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FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/14
SPONSOR Keller & Thomson **LAST UPDATED** _____ **HB** _____

SHORT TITLE Health Care Cost & Transparency Commission, CA **SJR** 7

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		>\$ 46.0		>\$ 46.0	Nonrecurring	Election Fund
Total		\$150.1	\$150.1	\$300.2	Recurring	General Fund/Matching Federal Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

University of New Mexico Health Sciences Center (UNMHSC)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Joint Resolution 7 proposes to amend article 5 of the Constitution of New Mexico to create an independent Health Care Cost and Quality Transparency Commission charged with making health care cost and other financial and quality data available for use by consumers, taxpayers and policymakers. The Health Care Cost and Quality Transparency Commission would serve as the sole entity responsible for promulgating, and enforcing standards and regulations. The Commission would have the power to compel compliance with its standards. Commission members would be appointed by the executive and legislative branches and would serve staggered terms as provided by law. SJR 7 proposes to have a Constitutional amendment submitted to the people for approval or rejection before the next general election or any special election prior to that date that may be called for this purpose.

FISCAL IMPLICATIONS

SJR 7 contains no appropriation.

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Under Section 1-16-13 NMSA 1978 and the NM constitution, the SOS is required to print samples of the text of each constitutional amendment, in both Spanish and English, in an amount equal to ten percent of the registered voters in the state. The SOS is also required to publish them once a week for four weeks preceding the election in newspapers in every county in the state. In 2012, the cost for the 2012 General Election ballots was \$46 thousand per constitutional amendment. However, if the ballot size is greater than one page, front and back, it would increase the cost of conducting the general election. In addition to the cost of the ballot, there will be added time for processing voters to vote and would mean additional ballot printing systems would be required to avoid having lines at voting convenience centers.

HSD indicates the potential costs of this bill are unknown. However, there would undoubtedly be both personnel and systems costs involved. The operating costs of \$150 thousand represent personnel from HSD that would likely be necessary to participate and/or support this commission. The costs to produce and analyze requested data, including potential systems reconfigurations, would likely be more significant.

SIGNIFICANT ISSUES

HSD indicates many of the health care programs that serve a significant number of New Mexicans, including Medicaid, are bound by a complex combination of state and federal statutory and regulatory requirements. An entity, such as the commission proposed under SJR7 could be problematic for the lawful and appropriate administration of these programs.

Also problematic is the lack of clarity in the bill surrounding the commission's powers and duties and its membership. The bill only says that these will be "as provided by law." A complete analysis of the significance of the bill is not possible without further information regarding these matters.

ADMINISTRATIVE IMPLICATIONS

HSD reports administrative implications are unknown but could be significant depending on the level of participation, support, and/or data that is required for the proposed commission. HSD would require a minimum of 2 FTEs for data extraction and report preparation at a cost of \$150.1 thousand per fiscal year, of which \$75 thousand is general fund. Since this is a joint resolution to organize a commission, the information technology (IT) impact cannot be measured until data collection or reporting requirements can be determined.

UNM HSC indicates as the standards and regulations are set under the provisions of the bill, care would be needed to ensure they are providing data while not being overly cumbersome and time consuming as this could result in increased health care costs. It would be important for all stakeholders--consumers, taxpayers, policymakers, healthcare providers, and hospitals--to participate in commission discussions as standards and regulations are established.

CONFLICT

HSD reports it is statutorily-recognized by the Centers for Medicare and Medicaid Services (CMS) as the single state agency for the Medicaid program and has the ultimate responsibility to administer the program in accordance with requirements. HSD indicates if SJR 7 is passed and approved by the citizenry, the bill could lead to conflicts with existing law and to the potential loss of millions of dollars in federal Medicaid funding.

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Additionally, there would likely be significant issues surrounding the sharing of data and protected health information that could violate the federal Health Information Portability and Accountability Act.

DOH indicates SJR 7 would give sole authority and responsibility to a new commission for some duties that are already exclusively provided to DOH under the Department of Health Act, NMSA 1978, 9-7-1 through 9-7-18, and the Public Health Act, NMSA 1978, 24-1-3 and related sections of that act. Assigning the “sole authority” to this commission therefore conflicts with the DOH’s performance of its duties to license, monitor and compel compliance of health facilities with state and federal standards.

RAE/ds:jl