

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BILL

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO PUBLICLY FUNDED HEALTH CARE; PROVIDING FOR THE PURCHASE OF PLANS WITH BENEFIT OPTIONS FOR PUBLIC SCHOOL EMPLOYEES, STATE AND LOCAL PUBLIC EMPLOYEES AND PUBLIC RETIREES; PROVIDING FOR THE POSSIBLE CONSOLIDATION OF RISK POOLS OF PUBLICLY FUNDED HEALTH CARE AGENCIES; PROVIDING FOR THE CREATION OF AN INTERAGENCY BENEFITS PURCHASING COMMITTEE; PROVIDING FOR DISPUTE RESOLUTION.

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

SECTION 1. Section 13-7-3 NMSA 1978 (being Laws 1997, Chapter 74, Section 3) is amended to read:

"13-7-3. DEFINITIONS.--As used in the Health Care Purchasing Act:

A. "consolidated purchasing" means [~~a single process for the procurement~~] the purchase in common of all

underscoring material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 health care benefits by the publicly funded insurance agencies
2 in compliance with the Procurement Code [~~and includes~~
3 ~~associated activities related to the procurement such as~~
4 ~~actuarial, cost containment, benefits consultation and~~
5 ~~analysis~~]; and

6 B. "publicly funded health care agency" means the:

7 (1) risk management division and the group
8 benefits committee of the general services department;

9 (2) retiree health care authority;

10 (3) public school insurance authority; and

11 (4) publicly funded health care program of any
12 public school district with a student enrollment in excess of
13 sixty thousand students."

14 SECTION 2. Section 13-7-4 NMSA 1978 (being Laws 1997,
15 Chapter 74, Section 4) is amended to read:

16 "13-7-4. MANDATORY CONSOLIDATED PURCHASING--ACTUARIAL
17 ANALYSIS ON CONSOLIDATION OF RISK POOLS--REPORTING--
18 IMPLEMENTATION.--

19 A. The publicly funded health care agencies shall
20 enter into a cooperative consolidated purchasing effort to
21 provide plans of health care benefits for the benefit of
22 eligible participants of the respective agencies. The request
23 for [~~proposal~~] proposals shall set forth one or more plans of
24 health care benefits and shall include accommodation of fully
25 funded arrangements as well as varying degrees of self-funded

.182941.1

underscored material = new
[bracketed material] = delete

1 pool options. Any plan selected shall provide options for
2 health care benefits among like populations of similar age,
3 location or service needs across the publicly funded health
4 care agencies, including options for:

5 (1) medicare supplement coverage;

6 (2) pregnancy and maternity benefits;

7 (3) high-risk or high-cost services;

8 (4) age-appropriate services;

9 (5) geographic considerations;

10 (6) coordination of benefits with other public
11 or private coverage; or

12 (7) other unique services identified jointly
13 by the agencies.

14 B. The insurers and administrators selected shall
15 use common definitions of services and other common
16 characteristics as determined by the governing bodies of the
17 publicly funded health care agencies. Any plan selected may
18 include different health care benefit options that include
19 health coverage through a health maintenance organization,
20 preferred provider organization, point-of-service product or
21 other health coverage product; provided that the options are
22 available to all eligible participants of the respective
23 publicly funded health care agencies or other entities pursuant
24 to Section 13-7-5 NMSA 1978. A publicly funded health care
25 agency shall not select a plan for that agency's eligible

.182941.1

underscored material = new
[bracketed material] = delete

1 participants that excludes an eligible participant from any of
2 the other publicly funded health care agencies.

3 C. The publicly funded health care agencies shall
4 develop consistency in member services functions for
5 enrollment, premium collection and other activities. A public
6 employee who transfers from one publicly funded health care
7 agency to another shall be allowed to retain the same insurer
8 or third-party administrator.

9 ~~[B.]~~ D. A consolidated purchasing request for
10 proposals for all health care benefits by the publicly funded
11 health care agencies shall be issued on or before July 1, 1999,
12 and any contracts for health care benefits renewed or issued on
13 or after July 1, 2000 shall be the result of consolidated
14 purchasing.

15 ~~[G. All requests for proposals issued as part of~~
16 ~~the consolidated purchasing shall include at least one distinct~~
17 ~~service area consisting of the Albuquerque metropolitan area.~~
18 ~~Proposals on a distinct service area shall be evaluated~~
19 ~~separately.]~~

20 E. The publicly funded health care agencies shall
21 enter into a consolidated purchasing effort to provide a single
22 pharmaceutical formulary and consolidated pharmacy benefits
23 management for the benefit of eligible participants of the
24 respective agencies.

