LFC Requester:	Eric Chenier

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to **billanalysis@dfa.nm.gov**
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: *2/21/2025*
Bill Number: *SB508*

Check all that apply:
Original *X* Correction __
Amendment __ Substitute __

Sponsor: Senators Berghmans, Hamblen, Charley, O'Malley and Stewart
Short Title: INSURANCE: COVERAGE FOR SEXUAL, REPRODUCTIVE, AND GENDER-AFFIRMING HEALTH

Agency Name and Code Number: Office of Superintendent of Insurance - 440
Person Writing Viara Ianakieva
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Significant	Significant	Significant	Significant	Operating

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY
Senate Bill 508 (SB508) amends the Health Care Purchasing Act, the Public Assistance Act and the Insurance Code Articles 22, 23, 46 (Health Maintenance Organization Law) and 47 (Nonprofit Health Care Plan Law) to remove cost sharing and prior authorization requirements for certain reproductive, sexual, and gender-affirming health care services. SB508: (1) prohibits delays or restrictions on coverage for contraception if the practice would result in a covered person receiving less than a 12 month duration of the contraception; (2) requires that there be a special enrollment period for pregnancy to be effective before the end of the first month in which an uninsured person receives confirmation of a pregnancy; (3) authorizes reimbursement for services without quantity limitation, utilization controls, or prior authorization for family planning services; and (4) requires coverage for lactation support.

The bill has an effective date of January 1, 2026.

FISCAL IMPLICATIONS
The requirements of this bill will have a significant impact on OSI's operating budget. There is no appropriation for the implementation. This is an unfunded mandate.

SIGNIFICANT ISSUES
None.

PERFORMANCE IMPLICATIONS
This may negatively affect the performance measures for the Life and Health Product Filings Bureau due to the fact that expanded review requirements will increase the review time.

ADMINISTRATIVE IMPLICATIONS
OSI anticipates needing at least one more FTE to the increased workload.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
None.

TECHNICAL ISSUES
Cost-sharing elimination provisions are exempt from high deductible health benefit plans until eligible insured's deductible has been met. This does not take into account catastrophic and high deductible plans that are HSA eligible.

There is no language in this legislation outlining enforcement expectations for Office of the Superintendent of Insurance staff, such as audits of insurance claims or internal policy reviews. As a result, OSI is assuming that its main enforcement will be through complaints. Without any expectations on enforcement, OSI's main obligation for this legislation will be to ensure that insurance policies comply with the requirements of SB508.

OTHER SUBSTANTIVE ISSUES
The requirements of this bill will have a significant impact on premiums in the individual, small and large group markets and may lead to New Mexico defraying the cost of any services not included in the current NM Essential Health Benefits Benchmark plan. The amount the state will have to defray for the full cost for the coverage of the services included in SB508 cannot be determined at this time but would be significant.

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The federal Affordable Care Act (ACA) requires all major medical health commercial insurance marketed to individuals and small groups to cover a standard group of benefits. This standard group of benefits is called a "benchmark" plan. The ACA requires states to set this benchmark plan based on popular existing health plans. The actuarial value of this benchmark plan is then used to calculate the premium tax credits consumers will receive from the federal government to help subsidize purchasing coverage through the health insurance marketplace. The federal government has an interest in ensuring that states will not continue adding benefits to their benchmark plans because this would increase the amount the federal government would have to pay to a state's residents in advance premium tax credits.

To limit the amount the federal government would be required to pay for premium tax credits in any given state, the ACA requires states to defray the costs of any newly mandated benefits. Newly mandated benefits are any legislatively or administratively mandated benefits in excess of the benchmark and any benefits not mandated by the state prior to the passage of the ACA. See 42 U.S.C.A. § 18031 and 45 CFR §155.170 and https://www.cms.gov/CCIIO/Resources/Files/Downloads/ehb-faq-508.pdf. The amount the state is required to defray for the cost for any newly mandated benefits is based on the actuarial value of the new benefit.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

"The provisions of this section do not apply to a high deductible health benefit plan issued or renewed in this state until an eligible insured's deductible has been met."

"The provisions of this section do not apply to excepted benefit plans as provided pursuant to the Short-Term Health Plan and Excepted Benefit Act, catastrophic plans as defined pursuant to 42 USCA Section 18022(e) or tax-favored plans as defined pursuant to 26 USC Section 223(c)(2)."