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## FISCAL IMPACT REPORT

SPONSOR Heaton DATE TYPED 2/11/04 HB HJM 68

SHORT TITLE Study Health Care Coverage for Uninsured SB \_\_\_\_\_

ANALYST Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

Relates to SB101, HB87, SJM8, HJM3, HB185, HB322, SB315, HB301

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)  
 Human Services Department (HSD)  
 Health Policy Commission (HPC)

### SUMMARY

Synopsis of Bill

House Joint Memorial 68 directs the Human Services Department, in collaboration with the Department of Health, the New Mexico Health Policy Commission (HPC) and others to investigate and make recommendations about the feasibility and process necessary to provide health insurance coverage for the uninsured in New Mexico.

The investigation is to explore several options for covering the uninsured, specifically:

- ❑ using a premium tax on health plans to fund a state purchasing pool to buy health insurance for the uninsured, including sliding scale cost-sharing;
- ❑ imposing a fee on employers that do not provide health insurance to their workers and using those fees to purchase coverage for the uninsured;
- ❑ furthering collaboration between or expansion of existing health plans;
- ❑ using the waiver authority granted for the State Coverage Initiative (SCI) to expand coverage beyond current participation projections;

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- ❑ preserving the role of the State's safety net providers; and
- ❑ reinstating a certificate of need program.

A report on the findings and recommendations would be due to the Legislative Health and Human Services Committee at its October 2004 meeting.

### Significant Issues

The Human Services Department was awarded a state planning grant from the Health Resources and Services Administration (HRSA) to study the uninsured. While the work performed under this grant may not respond directly to all of the specifics in this memorial, one of the goals of the federal HRSA grant is to develop recommendations on approaches to increase health care coverage.

HJM 68 would direct investigation of a range of different possibilities for financing and structuring the provision of health insurance coverage to New Mexico's large number of uninsured. This investigation should be linked to ongoing efforts of the Executive, including the Governor's health care agenda.

The proposed activities of HJM 68 are consistent with performance targets set by the Governor in his Paths to Progress document – providing access to health care coverage for all New Mexicans.

The Governor's Health Care Coverage and Access Task Force also began convening stakeholders from the private and public sectors to address many of the issues raised in HJM68.

### **FISCAL IMPLICATIONS**

HJM68 does not include an appropriation to support this study. HPC states budget reductions over the last four years and the current proposed budget reductions for FY05 will limit the scope of the HPC's ability to work in support of this Joint Memorial.

### **ADMINISTRATIVE IMPLICATIONS**

The Human Services Department would have to devote additional resources (staff and contractual dollars) to accomplish the investigation called for by this memorial.

### **RELATIONSHIP**

SB101 - would establish an expanded public agency purchasing pool for health care benefits initially to public employees and retirees, but potentially could be expanded to private companies and citizens

HB87 - Create Health Care Purchasing Authority, which provides for the creation of a health care purchasing authority

SJM8 - study the potential effects and methods of authorizing private businesses and individuals to join a public health insurance purchasing collaborative

HJM3 - study the potential effects and methods of authorizing private businesses and individuals to join a public health insurance purchasing collaborative

HB185 - identify options for health care coverage and access that the executive and legislature

may consider reducing the number of uninsured  
HB322 - Secretary of Health hospital oversight (one of the Governor's health initiatives)  
SB315 - Secretary of Health hospital oversight (one of the Governor's health initiatives)  
HB301 – hospital oversight by the Secretary of Health

### **OTHER SUBSTANTIVE ISSUES**

According to 2000-2001 data regarding health insurance status at the state and national levels, New Mexico has the second worst rate of health insurance coverage in the nation; only Texas has worse statistics (Kaiser Family Foundation State Health Facts). In New Mexico, 22% of the general population and 18% of children 18 and under are uninsured, compared to 15% and 12% nationwide, respectively.

DOH reports a smaller percentage of private sector businesses in New Mexico offer health insurance to their employees when compared to other parts of the country. Overall, only 52.6% of private sector establishments in New Mexico offered health insurance to their employees in 2001, compared with 58.3% at the national level. On average nationwide, 96.9% of private firms with 50 or more employees and 46% with less than 50 employees offer health insurance. By comparison, in New Mexico, only 92.3% of private firms with 50 or more employees and 38.7% with less than 50 employees offer health insurance, ranking our state second worst and sixteenth worst on these measures, respectively.

The proposed study would review several different alternatives designed to increase revenue and provide additional coverage for New Mexico's large number of uninsured. It could link with several other similar efforts conducted in the state:

- ❑ The Human Services Department received support from the Robert Wood Johnson Foundation under its State Coverage Initiative (SCI) Program to identify approaches to increasing health coverage of the uninsured. The recommendations of SCI led to the submission of a Medicaid waiver to the Centers for Medicare and Medicaid Services. This waiver received preliminary approval, but has not yet been implemented. The investigation proposed by HJM 68 would allow consideration of the implementation of the SCI approaches.
- ❑ The Governor's Health Care Coverage and Access Task Force made a series of recommendations last year regarding some of the issues identified in HJM 68. Task Force recommendations helped lead to the Governor's proposals for a Health Care Purchasing Authority for public agencies, for a State Health Care Plan, and for increased State of New Mexico oversight of hospital and health facility operations. The investigation proposed in HJM 68 could be linked to these Executive initiatives.

HJM 68 directs consideration of fees to be assessed to Health Plans and employers. It may be advisable to include representation of business and Health Plan groups to assure their input into policy decisions that would affect their operations.

**BD/lg**