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FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/11

SPONSOR Ingle LAST UPDATED _____ HB _____

SHORT TITLE Create "EMS Protection Fund" SB 381

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|---------------------|
| FY11 | FY12 | | |
| | \$428.0 | Recurring | EMS Protection Fund |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Non-Rec | Fund Affected |
|-------------------|---------|---------|-------------------------|---------------------|
| FY11 | FY12 | FY13 | | |
| | \$428.0 | \$458.0 | Recurring | EMS Protection Fund |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Responses Received From
 Department of Health (DOH)
 Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

Senate Bill 381 proposes to create a new fund, the Emergency Medical Services (EMS) Protection Fund, with revenue derived from a 0.1% surtax on homeowners' insurance premiums that would support emergency medical service (EMS) agencies that respond to 1,000 or fewer requests for service per year. SB381 would allow the Department of Health (DOH) to use a portion of the funding to contract with nonprofit agencies to provide EMS regional management.

FISCAL IMPLICATIONS

Senate Bill 381 creates the "Emergency Medical Services Protection Fund" and proposes that the fund be non-reverting. The bill provides that the Superintendent of Insurance levy a 0.1% surtax

on homeowners' insurance policies for revenue earmarked for the "Emergency Medical Services Protection Fund." The revenue from the fund would be appropriated by the Legislature solely for emergency medical services-related items provided for in the bill.

The Public Regulation Commission indicates the surtax would be 0.1% of premiums on homeowners' insurance policies. Homeowners' insurance premiums in New Mexico currently total approximately \$400 million a year and have been growing at an annual rate of about 7%. Therefore this surtax would currently generate about \$400,000 a year for the EMS fund.

Senate Bill 381 creates a new fund, the "Emergency Medical Services Protection Fund" and provides for continuing appropriations. 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.

SIGNIFICANT ISSUES

The Department of Health indicates 294 EMS agencies report that they respond to fewer than 1,000 requests for service per year. These agencies generally function in the rural and frontier areas of New Mexico and tend to be underfunded for their EMS activities, according to the final report of the 2007 House Memorial Task Force. This report stated that in 2007, available state funding provided less than 40% of the EMS operational costs for small EMS services. Since that report, the average state distribution to EMS agencies has decreased from \$9,482 in FY 2007 to \$8,514 in FY 2011 in the wake of the economic downturn, further decreasing available funding for these small services.

Of the 294 EMS agencies reporting that they respond to fewer than 1,000 requests for service per year, 192 list themselves as being volunteer agencies. The remaining 102 EMS agencies report that they provide some sort of reimbursement for their caregivers, and could include paid, full-time caregivers. These 102 EMS agencies also provide critical EMS response in rural and frontier areas and would benefit from additional funding. DOH recommends that the requirement under Section 1, B(1-b) on page 2, line 21 that the agency "have no paid, full-time personnel" be struck. DOH also recommends that the same phrase be struck from Section 1, B(2) on page 2, line 25 than continues to page 3, line 1.

SB381 also proposes that DOH utilize a portion of the funding to contract with nonprofit agencies to establish or operate regional offices that provide regional emergency medical services planning and development services, technical assistance and support and coordination with emergency medical services statewide. It is conceivable that there could be no entities with whom it would be appropriate to contract to perform these duties. DOH recommends that the phrase "unless the DOH shows good cause for not contracting these services to nonprofit agencies" be added to Section 1, B(3), line 18, on page 3.

ADMINISTRATIVE IMPLICATIONS

SB 381 requires the Superintendent of Insurance to define by rule the types of "homeowners" insurance policies that would be subject to the surtax provided for by SB381.

TECHNICAL ISSUES

The Department of Health suggests the following technical amendments:

- Delete line 21, page 2;
- Page 2, line 25 after the word “year”, delete the words “and that have”;
- Delete line 1, page 3;
- Page 3, line 18, after the word “statewide” add the words “unless DOH shows good cause for not contracting these services to nonprofit agencies”.

RAE/bym