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FISCAL IMPACT REPORT

SPONSOR Heaton DATE TYPED 2/10/05 HB 374

SHORT TITLE Health Policy Commission Membership SB _____

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 358

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Health Policy Commission (HPC)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 374 introduced for the Legislative Health and Human Services Committees proposes to increase the membership of HPC from eight members to nine members, and require that a majority of the members have no financial interest in the health care industry while serving or for three years preceding their appointment. Three members would be appointed to one-year terms, three members would be appointed to two-year terms, and three members would be appointed to three-year terms.

Significant Issues

DFA notes the bill allows for the *majority* of the commission members to have no pecuniary or fiduciary interest in the health services industry while serving or for three year preceding appointment to the commission. This is a significant change because if members of the commission have a pecuniary or fiduciary interest in the health services industry, a member who may

have a pecuniary or fiduciary interest in the health services industry may act in such a way as to benefit ones-self as opposed to the interest of New Mexicans.

HPC notes a minority member of the commission may be a professional who understands the practical realities of policy alternatives, the implications of data trends, and the effects that new policy will have on both the public and private sectors.

HPC quotes the enabling legislation for the commission (NMSA 9-7-11.1), “the purpose of the New Mexico health policy commission is to provide a forum for the discussion of complex and controversial health policy and planning issues and for the creative exploration of ideas, issues and problems surrounding health policy and planning, including the interrelations with education, the environment and economic well-being.”

Again quoting the law, “the Legislature also finds that health care requires a growing portion of the state's public and private resources and impacts a broad segment of the state's economy; a need, therefore, exists to establish an entity for research, guidance and recommendations on health policy and planning issues.”

The purpose of increasing the number of commissioners is to build the capacity of the commission to consider complex and varied health policy matters. This requires a strong working knowledge of issues.

FISCAL IMPLICATIONS

DFA states the bill creates an additional commission member who is entitled to receive per diem and mileage expenses as provided in the Per Diem and Mileage Act, but does not appropriate additional funding. HPC notes the average cost per commissioner for per diem and mileage is \$1.2 thousand.

ADMINISTRATIVE IMPLICATIONS

HPC cites minimal administrative impact by the addition of another commissioner; however, there is a very significant positive implication to the commission and staff with the addition of commissioners with pecuniary or fiduciary interest with a reduction in commissioner orientation time as well as commissioners, management and staff obtaining that commissioners expertise and knowledgebase for information related to policy issues.

DUPLICATION

House Bill 374 duplicates Senate Bill 358.

OTHER SUBSTANTIVE ISSUES

DOH notes HPC is an independent state agency whose mission is to improve access and quality health care for all New Mexicans by providing timely, relevant health care information and analysis on health policy research and planning issues. HPC was established by statute in 1991 to provide a forum for the discussion of complex and controversial health policy issues. HPC is to develop a plan for and monitor the implementation of the state's health policy. As expressed in statute, "it is the policy of the state of New Mexico to promote optimal health; prevent disease,

disability and premature death; to improve the quality of life; and to assure that basic health services are available, accessible, acceptable and culturally appropriate, regardless of financial status" (9-7-11.1.D, NMSA 1978). DOH notes the department has worked effectively with HPC in efforts to build a healthy New Mexico.

HPC notes the commission responds to a complex range of health policy and data issues. Examples of recent areas of commission work include cultural competency and disparities; workforce distribution, recruitment and retention; teen suicide and child health; incidence and distribution of traumatic brain injury, diabetes and stroke; and small employer provision of health insurance.

Additionally, healthcare encompasses complex issues that touch every sector of life in New Mexico. Often, actions taken in healthcare to improve one aspect of healthcare such as improving access to care will impact other aspects such as the cost of care. Considerable orientation is required to become an effective commissioner versed in the implications of policy actions if the new commissioner has no or very little background or knowledge of healthcare. Hospital boards of directors often will take one year or longer to become oriented, knowledgeable and effective in their roles. Health policy commissioners may have a similar circumstance.

Healthcare is a growing and very significant part of New Mexico's economy that impacts all New Mexicans. The House Bill 955 study shows that it was almost an \$8 billion industry in 2002. As such, interest in healthcare is large and generates conflicting and controversial solutions to issues. Often individuals such as physicians or clinic managers with direct experience and involvement in healthcare can be a valuable resource and knowledge base utilized by other commissioners and staff about policy matters.

HPC believes the commission would benefit from having physician or other healthcare members who help the commission understand clinically related issues and the perspectives of practicing caregivers and their patients. From their practices, physicians and others bring a "real world" context to the commission's work and would help the commission make better-informed decisions.

A physician or other healthcare provider commissioner would have the same fiduciary responsibility to the commission as every other commissioner. Voting physician commissioners must make decisions based on the best interests of the citizens of New Mexico, not the interests of physicians.

A 2000 survey study of hospital boards of directors done by the Governance Institute indicates that the median hospital board had 12 members, including two medical staff members. Among the survey respondents 56 percent of hospital boards had 1-3 physician members and 26 percent had 4 or more physician members.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The Health Policy Commission will not have direct provider input into its policy-making deliberations and recommendations. The quality of the service and product from the commission will not be as beneficial to the citizens of New Mexico.

KBC/sb:lg