

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

SPONSOR Griego, P. LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Mandated EMS Insurance Coverage SB SJM 17

ANALYST Kleats

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		NFI		NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)

Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 17 requests the Superintendent of Insurance evaluate the costs and benefits of requiring insurance coverage for ambulance services specifically the necessary premium, the structure of any pool to fund ambulance services, whether policies should be stacked, and any other issues relevant to such coverage.

SJM 17 requests the Superintendent of Insurance report the evaluation findings to the appropriate legislative committee by December 1, 2011.

### FISCAL IMPLICATIONS

SJM 17 carries neither appropriations nor changes in revenue and results in no fiscal impact.

### SIGNIFICANT ISSUES

Rural and urban ambulance services, particularly those that are run by not-for-profit medical centers or hospitals, operate at a deficit. One cause of these deficits is a 30-40% collection rate on payment for services, whether through insurance or self-payment. Although extremely low, service providers consider this rate “as good as it gets” because a 911 call mandates a response

without prior knowledge of ability to pay for ambulance service and it is not cost-effective for a small ambulance operator to pursue the \$500 to \$800 debt.

The responders are trained medical emergency providers, whose interest is saving the life or responding appropriately to the emergency at hand. As a result, they may not get full identification, proof of insurance, contact information or any means to track the person when the emergency is resolved.

Many people believe their health or vehicle insurance covers an ambulance response, but ambulance service providers do not find this to be the case the majority of the time. Thus, even when service providers acquire complete patient information, claims for ambulance costs are typically denied for the lack of coverage.

For ambulance service providers to survive in New Mexico, a reliable and sustainable funding mechanism must be created, much like the funding mechanism for volunteer fire services. A logical possibility is to include emergency management service response coverage in home, health and vehicle insurance policies issued to New Mexicans which would then provide individual coverage or a pool from which ambulance services could be reimbursed.

## **PERFORMANCE IMPLICATIONS**

HPC states the State of New Mexico Comprehensive Strategic Health Plan addresses Emergency Care Systems. Chapter Nine: Emergency Care Systems of the plan sets forth the following goals:

- Goal 1: Improve the Emergency Medical Services (EMS) System in New Mexico, and
- Goal 2: Improve the New Mexico Trauma Care System.

Accomplishments indicated in the 2008-1010 Progress Report for the State of New Mexico Comprehensive Strategic Health Plan include providing technical assistance and expertise to the New Mexico Legislature and local communities on ways to fund New Mexico's Emergency Medical System. For example, the 2010 Legislature considered HB99 which would have utilized a fee on private home, auto and commercial insurance and exploring a local gross receipts tax on a County by County basis.

## **ADMINISTRATIVE IMPLICATIONS**

It is assumed any additional effort required of the Superintendent of Insurance for the evaluation can be absorbed with existing resources.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SJM 17 relates to House Bill 286 and Senate Bill 381.

HB 286 appropriates \$600 thousand from the general fund to Indian Affairs Department to contract with Navajo Nation for emergency management services in San Juan and McKinley counties.

SB 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.

**OTHER SUBSTANTIVE ISSUES**

PRC notes that of the three types of insurance being proposed to cover ambulance service, such coverage is more germane to health insurance than to auto insurance or homeowners insurance. However, PRC considers it most likely true that most of the users of ambulance services who do not pay for those services also do not have health insurance.

PRC claims SJM 17 does not address any other sources of funding ambulance services, such as property tax.

IK/bym