SENATE BILL 589

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Benny Shendo, Jr.

AN ACT

RELATING TO HEALTH INSURANCE; ENACTING THE NEW MEXICO HEALTH
INSURANCE EXCHANGE ACT; CREATING THE NEW MEXICO HEALTH
INSURANCE EXCHANGE; PROVIDING FOR THE APPOINTMENT, POWERS AND
DUTIES OF A BOARD OF DIRECTORS FOR THE EXCHANGE; PROVIDING THE
SUPERINTENDENT OF INSURANCE WITH RULEMAKING POWERS RELATING TO
THE EXCHANGE; PROVIDING FOR POWERS AND DUTIES OF THE EXCHANGE;
PROVIDING FOR TRANSPARENCY OF EXCHANGE FUNDING AND OPERATIONS;
ENACTING A TEMPORARY PROVISION TO PROVIDE FOR THE TRANSFER OF
CONTRACTS TO THE NEW MEXICO HEALTH INSURANCE EXCHANGE; AMENDING
AND ENACTING SECTIONS OF THE NMSA 1978; RECONCILING MULTIPLE
AMENDMENTS TO THE SAME SECTION OF LAW IN LAWS 2009; DECLARING
AN EMERGENCY.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1

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2	Insurance Exchange Act".
3	SECTION 2. [NEW MATERIAL] DEFINITIONSAs used in the
4	New Mexico Health Insurance Exchange Act:
5	A. "agent" means a person appointed by a carrier
6	authorized to transact business in this state to act as its
7	representative in any given locality;
8	B. "board" means the board of directors of the
9	exchange;
10	C. "broker" means a person licensed as a broker
11	pursuant to the New Mexico Insurance Code;
12	D. "carrier" means a person that is subject to
13	licensure by the superintendent or subject to the provisions of
L 4	the New Mexico Insurance Code and that provides one or more
15	health benefits or insurance plans in the state;
16	E. "dependent" means "dependent" as defined in
17	Section 152 of the federal Internal Revenue Code of 1986;
18	F. "director" means an individual who serves on the
19	board;
20	G. "employee" means an individual who is hired by
21	another individual or entity for a wage or fixed payment in
22	exchange for personal services and who does not provide the
23	services as part of an independent business;
24	H. "exchange" means the New Mexico health insurance
25	exchange;

through 9 of this act may be cited as the "New Mexico Health

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- "health care provider" means an individual who I. is licensed, certified or otherwise authorized or permitted by law pursuant to Chapter 61 NMSA 1978 to provide health care in the ordinary course of business or practice of a profession;
- "health care services finance or coverage sector" includes carriers and other health insurance issuers; health maintenance or managed care organizations; nonprofit health plans; self-insured group health plans; trade associations of carriers; producers; and health care facilities:

"Native American" means: Κ.

- an individual who is a member of any federally recognized Indian nation, tribe or pueblo or who is an Alaska native; or
- an individual who has been deemed eligible (2) for services and programs provided to Native Americans by the United States public health service or the bureau of Indian affairs;
- "navigator" means a person that, in a manner culturally and linguistically appropriate to the state's diverse populations, conducts public education, distributes tax credit and qualified health plan enrollment information, facilitates enrollment in qualified health plans or provides referrals to consumer assistance or ombudsman services. "Navigator" does not mean a carrier or a person that receives

any consideration, directly or indirectly, from any carrier in connection with the enrollment of a qualified individual in a qualified health plan; provided that a broker may be a navigator if the broker receives no consideration, directly or indirectly, from any carrier in connection with the enrollment of a qualified individual or qualified employer in a qualified health plan, an approved health plan or any other health coverage;

