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FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/09

SPONSOR Harden LAST UPDATED _____ HB _____

SHORT TITLE Create Office of Health Policy SB 332

ANALYST Chabot

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with HB 267, Health Care Authority Act
Related to SB 242, Interim Human Services Committee

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
Department of Health (DOH)
Developmental Disabilities Planning Council (DDPC)
Division of Vocational Rehabilitation (DVR)
Human Services Department (HSD)
New Mexico Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

Senate Bill 332, Create Office of Health Policy, transfers the functions of the New Mexico Health Policy Commission to the Department of Health. The bill transfers the functions, personnel, property, contracts from HPC to DOH. The commission is abolished and replaced by a Health Policy Advisory Board that is administratively attached to DOH. Members will serve at the pleasure of the governor and may receive mileage and per diem but will receive no other compensation. The board will participate with DOH in developing a comprehensive strategic plan for health. The bill repeals applicable sections of statute can enacts new statute for DOH.

FISCAL IMPLICATIONS

There is no significant fiscal impact. There may be minor changes due to board member residencies affecting mileage and per diem and some possible cost savings resulting from the consolidation of the function within DOH.

SIGNIFICANT ISSUES

This is a Governor's bill.

HPC states "SB 332 is part of Governor Richardson's 2009 Legislative Health Reform package. The bill is part of an effort to save tax dollars and streamline services. The intent...is to allow for administrative efficiencies, increased lives covered, reduce duplicate and competing efforts, and increase portability of health plans."

"The purpose of HPC is to provide a forum for the discussion of complex and controversial health policy and planning issues and for the creative exploration of ideas, issues and problems surrounding health policy and planning, including the interrelations with education, the environment and economic well-being."

DOH assesses "HPC and DOH share some functions and responsibilities for health planning and data analysis. The combination will enhance and compliment both organizations' missions and ability to develop more and better health policy." The role of the advisory committee will expand to cover the entire department and allow it to be involved in broader health policy.

DFA assesses "The Commission's work of completing studies and working on state health policy is sometimes duplicated by other state agencies." "Consolidation of all or some of the entities responsible for health policy in New Mexico is consistent with the need to have a consistent and coherent statewide health policy." HSD concurs with this assessment.

DDPC states "It appears that the state will then lose its only independent perspective of research and information regarding health issues, and in turn, gain another level of bureaucracy within the largest single agency in the state....To place the Health Policy Commission under the very agency those programs the HPC is charged to review and evaluate has a high likelihood of tainting and biasing the reports to the reports to the disadvantage of New Mexicans."

DVR expresses it "has a long-standing relationship with the DOH through contracts and cooperative agreements. With regard to the recommendations and theme of this bill, the Division is neutral. There are no factors that present any concerns for the DVR and its relationship to the DOH. The division will work collaboratively with this committee as appropriate."

LFC assesses HPC has seen flat and declining budgets over the past several years because it often has been excluded from health policy negotiations as the creation of health policy has shifted largely to the Human Services Department and DOH. In addition, the Governor has proposed several bills in the 2008 legislative session and one in the 2008 Special Legislative Session to abolish HPC and move its functions and personnel and equipment to other agencies. However, the Legislature needs an independent body to assess health policy. This role may have to be assumed by the "health unit" in Legislative Council Service if Senate Bill 242 is enacted.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Health Policy Commission will remain as an independent agency.

POSSIBLE QUESTIONS

1. Why does the bill move HPC to DOH when most Health Policy initiatives orientate in HSD as part of the Medicaid program, i.e. expanding enrollment, universal coverage, etc.?
2. Can HPC be created to be an independent agency that is not part of the executive or the legislature similar to the status of the New Mexico Finance Authority?
3. How is DOH's plan to incorporate HPC into its organizational structure?

GAC/mt