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## FISCAL IMPACT REPORT

SPONSOR: Maes DATE TYPED: 3/15/03 HB \_\_\_\_\_  
 SHORT TITLE: Amend Minimum Health Care Protection SB 547/aSPAC/aSFI#1  
 ANALYST: Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

### SOURCES OF INFORMATION

Responses Received From  
 Attorney General’s Office (AGO)  
 Public Regulation Commission (PRC)  
 Public School Insurance Authority (PSIA)  
 Department of Health (DOH)  
 Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of SFI #1 Amendment

The Senate Floor # 1 amendment to Senate Bill 547 requires an insurer, fraternal benefit society, health maintenance organization or nonprofit healthcare plan that chooses to offer a policy or plan pursuant to the Minimum Healthcare Protection Act to also offer a catastrophic coverage policy.

#### Synopsis of SPAC Amendment

The Senate Public Affairs Amendment to Senate Bill 547 increases the maximum limit of health care services covered under this bill from \$50,000 to \$60,000. The amendment also adds the requirement for a policy or plan to disclose “in a conspicuous font the type of policy or plan and its associated benefits with a reference to the pages where discussed.”

#### Synopsis of Original Bill

Senate Bill 547 amends the Minimum Healthcare Protection Act (MHPA) by expanding the size of the group that can obtain coverage from less than 20 members to less than 50 members. SB 547 eliminates the hardship requirements for participation by individuals or groups.

SB 547 deletes requirements that premiums meet adjusted community rating requirements and eliminates the requirement that policies issued pursuant to (MHPA) are subject to the Small Group Rate and Renewability Act.

SB 547 requires coverage for not less than 48 hours of inpatient care following a mastectomy and not less than 24 hours of inpatient care following a lymph node dissection for the treatment of breast cancer.

### Significant Issues

The provisions of SB 547 could increase the number of New Mexicans able to obtain health insurance under the provisions of the MHPA, thereby decreasing the number of uninsured.

The 1999 Census Bureau Population Survey estimates that 463,000 New Mexicans are uninsured at any given time. It is unclear how many of the uninsured would be affected by the provisions of SB 547. Nevertheless, the provisions of SB 547 would expand the eligibility policies and plans under the MHPA, and would reduce the number of uninsured in New Mexico.

Proponents of SB 547 believe that this coverage should not be limited to only those eligible by hardship but this lower cost limited benefit insurance should be available to all. Proponents also believe that adjusted community rating and the Small Group Rate and Renewability Act cause premiums to be higher than necessary in some cases.

Opponents point out that these plans eliminate some of the mandated benefit in order to lower costs. They also point out that there are clear benefits to adjusted community rating and the Small Group Rate and Renewability Act that should apply to these policies. Lastly, opponents point out that the hardship requirement being eliminated is already substantially broad.

### **FISCAL IMPLICATIONS**

SB 547 requires insurers to file new or revised policy forms with the Insurance Division of the PRC. This will have a minimal impact on the PRC.

### **ADMINISTRATIVE IMPLICATIONS**

There will be an increase in form and rate filings with the Insurance Division, but no additional staff is required.

### **OTHER SUBSTANTIVE ISSUES**

The limited benefits policy restricts coverage with both maximum calendar year benefits of \$50,000 and also limits on certain expenses:

- inpatient hospitalization is limited to 25 days,
- primary and preventive care is limited to seven office visits per calendar year.

Additionally, the following “mandated benefits” are not included in the minimum benefits:

- Craniomandibular and temporomandibular joint disorders,
- Maternity transport required,
- Home health case service option required,
- Coverage for individuals with diabetes,
- Coverage for prescription contraceptive drugs or devices, or
- Required coverage of patient costs incurred in cancer clinical trials.

**POSSIBLE QUESTIONS**

Are the requirements of MHPA subject to mental health parity or other requirements of the Health Insurance Portability Act?

**DW/njw:yr**