F I S C A L   I M P A C T   R E P O R T

ORIGINAL DATE 02/01/13
SPONSOR O'Neill **LAST UPDATED** **HB**

SHORT TITLE Health Practitioner Cost-Sharing Rates **SB** 144

ANALYST Geisler

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Greater than $500.0, Likely Significant, See Fiscal Implications			Recurring	General, Other State Funds, Federal

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Public Regulation Commission (PRC)
Human Services Department (HSD)
Public School Insurance Authority (PSIA)
Retiree Health Care Authority (RHCA)

SUMMARY

Synopsis of Bill

Senate Bill 144 would enact new sections of the Health Care Purchasing Act, the New Mexico Insurance Code, the Health Maintenance Organization Law and the Nonprofit Health Care Plan Law to require that patient cost-sharing (co-payments, co-insurance or deductibles) for certain health practitioners (physical therapists, occupational therapists and chiropractors) be no higher than the cost-sharing rates charged for primary care practitioners.

FISCAL IMPLICATIONS

The fiscal impact is likely to exceed several hundred thousand dollars for health insurance programs for state employees, teachers, and retirees based on preliminary information received from PSIA and RHCA. Equalizing co-pays, co-insurance, or deductibles for these services with primary care reduces the cost to the insured and shifts it back to the insurance plan. This same cost shifting effect would likely impact health insurance plans marketed to the private sector, non-profits, and individuals as well.

HSD projects no impact to the Medicaid program--there are very few cost sharing measures (copayments, coinsurance or deductibles) used in the program. In the cases where cost sharing is required, HSD treats health practitioners equally.

SIGNIFICANT ISSUES

Senate Bill 144 seeks to remove the financial disincentive for patients to seek physical, occupational, or chiropractic therapy due to typically higher co-pays, co-insurance or deductibles. These relatively low-cost rehabilitative services often can help avoid the eventual need for more expensive surgical interventions.

RHCA provides that the requirement that the cost sharing of physical therapy, occupational therapy and chiropractic services match that of a primary care provider may establish a problematic precedent. Lower cost provisions for the provision of primary care are used to encourage members to seek adequate care at the appropriate level of service in accordance with managed care principals. Specifying these particular services (physical therapy, occupational therapy and chiropractic services) receive the same consideration is contrary to these principals.

The intent of a different level of copayment for these services is not to be a financially limiting tool to curtail appropriate utilization; similarly, a higher copayment to see an oncologist is not designed to limit how many times a cancer patient receives treatment. Rather, the lower copayment for the provision of primary care provides an additional incentive to seek initial evaluation and management services rather than forgoing any type of assessment or treatment altogether.

GG/svb