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FISCAL IMPACT REPORT

ORIGINAL DATE 2/12/08

SPONSOR SFL LAST UPDATED _____ HB _____

SHORT TITLE High Deductible Health Plan Savings Accounts SB 407/SFICS

ANALYST Earnest

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
\$0.0	\$0.0	\$0.0	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Health Policy Commission (HPC)
Human Services Department (HSD)

Responses Not Received From

Taxation and Revenue Department (TRD)
Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

The Senate Floor substitute for Senate Bill 407 (SB407s) provides that beginning July 1, 2009, health insurers may offer a health coverage option of a high-deductible policy with a health savings account (HSA), and requires rulemaking and recommendations from the Insurance Division.

SB407s allows health insurers to offer consumers who are seeking a comprehensive major medical policy the option of a policy with a deductible of at least \$2,500 in conjunction with a HSA. A person who wishes to obtain a high-deductible health plan must present evidence to the insurer that the person has established a health savings account in compliance with the Internal Revenue Code.

The bill directs that health coverage plans offering a high-deductible policy in conjunction with a health savings account shall be considered “creditable coverage” under the Insurance Code and will meet any health coverage requirements pursuant to law or rule.

The Insurance Division would be required to promulgate rules for the administration and implementation of this section, and prior to October 1, 2008, to recommend to the interim Legislative Health and Human Services Committee legislation and other measures to encourage the use of the new health plans.

FISCAL IMPLICATIONS

None identified.

SIGNIFICANT ISSUES

The bill declares that high-deductible health plans shall qualify as creditable coverage.

According to HSD:

This bill allows health insurers to design benefit plans which are exempt from the protection of the Minimum Healthcare Protection Act which now defines bottom line benefit coverage for health plans in the state. Consumers could be harmed by purchasing coverage without fully understanding that it is significantly less than comprehensive and does not have the usual basic standard benefits included.

Creating creditable coverage for this product in advance of the legislature making a determination regarding universal health coverage and on the other health care reform measures currently before it could impede measures to assure access to comprehensive health care for all New Mexicans.

ADMINISTRATIVE IMPLICATIONS

The Insurance Division of the PRC would be required to promulgate new rules for verifying the establishment of a health savings account and report to the Legislature.

BE/bb