities or health care
12 providers.

13 D. If there is a question about a conflict of
14 interest of a member, the other members of the commission
15 shall vote on whether to allow the member to vote.

16 Section 9. CODE OF CONDUCT TO BE ADOPTED BY
17 COMMISSION. --

18 A. At its first meeting the commission shall adopt
19 a general code of conduct for the members and employees
20 subject to the commission's control. The code of conduct
21 shall include at least those matters and activities proscribed
22 by the Governmental Conduct Act.

23 B. Violation of a provision of the adopted code of
24 conduct is grounds for removal of a commission member and
25 grounds for dismissal of an employee.

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1 Section 10. APPLICATION OF CERTAIN STATE LAWS TO
2 COMMISSION. -- The commission and regional councils created
3 pursuant to the Health Care Act shall be subject to and shall
4 comply with the provisions of the:

- 5 A. Open Meetings Act;
- 6 B. State Rules Act;
- 7 C. Inspection of Public Records Act; and
- 8 D. Public Records Act.

9 Section 11. CHIEF EXECUTIVE OFFICER-- STAFF-- CONTRACTS--
10 BUDGETS. --

11 A. The commission shall appoint and set the salary
12 of a "chief executive officer", subject to the provisions of
13 Section 10-9-5 NMSA 1978. The chief executive officer shall
14 serve at the pleasure of the commission and has authority to
15 carry on the day-to-day operations of the commission and the
16 health plan.

17 B. The chief executive officer shall employ those
18 persons necessary to administer and implement the provisions
19 of the Health Care Act.

20 C. The chief executive officer and his staff shall
21 implement the Health Care Act in accordance with that act and
22 the rules adopted by the commission. The chief executive
23 officer may delegate authority to employees and may organize
24 the staff into units to facilitate its work.

25 D. If the chief executive officer determines that

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1 the commission staff or a state agency does not have the
2 resources or expertise to perform a necessary task, he shall
3 recommend to the commission that it contract with a person
4 that has a demonstrated capability to perform the task. The
5 commission may contract for the performance of such a task.
6 If claims processing is provided by contract, that contract
7 shall require that all work be performed entirely in New
8 Mexico. All contracts shall be reviewed by the commission at
9 least every two years to ensure that they continue to meet the
10 criteria and performance standards of the contract and the
11 needs of the commission.

12 E. The chief executive officer shall prepare and
13 submit an annual budget request and plan of operation to the
14 commission for its approval.

15 Section 12. COMMISSION--GENERAL DUTIES.--The commission
16 shall:

17 A. adopt a five-year plan for the initial
18 implementation of the provisions of the Health Care Act,
19 update that plan and adopt other long- and short-range plans
20 to provide continuity and development of the state's health
21 care system;

22 B. design the health plan to fulfill the purposes
23 of and conform with the provisions of the Health Care Act;

24 C. provide a program to educate the public, health
25 care providers and health facilities about the health plan and

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1 the persons eligible to receive its benefits;

2 D. study and adopt as provisions of the health
3 plan cost-effective methods of providing quality health care
4 to all beneficiaries, according high priority to increased
5 reliance on:

6 (1) preventive and primary care that includes
7 immunization and screening examinations;

8 (2) providing health care in rural or
9 underserved areas of the state;

10 (3) in-home and community-based alternatives
11 to institutional health care; and

12 (4) case management services when
13 appropriate;

14 E. establish compensation methods for health care
15 providers and adopt standards and procedures for negotiating
16 and entering into contracts with participating health care
17 providers;

18 F. annually, and for those projected future
19 periods the commission believes appropriate, establish health
20 plan budgets;

21 G. establish capital budgets for health facilities
22 and include and adopt in establishing those budgets:

23 (1) standards and procedures for determining
24 the budgets; and

25 (2) a requirement for prior approval by the

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1 commission for major capital expenditures by a health
2 facility;

3 H. negotiate and enter into health care
4 reciprocity agreements with other states and foreign countries
5 and negotiate and enter into health care agreements with out-
6 of-state health care providers and health facilities;

7 I. develop claims and payment procedures for
8 health care providers and health facilities and include
9 provisions to ensure continuity of payments to enable the
10 providers and facilities to meet their financial obligations
11 as they become due;

12 J. establish a system to collect and analyze
13 health care data and other data necessary to improve the
14 quality, efficiency and effectiveness of health care and to
15 control costs of health care in New Mexico, which system shall
16 include data on:

17 (1) mortality, including accidental causes of
18 death, and natality;

19 (2) morbidity;

20 (3) health behavior;

21 (4) physical and psychological impairment and
22 disability;

23 (5) health care system costs and health care
24 availability, utilization and revenues;

25 (6) environmental factors;

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1 (7) availability, adequacy and training of
2 health care personnel;

3 (8) demographic factors;

4 (9) social and economic conditions affecting
5 health; and

6 (10) other factors determined by the
7 commission;

8 K. standardize data collection and specific
9 methods of measurement across databases and use scientific
10 sampling or complete enumeration for reporting health
11 information;

12 L. establish a health care delivery system that is
13 efficient to administer and that eliminates unnecessary
14 administrative costs;

15 M. adopt rules necessary to implement and monitor
16 a state formulary to provide prescription drugs and a pricing
17 procedure for nonprescription drugs, durable medical equipment
18 and supplies, eyeglasses, hearing aids, oxygen and related
19 services;

20 N. study and evaluate the adequacy and quality of
21 health care furnished pursuant to the Health Care Act, the
22 cost of each type of service and the effectiveness of cost-
23 containment measures in the health plan;

24 O. study and monitor the migration of persons to
25 New Mexico to determine if persons with costly health care

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1 needs are moving to New Mexico to receive health care, and if
2 migration appears to threaten the financial stability of the
3 health plan, recommend to the legislature changes in
4 eligibility requirements, premiums or other statutory changes
5 that may be necessary to maintain the financial integrity of
6 the health plan;

7 P. study and evaluate the cost of health care
8 provider professional liability and health care provider
9 professional liability insurance and recommend statutory
10 changes to the legislature as necessary;

11 Q. establish and approve changes in coverage
12 benefits and benefit standards in the health plan;

13 R. conduct necessary investigations and inquiries;

14 S. adopt rules necessary to implement, administer
15 and monitor the operation of the health plan;

16 T. meet as needed, but no less often than once
17 every month; and

18 U. report annually to the legislature and the
19 governor on the commission's activities and the operation of
20 the health plan and include in the annual report:

21 (1) a summary of information about health
22 care needs, health care services, health care expenditures,
23 revenues received and projected revenues and other relevant
24 issues relating to the health plan, the initial five-year plan
25 and future updates of that plan and other long- and short-

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1 range plans; and

2 (2) recommendations on methods to control
3 health care costs and improve access to and the quality of
4 health care for state residents, as well as recommendations
5 for legislative action if any are found to be necessary.

