

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 and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Candelaria ORIGINAL DATE 02/04/14
LAST UPDATED _____ HB _____

SHORT TITLE Obesity Insurance Coverage SB 64

ANALYST Hanika Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Impact				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 64 enacts a new section of the Health Care Purchasing Act to require that publicly funded health care agencies that provide access to health care coverage for public employees and retirees establish group coverage for obesity prevention, screening, and treatment.

FISCAL IMPLICATIONS

The bill could increase costs initially for the health plans but over time these healthier employees could be less costly to insure, more productive and committed, and have less sickness absences.

According to DOH, even a five percent reduction in weight can decrease the risk for costly obesity-related medical conditions for some patients.

SIGNIFICANT ISSUES

The intent of the bill is to ensure coverage for obesity prevention, screening and treatment is consistent across all group plans in New Mexico, regardless of group size or purchaser type.

The Affordable Care Act (ACA) now requires plans to cover obesity preventive services but not treatment. In addition, the ACA requires state exchanges to cover a set of health care services

known as essential health benefits (EHBs). This is to ensure that health plans, inside and outside the state exchanges, are offering a comprehensive package of services. These EHBs can include services in excess of what is required in the ACA. In New Mexico, these EHBs include two treatments for obesity: weight loss programs and bariatric surgery. However, the employee and retiree plans under the Health Care Purchasing Act do not offer the same evidence-based treatment services for obesity. The bill attempts to change that situation for the new plan year.

TECHNICAL ISSUES

Page 1, line 23, between the word “provide” and “coverage” insert the term “evidence-based”.

OTHER SUBSTANTIVE ISSUES

According to DOH, obesity raises the risk of morbidity from hypertension, hyperlipidemia, type 2 diabetes, coronary heart disease, stroke, gallbladder disease, osteoarthritis, sleep apnea and respiratory problems, and some cancers.

In 2013, the American Medical Association officially recognized obesity as a disease, a move to induce physicians to pay attention to the condition and spur more insurers to pay for treatments.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

A new section of the Health Care Purchasing Act requiring purchasers to establish group coverage for obesity prevention, screening and treatment would not be enacted.

AHO/svb