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FISCAL IMPACT REPORT

SPONSOR: Rodriguez DATE TYPED: 02/18/01 HB _____
 SHORT TITLE: Self-Funded Direct Reimbursement Dental Plan SB SJM 27
 ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

SJM 27 requests the Interagency Task Force of the Healthcare Purchasing Cooperative study the creation of a self-funded direct reimbursement dental health plan and that the study examine the possibility of encouraging its member agencies to offer self-funded direct reimbursement dental plans to their employees.

Significant Issues

SJM 27 cites the following in support of the interagency study:

- c Traditional dental insurance premiums continue to rise while benefits of dental insurance coverage continues to decline.
- c Albuquerque and several other mid-level political subdivisions successfully, but briefly cooperated in a self-funded direct reimbursement dental program in the mid-1990's.
- c Santa Fe Community College has participated in a successful direct reimbursement dental plan for many years. Advantages for the College have been minimizing costs to employees, reducing or eliminating paperwork for dentists, and streamlining its own administration of the plan to about four hours per week to cover claims for over 300 hundred college employees and their dependents.
- c Thousands of employees of large institutions in adjoining states have excellent self-funded direct reimbursement dental plans.

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- C It is in the interests of sponsoring institutions, dentists and covered employees to absolutely minimize administrative work and costs.
- C Self-funded direct reimbursement dental plans permit covered employees to select any willing provider for dental services.

RELATIONSHIP

Relates to:

- SB 90, Dental Care Coverage Requirements
- SB 209, Self-Insured Healthcare Act Dental Coverage Requirements,
- SB 274, Insures and Affiliates
- SB 334, Insurance Alliance
- SB 375, Medical Insurance Pool
- SB 435, Recruiting Dentists for Underserved Areas
- SB 478, Catastrophic Health Insurance
- HB 491, Coverage for Chronically Ill Children
- HB 275, Small Employer Catastrophic Group Health
- HB 406, Self-Insurance Healthcare Act

SUBSTANTIVE ISSUES

The HPC provided the following:

- C The Interagency Task Force of the Health Care Purchasing Cooperative is the governing and negotiating group for the health insurance plan for Risk Management, Retiree Health Care Authority, Public Schools Insurance Authority, and Albuquerque Public Schools.
- C Throughout the nation, and in New Mexico with the recent consolidated purchasing of the State employees, retirees and public schools, purchasing pools are providing employers with added leverage in controlling costs and negotiating with health care plans.
- C Direct Reimbursement is a self-funded dental benefits plan that reimburses an employee for dental care expenses. A self-funded dental benefit plan is not the same as a self-insured dental plan using an insurance product.
- C Direct reimbursement is ideally suited for dental expenses since most dental care costs are predictable and non-catastrophic. There is no need for risk charges and expensive claim management procedures that are built into dental insurance products. Each employer determines the reimbursement formula for expenses incurred. The employee is reimbursed from a fund established by the employer using employer and employee contributions. Direct reimbursement eliminates most of the administrative fees so more dollars go to treatment.
- C Access to dental services in NM has been substandard with long waiting periods needed prior to receiving appointments and long waiting periods between follow-up visits. In 1998, New Mexico ranked 48th in the United States in the number of dentists per 100,000 people. Dental coverage appears to be concentrated in metropolitan areas, with less dental access in rural areas.
- C There are approximately 1,045 dentists licensed by the State, but not all are practicing dentists.
- C The Interagency Task Force of the Health Care Purchasing Cooperative offers NM United Concordia Dental Insurance with over 50,000 dentists nationwide and with approximately 350 dentists on the plan in New Mexico.

DW/ar/njw