6 Section 13. COMMISSION--AUTHORITY.--The commission has
7 the authority necessary to carry out all duties and
8 responsibilities required of it pursuant to the Health Care
9 Act, whether that authority is expressly provided in that act
10 or is necessarily implied. The commission retains
11 responsibility for its duties but may delegate authority to
12 the chief executive officer. However, the authority to take
13 the following actions is expressly reserved in the commission:

- 14 A. execute contracts, other than consulting
15 contracts;
- 16 B. approve the commission's budget and plan of
17 operation;
- 18 C. approve the health plan and make changes in the
19 health plan, but only after legislative approval of those
20 changes specified in Section 31 of the Health Care Act;
- 21 D. make rules and conduct both rulemaking and
22 adjudicatory hearings in person or by use of a hearing
23 officer;
- 24 E. issue subpoenas to persons to appear and
25 testify before the commission and to produce documents and

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1 other information relevant to the commission's inquiry and
2 enforce this subpoena power through an action in the district
3 court of Santa Fe county;

4 F. make reports and recommendations to the
5 legislature;

6 G. apply for program waivers from any governmental
7 entity;

8 H. accept grants, apply for and receive loans and
9 accept donations;

10 I. acquire or lease real property and make
11 improvements on it and acquire by lease or by purchase
12 tangible and intangible personal property;

13 J. dispose of and transfer real or personal
14 property, but only at public sale after adequate notice;

15 K. enter into contracts to incur debt and borrow
16 money in its own name and enter into financing agreements with
17 the state, agencies or instrumentalities of the state, or with
18 any commercial bank or credit provider;

19 L. appoint and prescribe the duties of employees,
20 fix their compensation, pay their expenses and provide an
21 employee benefit program;

22 M. establish and maintain banking relationships,
23 including establishment of checking and savings accounts and
24 lines of credit; and

25 N. issue revenue bonds and participate in the

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1 programs of the New Mexico finance authority.

2 Section 14. ADVISORY BOARDS. --

3 A. The commission shall establish a "health care
4 provider advisory board" and a "health facility advisory
5 board". It may establish additional advisory boards to assist
6 it in performing its duties. Advisory boards shall assist the
7 commission in matters requiring the expertise and knowledge of
8 the advisory boards' members.

9 B. The commission may appoint not more than two
10 commission members and up to five additional persons to serve
11 on an advisory board it creates. Advisory board members who
12 are not commission members shall be paid per diem and mileage
13 in accordance with the provisions of the Per Diem and Mileage
14 Act.

15 C. Except for the health care provider advisory
16 board and the health facility advisory board, no more than two
17 advisory board members shall have a financial interest, direct
18 or indirect, in a person providing health care or a person
19 providing health insurance.

20 D. Staff and technical assistance for an advisory
21 board shall be provided by the commission as necessary.

22 Section 15. HEALTH CARE DELIVERY REGIONS. -- The
23 commission shall establish health care delivery regions in the
24 state, based on geography and health care resources. The
25 regions may have differential fee schedules, budgets, capital

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1 expenditure allocations or other features to encourage the
2 provision of health care in rural and other underserved areas
3 or to otherwise tailor the delivery of health care to fit the
4 needs of a region or a part of a region.

5 Section 16. REGIONAL COUNCILS. --

6 A. The commission shall create regional councils
7 in the designated health care delivery regions. In selecting
8 persons to serve as members of regional councils, the
9 commission shall consider the comments and recommendations of
10 persons in the region who are knowledgeable about health care
11 and the economic and social factors affecting the region.

12 B. The regional councils shall be composed of one
13 of the commission members who lives in the region and five
14 other members appointed by the commission. No more than two
15 noncommission council members shall have any financial
16 interest, direct or indirect, in a person providing health
17 care or a person providing health insurance.

18 C. Members of a regional council shall be paid per
19 diem and mileage in accordance with the provisions of the Per
20 Diem and Mileage Act.

21 D. The regional councils shall hold public
22 hearings to receive comments, suggestions and recommendations
23 from the public regarding regional health care needs. The
24 councils shall report to the commission at times specified by
25 the commission to ensure that regional concerns are considered

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1 in the development and update of the five-year plan, other
2 short- and long-range plans and projections, fee schedules,
3 budgets and capital expenditure allocations.

4 E. Staff and technical assistance for the regional
5 councils shall be provided by the commission.

6 Section 17. RULEMAKING. --

7 A. The commission shall adopt rules necessary to
8 carry out the duties of the commission and the provisions of
9 the Health Care Act.

10 B. No rule affecting any person outside the
11 commission shall be adopted, amended or repealed without a
12 public hearing on the proposed action before the commission or
13 a hearing officer designated by the commission. The hearing
14 officer may be a member of the commission's staff. The
15 hearing shall be held in Santa Fe unless the commission
16 determines that it would be in the interest of those affected
17 to hold the hearing elsewhere in the state. Notice of the
18 subject matter of the rule, the action proposed to be taken,
19 the time and place of the hearing, the manner in which
20 interested persons may present their views and the method by
21 which copies of the proposed rule or an amendment or repeal of
22 an existing rule may be obtained shall be published once at
23 least thirty days prior to the hearing date in a newspaper of
24 general circulation and mailed at least thirty days prior to
25 the hearing date to all persons who have made a written

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1 request for advance notice of hearing.

