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## FISCAL IMPACT REPORT

**SPONSOR** Rawson                      **DATE TYPED** 02/28/05                      **HB** \_\_\_\_\_

**SHORT TITLE** Continuation of Health Provider Coverage                      **SB** 716/aSPAC

**ANALYST** Geisler

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
		\$.01., See narrative		

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Human Services Department (HSD)  
Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of SPAC Amendments

The Senate Public Affairs Committee amendment to Senate Bill 716 clarifies that the act is to allow an unemployed former employee to participate in the New Mexico medical insurance pool.

#### Synopsis of Original Bill

Senate Bill 716 amends the eligibility provisions of the Medical Insurance Pool Act. The amendment eliminates an eligibility requirement that requires individuals on COBRA or state continuation to exhaust this coverage before they are eligible for coverage in the New Mexico Comprehensive Health Insurance Pool.

#### Significant Issues

HSD provides that the New Mexico Comprehensive Health Insurance Pool, or New Mexico Medical Insurance Pool (NMMIP), was established by the Legislature in 1987. The pool was created to provide medical insurance access to all New Mexicans who are denied adequate health insurance and are considered uninsurable. The NMMIP also provides health benefit portability

coverage to New Mexicans who have exhausted COBRA benefits and have no other portability options available to them. Blue Cross Blue Shield of New Mexico, who handles eligibility, enrollment, member services, and claims processing, administers the NMMIP.

One feature unique to the NMMIP is the provision that qualifying individuals with incomes up to 200 percent of the federal poverty level may receive a subsidy from 13 percent up to 32.5 percent of their premium. NMMIP is also in the process of developing an interim prescription drug insurance product for seniors pending implementation of the Medicare Prescription Drug Program in 2006. NMMIP remains a limited means of attaining affordable health care because its current administrative structures and funding streams are insufficient for substantial growth of the program. There are currently approximately 1,200 individuals covered by NMMIP.

The *Insure New Mexico!* Council, during its deliberations in Fall 2004, discussed additional ideas to reduce the number of uninsured in New Mexico and to increase the number of small employers offering health insurance. The full *Insure NM!* Report can be viewed at [www.insurenwemexico.state.nm.us](http://www.insurenwemexico.state.nm.us).

## **FISCAL IMPLICATIONS**

Qualifying individuals in the Comprehensive Health Insurance Pool with incomes up to 200 percent of the federal poverty level may receive a subsidy of up to 32.5 percent of their premium. Adding individuals to the pool might increase the number of individuals potentially eligible for premium subsidization.

The NMMIP premium subsidy is booked as a loss and passed on to insurers based on an assessment to all licensed insurers in the state relative to their market share. Concurrently, insurance carriers are eligible for a 30 percent premium tax credit to assist with offsetting their losses. Under the provisions of the bill, this tax credit could go up as insurers have a higher loss ratio and the state would receive less general revenues. The amount of this potential revenue loss is unknown and will be dependent on the number of new members that request coverage under the pool and their income.

## **TECHNICAL ISSUES**

PRC notes that the bill's title refers to the Medical Insurance Pool by its former title the Comprehensive Health Insurance Pool. The name was changed by Laws 2001, ch. 352, § 1.

## **OTHER SUBSTANTIVE ISSUES**

HSD notes that a recent survey conducted by the NM Health Policy Commission and other data indicate:

- 414,000 New Mexicans do not have health insurance equating to 22.1% of the State's population being uninsured (Census Current Population Survey, 2003).
- 41% of New Mexican employers do not offer health insurance. (HPC Employer Survey, 2005)
- Less than half (46%) of New Mexican employers with 2 employees offer health insurance, compared to employers with 20 or more employees that offer health insurance (87%). This illustrates that as employer size increases, so too does the likelihood of offering health insurance coverage. (HPC Employer Survey, 2005)

- 26% of employers who do not offer coverage say they are likely to offer a plan in the near future (HPC Employer Survey, 2005).

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?**

Individuals will continue to have to exhaust COBRA or state coverage before they are eligible for coverage in the New Mexico Comprehensive Health Insurance Pool.

GG/lg