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FISCAL IMPACT REPORT

SPONSOR Stewart ORIGINAL DATE 02/13/17
LAST UPDATED 03/01/17 HB _____
SHORT TITLE Health Care Purchasing Disclosures SB 334/aSPAC
ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

Responses Received From

New Mexico Public School Insurance Authority (NMPSIA)

New Mexico Retiree Health Care Authority (NMRHCA)

Office of the Attorney General (OAG)

SUMMARY

Synopsis of Amendment

The Senate Public Affairs Committee amendment to SB 334 strikes penalties for failing to individually notify members of cost sharing associated with each plan and for failing to require members to reenroll each year. The amendment also reinforces what the agencies are doing which includes offering each health plan and using a website to inform members of cost sharing.

Synopsis of Bill

SB 334 amends the Health Care Purchasing Act to require NMRHCA, NMPSIA, SONM and the Albuquerque Public Schools (APS), collectively known as the interagency benefits advisory committee or "IBAC", to study and provide a status report on the consolidation of administrative functions to the Legislative Health and Human Services Committee by December 1, 2017.

SB 334 also requires the IBAC to ensure enrollees are informed verbally, in writing, and via a website of their health plan choices including the cost-sharing associated with each plan; requires the IBAC to ensure that all plan participants review their options each year and reenroll; and allows a participant to switch plans in the middle of the year if these provisions are not followed.

FISCAL IMPLICATIONS

The bill requires the IBAC to study combining administrative functions. This could result in

savings from collectively purchasing services from benefits consultants, actuaries, and other experts. The IBAC has been successfully collectively purchasing healthcare services for years.

If the bill is requiring enrollees participating in an IBAC health plan to review their options and reenroll each year, there could be a notable impact on IBAC staff time and resources. Last fall, the IBAC reported membership of about 190,000 employees, retirees and dependents.

The informational and notification requirements as well as the term "full and open" when describing the annual enrollment process is vague and open to interpretation. As such, there would be a cost impact if the IBAC was required to go beyond what is currently being provided.

SIGNIFICANT ISSUES

Since 2002, several studies supporting the consolidation of the IBAC have been performed by LFC. However, legislation proposing the consolidation of these entities has not been introduced.

NMRHCA reports that each October the authority initiates an annual switch enrollment process that allows members to increase or decrease coverage levels. NMRHCA communicates dates, times and location of meetings across the state where plan options are presented. In addition, a summary of plan changes, meeting times and locations are communicated by email and by newsletter. Lastly, individual packets with information specific to the member including a summary of existing coverage, coverage costs, future costs, side-by-side comparison of available options, plan information, and calendar of information events are mailed to each member.

NMRHCA also reports that the information presented in communities also include presentations from carriers (Blue Cross Blue Shield, Presbyterian, New Mexico Health Connections, United Healthcare, Humana, Delta Dental, United Concordia, Davis Vision and Standard Life Insurance.) Each carrier is invited to set up an information booth to educate members about the benefits associated with each plan offered. Information can also be viewed on the website.

NMPSIA reports it serves as a group plan administrator for 88 school districts, 101 charter schools, and 25 educational entities. NMPSIA communicates via email blasts with announcements and open/switch enrollment activities to benefits specialists who enroll employees. Each October, NMPSIA conducts an annual open/switch enrollment process that allows members to change their plan elections. This information is relayed to employers and the employer is charged with notifying employees. Additionally, an online enrollment system also has an open/switch enrollment feature to complete enrollments. If an employee does not wish to change their enrollment, they do not have to participate in the switch enrollment process. NMPSIA also uses its website to provide information to school employees, including a medical plan side-by-side comparison, program guides, and marketing materials from the plan carriers.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

IBAC will continue to collectively purchase healthcare services but administer their programs separately including when they procure consultants, actuaries and other expert services.

AHO/jle