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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/12

SPONSOR Ortiz y Pino LAST UPDATED _____ HB _____

SHORT TITLE State Health Care System, CA SJR 5

ANALYST Chabot

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
			Substantial	Substantial	Recurring	Various
Total		\$104.0		\$104.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Aging and Long-Term Services Department (ALTSD)
 Attorney General's Office (AGO)
 Commission for the Blind (CB)
 Division of Vocational Rehabilitation (DVR)
 Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Joint Resolution 5 proposes to amend Article 2 of the New Mexico Constitution by adding a new section providing for a health care system established by the state in the furtherance of a fundamental right to health care. If passed, the proposal would be submitted to the people for their approval or rejection at the next general election or at any special election called for that purpose.

FISCAL IMPLICATIONS

It is difficult to assess what the costs of a state establishing a comprehensive system of quality health care. HSD states the cost as "unknown/potentially significant." Estimates of funding sources is complicated by the federal Patient Protection and Affordable Care Act of 2010 with the expansion of Medicaid funding to enroll individuals to 400 percent of the Federal Poverty Limit. A quick computation of the cost using the \$7,700 annual expenditure per Medicaid

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recipient, it is estimated the cost will approximately be \$15.9 billion from several funding sources (\$7,700 times the census population of 2,059,179). Most, if not all, of this amount is already being spent in the state for health care from public, private and individual paid care.

Mathematica Policy Research, Inc its “Analysis of Reform Models for Extending Health Care Coverage in New Mexico” (March 2008) estimated FY10 expenditures to be \$13.8 billion.

The LFC program evaluation, “Healthcare Tax Policy Evaluation” estimated there is \$4.5 billion in government funded healthcare in New Mexico leaving the need to find an additional \$9.3 to 11.4 billion to fund the proposed joint resolution if adopted by the voters.

The SOS reports that in accordance with Section 1-16-4 NMSA 1978, upon receipt of the certified proposed constitutional amendment or other question from the Secretary of State, the county clerk shall include it in the proclamation to be issued and shall publish the full text of each proposed constitutional amendment or other question in accordance with the constitution of New Mexico.

Although the county clerk includes the proposed amendments in the clerk’s proclamation, it is the responsibility of the State to pay for the costs associated with the publication per Section 1-16-13 NMSA 1978, including printing samples of the text of each constitutional amendment in both Spanish and English in an amount equal to ten percent of the registered voters of the state. There are currently 1.7 million registered voters in the state. Voters whose election mail is returned as undeliverable will be sent the proper notice under federal law in 2012, and if they do not vote in the next two federal elections, may be purged in 2015. Under these timelines, the voter roll is expected to increase until the purge in 2015.

The SOS reports that in 2010, the publication cost was \$520,000 for 5 constitutional amendments, or approximately \$104,000 per amendment. Although the SOS is continually seeking ways to reduce publication costs, it believes the 2010 figure is a reasonable projection for 2012 costs, given the increasing number of voter registrations.

SIGNIFICANT ISSUES

HSD provides “In addition to some insurance reforms, the federal Patient Protection and Affordable Care Act, enacted in 2010, mandates that individuals carry health insurance and expands coverage to the uninsured in two ways: (1) increases Medicaid eligibility to everyone with incomes less than 133 percent of the Federal Poverty Limit (138 percent considering the 5 percent income disregard); and (2) provides an advanced premium tax credit to subsidize the purchase of health care insurance on a federally mandated exchange by individuals with incomes between 133 percent (138percent considering the 5percent income disregard) and 400 percent of the Federal Poverty Limit.” These provisions will costs for the expansion of health care as a fundamental right. HSD concludes “Depending how a “comprehensive system of quality health care” is interpreted, a substantial state cost would be incurred to expand the information technology eligibility system to include new Medicaid clients, payments for services, staffing, contracting and designing new functionalities. These changes would have to seamlessly interface with the information technology systems for Medicaid and other human services programs through the Human Services Department, and the eligibility system for the state’s health insurance exchange.”

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ALTSD points out adopting the joint resolution might lead to a reduction in the number of people seeking assistance through the Aging and Disability Resource Center. This leads to the suggestion that a total review of social service agency missions would need to be included in implementing the joint resolution if adopted into the constitution.

AGO states “Even when drafted as affirmative grants, fundamental constitutional rights confer no corresponding duty on the government;...this language grants numerous rights but does not impose on the government the duty to provide the resources for those outcomes to occur.” It continues “Fulfilling this mandate would be an enormous undertaking, and it is an open question if the state has either the resources or ability to make it a reality.”

Both CB and DVR state their clients generally receive health care through Medicaid, Medicare or private insurance. However, a universal health plan may result in savings.

OTHER SUBSTANTIVE ISSUES

The proposed resolution does not specify what agency will oversee the comprehensive system of quality health care and that would presumably be decided by the governor.

GAC/svb