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## FISCAL IMPACT REPORT

SPONSOR Feldman DATE TYPED 2/3/05 HB \_\_\_\_\_

SHORT TITLE Study Health Insurance Discounts SJM 10

ANALYST Rosen

### APPROPRIATION

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

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

Responses Received From  
Public Regulation Commission (PRC)  
Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 10 requests DOH and PRC Insurance Division conduct a study to explore the benefits and feasibility of requiring insurance companies to offer discounted premiums for enrollees who participate in wellness programs. The study includes projection of the amount of potential reduction in health insurance premiums as a result of such a requirement, the effect on the overall health and productivity of employees, the cost of claims to employers offering these programs, and an identification of what constitutes an approved wellness program. Findings and recommendations from the study are to be presented to the legislative health and human services committee in October 2005.

#### Significant Issues

According to PRC, wellness programs may decrease the cost of health care and if insurers discounted their premiums for such programs then more employers would offer them.

According to DOH, the current provisions of 59A-23E-12, Subsection A, do not prevent a group health plan or a health insurance issuer offering group health insurance coverage from establishing premium discounts or rebates, or modifying otherwise applicable co-payments or deductibles

in return for adherence to programs of health promotion and disease prevention.

DOH notes that if the health insurance premium discounts proposed in this joint memorial were found to be beneficial and feasible then it would provide financial incentives to both individual enrollees and their employers to engage in health promotion and wellness programs.

DOH notes this memorial would study shifting the provision of incentive from the employer to the insurance companies, whose requirement to provide discounted premiums would financially benefit the employer, and, in many cases, individual enrollees who pay for at least part of their health insurance premiums.

### **PERFORMANCE IMPLICATIONS**

DOH notes potential improvements in health outcomes and costs, which have been demonstrated with a number of well-conducted health promotion activities, would represent the desired outcome.

This joint memorial would support DOH's Program Area 1: Prevention and Disease Control, Objective 3: Improve the weight of adults and youth, and Objective 6: Prevent and control chronic disease.

Relevant DOH performance measures would include:

- Rates of body mass index (BMI) for adults.
- Number of New Mexican adults who engage in 30 minutes of moderate physical activity at least 5 times a week, or in 20 minutes of vigorous physical activity at least 3 times per week.
- Number of adults who report consuming 5 or more servings of fruit and vegetables per day.
- Number of New Mexicans calling the tobacco cessation quit line.

### **ADMINISTRATIVE IMPLICATIONS**

PRC indicates PRC staff are not trained to conduct studies of this nature.

DOH indicates the requirements of this study may not be feasible based on current DOH capacity and expertise.

JR/yr