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# FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_  
**ORIGINAL DATE** 02/10/2025

**SPONSOR** Montoya/Jones

**BILL**

**SHORT TITLE** Health Care Sharing Ministries and Insurers **NUMBER** House Bill 271

**ANALYST** Rommel

## ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>OSI</b>	No fiscal impact	No fiscal impact	No fiscal impact			Other state funds
<b>HCA</b>		Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Office of Superintendent of Insurance (OSI)  
 Health Care Authority (HCA)

Agency Analysis was Solicited but Not Received From  
 Department of Health (DOH)

## SUMMARY

### Synopsis of House Bill 271

House Bill 271 (HB271) adds a new section to Chapter 59A NMSA 1978, the Insurance Code. The bill distinguishes between healthcare sharing ministries (HCSMs), faith-based organizations that allow members to share healthcare costs, and insurance companies.

HB271 requires a healthcare sharing ministry to:

1. Limit its participants to those who are of a similar faith,
2. Conform with the federal requirements on healthcare sharing ministries, 26 USCA 5000A(d)(2)(B)(i) and (ii)(I) through (V), and
3. Provide for the financial and medical needs of a participant through the coordination of contributions from other participants.

HB271 directs that healthcare sharing ministries shall:

1. Suggest dollar amounts that participants may contribute with no assumption of risk or promise to pay among the participants and no assumption of risk or promise to pay by

- the healthcare sharing ministry to the participants,
2. Provide a written monthly statement to all participants that lists the total dollar amount of qualified needs submitted to the HCSM and the amount actually published or assigned to participants for their contribution, and
  3. Provide a written disclaimer on or accompanying all applications and guideline materials distributed by or on behalf of the ministry specifying the ministry is not insurance and coverage is not guaranteed.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or June 20, 2025.

## FISCAL IMPLICATIONS

HCA notes the following:

The fiscal impact of HB217 on the health care affordability fund (HCAF) is unknown. The impact will depend on the extent to which those who are eligible for HCAF programs opt for HCSM arrangements instead. One HCSM survey of its members in a report published in 2023 found that 42 percent had incomes under 200 percent of the federal poverty level (FPL), which was approximately \$50 thousand annually for a family of three. Individuals and families below this income level are likely to qualify for low- or no-cost coverage through the [healthcare exchange] Marketplace or Medicaid. If HCSM arrangements are expanded in New Mexico, it could result in increased efforts to draw those who qualify for comprehensive coverage and financial assistance through the [federal] Affordable Care Act (ACA) and HCAF programs into other arrangements that have no consumer protections or solvency requirements.

## SIGNIFICANT ISSUES

HB271 requires a written monthly statement to all participants that lists the total dollar amount of qualified needs submitted to the HCSM and the amount actually published or assigned to participants for their contribution. However, there is no requirement for HCSMs to report this information to regulatory agencies.

Members of healthcare sharing ministries are exempt from the minimum essential health insurance requirements of the Affordable Care Act (ACA). HCSMs are not required to report data, such as services covered, the volume or types of claims and the reimbursements provided to members. Colorado and Massachusetts require HCSMs to report data, helping regulators better understand their operations and finances and identifying ways that policymakers can improve consumer protection.

OSI notes the following:

It is important to note that HCSM arrangements do not provide comprehensive health benefits and consumer protections included in traditional coverage subject to state and federal law. For example, major medical policies subject to the Patient Protection and Affordable Care Act (PPACA) and the Insurance Code cover pre-existing conditions and essential health benefits such as doctors' services, inpatient and outpatient hospital care, prescription drug coverage, pregnancy and childbirth, mental health services and emergencies, without yearly and lifetime coverage limits. Major medical coverage in

New Mexico must include free preventive care and a variety of coverage mandates in addition to the essential benefits, all subject to Maximum Out of Pocket (MOOP) limits. Consumer protections under the Insurance Code and New Mexico Administrative Code also extend to other types of health products such as short term, excepted benefits and long-term care insurance by subjecting these products to form and rate review to ensure minimum coverage is provided and that premiums charged are fair and reasonable and comparable to the benefits offered.

HCA reports the following from a 2023 study by the Commonwealth Fund:<sup>1</sup>

1.7 million people in the United States are enrolled in HCSMs. Colorado, after creating a requirement that all HCSMs enrolling Coloradans provide comprehensive data, found that at least 68 thousand individuals were enrolled in HCSMs, or approximately 30 percent of their Marketplace enrollment. Since HCSMs can limit benefits, exclude individuals with pre-existing conditions, and refuse to pay claims with no recourse for consumers, healthier individuals are more likely to be enrollees in HCSMs. Per the [report], HCSM members submitted approximately \$362 million in claims during the reporting period. The HCSMs stated that only approximately one-third of this amount (\$132 million) was eligible for payment. During the same timeframe, HCSMs brought in about \$97 million, resulting in an apparent shortfall of \$35 million. The low share of eligible claims is partially due to the HCSMs’ strict rules that do not allow reimbursement for certain types of care. Further, HCSMs have broad flexibility to refuse payment of claims. For example, HCSMs frequently require members access charity care through providers or negotiate other types of provider discounts prior to claims being paid by the HCSM.

## OTHER SUBSTANTIVE ISSUES

OSI notes it has taken enforcement action against several HCSMs in recent years after receiving consumer complaints. Several lawsuits have been filed against OSI related to these actions. In December 2024, a lawsuit against the agency was dismissed without prejudice by a U.S. District Judge. At this time, there may be HCSMs operating in New Mexico, but because they are not registered with OSI, is not clear how many are currently operating.

While HB271 clarifies in law that HSCMs are not insurance, the written disclaimer Section B (3) does not note that HCSMs may not afford the consumer protections in insurance plans pursuant to the ACA:

Consumer Protections in ACA Plans Compared to Health Care Sharing Ministries

Consumer protection	ACA plans	HCSMs
Must cover essential health benefits (including mental health and substance use treatment, preventive care, and prescription drugs)?	Yes	No. HCSMs do not have to comply with any health benefit requirements and usually exclude treatment for mental health and substance use disorders and preventive care, and limit or exclude prescription drugs, in addition to other restrictions.

<sup>1</sup> <https://www.commonwealthfund.org/blog/2023/health-care-sharing-ministries-leave-consumers-unpaid-medical-claims>

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Can't charge higher premiums to people with preexisting conditions?	Yes	No. HCSMs may charge a higher rate based on health status.
Must include annual limits on out-of-pocket expenses for essential health benefits?	Yes	No. HCSMs can limit the amount members can submit for payment. No HCSM guarantees payment for bills, even those deemed eligible.
Can't limit or exclude coverage for preexisting health conditions?	Yes	Not usually. HCSMs can require conditions to be cured or without symptoms for a year or more before expenses will be covered.
Can't impose annual or lifetime dollar limits on essential health benefits?	Yes	Not usually. HCSMs are able to set monthly, annual, and lifetime limits on coverage

Source: JoAnn Volk, Justin Giovannelli, and Christina Lechner Goe, "Massachusetts Data on Health Care Sharing Ministries Reveal Finances That Put Consumers at Risk," *To the Point* (blog), Commonwealth Fund, Mar. 2, 2022. <https://doi.org/10.26099/v663-eg53>

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