25 F. The publicly funded health care agencies shall

.182941.1

underscored material = new
[bracketed material] = delete

1 enter into a joint effort to perform or purchase the following
2 functions related to providing plans of health care benefits
3 pursuant to this section:

- 4 (1) actuarial services, including fund
5 viability and solvency analysis information;
6 (2) administrative services-only contracts;
7 (3) benefits consultation and analysis;
8 (4) cost containment;
9 (5) determination of the policy direction of
10 benefit plans and plan development;
11 (6) marketing and outreach; and
12 (7) third-party administrative services
13 contracts.

14 G. By July 1, 2012, the publicly funded health care
15 agencies shall obtain an independent and comprehensive
16 actuarial analysis to determine the feasibility of
17 consolidating the risk pools of the health care benefits plans
18 that the agencies provide to their eligible participants. By
19 November 1, 2012, representatives from the publicly funded
20 health care agencies shall report the findings of the actuarial
21 analysis to the legislative health and human services
22 committee.

23 H. If the actuarial analysis obtained pursuant to
24 Subsection G of this section finds that consolidation of these
25 risk pools is actuarially sound, the interagency benefits

.182941.1

underscored material = new
[bracketed material] = delete

1 purchasing committee shall consolidate the risk pools by July
2 1, 2013.

3 I. For the purposes of this section, "actuarially
4 sound" means that the premiums collected by the publicly funded
5 health care agencies to provide health care benefits to
6 eligible participants of the respective agencies are sufficient
7 to cover the expenses, including indemnities and
8 administration, of the health care benefit plans."

9 SECTION 3. Section 13-7-5 NMSA 1978 (being Laws 2001,
10 Chapter 351, Section 1) is amended to read:

11 "13-7-5. CONSOLIDATED PURCHASING FOR OTHER PERSONS.--

12 A. Counties, municipalities, state educational
13 institutions and other political subdivisions that wish to use
14 the consolidated purchasing single process for the procurement
15 of health care benefits shall create or enter into an existing
16 association, cooperative or other mutual alliance to create
17 larger pools of eligible participants.

18 B. Counties, municipalities, state educational
19 institutions and other political subdivisions that wish to use
20 the consolidated purchasing single process shall, through their
21 respective association, cooperative or mutual alliance,
22 participate in the subsequent consolidated purchasing single
23 process with the publicly funded health care agencies.

24 C. Counties, municipalities, state educational
25 institutions and other political subdivisions that wish to use

.182941.1

underscoring material = new
~~[bracketed material] = delete~~

1 the consolidated purchasing single process shall use any plan
2 selected by the publicly funded health care agencies and shall
3 not use any plan not selected by those agencies."

4 SECTION 4. Section 13-7-7 NMSA 1978 (being Laws 2001,
5 Chapter 351, Section 3, as amended) is amended to read:

6 "13-7-7. CONSOLIDATED ADMINISTRATIVE FUNCTIONS--
7 BENEFIT.--

8 A. By December 1, 2001, the publicly funded health
9 care agencies, political subdivisions and other persons
10 participating in the consolidated purchasing single process
11 pursuant to the Health Care Purchasing Act shall cooperatively
12 study and provide a status report on the consolidation of
13 administrative functions to the legislative health and human
14 services committee and the governor.

15 B. By December 31, 2003, the publicly funded health
16 care agencies, political subdivisions and other persons
17 participating in the consolidated purchasing single process
18 pursuant to the Health Care Purchasing Act shall consolidate,
19 standardize and administer the administrative functions that
20 those entities can effectively and efficiently administer as
21 reflected in the study.

22 C. The publicly funded health care agencies,
23 political subdivisions and other persons participating in the
24 consolidated purchasing single process pursuant to the Health
25 Care Purchasing Act may enter into a joint powers agreement

.182941.1

underscored material = new
[bracketed material] = delete

1 pursuant to the Joint Powers Agreements Act with the publicly
2 funded health care agencies and political subdivisions to
3 determine assessments or provisions of resources to
4 consolidate, standardize and administer the consolidated
5 purchasing single process and subsequent activities pursuant to
6 the Health Care Purchasing Act. The publicly funded health
7 care agencies, political subdivisions and other persons
8 participating in the consolidated purchasing single process
9 pursuant to the Health Care Purchasing Act may enter into
10 contracts with nonpublic persons to provide the service of
11 determining assessments or provision of resources for
12 consolidation, standardization and administrative activities.