2 C. All rules adopted by the commission shall be
3 filed in accordance with the State Rules Act.

4 Section 18. HEALTH PLAN. --

5 A. After notice and public hearing, including
6 taking public comment and the reports of the regional
7 councils, the commission shall adopt a health plan.

8 B. The health plan shall be designed to provide
9 comprehensive, necessary and appropriate health care benefits,
10 including preventive health care and primary, secondary and
11 tertiary health care for acute and chronic conditions. The
12 health plan may provide for certain health care to be phased
13 in as the health plan budget allows.

14 C. The commission shall specify the health care to
15 be included as covered by the health plan but shall include:

- 16 (1) preventive health services;
- 17 (2) health care provider services;
- 18 (3) health facility inpatient and outpatient
19 services;
- 20 (4) laboratory tests and imaging procedures;
- 21 (5) in-home, community-based and
22 institutional long-term care services;
- 23 (6) prescription drugs;
- 24 (7) inpatient and outpatient mental health
25 services;

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- 1 (8) drug and other substance abuse services;
- 2 (9) preventive and prophylactic dental
- 3 services, including an annual dental examination and cleaning;
- 4 (10) vision appliances, including medically
- 5 necessary contact lenses;
- 6 (11) medical supplies, durable medical
- 7 equipment and selected assistive devices, including hearing
- 8 and speech assistive devices; and
- 9 (12) experimental or investigational
- 10 procedures or treatments as specified by the commission.

11 D. Covered services shall not include:

- 12 (1) surgery for cosmetic purposes other than
- 13 for reconstructive purposes;
- 14 (2) medical examinations and medical reports
- 15 prepared for purchasing or renewing life insurance or
- 16 participating as a plaintiff or defendant in a civil action
- 17 for the recovery or settlement of damages; and
- 18 (3) orthodontic services and cosmetic dental
- 19 services except those cosmetic dental services necessary for
- 20 reconstructive purposes.

21 E. The health plan shall specify the services to
22 be covered and the amount, scope and duration of benefits.

23 F. The health plan shall include a maximum amount
24 or percentage for administrative costs, and this maximum, if a
25 percentage, may change in relation to the total costs of

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1 services provided under the health plan. For the sixth and
2 subsequent calendar years of operation of the health plan,
3 administrative costs shall not exceed five percent of the
4 health plan budget.

5 G. The commission shall specify the terms and
6 conditions for participation of health care providers and
7 health facilities in the health plan.

8 H. The health plan shall contain provisions to
9 control health care costs so that beneficiaries receive
10 comprehensive, high quality health care consistent with
11 available revenue and budget constraints.

12 I. The health plan shall phase in beneficiaries as
13 their participation becomes possible through contracts,
14 waivers or federal legislation. The health plan may provide
15 for certain preventive health care to be offered to all New
16 Mexicans regardless of a person's eligibility to participate
17 as a beneficiary.

18 J. The five-year plan as well as other long- and
19 short-range plans adopted by the commission shall be reviewed
20 by the regional councils and the commission annually and
21 revised as necessary. Revisions shall be adopted by the
22 commission in accordance with Section 12 of the Health Care
23 Act. In projecting services under the health plan, the
24 commission shall take all reasonable steps to ensure that
25 long-term care, mental health services and dental care are

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1 provided at the earliest practical times consistent with
2 budget constraints.

3 Section 19. LONG-TERM CARE. --

4 A. Long-term care may include:

5 (1) home- and community-based services,
6 including personal assistance and attendant care;

7 (2) hospice care; and

8 (3) institutional care.

9 B. No later than one year after appointment of the
10 chief executive officer, the commission shall appoint an
11 advisory "long-term care committee" made up of representatives
12 of health care consumers, providers and administrators to
13 develop a plan for integrating long-term care into the health
14 plan. The committee shall report its plan to the commission
15 no later than one year from its appointment. Committee
16 members shall receive per diem and mileage as provided in the
17 Per Diem and Mileage Act.

18 C. The long-term care component of the health plan
19 shall provide for service coordination, case management and
20 noninstitutional services where appropriate.

21 D. Nothing in this section affects long-term care
22 services paid through private insurance or federal programs
23 subject to the provisions of Sections 41 and 42 of the Health
24 Care Act.

25 E. Nothing in this section precludes the

1 commission from including long-term care services from the
2 inception of the health plan.

3 Section 20. MENTAL HEALTH SERVICES. --

4 A. Mental health services may include:

5 (1) services for acute and chronic
6 conditions;

7 (2) home- and community-based services; and

8 (3) institutional care.

9 B. No later than one year after appointment of the
10 chief executive officer, the commission shall appoint an
11 advisory "mental health services committee" made up of
12 representatives of mental health care consumers, providers and
13 administrators to develop a plan for integrating mental health
14 services into the health plan. The committee shall report its
15 plan to the commission no later than one year from its
16 appointment. Committee members may receive per diem and
17 mileage as provided in the Per Diem and Mileage Act.

18 C. The mental health services component of the
19 health plan shall provide for service coordination, case
20 management and noninstitutional services where appropriate.

21 D. The mental health services component shall
22 include the following parity provisions:

23 (1) no aggregate lifetime limit if the health
24 plan does not impose an aggregate lifetime limit on
25 substantially all medical and surgical benefits;

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1 (2) no annual limit if the health plan does
2 not impose an annual limit on substantially all medical and
3 surgical benefits;

4 (3) if the health plan imposes a lifetime
5 aggregate limit on substantially all medical and surgical
6 benefits, the health plan shall either:

7 (a) include a provision that requires
8 application of the existing aggregate lifetime limit to both
9 medical and surgical benefits and mental health benefits and
10 does not distinguish between the two categories; or

11 (b) not include an aggregate lifetime
12 limit on mental health benefits that is less than the
13 aggregate lifetime limit imposed on medical and surgical
14 benefits;

15 (4) if the health plan includes an annual
16 limit on substantially all medical and surgical benefits, it
17 shall either:

18 (a) apply the annual limit both to the
19 medical and surgical benefits to which it otherwise would
20 apply and to mental health benefits and not distinguish in the
21 application of the annual limit between medical and surgical
22 benefits and mental health benefits; or

23 (b) not include an annual limit on
24 mental health benefits that is less than the annual limit
25 imposed on medical and surgical benefits; and

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1 (5) if the health plan includes no or
2 different aggregate lifetime limits or annual limits on
3 different categories of medical and surgical benefits, it
4 shall comply with rules established by the commission, which
5 rules shall apply the provisions of Subparagraph (a) or (b) of
6 Paragraph (3) or (4) of this subsection, respectively, by
7 substituting for the aggregate lifetime limit or annual limit
8 an average aggregate lifetime limit or average annual limit,
9 respectively, that is computed by taking into account the
10 weighted average of the aggregate lifetime limits or annual
11 limits applicable to the categories.