- M. "producer" means an agent or broker licensed pursuant to the applicable provisions of the New Mexico Insurance Code:
- N. "qualified employer" means a small employer that elects to make its full-time employees, and, at the option of the employer, some or all of its part-time employees, eligible for one or more qualified health plans offered in the small group market through the exchange; provided that the employer:
- (1) has its principal place of business in the state and elects to provide coverage through the exchange to all of its eligible employees, wherever employed; or
- (2) elects to provide coverage through the exchange to all of its eligible employees who are principally employed in the state;
- O. "qualified health plan" means health insurance coverage or a group health plan that the board has determined as meeting the requirements in federal law for coverage to be

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offered through the exchange;

- P. "qualified individual" means an individual who:
- (1) seeks to enroll or who participates in a qualified health plan offered through the exchange and who meets one of the following residency requirements:
- (a) the individual is a resident of the state and is, and continues to be, legally domiciled and physically residing on a full-time basis in a place of habitation in the state that remains the person's principal residence and from which the person is absent only for a temporary or transitory purpose;
- (b) the individual is a full-time student attending an educational institution outside of the state but, prior to attending the educational institution, met the requirements of Subparagraph (a) of this paragraph;
- (c) the individual is a full-time student attending an institution of higher education located in the state;
- (d) the individual, whether a resident or not, is a dependent; or
- (e) the individual, whether a resident or not, is an employee of a qualified employer;
- (2) is not incarcerated at the time of enrollment, other than incarceration pending the disposition of charges; and

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- (3) is a citizen or national of the United States or an alien lawfully present in the United States, or who is reasonably expected to be a citizen or national of the United States or an alien lawfully present in the United States during the entire period for which enrollment in the exchange is sought;
- "small employer" means a person that is actively engaged in business that employed an average of at least one but not more than fifty full-time-equivalent employees on at least fifty percent of its working days during the preceding calendar year and that employs at least one employee on the first day of the plan year; provided that:
- persons that are affiliated persons or that are eligible to file a combined tax return for purposes of state income taxation shall be considered one small employer;
- in the case of an employer that was not in existence throughout a preceding calendar year, the determination of whether the employer is a small employer shall be based on the average number of employees that the employer is reasonably expected to employ on working days in the current calendar year; and
- (3) the person is not a self-insured entity; and
- "superintendent" means the superintendent of R. insurance.

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SECTION 3. [NEW MATERIAL] NEW MEXICO HEALTH INSURANCE EXCHANGE CREATED -- BOARD CREATED .--

- The "New Mexico health insurance exchange" is created as a nonprofit public corporation to provide qualified individuals and qualified employers with increased access to health insurance in the state and shall be governed by a board of directors constituted pursuant to the provisions of the New Mexico Health Insurance Exchange Act. The exchange is a governmental entity for purposes of the Tort Claims Act, and neither the exchange nor the board shall be considered a governmental entity for any other purpose.
- The "board of directors of the New Mexico health insurance exchange" is created. The board consists of seventeen voting directors. One voting ex-officio director is the superintendent or the superintendent's designee.
- Except as provided in Subsection D of this section, managerial and full-time employees of the exchange and appointed directors, while serving on the board, shall not have any affiliation with or any income derived from:
- (1) current or active employment as, a contract with or consultation for a health care provider; or
- current or active employment in, a (2) contract with or consultation for the health care services finance or coverage sectors.
- Each director shall comply with the conflict-of-.192747.3

interest provisions of Subsection C of this section, except as provided as follows:

- (1) directors appointed from the boards of directors of the New Mexico medical insurance pool and the New Mexico health insurance alliance shall not be considered to have a conflict of interest with respect to their association with those entities;
- (2) the director who is a health care provider shall not be considered to have a conflict of interest with respect to the provider's receipt of payment for health care services provided;
- (3) the director who is a representative of a statewide health care planning entity shall not be considered to have a conflict of interest with respect to that director's association with the statewide health care planning entity; and
- (4) the directors who are representatives of carriers shall not be considered to have a conflict of interest with respect to those directors' association with their respective carriers.
- E. Each director and employee of the exchange shall have a fiduciary duty to the exchange.
- F. The board shall be composed, as a whole, to assure representation of the state's Native American population, ethnic diversity, cultural diversity and geographic diversity. Directors shall have demonstrated knowledge or .192747.3

