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FISCAL IMPACT REPORT

SPONSOR Padilla **ORIGINAL DATE** 01/27/21
LAST UPDATED 03/08/21 **HB** _____
SHORT TITLE Health Care Purchasing Act **SB** 23/aSTBTC
ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Costs to state health insurance programs		Uncertain, probably substantial	Uncertain, probably substantial	Uncertain, probably substantial	Recurring	General fund
Costs to OSI		Uncertain, probably small	Uncertain, probably small	Uncertain, probably small	Recurring	General fund
Total		Uncertain, probably substantial	Uncertain, probably substantial	Uncertain, probably substantial	Recurring	General fund

Related to House Bill 34

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
 Department of Health (DOH)
 Retiree Health Care Authority (RHCA)
 Office of the Superintendent of Insurance (OSI)
 Regulation and Licensing Department (RLD)
 General Services Department (GSD)

SUMMARY

Synopsis of STBTC Amendment

The Senate Tax, Business and Transportation Committee amendment to Senate Bill 23 adds the effective date of January 21, 2022.

Synopsis of Original Bill

Senate Bill 23 would dictate that insurance products offered for sale in New Mexico or purchased for state employees could not impose a higher coinsurance percentage or copay amount on a consumer for services provided by a chiropractor than for primary care services, defined in each of the bill’s sections as “the first level of basic or general health care for a person’s health needs.” The same requirement is repeated several times, as indicated below, to apply to each form of medical insurance.

Section	Applies to	Section of NMSA 1978 modified
1	Group health coverage and self-insurance	Health Care Purchasing Act
2	Individual or group health policy, health care plan, certificate of health insurance	Chapter 59A, Article 22
3	Group or blanket health insurance policy, health care plan, certificate of health insurance	Chapter 59A, Article 23
4	Individual or group health maintenance organization contract	Health Maintenance Organization Law
5	Non-profit health care plans	Non-Profit Health Care Plan Law

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature. (This was changed by the STBTC amendment to an effective date of January 1, 2022.)

FISCAL IMPLICATIONS

There is no appropriation in Senate Bill 23.

As noted by OSI, “Any limitation on cost sharing for chiropractic services may increase premium costs. An analysis of this potential increase would entail an evaluation of the frequency of these services among the exchange population and the average expense. This amount would be prorated across all insureds in a risk pool. Without study, it is difficult to project the impact of the proposal on premium rates. As noted above, any premium increase would impact tax payers as SB23 applies to public employees via the Health Care Purchasing Act.”

GSD indicates that a single requirement such as this would be unlikely to have a significant effect on state-provided health insurance premiums, but that if multiple such bills passed, providing specialist services at primary care copays and coinsurance, the effect could be large. GSD continues, “the State of New Mexico Group Benefit program would be financially responsible for the difference in cost between the current chiropractic copay and the copay of a PCP’s visit; \$50 vs. \$25. That is, an additional charge to the Group Benefit program of \$25 per visit for approximately 3,000 visits impacted in FY22 (\$75k total). As more specialty care cost sharing is mandated at the PCP level, consideration will need to be given to raising PCP copayments.”

RHCA in turn provides an estimate of \$60 thousand in increased costs to that agency each year coming from its having to pay for the difference between current copay and coinsurance rates for

chiropractic visits and the rates applied to primary care visits, as well as the frequency with which chiropractors are being visited. The estimated fiscal impact is based upon the average number of chiropractic visits for fiscal years its pre-Medicare members are currently using chiropractors.

ADMINISTRATIVE IMPLICATIONS

OSI indicates that its staff “would be required to evaluate the forms and reporting for nine major medical health insurance carriers to ensure compliance. Rate review conducted by an actuary would have to ensure that any potential increases in premiums due to this new statute were fair and reasonable.”

RELATIONSHIP with House Bill 34, which would make the same requirement with regard to podiatric services.

CONFLICT identified by RHCA with that agency’s authorizing laws contained in in Section 10-7C-5 NMSA 1978.

TECHNICAL ISSUES

The short title of the bill does not effectively reflect the intent of the legislation.

LAC/rl/al