12 E. Nothing in this section affects mental health
13 services paid through private insurance or federal programs
14 subject to the provisions of Sections 41 and 42 of the Health
15 Care Act.

16 F. Nothing in this section precludes the
17 commission from including mental health services from the
18 inception of the health plan.

19 Section 21. MEDICAID COVERAGE-- AGREEMENTS. -- The
20 commission may enter into appropriate agreements with the
21 human services department or other state department for the
22 purpose of furthering the goals of the Health Care Act. These
23 agreements may provide for certain services provided pursuant
24 to the medicaid program to be administered by the commission
25 to implement the health plan.

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1 Section 22. HEALTH PLAN COVERAGE--CONDITIONS OF
2 ELIGIBILITY FOR BENEFICIARIES--EXCLUSIONS.--

3 A. An individual is eligible as a beneficiary of
4 the health plan if the individual has been physically present
5 in New Mexico for one year prior to the date of application
6 for enrollment in the health plan and if the individual has a
7 current intention to remain in New Mexico and not to reside
8 elsewhere. A dependent of an eligible individual is included
9 as a beneficiary.

10 B. Individuals covered under the following
11 governmental programs shall not be brought into coverage
12 through agreements or waivers:

- 13 (1) federal retiree health plan
14 beneficiaries;
- 15 (2) Indian health service beneficiaries, but
16 individuals who are covered by tribal providers that are in
17 partnership with or have contracts with the Indian health
18 service may be brought under coverage through agreement
19 between the tribal providers and the commission;
- 20 (3) active duty military personnel; and
- 21 (4) individuals covered by the federal
22 civilian health and medical plan for the uniformed services.

23 C. If an individual is ineligible because of his
24 failure to fulfill the durational residence requirement, he
25 may choose to become eligible by paying the premium required

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1 by the health plan for his coverage for the period of time up
2 to the date he fulfills that requirement if he is an employee
3 who physically resides in the state without an intention to
4 reside elsewhere and if he came to the state because of
5 employment offered to him in New Mexico while he was residing
6 elsewhere as demonstrated by furnishing that evidence of those
7 facts required by rule adopted by the commission.

8 D. An individual who is eligible for health
9 benefits after retirement pursuant to coverage furnished by
10 his previous employer, including coverage for payment of
11 health care supplements if the retiree is eligible for
12 medicare, may agree with his previous employer to participate
13 as a beneficiary in the health plan in lieu of health care
14 benefits available to him as a retiree, but no provision in
15 such an agreement is enforceable that provides for permanent
16 loss of benefits under the retiree health benefit coverage. A
17 previous employer may agree with the commission to contribute
18 to the health plan for the benefit of the retiree, but the
19 agreement shall ensure that the health benefit coverage for
20 the retiree shall be restored in the event of the retiree's
21 ineligibility for health plan coverage.

22 Section 23. HEALTH PLAN COVERAGE OF NONRESIDENT
23 STUDENTS. --

24 A. Except as provided in Subsection B of this
25 section, an educational institution shall purchase coverage

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1 under the health plan for its nonresident students through
2 fees assessed to these students. The governing body of an
3 educational institution shall set the fees at the amount
4 determined by the commission.

5 B. A nonresident student at an educational
6 institution may satisfy the requirement for health care
7 coverage by proof of coverage under a policy or plan in
8 another state that is acceptable to the commission. The
9 student shall not be assessed a fee in that case.

10 C. The commission shall adopt rules to determine
11 proof of an individual's eligibility for the health plan or a
12 student's proof of nonresident health care coverage.

13 Section 24. REMOVING INELIGIBLE PERSONS. -- The commission
14 shall adopt rules to provide procedures for removing persons
15 no longer eligible for coverage.

16 Section 25. ELIGIBILITY CARD--USE--PENALTIES FOR
17 MISUSE. --

18 A. A beneficiary shall receive a card as proof of
19 eligibility. The card shall be electronically readable and
20 shall contain a picture or electronic image, information that
21 identifies the beneficiary for treatment and electronic
22 billing and payment and any other information the commission
23 deems necessary.

24 B. The eligibility card is not transferable. A
25 beneficiary who lends his card to another and an individual

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1 who uses another's card shall be jointly and severally liable
2 to the commission for the full cost of the health care
3 provided to the user. The liability shall be paid in full
4 within ten days of final determination of liability.

5 Liabilities created pursuant to this section shall be
6 collected by the taxation and revenue department in the same
7 manner as delinquent taxes are collected pursuant to the Tax
8 Administration Act.

9 C. A beneficiary who lends his card to another or
10 an individual who uses another's card after being determined
11 liable pursuant to Subsection B of this section of a previous
12 misuse is guilty of a misdemeanor and shall be sentenced
13 pursuant to the provisions of Section 31-19-1 NMSA 1978. A
14 third or subsequent conviction is a fourth degree felony, and
15 the offender shall be sentenced pursuant to the provisions of
16 Section 31-18-15 NMSA 1978.

17 Section 26. PRIMARY CARE PROVIDER--RIGHT TO CHOOSE--
18 ACCESS TO SERVICES.--

19 A. Except as provided in the Workers' Compensation
20 Act, a beneficiary has the right to choose a primary care
21 provider. If he does not choose a primary care provider, one
22 shall be assigned to him pursuant to procedures specified in
23 rules adopted by the commission.