1	experience in at least one of the following areas.
2	(1) purchasing coverage in the individual
3	market;
4	(2) purchasing coverage in the small employer
5	market;
6	(3) health care finance;
7	(4) health care economics;
8	(5) health care policy;
9	(6) the enrollment of underserved residents in
10	health care coverage; or
11	(7) administering private or public health
12	care insurance.
13	G. The governor shall appoint eight directors.
14	H. The president pro tempore of the senate, the
15	speaker of the house of representatives, the senate minority
16	leader and the minority leader of the house of representatives
17	shall each appoint two directors.
18	I. The directors shall be chosen as follows:
19	(1) one director shall be a health care
20	provider;
21	(2) one director shall be a broker;
22	(3) one director shall be a representative of
23	a statewide health care planning entity;
24	(4) one director shall be a representative of
25	a nonprofit corporation;
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- (5) four directors shall be representatives of carriers; and
- (6) eight directors shall be chosen from health care consumers; health care consumer advocates; individuals who are officers, general partners or proprietors of small employers; and employees of small employers.
- J. Initial appointments to the board shall be made from the boards of directors of the New Mexico health insurance alliance and the New Mexico medical insurance pool.
- K. The governor shall appoint no more than four directors who belong to the same political party.
- L. The directors selected from the New Mexico health insurance alliance board and the New Mexico medical insurance pool board shall have terms that coincide with terms of membership on their respective originating boards. The appointed directors shall have initial terms chosen by lot so that eight directors shall serve four-year terms and eight directors shall serve three-year terms. Thereafter, directors shall serve three-year terms.
- M. A director shall serve until the director's successor is appointed by the respective appointing authority.
- N. The exchange and the board shall operate consistent with provisions of the Governmental Conduct Act, the Inspection of Public Records Act, the Financial Disclosure Act and the Open Meetings Act and shall not be subject to the

Procurement Code or the Personnel Act.

- O. A majority of directors constitutes a quorum.

 The board may allow members to attend meetings by telephone or other electronic media. A decision by the board requires a quorum and a majority of directors in attendance voting in favor of the decision.
- P. Within thirty days of the effective date of the New Mexico Health Insurance Exchange Act, the superintendent shall convene the organizational meeting of the board, during which the board shall elect a chair and vice chair from among the directors. Thereafter, every three years, the board shall elect in open meeting a chair and vice chair from among the directors. The chair and vice chair shall serve no more than two consecutive three-year terms as chair and vice chair.
- Q. A vacancy on the board shall be filled by appointment by the original appointing authority for the remainder of the director's unexpired term.
- R. A director may be removed from the board by a majority vote of the directors. The board shall set standards for attendance and may remove a director for lack of attendance, neglect of duty or malfeasance in office. A director shall not be removed without proceedings consisting of at least one ten-day notice of hearing and an opportunity to be heard. Removal proceedings shall be before the board and in accordance with procedures adopted by the board.

- S. Appointed directors may receive per diem and mileage in accordance with the Per Diem and Mileage Act, subject to the travel policy set by the board. Appointed directors shall receive no other compensation, perquisite or allowance.
- T. The board shall meet at the call of the chair and no less often than once per calendar quarter. There shall be at least seven days' notice given to directors prior to any meeting. There shall be sufficient notice provided to the public prior to meetings consistent with the Open Meetings Act.
- U. The board shall create, make appointments to and duly consider recommendations of an advisory committee or committees made up of stakeholders, including carriers, health care consumers, health care providers, health care practitioners, brokers, qualified employer representatives and advocates for low-income or underserved residents.
- V. The board shall create an advisory committee made up of Native Americans, some of whom live on a reservation and some of whom do not live on a reservation, to guide the implementation of the Native American-specific provisions of the federal Patient Protection and Affordable Care Act and the federal Indian Health Care Improvement Act.
- W. The board shall consider all written recommendations submitted to the board by its advisory committees and enter into the public record the reasons for .192747.3

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accepting or rejecting any written recommendations that the advisory committees have submitted.

