

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Opinion Letter. This is a staff analysis in response to the agency’s committee’s or legislator’s request.

BILL SUMMARY

Summary Synopsis: HB 262 is meant to-ensure that all New Mexican’s have health care coverage, control rising health care costs, and to improve the health of citizens.

This work will be accomplished by a Health Care Commission (HCC), member to be chosen by a 12 member nominating committee appointed variously by the Governor, the speaker of the house, president of the Senate and House and Senate minority leadership.

The HCC is required to create a health care plan with implementation to start March 15, 2017. Other major duties of the HCC including obtaining waivers from federal law if necessary as well as cooperating with other units of government to obtain grant funds, educating the public about the plan, adopt cost effective methods of providing health care (especially preventative medicine, rural health care and alternatives to institutional based health care). The HCC must also create compensation methods for health care providers, establish capital budgets for health care facilities, address a variety of issues concerning out-of-state residents seeking health care in-state, develop claims procedures that ensure timely payments or provide for interest penalties. Under this bill, the HCC must create a system of data collection in at least 10 key areas to improve quality, efficiency and effectiveness as well as standardization.

Other mandates include establishing a health care delivery system that is efficient to administer and that eliminates unnecessary administrative costs, creating a pharmacy advisory committee and rules necessary for implementing and monitoring a preferred drug list and to oversee other aspects of medical equipment. The HCC must work with counties to assure that the expenditure of funds generated pursuant to the Indigent Hospital and County Health Care Act and the Statewide Health Care Act is accounted for.

There is imposed an obligation to report on progress to the Governor and the Legislature each year on progress made, especially on cost containment measures.

The bill grants the HCC broad authority to conduct its business including making and entering into contracts, conduct rulemakings (subject to appropriate procedural protections) and adjudications by use of hearing officers, issuing subpoenas, and hiring and firing employees.

The HCC must create two advisory boards: the “Health Care Provider Advisory Board” and the “Health Facility Advisory Board”; and may create other boards as needed.

The bill has many provisions to assure that on any of the boards, sitting members do not have a conflict of interest.

Health Care Delivery Regions are created, allowing for differential fee schedules, budgets, capital expenditure allocations or other features to promote health care delivery in rural areas.

The HCC is tasked with creating a comprehensive Health Security Plan. This Plan, amongst other things shall provide for coverage for preventative health services, health care provider services, health facility inpatient and outpatient services, laboratory tests and radiology procedures, hospice care, in-home and long-term care, prescription drugs, mental health care, substance abuse services, preventative dental health, vision care, medical supplies, and experimental procedures as specified by the Commission.

Eligibility for coverage is dependent on having been a resident of New Mexico for a least a year, with exclusions for individuals participating in other coverage plans. More detailed eligibility determinations are reserved for rulemaking, as well as rules for removing ineligible individuals from participating. Covered individuals will receive an eligibility card that is electronically readable, containing information necessary for the provision of health care, except that inclusion of a person's social security number shall not be permitted. Misuse of the card is deemed a misdemeanor.

This bill creates a statutory right to a primary care provider (who requires certification by the HCC).

Rules for when an individual may self-refer to a health care provider must be promulgated; as well as rules for how claims reviews must be conducted, how to improve quality of care and dispute resolution.

The bill prohibits discrimination in the provision of health care on the basis of age, race, color, income level, national origin, religion, gender, sexual orientation, and disabling condition.

The HCC is tasked with developing a budget for the total expenses of the Health Security Plan, which is submitted for legislative approval. In addition, the HCC must also prepare a "provider budget", including co-payments (except co-payments for preventative health services are barred). The legislative finance committee shall determine financing options for the health security plan. In doing so it is to be guided by an assumption that 1) health care coverage should be no less than that of state employees, and 2) "options may set minimum and maximum levels of a beneficiary's income-based premium payments, sliding scale premium payments and Medicare credits and employer contributions, provided that a collective bargaining agreement is not violated." The LFC must report on its determinations by November 2, 2015

Health care facilities (a term defined by the law) are required to negotiate a budget with the HCC. If no agreement is possible, the budget is referred to the dispute resolution process created by the HCC.

The bill mandates a "health resource certificate", necessary before the facility undertakes an major capital expenses. The grant of the certificate is needs based. The HCC must make

annual reports to the Legislature concerning capital needs of health care providers.

The bill requires that the health security plan be subjected to an annual actuarial review, as well as an independent financial audit. The HCC is authorized to conduct financial audits (announced or unannounced) of health care providers and health care facilities.

Other duties of the HCC include creating a standard claims form for insurance payment, and mandating that all health care providers have information technology that allow for electronic transfer of benefits and patient data.

The law contains provisions for how to deal with any property of a health insurance exchange, and how to effectuate a transfer of exchange functions to the HCC.

This plan is intended to be operational by July 1, 2017.

FISCAL IMPLICATIONS WITH ENACTING THIS BILL

SIGNIFICANT LEGAL ISSUES

PERFORMANCE IMPLICATIONS WITH ENACTING THIS BILL

ADMINISTRATIVE IMPLICATIONS WITH ENACTING THIS BILL

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP WITH BILLS INTRODUCED THIS SESSION

This bill is the same as the SB 226.

TECHNICAL ISSUES OR DRAFTING ERROR

OTHER SUBSTANTIVE LEGAL ISSUES

Commission members receive mileage and per diem as well as \$200/meeting, capped at \$12,000 per year. Given the complexity and amount of work to be performed, this compensation may not be sufficient to attract qualified individuals.

The provision mandating an annual actuarial audit may be overbroad, as not all aspects of the budget for the health security plan are appropriate for actuarial review.

ALTERNATIVES TO ENACTING THIS BILL

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS NEEDED TO IMPROVE THIS BILL