24 B. The primary care provider shall be responsible
25 for providing health care provider services except for

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1 services in medical emergencies. If a health care provider
2 specialist is needed, the primary care provider shall make a
3 referral to an appropriate specialist. Except as provided in
4 Subsections C and E of this section, health care provider
5 specialists shall be paid pursuant to the health plan only if
6 the patient has been referred by the patient's primary care
7 provider. Nothing in this subsection prevents a beneficiary
8 from obtaining the services of a health care provider
9 specialist and paying the specialist for services provided.

10 C. The commission shall by rule specify the
11 conditions under which a beneficiary may select a specialist
12 as a primary care provider. The commission shall set primary
13 care provider rates for specialists when serving as primary
14 care providers.

15 D. The commission shall by rule specify how often
16 and under what conditions a beneficiary may change his primary
17 care provider.

18 E. The commission shall by rule specify when and
19 under what circumstances a beneficiary may self-refer,
20 including self-referral to chiropractic physicians, doctors of
21 oriental medicine, mental health professionals and other
22 health care providers who are not primary care providers.

23 Section 27. DISCRIMINATION PROHIBITED. --No health care
24 provider or health facility shall discriminate against or
25 refuse to furnish health care to beneficiary on the basis of

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1 age, race, color, income level, national origin, religion,
2 gender, sexual orientation, disabling condition or payment
3 status. Nothing in this section shall require a health care
4 provider or health facility to provide services to a
5 beneficiary if the provider or facility is not qualified to
6 provide the needed services and does not offer them to the
7 general public.

8 Section 28. CLAIMS REVIEW. --

9 A. The commission shall adopt rules to provide and
10 shall implement a comprehensive claims review program. The
11 procedures and standards used in the program shall be
12 disclosed in writing to applicants, beneficiaries, health care
13 providers and health facilities at the time of application to
14 or participation in the health plan.

15 B. The decision to approve or deny claims for
16 payment shall be made in a timely manner and shall not exceed
17 time limits established by rule of the commission. A final
18 decision to deny payment for services shall be based on a
19 recommendation made by a health care professional having
20 appropriate and adequate qualifications to make the
21 recommendation. A denial of a claim for payment of a medical
22 specialty service shall be made only after a written
23 recommendation for denial is made by a member of that medical
24 specialty with credentials equivalent to those of the
25 claimant.

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1 C. The fact of and the specific reasons for a
2 denial of a health care claim shall be communicated promptly
3 in writing to both the provider and the beneficiary involved.

4 Section 29. MONITORING HEALTH CARE PROVIDER AND HEALTH
5 FACILITY PRACTICES. --

6 A. The commission shall adopt rules to establish
7 and implement a continuous quality improvement program that
8 monitors the quality and appropriateness of health care
9 provided by the health plan. The commission shall set
10 standards and review benefits to ensure that effective, cost-
11 efficient, high quality and appropriate health care is
12 provided under the health plan.

13 B. The commission shall review and adopt
14 professional practice guidelines developed by state and
15 national medical and specialty organizations, the United
16 States agencies for health care policy and research and other
17 organizations as it deems necessary to promote the quality and
18 cost-effectiveness of health care provided through the health
19 plan.

20 C. The quality improvement program shall include
21 an ongoing system for monitoring patterns of practice. The
22 commission shall appoint a health care practice advisory
23 committee consisting of health care providers, health
24 facilities and other knowledgeable persons to advise the
25 commission and staff on health care practice issues. The

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1 committee may appoint subcommittees and task forces to address
2 practice issues of a specific health care provider discipline
3 or a specific kind of health facility. The advisory committee
4 shall provide to the commission recommended standards and
5 guidelines to be followed in making determinations on practice
6 issues.

7 D. With the advice of the advisory committee, the
8 commission shall establish a system of peer education for
9 health care providers or health facilities determined to be
10 engaging in aberrant patterns of practice. If the commission
11 determines that peer education efforts have failed, the
12 commission may refer the matter to the appropriate licensing
13 or certifying board.

14 E. The commission shall provide by rule the
15 procedures for recouping payments or withholding payments for
16 health care determined by the commission with the advice of
17 the advisory committee or subcommittee to be medically
18 unnecessary. In addition, the commission may provide by rule
19 for the assessment of administrative penalties for up to three
20 times the amount of excess payments if it finds that excessive
21 billings were part of an aberrant pattern of practice.
22 Administrative penalties shall be deposited in the current
23 school fund.

24 F. After consultation with the advisory committee,
25 the commission may suspend or revoke a health care provider's

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1 or health facility's privilege to be paid for health care
2 provided under the health plan based upon evidence clearly
3 supporting a determination by the commission that the provider
4 or facility engages in aberrant patterns of practice,
5 including inappropriate utilization, attempts to unbundle
6 health care services or other practices that the commission
7 deems a violation of the Health Care Act or rules adopted
8 pursuant to that act. As used in this subsection, "unbundle"
9 means to divide a service into components in an attempt to
10 increase or with the effect of increasing compensation from
11 the health plan.

12 G. The commission shall report a suspension or
13 revocation of the privilege to be paid for health care
14 pursuant to the Health Care Act to the appropriate licensing
15 or certifying board.

16 H. The commission shall report cases of suspected
17 fraud by a health care provider or a health facility to the
18 attorney general or to the district attorney of the county
19 where the health care provider or health facility operates for
20 investigation and prosecution.

21 Section 30. DISPUTE RESOLUTION. --

22 A. A person specifically and directly aggrieved by
23 a decision of the commission has the right to judicial review
24 of the decision by the district court of Santa Fe county. As
25 a prerequisite to judicial review the person aggrieved must

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1 exhaust administrative remedies available through procedures
2 for dispute resolution established by rule of the commission,
3 including mandatory participation in mediation in a good-faith
4 effort to resolve a dispute. The commission shall include in
5 its rules for dispute resolution provisions for adequate
6 notice to the disputants, opportunities to be heard in
7 informal conferences prior to mediation and all procedural due
8 process safeguards.

9 B. Judicial review of a contested commission
10 decision is governed by Rule 1-074 NMRA 1999.

11 Section 31. HEALTH PLAN BUDGET. --

12 A. Annually, the commission shall develop and
13 submit to the legislature a health plan budget. The budget
14 shall be the commission's recommendation for the total amount
15 to be spent by the plan for covered health care services in
16 the next fiscal year.

