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## FISCAL IMPACT REPORT

SPONSOR Taylor ORIGINAL DATE 02/18/09  
LAST UPDATED \_\_\_\_\_ HB 592  
SHORT TITLE Health Insurance Alliance SB \_\_\_\_\_  
ANALYST Hanika-Ortiz

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

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$0.1 Unknown	\$0.1 Unknown		Recurring	Various

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission/Insurance Division (PRC)

Human Services Department/Medical Assistance Division (HSD)

### SUMMARY

#### Synopsis of Bill

House Bill 592 amends the Insurance Code and places the functions of the Health Insurance Alliance (HIA) within HSD, and transfers all personnel, property, contracts and references in law to the department.

The HIA board of directors would become an advisory board for all *Insure New Mexico!* programs. The Superintendent of Insurance would go from being a non-voting member of the board to being a voting member of the HIA advisory board. The advisory board would meet at least quarterly with the secretary of HSD. The purpose of the meetings would be to review the operations of the HIA and make recommendations to the secretary regarding measures to increase access to health insurance in the state. The secretary would be required to review and consider the recommendations of the advisory board.

Under the Insurance Code, HSD would be required to present to the Superintendent of Insurance a plan of operations for approval. HSD would also be required to submit audits to the Superintendent and together the two agencies would be required to approve health insurance policy forms before they are issued.

HSD would take over all administrative functions of the HIA, but could select a contractor to perform these functions through a competitive bid process, under the same process and with the same criteria now in the HIA statute. Eligibility and plan design requirements under the statute are unchanged under this bill proposal. The Superintendent would continue to be responsible for promulgating rules needed to effectuate HIA policies.

### **FISCAL IMPLICATIONS**

HSD believes that moving HIA staff and functions to the department would allow both subsidized programs to gain efficiencies through consolidation and standardization of common administrative functions currently performed separately. The administrative functions of the HIA are funded through a deduction from premiums received. This funding structure will continue within the department; however, it is unclear whether the finances will be maintained separately.

HSD reports that strategies for coverage for small employers can be aligned to maximize federal funding. The agency analysis received was unclear how this would happen.

HSD notes that small employers and individuals will have access to one-stop shopping to obtain health coverage solutions utilizing public, commercial and buy-in opportunities for employees. The department further believes this will increase the number of New Mexicans with health coverage, decrease the amount of uninsured and provide more coverage opportunities for small employers and their employees.

### **SIGNIFICANT ISSUES**

HIA currently covers less than 5,000 lives and has been experienced declining enrollment. HSD through its *Insure New Mexico!* programs operates as a clearinghouse for small employers and individuals with multiple options for affordable health care coverage through public/private partnerships utilizing state, federal, employer and individual contributions. HSD's programs cover more than 32,000 lives.

### **PERFORMANCE IMPLICATIONS**

HIA was created in 1994 by the State Legislature to provide increased access to health insurance for small businesses, self-employed and qualified individuals. The HIA is administratively attached to the PRC/ID.

### **ADMINISTRATIVE IMPLICATIONS**

The secretary of HSD would only be required to review and consider the recommendations of the advisory board.

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

The bill is on the Governor's legislative health reform agenda which also includes insurance reform, electronic medical records and public insurance consolidation.

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

The HIA will not be consolidated in HSD and will continue to operate separately as a nonprofit public corporation in New Mexico.

**POSSIBLE QUESTIONS**

How will the consolidation affect portability of health coverage?

How will the consolidation impact HSD's efforts in leveraging federal dollars?

AHO/svb