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## FISCAL IMPACT REPORT

**SPONSOR** SJC **ORIGINAL DATE** 2/26/15  
**LAST UPDATED** 3/17/15 **HB** \_\_\_\_\_  
**SHORT TITLE** HMO Credentialing Requirements **SB** 220/SJC/aSFI#1  
**ANALYST** Clark

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	No Fiscal Impact		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Office of Superintendent of Insurance (OSI)

Department of Health (DOH)

### SUMMARY

#### Synopsis of Senate Floor Amendment #1

The Senate Floor amendment clarifies the 45-day response deadline only begins when a complete application is submitted by the provider by adding “complete” before every instance of “credentialing application.” The amendment also removes the provision that a dispute regarding credentialing shall be governed by Section 59A-57-6 NMSA 1978, leaving the authority to address dispute resolution to the Office of Superintendent of Insurance (OSI) through the existing provision of the bill stating, “The superintendent shall adopt and promulgate rules to provide for a uniform and efficient provider credentialing process.” OSI reports this improves the clarity of how the superintendent may address dispute resolution by giving broad authority rather than using an existing rule that might not specifically cover this situation.

#### Synopsis of Original Bill

The Senate Judiciary Committee Substitute for Senate Bill 220 expands the rules regarding health care provider credentialing of providers applying for inclusion in the carrier's provider network, including time limits for response by the organization to whom application has been made. The bill guarantees payment of claims for covered health care services to providers who have not received a response to their application by the end of the 45-day response deadline.

The bill gives the superintendent of insurance authority to promulgate rules and regulations

regarding the enforcement of payment of claims by a carrier to a provider whose application falls into this category.

The bill also codifies in statute existing regulations that require a carrier to use a standard provider application determined by the superintendent of insurance.

### **FISCAL IMPLICATIONS**

There is no fiscal impact.

### **SIGNIFICANT ISSUES**

This bill would make it significantly easier for new health care providers to do business in New Mexico because it essentially forces carriers to make a determination within 45 days of whether to accept or reject a provider's application to join the carrier's network. The bill would allow doctors to accept new patients much more quickly without needing to wait months or a year to find out if their applications to join the relevant networks were approved -- this helps providers with existing practices expand the number of patients they can accept, but it particularly helps providers offering services for the first time in the state.

The bill would substantially streamline the process for providers to receive determinations from carriers regarding their applications. A provider must apply for inclusion in a network to each carrier whose network the provider wishes to join, and there are anecdotal reports that providers often have to wait months or even a year to receive a determination from each provider, creating a significant administrative burden, along with the financial burden of lost patients or potentially foregone cost recovery.

The Office of Superintendent of Insurance (OSI) notes the bill provides the superintendent of insurance the power to enforce the payment of claims by a carrier that does not respond to an application in a timely manner. This alleviates the current issue for providers of not knowing whether their application will be accepted. Without a timely response from carriers, providers must either turn away patients or risk incurring costs that would not be reimbursed if the providers' applications are rejected. Remedying this issue could result in more patients treated by providers in a reasonable timeframe. Additionally, this would remove a disincentive for doctors to practice in the state, potentially increasing the number of doctors practicing in New Mexico, although the degree of this impact is unknown.

### **ADMINISTRATIVE IMPLICATIONS**

The administrative impact is minimal. OSI would need to form, adopt, and administer new rules related to the credentialing process mandated by the bill and hear appeals from grievances.

JC/bb