17 B. Unless otherwise provided in the general
18 appropriation act or other act of the legislature, the health
19 plan budget shall be within projected annual revenues. After
20 the legislative review and approval, the commission shall
21 implement the health plan budget. Without specific
22 legislative approval, the commission shall not change the
23 level of premium charged and used to project revenue or change
24 the employer contributions under the health plan.

25 C. In developing the health plan budget, the

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1 commission shall provide that credit be taken in the budget
2 for all revenues produced for health care in the state
3 pursuant to any law other than the Health Care Act.

4 Section 32. PAYMENTS TO HEALTH CARE PROVIDERS--CO-
5 PAYMENTS. --

6 A. The commission shall prepare a provider budget.
7 Consistent with the provider budget, the health plan shall
8 provide payment for all covered health care rendered by health
9 care providers. A variety of payment plans, including fee-
10 for-service, may be adopted by the commission. Payment plans
11 shall be negotiated with providers as provided by rule. In
12 the event that negotiation fails to develop an acceptable
13 payment plan, the disputing parties shall submit the dispute
14 for resolution pursuant to Section 30 of the Health Care Act.

15 B. Different or supplemental payment rates may be
16 adopted to provide incentives to help ensure the delivery of
17 needed health care in rural and other underserved areas
18 throughout the state.

19 C. An annual percentage increase in the amount
20 allocated for provider payments in the budget shall be no
21 greater than the annual percentage increase in the consumer
22 price index of medical care prices published by the bureau of
23 labor statistics of the federal department of labor using the
24 year prior to the year in which the health plan is implemented
25 as the baseline year. The annual limitation in this

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1 subsection may be adjusted up or down by the commission based
2 on a showing of special and unusual circumstances in a hearing
3 before the commission.

4 D. Payment, or the offer of payment whether or not
5 that offer is accepted, to a health care provider for services
6 covered by the health plan shall be payment in full for those
7 services. A health care provider shall not charge a
8 beneficiary an additional amount for services covered by the
9 plan.

10 E. The commission may establish a co-payment
11 schedule if required co-payment is determined to be an
12 effective cost-control measure. No co-payment shall be
13 required for preventive health care. When a co-payment is
14 required, the health care provider shall not waive the co-
15 payment.

16 Section 33. PAYMENTS TO HEALTH FACILITIES--CO-PAYMENTS. --

17 A. A health facility shall negotiate an annual
18 operating budget with the commission. The operating budget
19 shall be based on a base operating budget of past performance
20 and projected changes upward or downward in costs and services
21 anticipated for the next year. If a negotiated annual
22 operating budget is not agreed upon, a health facility shall
23 submit the budget to dispute resolution pursuant to Section 30
24 of the Health Care Act. The initial base operating budget for
25 a health facility shall be based on the average of its

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1 operating budgets for a twenty-four-month period ending no
2 later than the first day of the calendar year in which the
3 health plan is implemented. An annual percentage increase in
4 the amount allocated for a health facility operating budget
5 shall be no greater than the change in the annual consumer
6 price index for medical care prices, published annually by the
7 bureau of labor statistics of the federal department of labor.
8 The annual limitation in this subsection may be adjusted up or
9 down by the commission based on a showing of special and
10 unusual circumstances in a hearing before the commission.

11 B. Different or supplemental payment rates may be
12 adopted to provide incentives to help ensure the delivery of
13 needed health care services in rural and other underserved
14 areas throughout the state.

15 C. Each health care provider employed by a health
16 facility shall be paid from the facility's operating budget in
17 a manner determined by the health facility.

18 D. The commission may establish co-payment
19 schedules if a required co-payment system is determined to be
20 an effective cost-control measure. No co-payment shall be
21 required for preventive care. When a co-payment is required,
22 the health facility shall not waive the co-payment.

23 Section 34. HEALTH RESOURCE CERTIFICATE-- COMMISSION
24 RULES-- REQUIREMENT FOR REVIEW. --

25 A. The commission shall adopt rules stating when a

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1 health facility or health care provider must apply for a health
2 resource certificate, how the application will be reviewed, how
3 the certificate will be granted, how an expedited review is
4 conducted and other matters relating to health resource
5 projects.

6 B. Except as provided in Subsection F of this
7 section, no health facility or health care provider shall make
8 or obligate itself to make a major capital expenditure without
9 first obtaining a health resource certificate.

10 C. No health facility or health care provider shall
11 acquire through rental, lease or comparable arrangement or
12 through donation all or a part of a capital project that would
13 have required review if the acquisition had been by purchase
14 unless the project is granted a health resource certificate.

15 D. No health facility or health care provider shall
16 engage in component purchasing in order to avoid the provisions
17 of this section.

18 E. The commission shall grant a health resource
19 certificate for a major capital expenditure or a capital
20 project undertaken pursuant to Subsection C of this section
21 only when the project is determined to be needed.

22 F. This section does not apply to:

23 (1) the purchase, construction or renovation
24 of office space for health care providers;

25 (2) a capital project for which a binding

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1 contractual obligation was incurred prior to July 1, 1999;

2 (3) expenditures incurred solely in
3 preparation for a capital project, including architectural
4 design, surveys, plans, working drawings and specifications and
5 other related activities, but those expenditures shall be
6 included in the cost of a project for the purpose of
7 determining whether a health resource certificate is required;

8 (4) acquisition of an existing health
9 facility, equipment or practice of a health care provider that
10 does not result in a new service being provided or in increased
11 bed capacity;

12 (5) major capital expenditures for nonclinical
13 services when the nonclinical services are the primary purpose
14 of the expenditure; and

15 (6) the replacement of equipment with
16 equipment that has the same function and that does not result
17 in the offering of new services.

18 G. No later than January 1, 2003, the commission
19 shall report to the appropriate committees of the legislature
20 on the capital needs of health facilities, including facilities
21 of state and local governments, with a focus on underserved
22 geographic areas with substantially below-average health
23 facilities and investment per capita as compared to the state
24 average. The report shall also describe geographic areas where
25 the distance to health facilities imposes a barrier to care.

