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FISCAL IMPACT REPORT

SPONSOR Beffort DATE TYPED 1/27/04 HB _____

SHORT TITLE Impact of Health Insurance Tax Credits SB SJM 19

ANALYST Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	None		See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 132, Employee Health Insurance Premium Tax Credit

SOURCES OF INFORMATION

LFC Files

Responses Received From

- Department of Health (DOH)
- Human Services Department (HSD)
- New Mexico Health Policy Commission (HPC)
- Public Regulatory Commission (PRC)
- Public School Insurance Authority (PSIA)
- Regulation and Licensing Department (RLD)
- Retiree Health Care Authority (RHCA)

SUMMARY

Synopsis of Bill

Senate Joint Memorial resolves that the New Mexico Health Policy Commission (HPC), in cooperation with the Insurance Division of the Public Regulatory Commission (PRC) and the Taxation and Revenue Department (TRD), conduct a study of the impact of providing refundable tax credits for low-income persons based on the amount spent on health insurance. It further requests a study of the various options, how large a credit is needed, and whether the credit should be for all health insurance premiums or have restrictions based upon income. HPC is to report the findings to the interim Legislative Health and Human Services Committee during the October 2004 meeting.

Significant Issues

Approximately 22 percent of New Mexicans do not have health insurance, in large part due to the high cost of health insurance. DOH states this is the highest rate in the nation. HPC's March 2000 study entitled *Health Care Coverage and Access in New Mexico* found that of those without health insurance, one-third of the respondents stated they could not afford the high cost. The second most reported reason was the employer did not provide it. Tax credits have been suggested as one of the proposals to increase health insurance coverage.

In addition to agencies identified in the Joint Memorial, DOH and HSD would like to participate.

FISCAL IMPLICATIONS

The Joint Memorial does not contain an appropriation to fund the proposed study. Participating agencies would have to absorb any associated costs within the agency appropriated budget.

ADMINISTRATIVE IMPLICATIONS

HPC states "The intent of this Memorial is well within the statutory scope and interest of the Health Policy Commission. However, reductions in the HPC's budget for FY04, may make it difficult for HPC staff to participate in this Memorial and at the same time continue to fulfill the agency's statutory obligations, which must take precedence....Administrative impact to the Health Policy Commission is dependent on the degree of agency participation in this and other proposed Memorials."

POSSIBLE QUESTIONS

1. Tax credits are one possible method to expand insurance coverage. Would a comprehensive study of all options be preferable?
2. What other projects is HPC engaged in that might preclude conducting this study?
3. What are the special appropriations required to fund this study?

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