

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).

FISCAL IMPACT REPORT

SPONSOR Tallman ORIGINAL DATE 2/6/2020
LAST UPDATED _____ HB _____
SHORT TITLE Continuing Care Act Actuarial Services SB 218
ANALYST Klundt

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$20.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Aging and Long-term Services Department (ALTSD)

SUMMARY

Synopsis of Bill

Senate Bill 218 appropriates \$20 thousand from the general fund to the Aging and Long-term Services Department (ALTSD) to contract for actuarial services annually to review provider disclosure statements as required by the Continuing Care Act (CCA).

FISCAL IMPLICATIONS

The appropriation of \$20 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal year 2021 shall revert to the general fund.

SIGNIFICANT ISSUES

Currently, the CCA requires ALTSD to review continuing care community's financial disclosure statements on an annual basis to ensure solvency of the community.

The purpose of the Continuing Care Act is to provide for disclosure and the inclusion of certain information in continuing care contracts in order aid residents in making informed decisions concerning continuing care; to provide protection for residents; and to ensure the solvency of

communities. Section 24-17-2 NMSA 1978. The Legislature has recognized needs for evolving continuing care and the different options available, however, the Legislature has also acknowledged the risks associated with such communities should a provider become insolvent.

Section 24-17-7 NMSA 1978 requires disclosure statements to be filed with ALTSD on an annual basis.

ALTSD currently receives and tracks the disclosure statements submitted by communities subject to the CCA. ALTSD reviews the disclosure statements for the prescribed documents but currently does not have the required expertise to do a meaningful substantive financial review in order to ensure solvency and the ability of the community to meet future obligations.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 51 requires the Superintendent of Insurance to evaluate the compliance of the continuing care communities and report violations to ALTSD and the Attorney General.

KK/sb