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SENATE BILL 770

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

TIMOTHY Z. JENNINGS

AN ACT

RELATING TO HEALTH INSURANCE; AMENDING A SECTION OF THE
COMPREHENSIVE HEALTH INSURANCE POOL ACT TO CLARIFY ELIGIBILITY
PROVISIONS.

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

Section 1. Section 59A-54-12 NMSA 1978 (being Laws 1987,
Chapter 154, Section 12, as amended) is amended to read:

"59A-54-12. ELIGIBILITY--POLICY PROVISIONS. --

A. Except as provided in Subsection B of this
section, a person is eligible for a pool policy only if on the
effective date of coverage or renewal of coverage the person is
a New Mexico resident, and:

(1) is not eligible as an insured or covered
dependent for any health plan that provides coverage for
comprehensive major medical or comprehensive physician and

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1 hospital services;

2 (2) is only eligible for a health plan that is
3 offered at a rate higher than that available from the pool;

4 (3) has been rejected for coverage for
5 comprehensive major medical or comprehensive physician and
6 hospital services; or

7 (4) is only eligible for a health plan with a
8 rider, waiver or restrictive provision for that particular
9 individual based on a specific condition.

10 B. A person's eligibility for a policy issued under
11 the Health Insurance Alliance Act shall not preclude a person
12 from remaining on a pool policy; provided, a self-employed
13 person who qualifies for an approved health plan under the
14 Health Insurance Alliance Act by using a dependent as the second
15 employee may choose a pool policy in lieu of the health plan
16 under that act.

17 [~~B.~~] C. Coverage under a pool policy is in excess of
18 and shall not duplicate coverage under any other form of health
19 insurance.

20 [~~C.~~] D. A pool policy shall provide that coverage of
21 a dependent unmarried person terminates when the person becomes
22 nineteen years of age or, if the person is enrolled full time in
23 an accredited educational institution, when he becomes twenty-
24 five years of age. The policy shall also provide in substance
25 that attainment of the limiting age does not operate to

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1 terminate coverage when the person is and continues to be:

2 (1) incapable of self-sustaining employment by
3 reason of mental retardation or physical handicap; and

4 (2) primarily dependent for support and
5 maintenance upon the person in whose name the contract is
6 issued.

7 Proof of incapacity and dependency shall be furnished to
8 the insurer within one hundred twenty days of attainment of the
9 limiting age and subsequently as required by the insurer but not
10 more frequently than annually after the two-year period
11 following attainment of the limiting age.

12 [~~D.~~] E. A pool policy that provides coverage for a
13 family member of the person in whose name the contract is issued
14 shall, as to the coverage of the family member or the individual
15 in whose name the contract was issued, provide that the health
16 insurance benefits applicable for children are payable with
17 respect to a newly born child of the family member or the person
18 in whose name the contract is issued from the moment of coverage
19 of injury or illness, including the necessary care and treatment
20 of medically diagnosed congenital defects and birth
21 abnormalities. If payment of a specific premium is required to
22 provide coverage for the child, the contract may require that
23 notification of the birth of a child and payment of the required
24 premium shall be furnished to the carrier within thirty-one days
25 after the date of birth in order to have the coverage continued

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1 beyond the thirty-one day period.

2 [E-] F. A pool policy may contain provisions under
3 which coverage is excluded during a six-month period following
4 the effective date of coverage as to a given individual for pre-
5 existing conditions, as long as either of the following exists:

6 (1) the condition has manifested itself within
7 a period of six months before the effective date of coverage in
8 such a manner as would cause an ordinarily prudent person to
9 seek diagnoses or treatment; or

10 (2) medical advice or treatment was recommended
11 or received within a period of six months before the effective
12 date of coverage.

13 [F-] G. The pre-existing condition exclusions
14 described in Subsection [E] F of this section shall be waived to
15 the extent to which similar exclusions have been satisfied under
16 any prior health insurance coverage [~~which~~] that was
17 involuntarily terminated, if the application for pool coverage
18 is made not later than thirty-one days following the involuntary
19 termination. In that case, coverage in the pool shall be
20 effective from the date on which the prior coverage was
21 terminated. This subsection does not prohibit pre-existing
22 conditions coverage in a pool policy that is more favorable to
23 the insured than that specified in this subsection.

24 [G-] H. An individual is not eligible for coverage
25 by the pool if:

