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FISCAL IMPACT REPORT

ORIGINAL DATE 01/31/11

SPONSOR Keller LAST UPDATED HB

SHORT TITLE Health Impact Reporting Act SB 98

ANALYST Esquibel

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	\$100.0	\$100.0	Recurring	Health Impact Reporting Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Responses Received From
 Public Regulation Commission
 Human Services Department
 Department of Health
 Health Policy Commission

SUMMARY

Synopsis of Bill

Senate Bill 98 creates the Health Impact Reporting Act authorizing the Department of Health (DOH) to direct or contract for a health policy institute to provide health impact reports for proposed legislation. The bill creates the Health Impact Reporting Fund with the funds revenue derived from an annual assessment on health insurers.

Under the provisions of the bill, upon request from the Legislative Finance Committee (LFC), DOH would direct the health policy institute to prepare a written health impact report containing analysis of proposed legislation including the impact upon community health. The bill specifies the superintendent of insurance shall collect a total annual assessment of one hundred thousand dollars (\$100,000) from all health insurers. The LFC shall coordinate with other agencies in designing a timely and accurate system of providing health impact reports.

FISCAL IMPLICATIONS

SB98 would create the Health Impact Reporting Fund requiring the Superintendent of Insurance to annually collect a health impact reporting fee from health insurers operating in the state. The

total annual assessment on all health insurers would not exceed \$100,000. The fees would be deposited within the Health Impact Reporting Fund with disbursements from the fund to be made to the Department of Health for the costs DOH incurs in providing or contracting to provide health impact reports pursuant to the Health Impact Reporting Act. Revenue in the fund is non-reverting and is earmarked solely for the provisions of the Health Impact Report Act.

The PRC reports the bill is not clear as to whether the health impact reporting fee is to be derived from the health insurance premium taxes that health insurers currently pay, or if the fee is intended to be a new assessment collected in addition to the current premium taxes. If the health impact reporting fee is derived from current premium taxes, then this fee will reduce the general fund by \$100,000 annually; however, if the bill's intent is to impose a new fee on health insurers it will not impact the general fund.

Senate Bill 98 creates a new Health Impact Reporting Fund and provides for continuing disbursements to the Department of Health from this fund. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the Legislature to establish spending priorities.

The Human Services Department indicates SB98 may increase administrative costs for all health insurers resulting in less available funds for direct medical services. Depending on the amount of the assessment, the cost may have to be included in rate development for managed care organizations (MCOs) contracted to HSD, thus increasing the rates HSD would pay to the MCOs. It is likely this cost would be passed on by health insurers to consumers and/or employers through increased premiums.

The Health Policy Commission indicates it is important to note that there may be several pieces of legislation that would have an impact on community health in any given year. If a health impact report would be required for every piece of legislation that would have an impact on community health, \$100,000 per year may not be sufficient funding for such analyses to be conducted.

SIGNIFICANT ISSUES

The Department of Health (DOH) indicates it does not recommend creating a new health policy institute as directed by SB98 due to the difficult budget issues facing the Department. The health policy institute would require DOH to prepare a written health impact report to be included in fiscal impact reporting. The fiscal impact report would require extensive data and information from DOH, some of which is attainable and some that is not. The impact report is to include the potential impact on the community's health from access to health services; behavioral, physical and dental population health indices; birth and mortality rates; disease and injury prevention, control and treatment; epidemiology; fitness; nutrition; obesity; respiratory health; health professions; and health delivery systems.

DOH's Indicator Based Information System for Public Health (NM-IBIS, <http://ibis.health.state.nm.us/home/Welcome.html>) already publicizes some data on priority health indicators in the state. The NM-IBIS website could be extended to include additional health indicators targeted by the Health Impact Reporting Act.

ADMINISTRATIVE IMPLICATIONS

The PRC indicates that if the intent of the bill is to impose a new fee, the Insurance Division of the PRC will have to determine a fair method to assess health insurers and then collect those revenues.

DOH indicates SB98 may have an impact on DOH's bill analysis process. The bill could potentially slow the process of analysis and make it difficult to prepare analyses in time for committee hearings.

TECHNICAL ISSUES

The Public Regulation Commission suggests the following amendment:

Section 6, page 9, lines 18-22 should be moved to line 14 and the current lines 15-17 should be moved to the end of the bill and should be amended to read “(4) to the general fund, the balance remaining in the insurance department suspense fund derived from all other kinds of insurance business except for funds derived for the health impact reporting fee.”

The Health Policy Commission indicates clarity is needed regarding the timeframes for completion of the health impact reports under the provisions of SB98. The requirements to be included in a health impact report would be cumbersome to complete in such a limited timeframe as would be required during a legislative session.

ALTERNATIVES

The Health Policy Commission indicates that while the HPC currently exists with only two FTE and the agency's budget is not sufficient to accomplish all of its current duties, if the HPC were to be fully funded it could complete its duties which could include conducting the health impact reports required in SB98.

RAE/bym