

LFC Requester:	Brendon Gray
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original	<input type="checkbox"/>	Amendment	<input checked="" type="checkbox"/>	Date	<u>2/6/24</u>
Correction	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Bill No:	<u>HB7A</u>

Sponsor:	<u>Rep. Szczpanski</u>	Agency Name and Code	<u>HCA-630</u>
	<u>HEALTH CARE AFFORDABILITY FUND DISTRIBUTION</u>	Number:	<u></u>
		Person Writing	<u>Elisa Walker-Moran</u>
Short Title:	<u></u>	Phone:	<u>(505) 470-9330</u>
		Email	<u>Elisa.walker-moran@hsd.nm.gov</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$0	\$0	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$0	TBD by OSI/TRD	TBD	Recurring	Health Care Affordability Fund

			R	General Fund
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(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0	\$0	\$0	\$0	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not known
 Duplicates/Relates to Appropriation in the General Appropriation Act: Not known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB7 eliminates the upcoming decrease in the distribution rate of revenues collected from the Health Insurance Premium Surtax (HIPS) to the Health Care Affordability Fund (HCAF). Currently, the decrease would take effect July 1, 2024, reducing the distribution rate from 55% to 30% of the net receipts attributable to the HIPS. HB7 would eliminate this decrease and thus maintain the current 55% distribution of revenue from HIPS to the Health Care Affordability Fund.

HAFC HB7 as amended keeps the 30 percent distribution until July 1, 2025 and increases the distribution to 55% on July 1, 2025.

FISCAL IMPLICATIONS

Between July 1, 2022, and July 1, 2024, 55% of the revenue collected by the health insurance premium surtax will be distributed to the Health Care Affordability Fund. HB7A maintains the current reduction in distribution from July 1, 2024 to through July 1, 2025 at 30% and changes the distribution back to 55% beginning on July 1, 2025. Not enacting HB7A would reduce the distribution to 30% permanently. In SFY 2025 the Medicaid/CHIP programs do not receive revenues distributed through the Health Care Affordability Fund.

SIGNIFICANT ISSUES

If HB7A is not enacted the distribution percentage to the HCAF will permanently drop from 55% to 30%, thus increasing revenues to the General Fund and reducing revenues to the HCAF.

The HCAF is used to support health insurance affordability programs for New Mexicans to assist with the costs of their coverage. Reductions in the HCAF could result in higher rates of uninsured New Mexicans resulting from less revenue to support low-cost health insurance.

PERFORMANCE IMPLICATIONS

The costs of premiums, deductibles and co-pays can be prohibitive for individuals who have limited income but who don't qualify for Medicaid; often, these individuals will either go without health insurance or forego needed care. Reducing the number of uninsured is critical for

improving access to needed preventive and behavioral health services; and fortifying the health care system and New Mexico's provider network.

ADMINISTRATIVE IMPLICATIONS

None to HCA. No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None known.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The scheduled decrease in the percentage distribution from 55% to 30% to the HCAF will be effective July 1, 2024 permanently reducing the funding available to support access to health insurance for New Mexicans.

HB7 provides premium subsidy to small businesses, their employees and individuals purchasing plans on the marketplace, beWell. If not enacted, the drop in future revenues would impact the ability to support reduced premiums for small business, their employees and individuals.

AMENDMENTS

None