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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/07

SPONSOR Cisneros LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Health Security Act Financing Options SB 721

ANALYST Hanika Ortiz

### APPROPRIATION (dollars in thousands)

| Appropriation |         | Recurring<br>or Non-Rec | Fund<br>Affected |
|---------------|---------|-------------------------|------------------|
| FY07          | FY08    |                         |                  |
|               | \$500.0 | Non-recurring           | General fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

Companion to SB 720, Health Security Act

### SOURCES OF INFORMATION

LFC Files

Public Education Department (PED)

Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

Senate Bill 721 appropriates \$500 thousand from the General Fund to the Legislative Finance Committee (LFC) for expenditure in FY08 to determine the financing options of the comprehensive statewide health security plan, contingent upon enactment of the Health Security Act during the first session of the forty-eighth legislature. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund.

### FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund.

The bill requires the LFC develop financing recommendations for the statewide health security plan proposed in SB 720 and provide such to the legislature for approval or modification before 12/15/07 for consideration by the 2008 Legislature. The LFC is to be guided by the costs of health care coverage afforded state employees; and, options may set beneficiary income based

premium payments, sliding scale premium payments and Medicare credits and employer contributions. The financing recommendations are expected before the commission's plan for coverage is known.

Financing options for the health security plan must be determined in order for the Health Security Act to be implemented. If the Legislature approves implementation and financing of the plan, the health security plan shall be operational by July 1, 2010; however, if the legislature fails to approve of it, the health security plan shall not become effective.

### **SIGNIFICANT ISSUES**

Senate Companion Bill 720 enacts the Health Security Act to provide a mandatory comprehensive statewide health care plan through a combination of public and private financing; control of health care costs; and, by providing preventative health care for all New Mexicans. The Act outlines procedures for the implementation of a citizens' commission of 15 members reflecting the geographic diversity of the state tasked with establishing the entity for the Health Security Act by 11/01/08. The commission will have a two-year development period to work with state agencies and the public; and, collect, review and analyze pertinent health care data to see whether the plan is financially feasible. The bill requires financing recommendations made by the LFC be approved by the legislature in 2008 before this plan goes into effect.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB 721 is a companion bill to SB 720, which proposes that the Health Security Act provide for comprehensive statewide health care for all New Mexicans.

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

No additional state funding will be available to the LFC for expenditure in FY08 to determine the financing options of the health security plan, contingent upon enactment of the Health Security Act during the first session of the forty-eighth legislature.

AHO/nt