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## FISCAL IMPACT REPORT



SPONSOR: Ingle DATE TYPED: 02/08/02 HB

SHORT TITLE: Interim Legislative Medicaid Reform Committee SB 379/aSFl#1

ANALYST: Weber

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$250.0			Non-Recurring	Cash Balance

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

#### SUMMARY

##### Synopsis Of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 379 changes the amount of the appropriation to \$250.0 and the source to the Legislative Council Service cash balance. In addition, any unexpended or unencumbered balance remaining at the end of fiscal year 2003 shall revert to the Legislative Council Service cash balance.

##### Synopsis of Original Bill

Senate Bill 379 appropriates \$400.0 from the general fund appropriation of the Health Policy Commission to the Legislative Council Service for the purpose of establishing a Medicaid reform committee.

##### Significant Issues

Key provisions of the bill include Temporary Provisions to:

##### Section 1

- ◆ Creates a Joint Interim Legislative Committee known as the “Medicaid Reform Committee.”
- ◆ The term of the Committee will be from date of appointment to December 1, 2002.

Section 2

Committee Membership:

- ◆ Medicaid Reform Committee shall be composed of twelve members –
  - Six from the House of Representatives to be appointed by the Speaker of the House.
  - Six members of the Senate appointed by the Committees' Committee of the Senate or President Pro Tempore after consultation with a majority of the Committees' Committee members.
- ◆ Members of the Medicaid Reform Committee shall be appointed from each house to give the two major political parties proportional representation.
  - Vacancies shall be filled by appointment in the same manner as the original appointments.
  - Chairman and vice chairman of the Committee shall be elected by the committee.
- ◆ An eighteen member Medicaid Advisory Group of experts in Medicaid or health care shall assist and advise the Committee.
  - The Governor, Speaker of the House and President Pro Tempore shall each appoint six members to the Advisory Group, and shall coordinate their appointments from these groups:
    - Health care and legal consumer advocates;
    - Community-based providers;
    - Mental and behavioral health providers;
    - Health care information management organizations;
    - Health care financial management organizations;
    - Health care payers and insurers;
    - Hospitals and other institutional providers; and
    - Health professionals.
- ◆ The Committee shall take no action, if a majority of membership from either House rejects the action.

Section 3

Duties

- ◆ The Committee shall hold one organizational meeting to develop a work plan and budget for the interim.
- ◆ The work plan shall take into consideration current resources and projected needs for the State Medicaid programs services, delivery, funding and policy, including:
  - The current operating structure of the Medicaid programs in New Mexico;
  - Oversight authority levels necessary for the Medicaid-related Divisions of the Human Services Department and health care payer and provider contractors under the Medicaid program;
  - The operational structure of the State Medicaid program, with respect to how policy and fiscal determinations are made;
  - Concerns and recommendations regarding the operation of the Medicaid program made by other Interim Legislative Committees, consumer advocates, health care providers, health care payers or their respective organizations;

- The allocation of health care costs and funding sources to avoid or eliminate unnecessary cost-shifting;
  - The geographic distribution of health care professionals, resources and programs in the state Medicaid program and of public-private partnerships to address health care access, delivery and funding issues that are problematic for both employers and employees; and
  - The available Federal, State and local sources of funding for the state Medicaid program.
- ◆ The work plan and budget shall be submitted to the New Mexico Legislative Council Service for approval. Upon approval the committee shall examine with regard to the Medicaid program and related health care programs and services:
    - The statutes;
    - Constitutional provisions;
    - Regulations and court decisions governing the State;
    - Recommend legislation or changes.

#### Section 4

Subcommittees shall be created only by majority vote of all members of the Committee with prior approval of the New Mexico Legislative Council Service and must consist of one member from the Senate and one member from the House and have at least one member from the minority party.

The full Committee must approve all meetings and expenditures in advance.

#### Section 5

The Medicaid Reform Committee shall make a report of findings and recommendations for the consideration of the Legislature and be made available to Legislative Council Service by December 15, 2002.

#### Section 6

Legislative Council Service will provide the Committee staff.

#### Section 7

Appropriates \$400,000 from the Health Policy Commission's General Fund appropriation to the Legislative Council Service for expenditure in FY 2003. Appropriated funds will pay for technical and legal assistance, necessary equipment and supplies and reimbursing per diem and mileage expenses for the Committee. Payments from the appropriation shall be made upon vouchers signed by the Director of the Legislative Council Service or authorized agent.

#### Section 8

Declares an emergency.

### **FISCAL IMPLICATIONS**

The appropriation of \$400.0 contained in this bill is a non-recurring expense to the general fund and Health Policy Commission. Any unexpended or unencumbered balance remaining at the end of fiscal year 2003 shall revert to the general fund.

**ADMINISTRATIVE IMPLICATIONS**

The \$400,000 reduction proposed in SB 379 will reduce the FY 2003 budget to approximately \$997,000, representing a 45% reduction from FY 2002. This reduction will limit the Agency's ability to carry out statutorily mandated requirements of collecting and analyzing health care related data. In addition, it will impact the Agency's ability to conduct special studies as identified in Memorials, or through the changing health care delivery and finance environment. The agency reports, staff may be reduced by as many as 9 FTE.

**TECHNICAL ISSUES**

None

**OTHER SUBSTANTIVE ISSUES**

The Health Policy Commission (HPC) responsibilities under the HPC statute and Health Information System Act are, in part, either supplanted or duplicative to responsibilities of the Medicaid Reform Committee. The agency reports many resources it has already produced extensive analysis and it may be inefficient to proceed with another committee until the Health Policy Commission's analysis library is thoroughly reviewed.

MW/ar