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## FISCAL IMPACT REPORT

ORIGINAL DATE 03/03/07

SPONSOR Foley LAST UPDATED \_\_\_\_\_ HB HM 60

SHORT TITLE Innovative Health Care Initiative Review SB \_\_\_\_\_

ANALYST Hanika Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Significant			Recurring	General Fund / Various

(Parenthesis ( ) Indicate Expenditure Decreases)

#### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Department of Health (DOH)

#### SUMMARY

##### Synopsis of Bill

House Memorial 60 requests the Legislative Health and Human Services Committee to consider a coordinated, comprehensive review of innovative health care reform initiatives.

The memorial provides the following comments:

- Health care expenditures continue to impact state and federal budgets as well as the cost of goods and services.
- Every individual carries a responsibility for that individual's health care management through wellness and prevention measures.
- Chronic problems such as obesity, hypertension, diabetes and depression are often preventable or at least treatable at an early stage.
- Wellness and prevention programs can lead to lifestyle behavior changes that are key to decreasing health care costs.
- Use of tobacco products continues to impact health care costs adversely while tobacco settlement proceeds are used on initiatives other than tobacco research and cessation programs.
- Employers and employees continue to pay rising insurance premiums, often to offset uncompensated care costs and lower public program reimbursement levels.

- Tax incentives can provide initiatives for employers, employees and individuals to obtain appropriate insurance for broad or specialized coverage as well as to increase coverage and thus spread the risk among larger groups of insured individuals.
- The number of health care profession graduates from New Mexico colleges and universities has not kept pace with the attrition of health care professionals or with the demands of a growing population.
- Primary care clinics throughout the state provide an invaluable service for patients with limited or no access or coverage in rural and underserved areas.
- Consumer-driven, market-based health care reform efforts provide initiatives that can be more readily implemented and tested than public programs requiring extensive legislative or rulemaking procedures.
- Information technology and telecommunications offer an ability to streamline billing; claims processing; reimbursement; medical records storage and retrieval; and electronic prescriptions, databases and registries; as well as health care delivery and interfaces to remote and underserved areas.
- The joint state-federal Medicaid program continues to take a disproportionate amount of state and federal budget expenditures without a corresponding improvement in the health care profile of covered individuals.

## **FISCAL IMPLICATIONS**

The United States spends more than twice as much on health care as the average of other developed nations, all of which boast universal coverage. Confronted by the rising costs and capabilities of modern medicine, other nations have chosen national health insurance (NHI). The creation of an NHI program would cover every American for all necessary medical care and save at least \$200 billion annually by eliminating the high overhead and profits of the private, investor-owned insurance industry and reducing spending for marketing and other satellite services. (JAMA August 13, 2003).

The broad based effort as described in the memorial will require the expertise of various State departments including DOH, HPC, ALTSD, HSD, TRD, HED, CYFD, PRC/RMD, DFA, IAD; and, require input from RLD, private health care service delivery providers and consumers. The memorial does not provide, direct or identify an appropriation for these efforts.

## **SIGNIFICANT ISSUES**

DOH provided the following comments about the issues raised in the memorial:

In NM, in 2003, an estimated 414,000 New Mexicans (22%) did not have health insurance; 70 percent of the uninsured were working people; and only 50 percent of small employers (under 50 employees) offered employer sponsored insurance plans.

HM 60 will include wellness and prevention measures and initiatives in its priorities for health care reform review. Wellness programs generally focus on the primary prevention of chronic diseases that result from tobacco use, physical inactivity, suboptimal diet, or stress. Worksites wellness programs have been shown to increase levels of fitness and reduce risk factors for coronary heart disease. Research validates that health promotion programs can improve health, save money and even produce a return on investment. HM 60 will also focus on early diagnosis and treatment of chronic diseases, which is a fundamental clinical and public health principle for

reducing morbidity and mortality.

HM 60 also addresses the shortage of health professionals, especially in urban and rural areas. Of the 33 counties in the State, 28 are classified as Health Physician Shortage Area (HPSA) or Moderate HPSA. Shortages also exist in dental, nursing and other health professions.

HM 60 also recognizes the significant role primary care clinics play in meeting the health care needs of New Mexicans. In many communities, primary care clinics represent the only access to health care services for the uninsured. In FY06, primary care clinics funded by the DOH reported over 780,000 primary care patient visits.

HM 60 also recognizes the importance of reviewing activities that will increase consistency of patient information, health care claims and reimbursement leading to an integration of health care information.

### **PERFORMANCE IMPLICATIONS**

The legislative health and human services committee is being requested to provide for an appropriate forum to address the following issues:

- wellness and prevention measures and initiatives;
- early diagnosis and treatment of chronic diseases;
- tax incentives to assist more employers and individuals in purchasing insurance;
- expansion of medical school, nursing school and other health care profession schools to increase the number of graduates entering the health care work force;
- funding for primary health care clinics that provide primary and preventive care to uninsured persons and in underserved areas;
- market-based reforms that provide consumers with choices that meet their respective needs;
- development of information technology resources that increases consistency of information, claims and reimbursement among payers, providers and patients;
- Medicaid reforms that recognize the cost-effectiveness of programs for women and children while ensuring that the most vulnerable persons, the elderly and disabled, receive assistance through innovative and effective programs.

In addition, the legislative health and human services committee and the tobacco settlement revenue oversight committee will also be required to conduct a study of tobacco-related illnesses and efforts to reduce tobacco use, particularly among the youth.

### **TECHNICAL ISSUES**

The memorial is unclear as to what kind of “forum” the committee is required to provide; what is the target date for reporting findings and recommendations; and, what entity is the committee expected to report to.

### **ALTERNATIVES**

In 2006, the Governor's Health Coverage Committee was formed and tasked with studying health care reform in New Mexico. As a result of this Committee's work, there was an RFP with

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a contract awarded to *Mathmatica* to study three health care models; the Health Securities Act, New Mexico Health Choices, and an expansion of the current system.

The Tobacco Use Prevention and Control (TUPAC) Program is currently implementing the CDC Best Practices for effective tobacco prevention and control in order to reduce tobacco use.

AHO/csd