

LFC Requester:	Eric Chenier
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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: 2/21/25 *Check all that apply:*
Bill Number: SB520 Original Correction
Amendment Substitute

Sponsor: Hickey **Agency Name and Code** HCA-630
Short Title: NO INSURANCE PREMIUM SURTAX ON DENTAL AND VISION COVERAGES **Number:** _____
Person Writing Carlos Ulibarri/Paoze Her
Phone: _____ **Email** _____

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$0.0	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0.0	Indeterminate amount; minor reduction	Indeterminate amount; minor reduction	Recurring	Health Care Affordability Fund

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$0.0	\$0.0	\$0.0	\$0.0	NA	NA

(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

Synopsis: -

SB 520 would exclude nonprofit dental only, vision only or dental and vision only contracts from the health insurance premium surtax, currently imposed at a rate of three and seventy-five hundredths' percent of the gross health insurance premiums. The effective date of the provisions of this act is January 1, 2026.

FISCAL IMPLICATIONS

HCA's analysis of SB 520 is based on a plain-language reading that the proposed exemption of dental and vision contracts only applies to nonprofit health care plans.

SB 520 would not have a fiscal impact on HCA's Medicaid program since dental and vision covered services are captured comprehensively under the managed care capitation. Accordingly, dental and vision do not have stand-alone contracts. Dental and vision benefits are provided in managed care and fee-for-service. The premium tax only impacts the MCO capitation payments, not FFS payments.

This bill would not have an impact on State Health Benefits because those carrier contracts are not subject to the surtax (self-insured plans).

This bill could have an impact on Health Care Affordability Fund (HCAF) revenue because HCAF is funded through the surtax on health insurance companies and the bill removes nonprofit dental-only, vision-only, or dental- and vision-only contracts. These carriers represent a small proportion of the total tax base, but HCA is unable to determine the impact because HCA does not have tax revenue data for specific companies that would be impacted by this bill.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

The Health Care Authority Medical Assistance Division (HCA MAD) includes dental and vision services in the capitation paid to MCOs and in FFS. For example, in FY 2024 Dental services alone account for a health insurance premium tax of \$2,077.5 thousand. However, this tax collection is embedded in the overall capitations paid for all medical services. The premium tax

only impacts the MCO capitation payments, not FFS payments.

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

AMENDMENTS