[NEW MATERIAL] BOARD OF DIRECTORS--SECTION 4. POWERS. -- The board may:

- seek and receive grant funding from federal, state or local governments or private philanthropic organizations to defray the costs of operating the exchange;
- generate funding, including, but not limited to, В. charging assessments or fees, to support its operations in accordance with provisions of the New Mexico Health Insurance Exchange Act;
 - create ad hoc advisory councils;
- request assistance from other boards, D. commissions, departments, agencies and organizations as necessary to provide appropriate expertise to accomplish the exchange's duties;
- enter into contracts with persons or other organizations as necessary or proper to carry out the provisions and purposes of the New Mexico Health Insurance Exchange Act, including the authority to contract or employ staff for the performance of administrative, legal, actuarial, accounting and other functions; provided that no contractor shall be a carrier or a producer;
- enter into contracts with similar exchanges of other states for the joint performance of common administrative .192747.3

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functions;

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G. enter into information-sharing agreements with federal and state agencies and other state exchanges to carry out its responsibilities; provided that these agreements include adequate protections of the confidentiality of the information to be shared and comply with all state and federal laws and regulations;

H. sue or be sued or otherwise take any necessary or proper legal action in the execution of its duties and powers;

- I. appoint board committees, which may include non-board members, to provide technical assistance in the operation of the exchange and any other function within the authority of the exchange; and
- J. conduct periodic audits to assure the general accuracy of the financial data submitted to the exchange.

SECTION 5. [NEW MATERIAL] PLAN OF OPERATION.--

A. Within sixty days of the effective date of the New Mexico Health Insurance Exchange Act, the board shall create a plan of operation containing provisions to ensure the fair, reasonable and equitable administration of the exchange.

- B. The board shall provide for public notice and hearing prior to approving the plan of operation.
 - C. The plan of operation shall:
 - (1) establish procedures to implement the

1	provisions of the New Mexico Health Insurance Exchange Act,
2	consistent with state law, the federal Patient Protection and
3	Affordable Care Act and other federal law and federally
4	approved waivers of federal law;
5	(2) establish procedures for handling and
6	accounting for the exchange's assets and money;
7	(3) establish regular times and meeting places
8	for meetings of the board;
9	(4) in accordance with rules that the
10	superintendent has promulgated, establish a dispute resolution
11	process for applicants that have been denied:
12	(a) qualified health plan status;
13	(b) qualified individual status;
14	(c) qualified employer status;
15	(d) a premium tax credit subsidy;
16	(e) a cost-sharing subsidy for a
17	qualified health plan; or
18	(f) exemption from the federal
19	requirement to purchase health insurance;
20	(5) establish a statewide consumer assistance
21	program, including a navigator program;
22	(6) establish consumer complaint and grievance
23	procedures for issues relating to the exchange or qualified
24	health plans;
25	(7) establish procedures for alternative
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dispute	resolution	between	the	exchange	and	contractors	or
carriers	s :						

- establish conflict of interest policies (8) and procedures;
- consult with representatives of New Mexico Indian nations, tribes and pueblos and develop and implement policies that:
- (a) promote effective communication and collaboration between the exchange and Indian nations, tribes and pueblos, including communicating and collaborating on those nations', tribes' and pueblos' plans for creating or participating in health insurance exchanges; and
- (b) promote cultural competency in providing effective services to Native Americans; and
- contain additional provisions necessary (10)and proper for the execution of the powers and duties of the board.
- SECTION 6. [NEW MATERIAL] BOARD DUTIES--REPORTING.--The board shall:
- between July 1, 2013 and January 1, 2015, provide quarterly reports to the legislature, the governor and the superintendent on the implementation of the exchange and report annually and upon request thereafter;
- B. keep an accurate accounting of all of the activities, receipts and expenditures of the exchange and .192747.3