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1 The report shall include a section on health care
2 transportation needs, including capital, personnel and training
3 needs. The report shall make recommendations for legislation
4 to amend the Health Care Act by adding to that act dollar
5 limitations to apply in denying or approving major capital
6 expenditures.

7 Section 35. ACTUARIAL REVIEW - AUDITS. --

8 A. The commission shall provide for an annual
9 independent actuarial review of the health plan and any funds
10 of the commission or the plan.

11 B. The commission shall provide by rule for
12 independent financial audits of health care providers and
13 health facilities.

14 C. The commission, through its staff or by
15 contract, shall perform announced and unannounced audits,
16 including financial, operational, management and electronic
17 data processing audits of health care providers and health
18 facilities. The auditor shall report directly to the
19 commission. A copy of the audit report shall be given to the
20 state auditor.

21 D. Actual reviews, financial audits and internal
22 audits are public documents after they have been released by
23 the commission.

24 Section 36. STANDARD CLAIM FORMS FOR INSURANCE PAYMENT. --

25 The commission shall adopt standard claim forms that shall be

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1 used by all health care providers and health facilities that
2 seek payment through the health plan or from private persons,
3 including private insurance companies, for health care services
4 rendered in the state. Each claim form may indicate whether a
5 person is eligible for federal or other insurance programs for
6 payment. Each claim form shall include data elements required
7 by the commission.

8 Section 37. COMPUTERIZED SYSTEM --The commission shall
9 require that all health care providers and health facilities
10 participate in the health plan's computer network that provides
11 for electronic transfer of payments to health care providers
12 and health facilities; transmittal of reports, including
13 patient data and other statistical reports; billing data, with
14 specificity as to procedures or services provided to individual
15 patients; and any other information required or requested by
16 the commission.

17 Section 38. REPORTS REQUIRED-- CONFIDENTIAL INFORMATION. --

18 A. The commission, through the state health
19 information system, shall require reports by all health care
20 providers and health facilities of information needed to allow
21 the commission to evaluate the health plan, cost-containment
22 measures, utilization review, health facility operating
23 budgets, health care provider fees and any other information
24 the commission deems necessary to carry out its duties pursuant
25 to the Health Care Act.

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1 B. The commission shall establish uniform reporting
2 requirements for health care providers and health facilities.

3 C. Information confidential pursuant to other
4 provisions of law shall be confidential pursuant to the Health
5 Care Act. Within the constraints of confidentiality, reports
6 of the commission are public documents.

7 Section 39. CONSUMER AND PROVIDER ASSISTANCE PROGRAM --

8 A. The commission shall establish a consumer and
9 provider assistance program to take complaints and to provide
10 timely and knowledgeable assistance to:

11 (1) eligible persons and applicants about
12 their rights and responsibilities and the coverages provided in
13 accordance with the Health Care Act; and

14 (2) health care providers and health
15 facilities about the status of claims, payments and other
16 pertinent information relevant to the claims payment process.

17 B. The commission shall establish a toll-free
18 telephone line for the consumer and provider assistance program
19 and shall have persons available throughout the state to assist
20 beneficiaries, applicants, health care providers and health
21 facilities in person.

22 Section 40. REIMBURSEMENT FOR OUT-OF-STATE SERVICES--
23 HEALTH PLAN'S RIGHT TO SUBROGATION AND PAYMENT FROM OTHER
24 INSURANCE PLANS--CHARGES FOR NONCOVERED PERSONS. --

25 A. If a beneficiary needs health care services out

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1 of state, those services shall be covered at the same rate that
2 would apply if the services were received in New Mexico.

3 Additional charges for those services shall not be paid by the
4 health plan unless the commission has negotiated a reciprocity
5 or other agreement with the other state or foreign country or
6 with the out-of-state health care provider or health facility.

7 B. The health plan shall make reasonable efforts to
8 ascertain any legal liability of third parties who are or may
9 be liable to pay all or part of the health care services costs
10 of injury, disease or disability of a beneficiary.

11 C. When the health plan makes payments on behalf of
12 a beneficiary, the health plan is subrogated to any right of
13 the beneficiary against a third party for recovery of amounts
14 paid by the health plan.

15 D. By operation of law, an assignment to the health
16 plan of the rights of a beneficiary:

17 (1) is conclusively presumed to be made of:

18 (a) a payment for health care services
19 from any person, firm or corporation, including an insurance
20 carrier; and

21 (b) a monetary recovery for damages for
22 bodily injury, whether by judgment, contract for compromise or
23 settlement;

24 (2) shall be effective to the extent of the
25 amount of payments by the health plan; and

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1 (3) shall be effective as to the rights of any
2 other beneficiaries whose rights can legally be assigned by the
3 beneficiary.

4 Section 41. PRIVATE HEALTH INSURANCE COVERAGE LIMITED. --

5 A. After the date the health plan is operating, no
6 person shall provide private health insurance to a beneficiary
7 for a health care service that is covered by the health plan
8 except for retiree health insurance plans that do not enter
9 into contracts with the health plan.

10 B. Nothing in this section affects insurance
11 coverage pursuant to the federal Employee Retirement Income
12 Security Act of 1974 unless the state obtains a congressional
13 exemption or a waiver from the federal government. Businesses
14 that are covered by the provisions of that act may elect to
15 participate in the health plan.

