

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 162

50th Legislature, 1st Session, 2011

Tracking Number: .183305.2

Short Title: Health Administration & Finance Consolidation

Sponsor(s): Senator Linda M. Lopez and Others

Analyst: David Harrell

Date: March 10, 2011

FOR THE GOVERNMENT RESTRUCTURING TASK FORCE

Bill Summary:

A recommendation of the Government Restructuring Task Force (see “Background,” below), SB 162 creates the *Health Administration and Finance Consolidation Act*. As part of this act, the bill also creates the Health Administration and Finance Department as a cabinet department in the executive branch, led by the Secretary of Health Administration and Finance, appointed by the Governor with the consent of the Senate.

SB 162 prescribes the following divisions for the new department:

- the Administrative Services Division;
- the Medical Assistance Division;
- the Behavioral Health Services Division;
- the Long-term Services Division; and
- the Health Policy and Planning Division.

The bill further provides for the transfer to the Health Administration and Finance Department of several programs or divisions in state agencies, in some cases effective July 1, 2011 and in others effective July 1, 2014. Those effective July 1, 2011 are the following:

- the Medical Assistance Division of the Human Services Department (HSD);
- the Behavioral Health Services Division of the HSD; and
- the Interagency Behavioral Health Purchasing Collaborative.

Among its other provisions, SB 162:

- defines a number of terms related to health care or the administration of health care;
- prescribes duties and powers of the Secretary of Health Administration and Finance;
- prescribes duties of the department, one of which is to implement a health care work force database and to collect data pertaining to health care providers who apply for licensure;
- requires the department to purchase health care benefits on behalf of the publicly funded health care agencies by January 1, 2014;

- prescribes powers and duties of the Behavioral Health Services Division; and
- makes the New Mexico Health Policy Commission an adjunct agency to the department.

Of particular interest to public education is the duty of the department to convene a task force that:

- comprises the secretary and representatives of the new department, the superintendent of a school district with an enrollment greater than 60,000 students, and the directors of the New Mexico Public Schools Insurance Authority (NMPSIA), the Retiree Health Care Authority (RHCA), and the Risk Management Division of the General Services Department;
- is required to meet at least quarterly between July 1, 2011 and July 31, 2012; and
- is charged to analyze how to transfer to the new department the health coverage functions of the school district and the three state agencies.

To complete this duty, SB 162 requires the Health Administration and Finance Department, by August 1, 2010, to compile a report with legislative recommendations on how to implement the January 1, 2014 transfers of the health coverage functions of those entities and the potential for cost containment as a result of the transfer. The report must be presented to the Legislative Health and Human Services Committee and to the Legislative Finance Committee (LFC).

Finally, SB 162 repeals the *Public School Insurance Authority Act*, effective January 1, 2014.

Fiscal Impact:

SB 162 does not contain an appropriation.

Substantive Issues:

In terms of the bill’s effect on public education, the analysis by the NMPSIA cautions that, by repealing the entire *Public School Insurance Authority Act*, SB 162 eliminates the NMPSIA risk program but addresses only health care programs. Given this point, it might be advisable for the Health Administration and Finance Department report to be presented to the Legislative Education Study Committee (LESC) as well.

Other agency analyses raise a variety of points and concerns:

- The analysis by the Aging and Long-Term Services Department (ALTSD) says that, while there may be advantages in locating all Medicaid programs in one agency, there are a number of reasons for keeping the Long-Term Services Division at ALTSD because that department, more than any other, “has a primary focus on services for individuals with disabilities”
- The analysis by the RHCA says, “While there are not specific measures in SB 162 which are assured to create significant savings, to achieve its mandates will require significant investments”; and “SB 162 provides no structural changes to create savings while creating a large bureaucratic structure that has the potential to disrupt current benefit programs and reimbursement methodologies”

- Finally, the analysis by the Public Education Department says, “It is unclear how the new department, and ultimate combining of health care entities servicing public employees, would result in greater transparency, accountability, effectiveness and efficiencies.”

Background:

Legislation enacted in 2010 (HB 237, or Laws 2010, Chapter 101, with emergency clause) created the Government Restructuring Task Force (GRTF), a 17-member body that was charged to examine all of state government and to make recommendations leading to increased efficiencies and reduced costs.

Among its more specific duties, GRTF was directed to:

- study “the current resources of the state’s agencies, programs, services, funding and policies and the public needs served by them”;
- study the recommendations, initiatives, and statutory changes that occurred between 1975 and 1978 in reorganizing state government;
- examine “the statutes, constitutional provisions, rules and court decisions governing state government and reorganization and recommend legislation or changes”; and
- solicit public input.

The membership of the task force comprised:

- five House members appointed by the Speaker of the House and five Senate members appointed by the President Pro Tempore of the Senate, in both cases so that the two major political parties in each house have the same proportional representation on the task force as in the respective house;
- six public members who possess expertise in public and private sector organizational structure and who reflect the ethnic, cultural, and geographic diversity of the state, three appointed by the Speaker of the House and three by the President Pro Tempore of the Senate; and
- the Secretary of Finance and Administration.

In addition to these members prescribed by law, the task force included eight advisory members: four representatives and four senators, appointed by the leader of each house, respectively.

Among its other provisions, the legislation:

- required the Department of Finance and Administration (DFA) and “the various agencies of the state” to cooperate with the task force “and provide the task force with information regarding budget, staffing, organizational structure and other information” as requested; and
- required the Legislative Council Service, the LFC, the LESC, and DFA to provide the staff for the task force.

Finally, beginning with its first meeting in April 2010, GRTF met at least once each month during the interim to hear a wide variety of testimony and to consider recommendations for legislation during the 2011 session.

Related Bills:

SB 5 *Health Security Act*

SB 14a *Health Care Work Force Data Collection*

SB 15 *Health Policy & Finance Dept. Act*

SB 21 *Behavioral Health Purchasing Contracts*

SB 386a *LFC to Conduct FIRs on Health Care Designs*

SJM 1 *Continue Health Care Reform Working Group*

SJR 5 *State Health Care System, CA*

HB 94 *Health Policy & Finance Dept. Act*