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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Chavez, N./Armstrong/Sena Cortez **ORIGINAL DATE** 2/12/2025

BILL

SHORT TITLE Actuarial Review of Certain Legislation **NUMBER** House Bill 279

ANALYST Leger

APPROPRIATION*
(dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$100.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
LCS	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 350

Sources of Information

LFC Files

Agency Analysis Received From
Health Care Authority (HCA)
Office of the Superintendent of Insurance (OSI)

SUMMARY

Synopsis of House Bill 279

House Bill 279 creates a process for an actuarial review of proposed health care legislation.

- On or before September 1, 2025, Legislative Council Service (LCS) shall retain at least one contractor capable of performing actuarial reviews of legislative proposals that change health insurance or health plan coverage or compliance.
- Every year, each member of the Legislature may request LCS performance actuarial review of one piece of legislation that may change coverage requirements for health insurers. For each regular legislative session, LCS shall provide actuarial reviews for:
 - Up to two members of the majority party of the House of Representatives and the

Senate. If more than two requests are made the Speaker of the House will select two and the Senate Pro Tempore will select two legislative proposals for review.

- Up to two members of the minority party of the House of Representatives and up to two members of the Senate. If more than two requests are made the minority floor leader of each chamber will select two proposals from each chamber for review;
- A proposal is only eligible for actuarial review if the proposal is submitted to LCS by October 1 of a given year;
- An actuarial review by a contractor shall provide, at a minimum:
 - Estimated number of New Mexico residents directly affected;
 - Estimates of change in rates of utilization of specific health care services;
 - Estimates concerning changes in consumer cost sharing;
 - Estimates of increases or decreases in health premiums;
 - Estimated out-of-pocket health care cost changes;
 - Estimated long-term health care cost changes;
 - Identification of health benefits for individuals or communities;
 - Social and economic impacts, including health care providers, provider networks and other health insurance markets;
 - Estimate of the impact on state spending related to programs administered pursuant to the Health Care Purchasing Act and the Public Assistance Act;
 - Evaluation of coverage for health care services is available without passage of the legislative proposal; and
 - Analysis of support by certain federal and national entities.
- If the review requires analysis of health data, health data used should be collected pursuant to Health Information System Act.
- LCS shall prepare a written report of the reviews conducted by January 1 of each year and provide a report to Legislative Council, Legislative Finance Committee (LFC), and post them on the Legislature’s website.

HB 279 appropriates \$100 thousand from the general fund to the Legislative Council Service to procure contractors to perform actuarial reviews of legislation proposals that may change the coverage requirements for health insurance plans.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The Health Care Authority (HCA) points out the appropriation amount for performing four actuarial reviews may not be commensurate with the scope-of-work requirements. The contractual costs for the scope-of-work requirements would reflect an hourly rate. Current pay-band information on actuarial work performed by HCA’s Medical Assistance Division may be a useful point of reference. Hypothetically, a simple analytical review requiring 1-hour could cost between \$215 and \$400, with the lower end of the range reflecting work performed by an

‘actuarial analyst’ and the higher-end reflecting work performed by a ‘senior-level actuary.’ An estimate of \$329 per hour would reflect work performed by a mid-level ‘actuarial consultant.’ Based on the appropriation amount, procuring a mid-level consultant would reimburse 304 hours of actuarial analysis, providing for an average of 76 hours of work per legislative proposal under study.

Based on the complexity of the proposed health care legislation, additional hours may be required to complete the work, however, an exact amount is unknown.

The appropriation of \$100 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

SIGNIFICANT ISSUES

According to the Office of the Superintendent of Insurance (OSI), the three-month time period allotted for the completion of all actuarial analyses may be a challenge unless several contractors are engaged. Actuarial analyses depend heavily on access to reliable and credible data sources. Depending on the nature of the analyses, more recent information may need to be collected, which is at best a 6-to-8-week process. Additionally, the data validation process may extend the amount of time needed to ensure the accuracy and appropriateness of the data used. Apart from the data access issues, actuarial analysis may require the development, refinement, and validation of quantitative models. This process is time consuming and involves the generous application of actuarial judgment from experienced actuaries with a deep understanding of the drivers of healthcare costs in the state. Rushing this process may compromise the quality of results. Given the scope of the analyses that may be performed under this bill, it is likely that additional data sources may be needed including non-actuarial professionals and community leaders. The integration of different data sources could be challenging and may delay the completion of the analyses in a timely manner.

The 2024 General Appropriation Act appropriated \$600 thousand to LFC to contract for health policy and related financial research. LFC has worked since Spring 2024 to establish agreements with various agencies that collect health information similar to the data analysis required by HB279. For example, the Department of Health (DOH) operates and maintains the All Payers Claims Database (APCD), which consolidates medical billing information in New Mexico. Data from this database may likely be essential for the reviews established by the bill. However, to date, LFC has been unable to establish data-sharing agreements with DOH to access APCD data. As a result, a contract for work required by this bill may also face challenges in obtaining sufficient information to complete the reviews.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill relates to House Bill 350, which appropriates \$1 million to Legislative Council Service for expenditure over three years to contract for consulting and technical assistance to aid the Legislative Health and Human Services Committee to analyze and develop solutions to address key health care cost drivers.

ALTERNATIVES

HCA states the Health Benefits Bureau recommends hiring a full-time health insurance actuary to provide the services described in the bill, as the cost of consulting actuaries is considerably high. This would also allow the actuary to gain knowledge of New Mexico's needs, the methodologies used by state agencies to review proposals, legislative and executive priorities, and the context of requests for actuarial review. According to Glassdoor.com, the salary range for a health care actuary is between \$134,000 and \$246,000 per year. While this would require a larger appropriation than provided by the bill, it could provide LCS with an expert who could weigh in on a greater number of proposals than a contracted actuary.

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