

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Sen. Stefanics/Rep. Lujan, T **ORIGINAL DATE** 1/31/2025

BILL

SHORT TITLE Medicare Supplement Open Enrollment **NUMBER** Senate Bill 80

ANALYST Chenier

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA	No fiscal impact	No fiscal impact	No fiscal impact		Recurring	General Fund
OSI	No fiscal impact	No fiscal impact	No fiscal impact		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 the Superintendent of Insurance (OSI)
 Health Care Authority (HCA)

SUMMARY

Synopsis of Senate Bill 80

Section 1 of Senate Bill 80 (SB80) amends the Insurance Code to define an eligible policy holder as a Medicare beneficiary that is sixty-five years or older and is insured under a Medicare Supplement insurance policy.

Section 2 adds a new subsection to the Insurance Code requiring issuers of Medicare Supplement insurance policies to offer an annual open enrollment period to all eligible policy holders. The open enrollment period is to begin on the first day of the policy holder’s birth month and remain open for at least sixty days thereafter.

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

FISCAL IMPLICATIONS

Both the Office of the Superintendent of Insurance (OSI) and the Health Care Authority (HCA) reported no fiscal impact for SB80.

SIGNIFICANT ISSUES

OSI said that the legislation does not clarify if the policyholder notifications must be sent to OSI for review and approval before being sent to the consumer. If prior approval is required, OSI may see an increase in the number of filings submitted for review and approval. OSI does not expect a negative impact on performance measures due to the increase in workload.

OSI also notes that the bill's definition of "eligible policyholder" does not define "Medicare beneficiary." It may be prudent to specify that this only applies to Original Medicare and not to Medicare Advantage.

OSI also notes the Legislature may want to consider amending the definition of "Medicare Supplement policy" to also include the statement "individual or group policy certificate offered by any other entities that deliver or issue for delivery in this state Medicare Supplement policies or certificates" to ensure all entities are addressed, similar to the wording in 59A-24A-3 NMSA 1978

This bill allows for more balanced risk pools and would encourage a more stable Medicare Supplement market. Currently, guaranteed issued Medicare Supplement policies are available only at initial enrollment in a Medicare Supplement plan (i.e., generally at age 65). This means that Medicare Supplement enrollees must undergo medical underwriting if they want to switch issuers. This results in the deterioration of some Medicare Supplement risk pools as the healthy enrollees can switch carriers and obtain new coverage by meeting underwriting standards and the less healthy policyholders either have to stay in current coverage, with rising premiums, or switch to a Medicare Advantage plan.

TECHNICAL ISSUES

OSI said that pursuant to 59A-7-3 NMSA 1978, issuers selling Medicare Supplement products must have an "Accident and Health" license. An insurer licensed as a "Health Maintenance Organization" (HMO) must also hold an "Accident and Health" insurance license in order to sell Medicare Supplement plans. Therefore, it may be prudent to take out references to HMOs in the Medicare Supplement Act, NMSA 1978, 59A-24A.

EC/hj/SL2/rl