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FISCAL IMPACT REPORT

ORIGINAL DATE 2/12/2007

SPONSOR Papen LAST UPDATED 3/17/06 HB _____

SHORT TITLE Mental Health Insurance Coverage SB 536/HF1#1

ANALYST Schuss/Baca

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(Unknown)	(Unknown)	Recurring	General

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
 Public Regulation Commission Insurance Division (PRC)
 Department of Health (DOH)
 New Mexico Health Policy Commission (NMHPC)
 Public Education Department (PED)

SUMMARY

Synopsis of SF1 amendment #1

Senate Floor Amendment #1 makes eligible for coverage an individual who has a mental diagnosis but whose health insurance does not include mental health services.

Synopsis of Bill

Senate Bill 536 proposes to amend the eligibility provision of the Medical Insurance Pool Act, Section 59A-54-12(3) NMSA 1978, to expand eligibility to include mental health services for individuals who already have other health insurance coverage.

FISCAL IMPLICATIONS

According to PRC, SB 536 would most likely increase the number of persons eligible for

coverage under the pool and pool membership would increase. While individuals covered by the pool do pay premiums for coverage, their premiums pay only a fraction of the costs of operating the pool and the Medical Insurance Pool relies on assessments from the health insurance industry to meet its operational and medical claim obligations. Health insurers receive credits against their premium tax liability for a portion of the assessments they pay. These credits result in foregone revenue to the general fund. Growth in eligibility, members, assessments and foregone revenues cannot be determined by this agency.

According to NMHPC, 28 states require that the mandate's likely impact on health insurance premiums cost be assessed before a mandate is implemented. New Mexico is not one of those states so the cost of adding this mandate is not known. While mandates make health insurance more comprehensive, they also make it more expensive because mandates require insurers to pay for care consumers previously funded out of their own pockets.

SIGNIFICANT ISSUES

PRC states that mental health benefits and parity in those benefits has been mandated for employer sponsored group insurance in New Mexico. However, state law does not require parity or mental health benefits at all in individual health insurance policies. Individuals who need mental health benefits and who aren't covered by an employer sponsored plan, cannot obtain coverage for mental health benefits. The Medical Insurance Pool was established to give access to individuals who were uninsurable. SB 536 extends that access to individuals who have obtained individual health insurance policies, but do not have coverage for mental health benefits.

PERFORMANCE IMPLICATIONS

HSD notes that SB 536 relates to the goal of Improving Behavioral Health through an Interagency and Collaborative Model and improving access, quality, and value of mental health and substance abuse services of the Governor's Performance and Accountability Contract. SB 536 also relates to HSD's FY 2008 strategic plan.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB 197

TECHNICAL ISSUES

HSD notes that SB 536 only addresses expanding mental health coverage and not behavioral health coverage. Therefore, substance abuse and other behavioral health coverage would not be included.

OTHER SUBSTANTIVE ISSUES

NMHPC offers the following background:

The purpose of the New Mexico Medical Insurance Pool (NMMIP) Act, §59A-54-1 NMSA 1978, is to provide access to health insurance coverage to all residents of New Mexico who are denied adequate health insurance and are considered uninsurable. It can be the insurer of last resort for many New Mexicans who have run out of other options to procure individual insurance, primarily due to the rare medical and expensive to treat conditions. All insurers within the state are members of the pool as a condition of their authority to transact insurance business. The pool is a governmental entity, but is administered by Blue Cross and Blue Shield of New Mexico who handles eligibility, enrollment, member services and claims processing.

Per §59A-54-13 NMSA 1978, the coverage to be issued by the pool and its schedule of benefits, exclusions and other limitations are established by the board pool but should, at a minimum, reflect the levels of health insurance coverage generally available in New Mexico for small group policies.

Fifty three medical conditions are recognized by the NMMIP as qualifying conditions under which an individual could be eligible to participate in the pool. However, two of those recognized conditions are alcohol/drug abuse and psychotic disorders. Consequently with those two conditions already potentially covered under the pool as a dual diagnosis, there is already a start towards a comprehensive mental health benefit under the pool.

Eligibility for pool coverage requires that an individual be a resident of the state with a permanent street address, have a rejection notice for comprehensive coverage, or has a quote for, or in-force rates that are higher than the pool's qualifying rates, or has a rider, waiver or limitation that reduces coverage due to the applicant's personal health.

PED notes that in New Mexico an estimated 142,000 people 18 years of age or older experience serious psychological distress. (SAMSHA, Office of Applied Studies, National Survey on Drug Use and health, 2003 and 2004.) From the National Survey of Children's Health, 2003, New Mexico data indicate that 7% of school-aged children 6 to 17 years of age or approximately 22,600 children had a lifetime history of parent-reported depression or anxiety problems. From the 2005 Youth Risk and Resiliency Survey the prevalence of persistent feelings of sadness and hopelessness among New Mexico high school youth was 28.7%.

BS/mt