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FISCAL IMPACT REPORT

SPONSOR Luna DATE TYPED 3/3/05 HB HJM 65

SHORT TITLE Health Care Business Management Study SB _____

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APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	None				

SOURCES OF INFORMATION

LFC Files

Responses Received From

Health Policy Commission (HPC)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Joint Memorial 65 requests the New Mexico HPC to form a task force to review the business management and quality aspects of providing health care by practitioners and facilities. The task force would include representatives of statewide organizations representing hospitals, health care clinics, physicians, long-term care providers, consumers, the Department of Health (DOH), and insurers. The goal of the memorial is to have more informed consumers and policy makers with a better understanding of how healthcare providers meet the challenges of providing health-care and how best to determine cost-beneficial quality indicators, including patient safety protocols. The HPC would report the findings and any recommendations of the task force to the appropriate legislative committee no later than December 1, 2005.

Significant Issues

The HPC has the following comment:

The business of providing health care, as a practitioner or a facility, involves complicated billing procedures, multiple private and public payers, constantly changing legal compliance considera-

tions and can be an on going challenge to be profitable while at the same time provide quality care.

A typical family physician may see between 5000 to 7500 patients during the year, bill under one of 14000 current procedural terminology codes to one of hundreds of different insurance carriers, comply with HIPAA privacy requirements, get approval or pre-approval from HMOs for the work they do for patients, be subject to utilization review, hospital peer review committees, comply with various Medicare fraud and abuse regulations, meet Clinical Laboratory Improvement Act requirements, employ and train a staff who has their own set of regulatory requirements, meet payroll, meet cash flow concerns rather than patient flow, reimbursement reductions and operating expense increases, and ensure high quality care to sick patients.

Patients may come in who have restrictions on whether a particular test or diagnostic study can be done. Office staff, or physicians themselves, may have to negotiate with a carrier before proceeding in a workup. That's a dramatic change from twenty years ago. The "hassle factor" has long been discussed by many physicians in New Mexico as being detrimental to high quality care.

In spite of the "hassle factor," physicians and other providers can deliver high quality care and the focus of the memorial should be to try to identify those benchmark business processes that can provide high quality care.

PERFORMANCE IMPLICATIONS

The HPC reports the residency program at University New Mexico School of Medicine could participate in this Memorial as they have a curriculum component dealing with the business aspects of medical practice that promotes financial viability as well as high quality care.

FISCAL IMPLICATIONS

Identifying barriers that hinder access to high quality care could have a positive impact on health care outcomes in the state.

The HPC could implement the memorial with existing staff and resources. Any additional costs to procure information, per diem and travel for agencies should be minimal.

ADMINISTRATIVE IMPLICATIONS

The HPC would lead the memorial which is an important part of the role of the HPC in identifying barriers that hinder access to high quality care. The DOH is listed as a task force member, and would be involved in meetings and task force report development.

The HPC currently does not issue a report relating to business management and quality aspects of providing health care as outlined in HJM 65. The DOH notes the business management and quality aspects of providing health care information obtained from the task force could prove beneficial to New Mexico health planning efforts.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB 876, requiring the HPC to issue a biennial health care financing report on the cost, expenditures, trends and economic factors related to the public and private health care industry.

Relates to HB 869, Small Business Regulatory Relief Act

OTHER SUBSTANTIVE ISSUES

The 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. The HPC was established by statute in 1991 to provide a forum for the discussion of complex and controversial health policy issues. The 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".

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HJM 65 is not enacted, the HPC would not be required to form a task force to review the business management and quality aspects of providing health care.

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