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SENATE BILL 718

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Steve Komadina

AN ACT

**RELATING TO HEALTH INSURANCE; AMENDING THE COMPREHENSIVE
HEALTH INSURANCE POOL ACT TO CLARIFY THAT PREMIUM INCOME
INCLUDES MEDICAID MANAGED CARE PREMIUMS.**

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

**Section 1. Section 59A-54-10 NMSA 1978 (being Laws 1987,
Chapter 154, Section 10, as amended) is amended to read:**

"59A-54-10. ASSESSMENTS. --

**A. Following the close of each fiscal year, the
pool administrator shall determine the net premium, being
premiums less administrative expense allowances, the pool
expenses and claim expense losses for the year, taking into
account investment income and other appropriate gains and
losses. The assessment for each insurer shall be determined
by multiplying the total cost of pool operation by a fraction**

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1 the numerator of which equals that insurer's premium and
2 subscriber contract charges or their equivalent for health
3 insurance written in the state during the preceding calendar
4 year and the denominator of which equals the total of all
5 premiums and subscriber contract charges written in the state;
6 provided that premium income shall include receipts of
7 medicaid managed care premiums but shall not include any
8 payments by the secretary of health and human services
9 pursuant to a contract issued under Section 1876 of the Social
10 Security Act, as amended. The board may adopt other or
11 additional methods of adjusting the formula to achieve equity
12 of assessments among pool members.

13 B. If assessments exceed actual losses and
14 administrative expenses of the pool, the excess shall be held
15 at interest and used by the board to offset future losses or
16 to reduce pool premiums. As used in this subsection, "future
17 losses" includes reserves for incurred but not reported
18 claims.

19 C. The proportion of participation of each member
20 in the pool shall be determined annually by the board based on
21 annual statements and other reports deemed necessary by the
22 board and filed with it by the member. Any deficit incurred
23 by the pool shall be recouped by assessments apportioned among
24 the members of the pool pursuant to the assessment formula
25 provided by Subsection A of this section; provided that the

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1 assessment for any pool member shall be allowed as a thirty
2 percent credit on the premium tax return for that member.

3 D. The board may abate or defer, in whole or in
4 part, the assessment of a member of the pool if, in the
5 opinion of the board, payment of the assessment would endanger
6 the ability of the member to fulfill its contractual
7 obligation. In the event an assessment against a member of
8 the pool is abated or deferred in whole or in part, the amount
9 by which such assessment is abated or deferred may be assessed
10 against the other members in a manner consistent with the
11 basis for assessments set forth in Subsection A of this
12 section. The member receiving the abatement or deferment
13 shall remain liable to the pool for the deficiency for four
14 years. "

15 Section 2. TEMPORARY PROVISION--INTENT.--The intent of
16 this act is to clarify that the calculation of assessments
17 pursuant to Section 59A-54-10 NMSA 1978 includes medicaid
18 managed care premiums. The specific inclusion of medicaid
19 managed care premiums by this act shall not be interpreted to
20 mean that medicaid managed care premiums were intended to be
21 excluded from the calculation of assessments before the
22 effective date of this act.