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FISCAL IMPACT REPORT

 SPONSOR: Lopez DATE TYPED: 2/2/02 HB _____
SHORT TITLE: Health Care Insurance Tax Incentives SB SJM 43
ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		\$0.1 See Narrative			

SOURCES OF INFORMATION

Department of Health (DOH)
Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

SJM 43 requests the HPC to conduct a study of tax reform initiatives that may be offered and that would provide an incentive for employers, employees and others to purchase health insurance coverage. SJM 43 requests that the Commission report its findings to an appropriate interim committee by November 1, 2002.

Significant Issues

SJM 43 is the result of recommendations made by several conference groups, including the 2001 Statewide Health Professional Workforce Conference. The recommendations that would be developed by such a study could have a significant impact on the number of uninsured in the State.

FISCAL IMPLICATIONS

SJM043 does not appropriate any funds to the HPC to support the study. With the recent reductions in the projected revenues available to support the operations of State government in FY2003, it is uncertain as to the amount of funding that will be appropriated to support the on-going operations and studies of the HPC. This uncertainty is compounded by reductions in funding to support the Agency from FY2001 to FY2002.

ADMINISTRATIVE IMPLICATIONS

SJM043 will require the HPC to assign staff or to contract for the tax incentive study. As identified in the Fiscal Implications Section, funding to support the HPC may be limited.

OTHER SUBSTANTIVE ISSUES

Census statistics for the year 2000 indicate that 23.8% of New Mexico's population was without health insurance. This was the highest rate in the nation. Similarly, for the three-year period 1998-2000, New Mexico had an average uninsured rate of 22.6%. This was the highest average rate in the nation for that period. Only one other state, Texas, had a rate greater than 20%.

Several working groups have confirmed that smaller businesses have difficulty providing health insurance benefits to their employees. The self-employed also have difficulty securing adequate health insurance plans. At the National Summit on the Uninsured held in Albuquerque in 2000, several states presented descriptions of their tax incentives designed to increase the number of small businesses and proprietorships that were offering health insurance. In addition, development of a similar tax policy for New Mexico was recommended at the Statewide Health Professional Workforce Conference in 2001.

The study proposed in SJM 43 would allow study of the success of tax incentives in other states, and development of recommendations specific for New Mexico's needs. This could have a significant impact on the State's rate of uninsured.

It may be useful to specify other agencies, organizations and groups to participate in the study activity. This could include the Taxation and Revenue Department, Department of Health, State Insurance Commissioner, and statewide business and industry associations.

DW/njw