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FISCAL IMPACT REPORT

SPONSOR Martinez ORIGINAL DATE 2/1/06 HB HJR 10
LAST UPDATED _____ SB _____
SHORT TITLE Health Care Coverage Trust Fund, CA SB _____
ANALYST Lewis

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI*		

(Parenthesis () Indicate Expenditure Decreases)

*See narrative.

Companion to HB 610 (Health Coverage Trust Fund Implementation).

Relates to HB 481/SB 280 (Health Coverage for New Mexicans Committee).

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Health (DOH)
Secretary of State (SOS)

SUMMARY

Synopsis of Bill

House Joint Resolution 10 proposes to amend Article 16 of the Constitution of New Mexico by adding a new section creating the health care coverage trust fund in the State Treasury.

The fund shall consist of money appropriated, donated or otherwise accrued to the fund. Money in the fund shall be invested by the State Investment Officer as land grant permanent funds are invested. Earnings from investment of the fund shall be credited to the fund. Money in the fund shall not revert or be expended for any purpose, but an annual distribution shall be made pursuant to law.

Contingent upon the enactment of a bill that transfers \$100 million dollars to the health care coverage trust fund, the amendment proposed by this resolution shall be submitted to the people for their approval or rejection at the next general election or at any special election prior to that date that may be called for that purpose.

FISCAL IMPLICATIONS

The companion bill to HJR 10, HB 610, with emergency clause, creates the Blue Ribbon Health Care Coverage Task Force and transfers \$100 million from the general fund to the health care coverage trust fund (contingent upon approval of the constitutional amendment creating the fund), with the specification that money in the fund shall only be used to make an annual appropriation, in fiscal year 2009 and each fiscal year thereafter, based on recommendations of the task force, for any health care coverage or insurance program for the prevention, diagnosis and treatment of disease, illness or injury.

Analysis by the Secretary of State (SOS) does not provide any estimate of the cost involved in putting the constitutional amendment on the ballot for the 2006 general election, or of any related costs.

SIGNIFICANT ISSUES

According to the Health Policy Commission (HPC), New Mexico has the second highest rate of uninsured in the nation, with 21 percent of the population or nearly 400,000 uninsured. HPC's most recent Employer Survey has confirmed that small businesses in particular do not offer health insurance largely because of the high cost. Also noted was the increasing cost of health insurance and the possibility that more employers would drop or reduce health benefits because of affordability.

The Department of Health (DOH) notes that HB 610's one-time transfer of \$100 million from the general fund to the new health care coverage trust fund would convert a current year revenue surplus into long-term use.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The health care coverage trust fund would not be created, and \$100 million would not be appropriated to the fund by HB 610. However, the Blue Ribbon Health Care Coverage Task Force could still be established, without funding, by HB 610.

ML/yr