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## FISCAL IMPACT REPORT

SPONSOR Lopez DATE TYPED 03/03/05 HB \_\_\_\_\_

SHORT TITLE Retiree Health Care Authority Eligibility SB 326/aSPAC

ANALYST Geisler

### APPROPRIATION

| Appropriation Contained |      | Estimated Additional Impact |               | Recurring<br>or Non-Rec | Fund<br>Affected |
|-------------------------|------|-----------------------------|---------------|-------------------------|------------------|
| FY05                    | FY06 | FY05                        | FY06          |                         |                  |
|                         |      |                             | See narrative |                         |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: SB 296

#### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Retiree Health Care Authority (RHCA)

Health Policy Commission (HPC)

#### SUMMARY

##### Synopsis of SPAC Amendments

The Senate Public Affairs Committee amendments to Senate Bill 326 delete changes proposed in the bill to expand the eligibility for the senior prescription drug card program.

##### Synopsis of Original Bill

Senate Bill 326 proposes two major changes to the retiree health care act.

1) Adds former governing authority members to plan. Sections 1-2 would allow “former participating employer governing authority members” who have served a participating employer for at least four years to participate in the RHCA program and requires them to pay monthly premiums of one-twelfth of the annual cost of claims and administration allocated to the member by the board, plus the monthly participation fee set by the board, as was enacted for legislators in the 2003 session.

2) Expands eligibility for Senior Prescription Drug Program. Section 3 would amend eligibility requirements for the Senior Prescription Drug Program to delete the age requirement and open it up to all residents of New Mexico.

### Significant Issues

“Former participating employer governing authority members” are typically former members of school boards, city councils, and county commissions.

The Senior Prescription Drug Program offers discounts on prescriptions to cardholders. The program is structured to operate off revenues received from mail order rebates (\$2.00 per prescription filled).

### **FISCAL IMPLICATIONS**

Since the new class of eligible retirees would pay 100% of their costs under the RHCA program, it is not anticipated that there would be any fiscal implications for this agency.

Since the Senior Rx costs will be paid via mail order rebates, it is not anticipated that there will be fiscal implications.

### **ADMINISTRATIVE IMPLICATIONS**

There will be some additional workload to RHCA to enroll former governing authority members who decide to join the program. Expanding the eligibility for the Senior Rx program will cause enrollments to spike, causing additional work, but once members are enrolled the RHCA plays little further role; administration is handled by RHCA’s pharmacy benefit manager.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 296 contains identical provisions regarding former participating employer governing authority members , but does not address Senior Prescription Drug Program eligibility.

### **OTHER SUBSTANTIVE ISSUES**

HPC notes that a person that retires from a governing authority after four years may be of any age and still be eligible for RHCA benefits. Although the premiums charged these members are supposed to cover the costs, HPC expresses concern that the retiree health care fund still could bear extra costs.

GG/rs:yr