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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/14  
 SPONSOR McMillan LAST UPDATED 02/13/14 HB 284  
 SHORT TITLE Health Care Practitioner Cost Sharing Rates SB \_\_\_\_\_  
 ANALYST Weber

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

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$108.0	\$110.0	\$218.0	Recurring	PSIA Benefits
		\$324.0	\$324.0	\$648.0	Recurring	RHA Benefits
		\$2,000.0	\$2,000.0	\$4,000.0	Recurring	GSD-Employee Group Benefits

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public School Insurance Authority (PSIA)

Retiree Health Care Authority (RHCA)

General Services Department (GSD)

### SUMMARY

#### Synopsis of Bill

House Bill 284 amends sections of the Health Care Purchasing Act, the New Mexico Insurance Code, the Health Maintenance Organization Law and the Nonprofit Health Care Plan Law. The changes establish cost-sharing for certain health care practitioners at rates no higher than the cost-sharing rates (co-pays, coinsurance, deductible, etc.) charged for primary care providers.

The providers include coverage for:

1. physical therapy,
2. occupational therapy,
3. speech-language pathology, and,
4. chiropractic services.

### FISCAL IMPLICATIONS

PSIA notes that co-pay for in-network primary care physicians (PCP) is \$20. For the ancillary services listed above, the co-pay is \$30. To comply with this requirements under this proposed bill, PSIA's cost would be increased by \$10 for each ancillary service visit.

Primary Care represents approximately 8 percent of NMPSIA healthcare spend. Ancillary services as defined above represents about 2 percent of the NMPSIA's total healthcare spend. Based on the number of unique patients of approximately 1200 members under Presbyterian Health Plan, and an average of 3 visits per year, this would increase NMPSIA's cost \$36,000 on Presbyterian alone. When Blue Cross Blue Shield (BCBS) enrollment is included, which is roughly twice Presbyterian's enrollment, an additional \$72 thousand is anticipated for BCBS, bringing the total additional cost to an estimated \$10 thousand.

RHCA echoes the PSIA comments. Changing RHCA's plan's cost sharing for the specified services would affect approximately 1,800 members. These services are now considered specialty care for coverage type determination.

The 1,800 members would cost the plan \$15 more per visit. The members have approximately 12 visits per year on average.

GSD estimates the impact to the State Benefits Fund is *at least* 0.5 percent to the overall claims, which is estimated to be an additional **\$1.7–2M** for physical therapy and chiropractic only. A specific estimate for occupational/speech-language impact is not available at this time but would also be a significant additional impact.

The total estimated cost may be representative but the final amount would be dependent on how the change in co-pays is distributed. For example, if the lower co-pay was made up by increasing the participant premium, then the higher operating budget impact to the agency could be zero. In similar fashion, if a lower reimbursement is negotiated to the provider, then the cost to agency or participant could be zero. As a practical matter, some combination would be the likely result.

## **SIGNIFICANT ISSUES**

GSD reports that the services of physical therapy, occupational therapy, speech-language pathology and/or chiropractic services do not have their own stand-alone deductibles in the state employee plan. When services are used, employee-paid costs go toward meeting the one overall medical deductible for the employee/family. New Mexico considers physical therapy, occupational therapy, speech-language pathology and/or chiropractic services as specialty services and, in the State's Group Benefits Plan, they do have a slightly higher co-pay than the primary provider co-pay.

HB 284 would have significant impact to the Risk Management Division (RMD) of the GSD. To ensure solvency of the State's self-insured Benefits Fund, it is essential that RMD has the ability to monitor and adjust the benefits plan design to control costs and meet the needs of the 67,000 plan participants. HB 284 would decrease plan design flexibility. Being self-insured, it is essential to have flexibility with benefits plan structure to maintain the health of the Benefits Fund. In addition, it would require medical carriers to reconfigure their systems, redistribute participant ID cards, and rewrite medical plan documents and informational materials, at a considerable cost to RMD.

MW/svb:jl