16 Section 42. FEDERAL HEALTH INSURANCE PROGRAM WAIVERS--
17 REIMBURSEMENT TO HEALTH PLAN FROM FEDERAL AND OTHER HEALTH
18 INSURANCE PROGRAMS. --

19 A. The commission, in conjunction with the human
20 services department, shall:

21 (1) apply to the United States department of
22 health and human services for all waivers of requirements under
23 health care programs established pursuant to the federal Social
24 Security Act that are necessary to enable the state to deposit
25 federal payments for services covered by the health plan into

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1 the plan's fund and to be the supplemental payer of benefits
2 for persons receiving medicare benefits;

3 (2) except for those programs designated in
4 Subsection A of Section 22 of the Health Care Act, identify
5 other federal programs that provide federal funds for payment
6 of health care services to individuals and apply for any
7 waivers or enter into any agreements that are necessary to
8 enable the state to deposit federal payments for health care
9 services covered by the health plan into the health care plan's
10 fund; provided, however, agreements negotiated with the Indian
11 health service shall not impair treaty obligations of the
12 United States government, and other agreements negotiated shall
13 not impair portability or other aspects of the health care
14 coverage;

15 (3) seek and negotiate agreements with
16 employers having health care benefit coverage for employees for
17 deposit of health care employer contributions into the health
18 care plan's fund; and

19 (4) seek an amendment to the federal Employee
20 Retirement Income Security Act of 1974 to exempt New Mexico
21 from the provisions of that act that relate to health care
22 services or health insurance, or the commission shall apply to
23 the appropriate federal agency for waivers of any requirements
24 of the act if congress provides for waivers to enable the
25 commission to extend coverage through the Health Care Act to as

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1 many New Mexicans as possible.

2 B. The commission shall seek payment to the health
3 plan from medicaid, medicare or any other federal or other
4 insurance program for any reimbursable payment provided under
5 the plan.

6 C. The commission shall seek to maximize federal
7 contributions and payments for health care services provided in
8 New Mexico and shall ensure that the contributions of the
9 federal government for health care services in New Mexico will
10 not decrease in relation to other states as a result of any
11 waivers, exemptions or agreements.

12 Section 43. INSURANCE--COMMISSION APPROVAL. --No person
13 shall insure himself or his employees after July 1, 2002 unless
14 the coverage terminates on the date that the insureds are
15 eligible for coverage under the health plan. Nothing in this
16 section prohibits insurance coverage for health care services
17 not covered by the health plan or for individuals not eligible
18 for coverage under the health plan.

19 Section 44. INSURANCE RATES--COMMISSION AND
20 SUPERINTENDENT OF INSURANCE DUTIES. --

21 A. The commission shall work closely with the
22 superintendent of insurance to identify health care cost
23 savings that have been achieved as a result of the
24 implementation of the health plan. The commission and
25 superintendent shall identify savings by insurance companies on

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1 payments made for medical services through motor vehicle
2 liability insurance, homeowners' insurance, workers'
3 compensation insurance or other insurance policies that have a
4 medical payment component. The commission and the
5 superintendent shall report their findings to the legislature.

6 B. The superintendent of insurance shall lower
7 insurance premiums associated with medical benefits on all
8 types of insurance policies written in New Mexico that have a
9 medical payment component as soon as data indicate health care
10 savings have been achieved as a result of operation of the
11 health plan.

12 Section 45. FINANCING THE HEALTH PLAN. --

13 A. The legislative finance committee, in
14 cooperation with the New Mexico health policy commission,
15 shall determine financing options for the health plan. In
16 making its determinations the committee shall be guided by the
17 following requirements and assumptions:

18 (1) the health plan budget shall be no greater
19 than the health care expenditures projected for the 1999
20 calendar year had the health plan been in effect;

21 (2) benefits to be included and for which
22 costs are to be projected in determining the financing options
23 shall be equivalent to health care coverage afforded state
24 employees; and

25 (3) options may set minimum and maximum levels

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1 of premium payments, sliding scale premium payments, medicare
2 credits and employer contributions and shall include a system
3 for reasonable co-payments except for preventive care.

4 B. The legislative finance committee shall prepare
5 a report of its determinations with the specific options and
6 recommendations no later than December 15, 1999. The report
7 shall be submitted for consideration for legislative
8 implementation to the second session of the forty-fourth
9 legislature.

10 Section 46. TEMPORARY PROVISION--TRANSITION PERIOD
11 ARRANGEMENTS--PUBLICLY FUNDED HEALTH CARE SERVICE PLANS.--

12 A. A person who, on the date benefits are available
13 under the Health Care Act health plan, receives health care
14 benefits under private contract or collective bargaining
15 agreement entered into prior to July 1, 2002 shall continue to
16 receive those benefits until the contract or agreement expires
17 or unless the contract or agreement is renegotiated to provide
18 participation in the health plan.

19 B. A person covered by a health care services plan
20 that has its premiums paid for in any part by public money,
21 including money from the state, a political subdivision, state
22 educational institution, public school or other entity that
23 receives public money to pay health insurance premiums, shall
24 be covered by the Health Care Act health plan on the effective
25 date that benefits are available under the plan.

1 Section 47. EFFECTIVE DATE. --The effective date of the
2 provisions of this act is July 1, 1999.

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FIRST SESSION, 1999

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March 1, 1999

Mr. President:

Your PUBLIC AFFAIRS COMMITTEE, to whom has been referred

SENATE BILL 431

has had it under consideration and reports same WITHOUT
RECOMMENDATION, amended as follows:

- 1. On page 31, line 13, after "(1)" insert "persons enrolled in the federal employees health benefits plan or other"., and thence referred to the FINANCE COMMITTEE.

Respectfully submitted,

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FORTY-SECOND LEGISLATURE
SECOND SESSION

KEYBOARD(TYPE SLUGS)

Page 57

Shannon Robinson, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 4 For 2 Against

Yes: 4

No: Ingle, Leavell

Excused: Boitano, Stockard, Smith

Absent: None

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1 FORTY-SECOND LEGISLATURE
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3 **KEYBOARD(TYPE SLUGS)**

Page 58

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6 FORTY- FOURTH LEGI SLATURE
7 FIRST SESSION, 1999
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10
11 March 9, 1999

12 Mr. Presi dent:
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14
15 Your FI NANCE COMMI TTEE, to whom has been referred
16

17 SENATE BILL 431, as amended
18

19 has had it under consideration and reports same WITHOUT
20 RECOMMENDATI ON.
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22
23 Respectfully submi tted,
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FORTY-SECOND LEGISLATURE
SECOND SESSION

KEYBOARD(TYPE SLUGS)

Page 59

Ben D. Altamirano, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 6 For 4 Against

Yes: 6

No: Eisenstadt, Lyons, Smith, Wilson

Excused: Carraro, Ingle, Tsosie

Absent: None

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