

1 HOUSE BILL 376

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO INSURANCE; AMENDING THE AUTHORITY OF THE BOARD OF
12 DIRECTORS OF THE NEW MEXICO MEDICAL INSURANCE POOL; REVISING
13 THE MANNER IN WHICH RATES ARE CALCULATED.

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15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

16 SECTION 1. Section 59A-54-7 NMSA 1978 (being Laws 1987,
17 Chapter 154, Section 7, as amended) is amended to read:

18 "59A-54-7. BOARD--POWERS AND DUTIES.--The board shall
19 have the general powers and authority granted under the laws of
20 this state to insurance companies licensed to transact health
21 insurance business. In addition, the board shall have the
22 specific authority to:

23 A. enter into contracts as are necessary or proper
24 to carry out the provisions and purposes of the Medical
25 Insurance Pool Act, including the authority, with the approval

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1 of the superintendent, to enter into contracts with similar
2 pools of other states for the joint performance of common
3 administrative functions or with persons or other organizations
4 for the performance of administrative functions. The pool
5 shall comply with the Procurement Code except as otherwise
6 provided in the Medical Insurance Pool Act;

7 B. sue or be sued, including taking any legal
8 action as necessary to avoid the payment of improper claims
9 against the pool or the coverage provided by or through the
10 pool;

11 C. establish appropriate rates, rate schedules,
12 rate adjustments, expense allowances, agent referral fees,
13 claim reserve formulas and any other actuarial functions
14 appropriate to the operation of the pool. Rates and rate
15 schedules may be adjusted for appropriate risk factors such as
16 age and area variation in claim costs and shall take into
17 consideration appropriate risk factors in accordance with
18 established actuarial underwriting practices;

19 D. assess members of the pool in accordance with
20 the provisions of the Medical Insurance Pool Act and make
21 initial and interim assessments as may be reasonable and
22 necessary for the organizational or interim operating expenses
23 of the pool. Interim assessments shall be credited as offsets
24 against any regular assessments due following the close of the
25 calendar year. Interim assessments may include anticipated

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1 expenses of the next year that the board determines are
2 reasonable and necessary for the operating expenses of the
3 pool;

4 E. issue policies of insurance in accordance with
5 the requirements of the Medical Insurance Pool Act;

6 F. issue a policy of insurance, in accordance with
7 the requirements of the Medical Insurance Pool Act, for a small
8 group that is formed voluntarily through an employer,
9 association, cooperative, mutual alliance or other
10 organization; provided, however, that an employer group may not
11 have more than fifty persons;

12 G. enter into contracts or otherwise participate in
13 any health-insurance-related program or initiative of the
14 state;

15 [~~G.~~] H. appoint appropriate legal, actuarial and
16 other committees as necessary to provide technical assistance
17 in the operation of the pool, policy and other contract design
18 and any other function within the authority of the pool; and

19 [~~H.~~] I. conduct periodic audits to assure the
20 general accuracy of the financial data submitted to the pool.
21 The board shall cause the pool to have an annual audit of its
22 operations by an independent certified public accountant."

23 SECTION 2. Section 59A-54-19 NMSA 1978 (being Laws 1987,
24 Chapter 154, Section 19, as amended) is amended to read:

25 "59A-54-19. RATES--~~[STANDARD RISK]~~ AVERAGE MARKET

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1 RATE.--

2 A. The pool shall determine [~~a standard risk~~] an
3 average market rate by actuarially calculating the individual
4 rate that an insurer would charge for an individual policy with
5 the pool benefits issued to a person [~~who was a standard risk~~]
6 in the individual market. Separate schedules of [~~standard~~
7 ~~risk~~] average market rates based on age and other appropriate
8 demographic characteristics may be used. [~~In determining the~~
9 ~~standard risk rate, the pool shall consider the benefits~~
10 ~~provided, the standard risk experience and the anticipated~~
11 ~~expenses for a standard risk for the coverage provided.~~] The
12 rates charged for pool coverage shall be no more than one
13 hundred fifty percent of the [~~standard risk~~] average market
14 rate for each class of insureds.

15 B. The board shall adopt a low-income premium
16 schedule that provides coverage at lower rates for those
17 persons with an income less than four hundred percent of the
18 current federal poverty level guidelines applicable to New
19 Mexico, published by the United States department of health and
20 human services. [~~For individuals with household incomes of one~~
21 ~~hundred ninety-nine percent of the federal poverty level or~~
22 ~~lower, the premium reduction shall be seventy-five percent.~~
23 ~~For individuals with household incomes of two hundred percent~~
24 ~~to two hundred ninety-nine percent of the federal poverty~~
25 ~~level, the premium reduction shall be fifty percent. For~~

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1 ~~individuals with household incomes of three hundred percent to~~
2 ~~three hundred ninety nine percent of the federal poverty level,~~
3 ~~the premium reduction shall be twenty five percent. The board~~
4 ~~shall determine income based on the preceding taxable year.]~~ No
5 person shall be eligible for a low-income premium reduction if
6 that person's premium is paid by a third party who is not a
7 family member. Low-income premium rates shall not be lower
8 than the average subsidized rates available in the market at
9 the same income level and for a substantially similar plan.

10 C. All rates and rate schedules shall be submitted
11 to the superintendent for approval."

12 SECTION 3. EFFECTIVE DATE.--The effective date of the
13 provisions of this act is July 1, 2023.