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FISCAL IMPACT REPORT

SPONSOR: SPAC DATE TYPED: 03/04/01 HB _____
 SHORT TITLE: Self-Insurance Health Care Act SB CS/209/aSPAC/aSCORC
 ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		NFI			

(Parenthesis () Indicate Expenditure Decreases)

Relates to: HB406, HB406/HJCS, SB911 & HB275

SOURCES OF INFORMATION

LFC Files
 Public Regulatory Commission (PRC)

SUMMARY

Synopsis of the SCORC Amendment

Clarifies subsection B, by adding new language. In addition to mandating that rules and regulations establish standards for minimum benefits, this subsection now states that such coverage should include all benefits required of health insurance under other sections of the Insurance Code.

A new subsection C. was added to the SPAC substitute bill to ensure that proper notice is provided to those individuals eligible for participation in such plans:

C. The rules and regulations shall provide that all employees or association members shall be eligible for participation in the plan.

The prior subsection C. was re-lettered to D.

Synopsis of SPAC Substitute Bill

The Senate Public Affairs Committee substitute for Senate Bill 209 relates to group health insurance and amends Section 59A-15-20 NMSA 1978 (New Mexico Insurance Code) pertaining to multiple-employer health care self-insurance. Multiple-employer welfare arrangements are currently provided for in the New Mexico Insurance Code. This bill establishes more stringent standards that must be included in rules and regulations for such arrangements.

Significant Issues

The bill requires the Superintendent of Insurance, after a public hearing, to adopt reasonable rules and regulations (no later than October 1, 2000) governing multiple-employer employee welfare benefit arrangements. The new requirements for such regulations, included in SB209/SPACS amending Section 59A-15-20 NMSA 1978, are outlined below:

- Minimum solvency requirements must be defined;
- Accounting standards and reporting requirements must be included;
- Standards for appropriate investment of plan assets must be included;
- Standards for excess or stop-loss insurance coverage must be listed;
- Methods for equitable assessment of member employers to determine if there is any funding shortfall;
- Regulations must include standards for adequate governance;
- The regulations must require compliance with the Patient Protection Act and provide standards for minimum benefits; including coverage of all benefits required of health insurance under other sections of the Insurance Code; and

This bill also deletes language regarding benefits not being paid under the plan and instead allows the Superintendent of Insurance to take necessary action pursuant to the Insurance Code. Under current law, if at any time a plan does not meet the standards established for multiple-employer welfare arrangements, no benefits may be paid under the plan.

FISCAL IMPLICATIONS

The SPAC substitute to SB209 and the SCORC amendment will not create a significant fiscal impact to the general fund.

There will be minimal costs associated with staff revision of the rules and regulations, conducting a rulemaking process, and publishing and distributing the new rules.

ADMINISTRATIVE IMPLICATIONS

The PRC Superintendent of Insurance will be required to conduct formal rule making and adopt new rules in compliance with this bill not later than October 1, 2001.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Senate Bill 91, Health Care Act, creates a program that ensures health care coverage for all New Mexicans through a combination of public and private financing and attempts to control escalating health care costs.

House Bill 275 amends the New Mexico insurance code to authorize catastrophic group health insurance policies to be issued to small employers.

Senate Bill 406 duplicates the original Senate Bill 209.

House Bill 406/HJCS is very similar to this bill.

OTHER SUBSTANTIVE ISSUES

Senate Bill cs/209/aSCORC appears to resolve the technical flaws and oversights identified in the original bill Senate Bill 209.

This bill also appears to resolve PRC concerns regarding how the original bill could harm the Insurance Division's ability to monitor the solvency of self-insured entities providing health insurance and preventing the Insurance Division from applying unfair trade practices and unfair claims practices laws to self-insured health care plans. The HJCS substitute bill also addresses the PRC concern that the original might not have guaranteed certain provisions included in the Patient Protection Act, NMSA Chapter 59A, Article 57, and the Insurance Code.

LG/ar