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FISCAL IMPACT REPORT

ORIGINAL DATE 03/09/15

SPONSOR Armstrong **LAST UPDATED** _____ **HB** 556

SHORT TITLE Brain Injury Health Coverage **SB** _____

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	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

University of New Mexico Hospital (UNMH)

Human Services Department (HSD)

New Mexico Public School Insurance Authority (NMPSIA)

Responses Not Received From

General Services Department (A/O 12 PM, March 9, 2015)

SUMMARY

Synopsis of Bill

House Bill 556 (HB 556) amends the Health Care Purchasing Act, the New Mexico Insurance Code, the Health Maintenance Organization (HMO) Law and the Nonprofit Health Care Plan Law to require coverage for certain services and personnel training related to brain injury.

The bill defines “brain injury” to mean “...brain damage caused by events involving an internal or external source at or after birth that may result in cognitive, physical, emotional or behavioral impairments that lead to permanent or temporary changes in functioning.”

More specifically, the bill covers post-acute care treatment services related to brain injury; reasonable costs for periodic reevaluations; subjects services to the same deductibles, copayments and coinsurance as other services in the plan; provides that care occur at DOH-licensed hospitals and facilities; and requires rules to ensure personnel administering pre-authorization of coverage or conducting utilization reviews also receive training in brain injury and brain injury services to avoid confusion of medical benefits with behavioral health benefits.

FISCAL IMPLICATIONS

NMPSIA reports that because its plans limit coverage to rehabilitation services which are medically necessary and excludes assisted living facilities, the bill will increase claim costs.

HSD reports any increased costs for its alternative benefit plan would begin in 2016, when federal funding ends, for which the state share could be one third, coming from the general fund.

The Affordable Care Act ensures that health plans offered in the individual and small group marketplace include a comprehensive package of items and services, known as “essential health benefits” that include, among others, rehabilitative and habilitative services. In the large group marketplace, however, the ACA has left regulation as to the content of coverage for certain types of treatments, services, or providers, for instance, largely with the individual states. However, States expanding their Medicaid programs must provide these same “essential health benefits” mandated for the individual and small group marketplace, to people newly eligible for Medicaid.

SIGNIFICANT ISSUES

HSD notes that brain injury research indicates that post-acute outcomes are greatly improved for individuals who receive targeted and timely therapeutic intervention. Coverage of the proposed services is intended to improve individual outcomes and re-integration back into the community.

NMPSIA reports the current practice is to cover acute injury and rehabilitation needs, based on medical necessity. This occurs in acute care, long term acute care and in acute rehabilitation facilities. Currently, there are facilities in and out of NM who promote themselves as “neuro rehabilitation” centers, although licensed as “assisted living facilities”. The facility serves as the member’s residence and habilitative services could represent a lifetime of maintenance therapies.

NMPSIA reports that even with training, it may be difficult for preauthorization and/or utilization management staff to separate brain injury symptomatology from behavioral disorders.

PERFORMANCE IMPLICATIONS

The bill does not apply to coverages such as Medicare supplement, long-term care, disability income, specified disease, accident-only, hospital indemnity or limited-benefit health insurance.

OTHER SUBSTANTIVE ISSUES

HSD reports it offers short-term coverage for eligible individuals through the Brain Injury Services Fund (BISF) for individuals with traumatic brain injuries. In the event plans cannot cover the specified therapies/assessments, as payer of last resort, the BISF may cover some costs.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The practice to cover acute injury and rehabilitation needs based on medical necessity will continue as before.

AHO/aml