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FISCAL IMPACT REPORT

ORIGINAL DATE 02/19/07

SPONSOR Stewart LAST UPDATED _____ HM 10

SHORT TITLE Contraceptive Use and Insurance Info SB _____

ANALYST Hanika Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$.1 see narrative				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Health Policy Commission (HPC)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Memorial 10 requests that the New Mexico Health Policy Commission (HPC) and the Insurance Division of the Public Regulation Commission (PRC) continue to evaluate the benefits on contraception use; further the use of the web site on contraceptive coverage (<http://hpc.state.nm.us/contraception/contraception.htm>); and, disseminate the information on prescription contraceptive coverage as it exists within the insurance industry.

FISCAL IMPLICATIONS

It is assumed that the HPC will serve as the lead agency for HM 10. As such, their will be costs associated for both agencies in providing staff support to fulfill the provisions within the bill. The HPC will also have additional expenditures in providing the necessary reports, minutes and disseminating other information. HM 10 does not include an appropriation to provide for this effort or perform any public outreach.

The average cost for hospital stays related to childbirth can range from \$5,960 for a normal birth to \$40, 431 for a premature birth with major complications. The HPC reports that unintended pregnancies are more likely to result in premature births because women with unintended pregnancies are more likely to engage in behavior that is harmful to the development of their child.

Nearly half of all pregnancies in the U.S. are unintended, and 4 in 10 of those result in abortion. This accounts for about 24% of all pregnancies, excluding miscarriages. The cost of a non-hospital abortion with local anesthesia at 10 weeks' gestation ranged from \$150 to \$4,000.

SIGNIFICANT ISSUES

HM10 cites the following issues:

- Many women fail to discover before obtaining health insurance coverage whether the prescription contraceptives that best fit their lifestyles are covered by their insurance plans;
- Coverage of prescription contraceptives can reduce the costs to health insurance carriers by providing savings on health care costs due to reducing the expense associated with unintended pregnancies and by promoting better health for mothers and their children;
- Many women still lack coverage for prescription contraceptives, even though private insurance plans have improved coverage in recent years, and many women still cannot obtain the kind of contraception they prefer and that best fits their lifestyles because of limitations in their health insurance plans; and
- There remains more information to be gathered and disseminated, and it is necessary to keep the information gathered current.

PERFORMANCE IMPLICATIONS

The DOH has the following comments:

During the first session of the 45th Legislature, two sections of law were enacted (Sections 59A-22-42 and 59A-46-44 NMSA 1978) requiring health insurers and health maintenance organizations that provide a prescription drug benefit to also provide coverage for prescription contraceptive drugs or devices. Subsequent to the effective date of the law, complaints were received concerning failure to provide this coverage. Investigations determined that some insurers were not aware of the change in law. As a result, the second session of the 45th Legislature enacted HJM 32, which requested that the Superintendent of Insurance conduct a survey of health insurers to determine compliance with the law; and, the number of religious entities opting out. The study found that fewer than 10% of health insurers offered prescription contraceptive coverage.

In 2006, HM 38 requested that the HPC collect and evaluate relevant health studies and other information and determine the benefits of having contraceptive coverage. Part of the studies included a survey "Prescription Contraceptive Drugs and Devices: A Survey for Companies writing Health Insurance."

Summary of the HM 38 2006 Survey Results: As of 2006, 287 insurance companies replied to the survey and 237 did not write major medical, HMO or other hospital and medical expense policies. Fifty of the responders indicated that they currently write this type of coverage and completed the rest of the survey. Of these 50 companies, 41 indicated that they provide prescription drug coverage, and 9 indicated that they did not. The primary reason given by these 9 companies for not providing prescription drug coverage was that they were offering limited benefit or supplemental health insurance and did not provide this coverage as a means of keeping the cost of coverage lower than major medical or HMO coverage.

All of the 41 companies that reported providing prescription drug coverage reported that they were providing in NM the prescription contraceptive drugs and devices benefit mandated by NM law. Twenty-eight (68%) of these companies reported that they utilized formularies in administering their prescription drug benefits and provided copies of their formularies. The other 13 (32%) indicated that they did not utilize formularies to administer their prescription drug benefits. All of these 41 companies also indicated that they placed no special limits on prescription contraceptive drugs and devices other than those applicable to any other prescription drug.

The survey showed a marked improvement of reported prescription contraceptive coverage by insurance industry in NM from 10% in 2002 to 68% in 2006. However, there are more tasks to be completed to disseminate information on the compliance of each health insurer. NM women need to know that there is a web site on contraceptive coverage and the web site needs to provide information on each health insurer and their contraceptive formulary.

ADMINISTRATIVE IMPLICATIONS

As the lead agency, the HPC would need to convene and staff a task force that may be created to meet the resolutions of HM10. The HPC would be responsible for administrative support and oversight of task force meetings to ensure efficient communication conducive to meeting the resolutions in a timely manner. In addition, the HPC would be responsible for producing and distributing the final report.

OTHER SUBSTANTIVE ISSUES

The HPC provided the following comments:

Contraceptive Use

In New Mexico, among women who were not trying to get pregnant, 57% were not using a contraceptive method at conception. The top 3 reasons for not using contraception include:

- Did not mind getting pregnant (41%),
- Problems getting birth control (29%), and
- Partner did not want to use a contraceptive method (22%).

Benefits of Prescription Contraceptive Coverage

Through HM 38 (2006), the HPC found that contraceptive use and insurance coverage is beneficial because it helps to reduce unintended pregnancy, which not only saves money by reducing the direct medical costs associated with pregnancy and childbirth, but also helps to prevent abortion. Forty-four percent of New Mexico pregnancies are unintended. In the United States, 4 in 10 unintended pregnancies result in abortion. This accounts for about 24% of all pregnancies, excluding miscarriages.

Educational Plan on Availability and Access to Prescription Contraceptives

In order to meet the educational requirement of the HM 38 (2006), the HPC decided to develop a website within the HPC website, which allows the public to access information on:

- The state law that requires health insurers to offer prescription contraceptive coverage;
- A listing of FDA approved contraceptives, failure rates and associated risks;

House Memorial 10 – Page 4

- A list of health insurers that do and do not provide coverage, and links to their websites where consumers can access their specific plans and find out what is covered under their specific plans;
- Information on how to file a complaint if an insurance company is not offering coverage; and
- Links to state and national sites that provide information related to this issue.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Many women may continue to be unaware of which insurance companies cover prescription contraceptives, and which specific contraceptives are covered.

AHO/mt