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## FISCAL IMPACT REPORT

SPONSOR: Heaton DATE TYPED: 02/10/01 HB 357  
 SHORT TITLE: Health Provider Taxes & Health Plan Contracts SB \_\_\_\_\_  
 ANALYST: Wilson/Eaton

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
NFI					

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates House Bill 441

### SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)  
 Public Regulation Commission (PRD)  
 Health Policy Commission (HPC)  
 Attorney General's Office (AG)

### SUMMARY

#### Synopsis of Bill

This bill seeks to ensure that doctors and other health practitioners will receive reimbursement from the payor for their gross receipts tax liability. The phrase used is "... provision in a contract ... that prohibits the provider from passing the burden [forward] is prohibited and unenforceable."

#### Significant Issues

Doctors and other health practitioners have been unable to effectuate this provision through contract negotiation. Unfortunately, the bill is unlikely to prevent health plans from adjusting total reimbursement downward to compensate for designating a portion of total payment as "reimbursement for gross receipts tax". Analysis from the office of the Attorney General indicated that the provisions set forth in this bill do not apply retroactively to existing contracts.

It is possible that the Healthcare Finance Authority (HCFA) will re-designate a portion of total payments as "reimbursement for gross receipts tax". This may cause a small second order effect on income taxes and may not result in any net benefit to doctors or other health practitioners.

**FISCAL IMPLICATIONS**

The Taxation and Revenue Department report that this bill will effectively have no fiscal impact.

**ADMINISTRATIVE IMPLICATIONS**

None.

**OTHER SUBSTANTIVE ISSUES**

The Health Policy Commission (HPC) report that health plans do not specifically prohibit gross receipts from negotiated reimbursements with providers. Gross receipts tax is prohibited subtly and indirectly by health plans through contractual discounts on gross charges or by setting up a fee schedule for allowable procedures.

Physicians have tried to negotiate with health plans to include gross receipts tax in the pricing and language of contracts and development of fee schedules, however there seems to be difficulty in getting health plans to directly negotiate reimbursement to allow for gross receipts tax.

Physicians are prohibited from passing GRT on to patients enrolled in health plans by NMSA 13-10-13.25.3.1 and 13-10-13.27.1.

Medicare and Medicaid, because of their varied respective reimbursement methodologies will not, by federal law, allow for physicians to pass gross receipts tax onto these programs.

JBE/njw