

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

**ORIGINAL DATE** 02/24/11  
**LAST UPDATED** 03/16/11    **HB** \_\_\_\_\_

**SPONSOR** Ortiz y Pino

**SHORT TITLE** Remove Benefit Caps for Certain Coverages    **SB** 297/aSCORC/aHJC

**ANALYST** Esquibel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)  
 Department of Health (DOH)  
 Human Services Department (HSD)  
 Children, Youth and Families Department (CYFD)

### SUMMARY

#### Synopsis of HJC Amendment

The House Judiciary Committee Amendment to Senate Bill 297 as amended by the Senate Corporations and Transportation Committee is a technical amendment clarifying that the bill increases the annual benefit cap but does not remove it.

#### Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to Senate Bill 297 place an annual benefit cap of \$10 thousand paid by private health insurance plans for early intervention services provided to eligible infants and toddlers with developmental delays and disabilities through the Family, Infant, Toddler (FIT) Program. SB297/aSCORC would place a \$10 thousand benefit cap in both the Health Maintenance Organization statutes and the Nonprofit Healthcare Plan statutes.

#### Synopsis of Original Bill

Senate Bill 297 proposes to remove the current annual benefit cap of \$3,500 paid by private

health insurance plans for early intervention services provided to eligible infants and toddlers with developmental delays and disabilities through the Family, Infant, Toddler (FIT) Program. SB297 would remove the \$3,500 benefit cap in both the Health Maintenance Organization law and the Nonprofit Healthcare Plan law.

### **FISCAL IMPLICATIONS**

The Public Regulation Commission indicates section 59A-18-14, NMSA 1978, states that the Superintendent of Insurance will approve rates if the benefits offered are reasonable in relation to the premium charged. If there is an increase in benefits, there will be an impact on the premiums charged to policy holders and beneficiaries. There is an unknown change in the premiums that may be charged.

The Department of Health estimates that totally removing the current annual benefit cap of \$3,500, as proposed in the original version of SB297, would result in \$283,000 in additional revenue for the Family, Infant, Toddler (FIT) Program annually. The Senate Corporations and Transportation Committee amendments to SB297 place an annual benefit cap of \$10,000 resulting in reduced additional revenue being available for the Family, Infant, Toddler (FIT) Program from the prior estimate of \$283,000.

There is no annual benefit cap for early intervention services through the FIT Program that are paid by Medicaid. Therefore, removing the commercial insurance benefit cap as proposed in the original version of SB297 could provide consistency between private insurance and Medicaid in coverage of such services.

In Fiscal Year (FY) 2010, the FIT Program served 13,715 children. A total of 748 (5.4%) infants and toddlers in the FIT Program had intervention services paid by private health insurance plans. In FY10, 208 (27.8%) of children in the FIT Program reached the annual benefit cap of \$3,500.

### **SIGNIFICANT ISSUES**

The Department of Health indicates the FIT Program is funded through state general funds revenue; the Individuals with Disabilities Education Act (IDEA) grant from the US Office of Special Education Programs; Medicaid and private health insurance. Early intervention services include developmental instruction, occupational, physical and speech therapy, social work, nursing, nutrition, etc. Services are provided in accordance with an Individualized Family Service Plan for each child and family and a prior authorization must be obtained for services over 19 hours per month.

### **ADMINISTRATIVE IMPLICATIONS**

The Department of Health indicates SB297 would not have administrative implications for the Family, Infant, Toddler (FIT) Program because claims sent to the private insurance health plans are done by a fiscal agent that is under contract with the Department of Health.

### **TECHNICAL ISSUES**

It is unknown if similar benefits provided by the FIT Program will be included as required coverage by the federal Patient Protection and Affordable Health Care Act's definition of

“preventative services”. Once the federal government defines “essential benefits”, the basic benefit package will be required coverage for all commercial plans.

### **OTHER SUBSTANTIVE ISSUES**

The Children, Youth and Families Department indicates the Family, Infant, Toddler Program (FIT) located at the Department of Health provides statewide and comprehensive early intervention services to children birth through age three with developmental delays and serious medical conditions. This program serves 13,000 families in New Mexico and more than every 1 in 10 young children. Early detection for developmental delays is critical for children’s later success in school and beyond. Children in the FIT Program can have multiple medical and early intervention needs that would present a great financial burden to many parents. Cost benefit analysis shows that every \$1 invested in quality early intervention results in from \$7 to \$17 in benefits by the time the child is an adult.

The FIT Program effectively prepares families and children for transition to preschool by promoting strong family involvement and coordination with all agencies involved in the child’s care. The Children, Youth and Families Department is responsible for child care and administers the New Mexico PreK program. Children in the FIT Program and children transitioning out of the FIT Program participate in the licensed child care programs around the state. For children to receive the most benefit from an early childhood setting, their medical needs and therapy/intervention needs must be met. The FIT program can bill a third party for some of the therapeutic and early intervention services they provide when the child has other coverage. By eliminating insurer benefit caps, the program could potentially stretch their dollars to serve additional families and/or extend the length of time medically necessary services are provided to the child.

The federal Child Abuse Prevention and Treatment Act requires that all children under the age of three who are part of a substantiated report of child maltreatment be referred to early intervention programs funded under Part C for an assessment. CYFD has an agreement with Department of Health for this purpose and many young children served by the child welfare services have benefited from services provided through the FIT program in New Mexico.

RAE/bym:svb:mew