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submit this information annually to the superintendent and as required by federal law to the federal secretary of health and human services:

- C. beginning with the first year of operation in which access to health insurance coverage is provided, obtain an annual audit of the exchange's operations from an independent certified public accountant;
- publish the administrative costs of the exchange as required by state or federal law; and
- discharge those duties required to implement and operate the exchange in accordance with the provisions of the New Mexico Health Insurance Exchange Act consistent with state and federal law.

[NEW MATERIAL] RULES--DISPUTE RESOLUTION.--SECTION 7.

- The superintendent shall promulgate rules necessary to implement and carry out the provisions of the New Mexico Health Insurance Exchange Act.
- The superintendent shall promulgate rules for resolving disputes arising from the operation of the exchange in accordance with the provisions of the New Mexico Health Insurance Exchange Act, including rules with respect to:
- the eligibility of a carrier to (1) participate in the exchange; and
- receiving an exemption from any state or federal individual requirement to retain minimum essential .192747.3

coverage.

SECTION 8. [NEW MATERIAL] EXEMPTION. -- The exchange is exempt from payment of all fees and all taxes levied by this state or any of its political subdivisions.

SECTION 9. [NEW MATERIAL] FUNDING.--

A. To fund the planning, implementation and operation of the exchange, the board shall contract with the human services department or any other state agency that receives federal funds allocated, appropriated or granted to the state for purposes of funding the planning, implementation or operation of a health insurance exchange.

B. The human services department or any other state agency that receives federal funds allocated, appropriated or granted to the state for purposes of funding the planning, implementation or operation of a health insurance exchange shall contract with the board to provide those funds to the exchange in consideration for its planning, implementation or operation.

MEXICO HEALTH INSURANCE EXCHANGE.--The medical assistance division of the human services department shall cooperate with the New Mexico health insurance exchange to share information and facilitate transitions in enrollment between the exchange and medicaid, the state children's health insurance program and any other state public health coverage program.

SECTION 11.	A new	section	of	the	New	${\tt Mexico}$	Insurance
Code is enacted to	road.						

"[NEW MATERIAL] OFFICE OF SUPERINTENDENT OF INSURANCE-COOPERATION WITH NEW MEXICO HEALTH INSURANCE EXCHANGE.--The
office of superintendent of insurance shall cooperate with the
New Mexico health insurance exchange to share information and
assist in the implementation of the functions of the exchange."

SECTION 12. Section 41-4-3 NMSA 1978 (being Laws 1976, Chapter 58, Section 3, as amended by Laws 2009, Chapter 8, Section 2 and by Laws 2009, Chapter 129, Section 2 and also by Laws 2009, Chapter 249, Section 2) is amended to read:

"41-4-3. DEFINITIONS.--As used in the Tort Claims Act:

- A. "board" means the risk management advisory board;
- B. "governmental entity" means the state or any local public body as defined in Subsections C and H of this section;
- C. "local public body" means all political subdivisions of the state and their agencies, instrumentalities and institutions and all water and natural gas associations organized pursuant to Chapter 3, Article 28 NMSA 1978;
- D. "law enforcement officer" means a full-time salaried public employee of a governmental entity, or a certified part-time salaried police officer employed by a governmental entity, whose principal duties under law are to .192747.3

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hold in custody any person accused of a criminal offense, to maintain public order or to make arrests for crimes, or members of the national guard when called to active duty by the governor;

"maintenance" does not include: Ε.