13 D. Until July 1, 2012, each agency will retain its
14 responsibility to [~~determine policy direction of the benefit~~
15 ~~plans, plan development~~] provide training and coordination with
16 respect to participants and its benefits staff, as well as to
17 respond to benefits eligibility inquiries and establish and
18 enforce eligibility rules.

19 E. Notwithstanding Subsection D of this section,
20 publicly funded health care agencies, political subdivisions
21 and other persons participating in the consolidated purchasing
22 single process pursuant to the Health Care Purchasing Act shall
23 provide coverage for children, from birth through three years
24 of age, for or under the family, infant, toddler program
25 administered by the department of health, provided eligibility

.182941.1

underscored material = new
[bracketed material] = delete

1 criteria are met, for a maximum benefit of three thousand five
2 hundred dollars (\$3,500) annually for medically necessary early
3 intervention services provided as part of an individualized
4 family service plan and delivered by certified and licensed
5 personnel as defined in 7.30.8 NMAC who are working in early
6 intervention programs approved by the department of health. No
7 payment under this subsection shall be applied against any
8 maximum lifetime or annual limits specified in the policy,
9 health benefits plan or contract.

10 F. Each agency shall assess premiums or cost-
11 sharing in accordance with Section 10-7-4 NMSA 1978, the Group
12 Benefits Act, the Retiree Health Care Act or the Public School
13 Insurance Authority Act, as applicable.

14 G. As of July 1, 2012, the publicly funded health
15 care agencies shall consolidate the following administrative
16 functions:

- 17 (1) billing;
18 (2) customer service, including:
19 (a) benefits coordination;
20 (b) responding to benefits eligibility
21 inquiries;
22 (c) training benefits staff; and
23 (d) training participants;
24 (3) information technology; and
25 (4) establishment and enforcement of

.182941.1

underscored material = new
[bracketed material] = delete

1 eligibility rules."

2 SECTION 5. A new section of the Health Care Purchasing
3 Act is enacted to read:

4 "[NEW MATERIAL] INTERAGENCY BENEFITS PURCHASING
5 COMMITTEE--CREATION--MEMBERSHIP--REPORTING.--

6 A. On July 1, 2012, the "interagency benefits
7 purchasing committee" is created, consisting of eleven members
8 drawn from the membership from the following entities:

9 (1) the board of the retiree health care
10 authority pursuant to the Retiree Health Care Act;

11 (2) the board of directors of the public
12 school insurance authority pursuant to the Public School
13 Insurance Authority Act;

14 (3) the group benefits committee pursuant to
15 the Group Benefits Act; and

16 (4) the local school board of any public
17 school district with a student enrollment in excess of sixty
18 thousand students.

19 B. By October 1, 2011, representatives from the
20 entities described in Subsection A of this section shall report
21 to the legislative health and human services committee their
22 recommendations for legislation creating the interagency
23 benefits purchasing committee. Those recommendations shall
24 include recommendations for the number and type of members to
25 be drawn from the entities described in Subsection A of this

.182941.1

underscored material = new
[bracketed material] = delete

1 section. The membership recommendations shall provide for both
2 ex-officio and participant members."

3 SECTION 6. A new section of the Health Care Purchasing
4 Act is enacted to read:

5 "[NEW MATERIAL] SCHOOL DISTRICTS WITH STUDENT ENROLLMENT
6 IN EXCESS OF SIXTY THOUSAND STUDENTS--ACTUARIAL ANALYSIS
7 REQUIRED--CONTINUED PARTICIPATION.--The superintendent of a
8 school district with student enrollment in excess of sixty
9 thousand students may have an actuarial analysis performed to
10 obtain recommendations regarding the school district's
11 continued participation in the interagency health care benefits
12 consolidated purchasing effort pursuant to the Health Care
13 Purchasing Act. In the event that the superintendent finds
14 that the actuarial analysis obtained pursuant to this section
15 indicates that the school district's participation in the
16 interagency health care benefits consolidated purchasing effort
17 is not actuarially sound, the school district may refer the
18 matter of its continued participation in consolidated
19 purchasing to alternative dispute resolution pursuant to
20 Section 7 of this 2011 act."

21 SECTION 7. A new section of the Health Care Purchasing
22 Act is enacted to read:

23 "[NEW MATERIAL] DISPUTE--MEDIATION--ARBITRATION.--If a
24 dispute arises among the publicly funded health care agencies,
25 the agencies shall resolve the dispute by mediation,

.182941.1

1 arbitration or other procedure for alternative dispute
2 resolution."

3 SECTION 8. EFFECTIVE DATE.--The effective date of the
4 provisions of this act is July 1, 2011.

5 - 12 -
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25