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FISCAL IMPACT REPORT

ORIGINAL DATE 01/30/09

SPONSOR Sharer LAST UPDATED _____ HB _____

SHORT TITLE Ban Health Coverage Mandates, C.A. SJR 1

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non- Rec	Fund Affected
Total		\$0.1 indeterminate	\$0.1 indeterminate		Recurring	Various

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Retiree Health Care Authority (RHCA)
 Public School Insurance Authority (PSIA)
 Office of the Attorney General (AG)
 Health Policy Commission (HPC)
 Department of Health (DOH)
 Worker's Compensation Administration
 Aging and Long-Term Services Department (ALTSD)
 Human Services Department/Medical Assistance Division (HSD)

SUMMARY

Synopsis of Bill

Senate Joint Resolution 1 proposes to amend Article 1 of the Constitution of New Mexico by adopting a new section 25 stating that no law shall be enacted that restricts freedom of choice of a private health care system or plan; interferes with the right to pay directly for lawful medical services; imposes a penalty or fine for choosing to obtain or to decline health care coverage; or for participating in a particular health care system or plan.

SJR 1 requires voter approval.

FISCAL IMPLICATIONS

HSD reports that New Mexico has a rate of uninsurance at 21.1 percent or 401 thousand

uninsured individuals. In 2002, the estimated cost of providing health care to New Mexicans was \$7.9 billion. Approximately 75 percent of health care expenditures were publicly financed at \$5.9 billion. The federal government contributed \$5 billion and the state contributed \$820 million. Counties paid \$94 million and \$3.4 million came from out-of-state sources.

SIGNIFICANT ISSUES

SJR 1 will limit the legislature's options for future health care coverage reform.

There is debate whether federal or state governments can require individuals to purchase health insurance as a "condition" for residency. Other states which have imposed health coverage mandates include provisions that allow individuals the right to choose.

PERFORMANCE IMPLICATIONS

HSD notes that the state's Mandatory Medical Support Act requires parents to provide healthcare coverage for minor children. This joint resolution may jeopardize the Child Support Enforcement Division's ability to establish and enforce medical support orders as required by state and federal law and regulation.

ALTSD notes that the joint resolution will have an impact on the Coordination of Long-Term Services (CoLTS) program which requires participants to enroll in one of two managed care organizations.

The Worker's Compensation Administration notes that it is unclear how the joint resolution will affect the Workers' Compensation Act. Current statute provides for the employer to initially select or allow the worker to select the health care provider for the first 60 days of treatment. After this period, the party that did not make the selection is allowed to require a change of health care provider. The financial responsibility for medical care for workers would be in doubt if the choice of a healthcare provider is selected outside of the workers' compensation system.

DOH notes that participants in Medicaid's SALUD program are restricted from choosing a different health care plan for a specified period of time after they begin receiving services. Since Medicaid is federally funded, Medicaid regulations are dictated by federal law. The joint resolution may interfere with the ability of HSD to comply with those federal requirements.

ADMINISTRATIVE IMPLICATIONS

See fiscal implications for the additional administrative impact for state agencies.

OTHER SUBSTANTIVE ISSUES

Many insurance companies are regulated by the federal government rather than the state, in accordance with the Federal Employee Retirement Income Security Act (ERISA).

RHCA supports the goal of universal health coverage.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The New Mexico State Constitution will not prohibit the enactment of laws mandating health insurance or participation in health care plans.

AHO/mt