- conduct involved in the issuance of a permit, driver's license or other official authorization to use the roads or highways of the state in a particular manner; or
- (2) an activity or event relating to a public building or public housing project that was not foreseeable;
- "public employee" means an officer, employee or servant of a governmental entity, excluding independent contractors except for individuals defined in Paragraphs (7), (8), (10), (14) and (17) of this subsection, or of a corporation organized pursuant to the Educational Assistance Act, the Small Business Investment Act or the Mortgage Finance Authority Act or a licensed health care provider, who has no medical liability insurance, providing voluntary services as defined in Paragraph (16) of this subsection and including:
 - (1) elected or appointed officials;
 - law enforcement officers; (2)
- persons acting on behalf or in service of (3) a governmental entity in any official capacity, whether with or without compensation;
- licensed foster parents providing care for .192747.3

1	children in the custody of the human services department,
2	corrections department or department of health, but not
3	including foster parents certified by a licensed child
4	placement agency;
5	(5) members of state or local selection panels
6	established pursuant to the Adult Community Corrections Act;
7	(6) members of state or local selection panels
8	established pursuant to the Juvenile Community Corrections Act;
9	(7) licensed medical, psychological or dental
10	arts practitioners providing services to the corrections
11	department pursuant to contract;
12	(8) members of the board of directors of the
13	New Mexico medical insurance pool;
14	(9) individuals who are members of medical
15	review boards, committees or panels established by the
16	educational retirement board or the retirement board of the
17	public employees retirement association;
18	(10) licensed medical, psychological or dental
19	arts practitioners providing services to the children, youth
20	and families department pursuant to contract;
21	(11) members of the board of directors of the
22	New Mexico educational assistance foundation;
23	(12) members of the board of directors of the
24	New Mexico student loan guarantee corporation;
25	(13) members of the New Mexico mortgage
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finance authority;

- (14) volunteers, employees and board members of court-appointed special advocate programs;
- (15) members of the board of directors of the small business investment corporation;
- (16) health care providers licensed in New Mexico who render voluntary health care services without compensation in accordance with rules promulgated by the secretary of health. The rules shall include requirements for the types of locations at which the services are rendered, the allowed scope of practice and measures to ensure quality of care; [and]
- (17) an individual while participating in the state's adaptive driving program and only while using a special-use state vehicle for evaluation and training purposes in that program; and
- (18) the staff and members of the board of directors of the New Mexico health insurance exchange;
- G. "scope of duty" means performing any duties that a public employee is requested, required or authorized to perform by the governmental entity, regardless of the time and place of performance; and
- H. "state" or "state agency" means the state of New Mexico or any of its branches, agencies, departments, boards, instrumentalities or institutions."

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SECTION 13. TEMPORARY PROVISION -- NEW MEXICO HEALTH INSURANCE EXCHANGE -- NEW MEXICO MEDICAL INSURANCE POOL --NEW MEXICO HEALTH INSURANCE ALLIANCE .-- Until the date is reached upon which federal law requires it to be self-sustaining, resources for the New Mexico health insurance exchange may be provided to the New Mexico health insurance exchange by the New Mexico health insurance alliance or the New Mexico medical insurance pool through a cooperative agreement between the New Mexico health insurance exchange and the respective board. The New Mexico health insurance alliance and the New Mexico medical insurance pool may fund reasonably required staff and other operating expenses for the New Mexico health insurance exchange through their respective existing funding mechanisms. To the extent federal funding is available to the New Mexico health insurance exchange, the New Mexico health insurance exchange shall reimburse the New Mexico health insurance alliance and the New Mexico medical insurance pool, respectively, for such resources as each may provide.

SECTION 14. TEMPORARY PROVISION--NEW MEXICO HEALTH INSURANCE ALLIANCE--NEW MEXICO HEALTH INSURANCE EXCHANGE--TRANSFER OF CONTRACTS.--On July 1, 2013, all contracts of the New Mexico health insurance alliance relating to the development and implementation of a health insurance exchange shall be binding and effective on the New Mexico health insurance exchange.

SECTION 15. SEVERABILITY.--If any part or application of this act is held invalid, the remainder or its application to other situations or persons shall not be affected.

SECTION 16. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

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