

Office of Superintendent of Insurance

Fall 2021 Update



Presentation to the Legislative Finance Committee
Superintendent of Insurance Russell Toal
September 23, 2021



What types of health-related insurance does OSI regulate?

- Fully-insured major medical insurance
 - Individual/non-group
 - Small group
 - Large group
- Short-term limited duration plans
- Limited or excepted benefits plans
 - Hospital indemnity
 - Disability insurance
 - Accident or injury policy
 - Other related types of coverage



What are OSI's responsibilities related to health insurance?

- Reviewing health insurance rates
- Approving Plans for offering on the NMHIX
- Monitoring provider network adequacy
- Enforcement of surprise medical billing protections
- Credentialing compliance
- Consumer Assistance, Grievances and appeals resolution
- Enforcing benefits package requirements
- Enforcing pertinent federal health insurance laws
- COVID-19 insurance protections

NOTE: The OSI does *not* regulate self-insured health plans.



The Health Insurance Marketplace

- beWellnm.com is a Marketplace where New Mexicans can shop, compare, and enroll in health plans.
- All plans must cover pre-existing conditions and can't charge more because of a person's health history or status.
- beWellnm.com is a key source of coverage for small businesses and their employees and self-employed entrepreneurs. Most enrollees qualify for financial help to lower their premiums, though many still struggle with costs.



Small Business Health Insurance

- Small businesses can purchase coverage in New Mexico's small group market if they have fewer than 50 employees.
- About 50,000 New Mexicans get their coverage through the small group market. The remainder of small business owners and employees primarily get coverage through the individual Health Insurance Marketplace, Medicaid, the Medical Insurance Pool, or they are uninsured.
- The small business platform of beWellnm covers approximately 800 employees. This number has remained fairly constant.



What is OSI's relationship with beWellnm?

- OSI approves and regulates Qualified Health Plans (QHPs) offered on beWellnm.com.
- beWellnm and the OSI have a MOU for our review of QHP applications.
- By statute, the Superintendent sits on the beWellnm Board of Directors.
- OSI does not operate the Marketplace.
- OSI will work with beWellnm on the Health Affordability Fund programs.



OSI's MOU with beWellnm

- As mentioned, OSI has had an MOU with beWellnm in most years since beWellnm was established.
- The MOU helps maintain OSI's capacity to conduct a through rate review, ensure provider networks are sufficient, ensure plan compliance with federal and state laws, create consumer-focused tools and resources, and provide research support and expertise to beWellnm.
- The MOU is reviewed and approved by the beWellnm board annually.

Update on 2021 and 2022 Rates

OSI reviews health insurance filings annually to determine whether rates are reasonable and fair.

2021

- OSI's rate review process resulted in plan premium decreases in the individual and small business marketplaces.

2022

- OSI issued guidance that had the effect of reducing the cost of Gold plans offered on beWellnm's individual market in 2022 by maximizing federal subsidies.
- The agency hopes that this will be a positive foundation for the Affordability Fund to build upon.



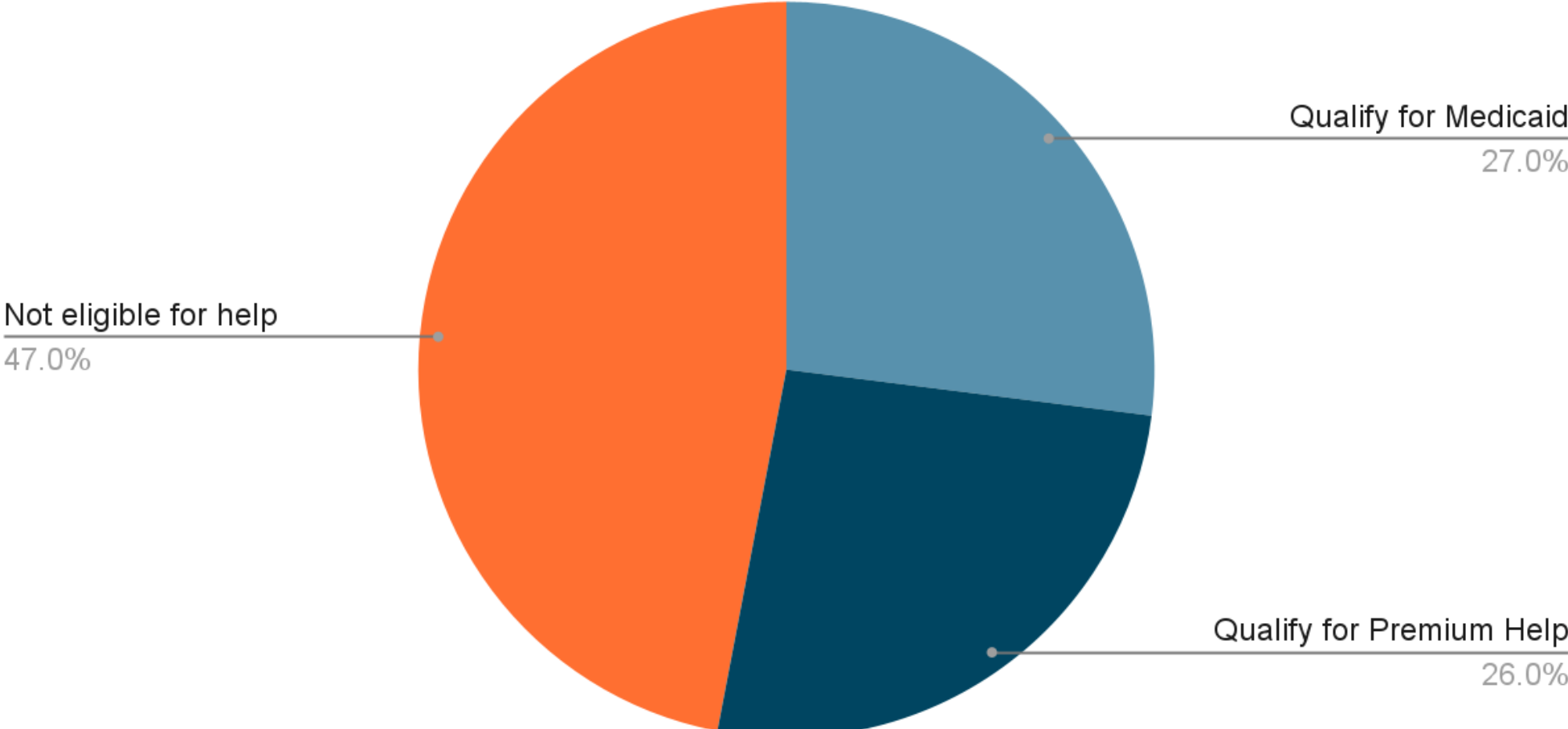
Quick Facts about Uninsured New Mexicans

- 214,000 New Mexicans are uninsured
- About 6-in-10 uninsured people in NM are Hispanic
- About 1-in-5 uninsured people in NM are Native American
- More than a quarter of uninsured New Mexicans qualify premium help on beWellnm.

More than half of uninsured New Mexicans qualify for Medicaid or premium assistance



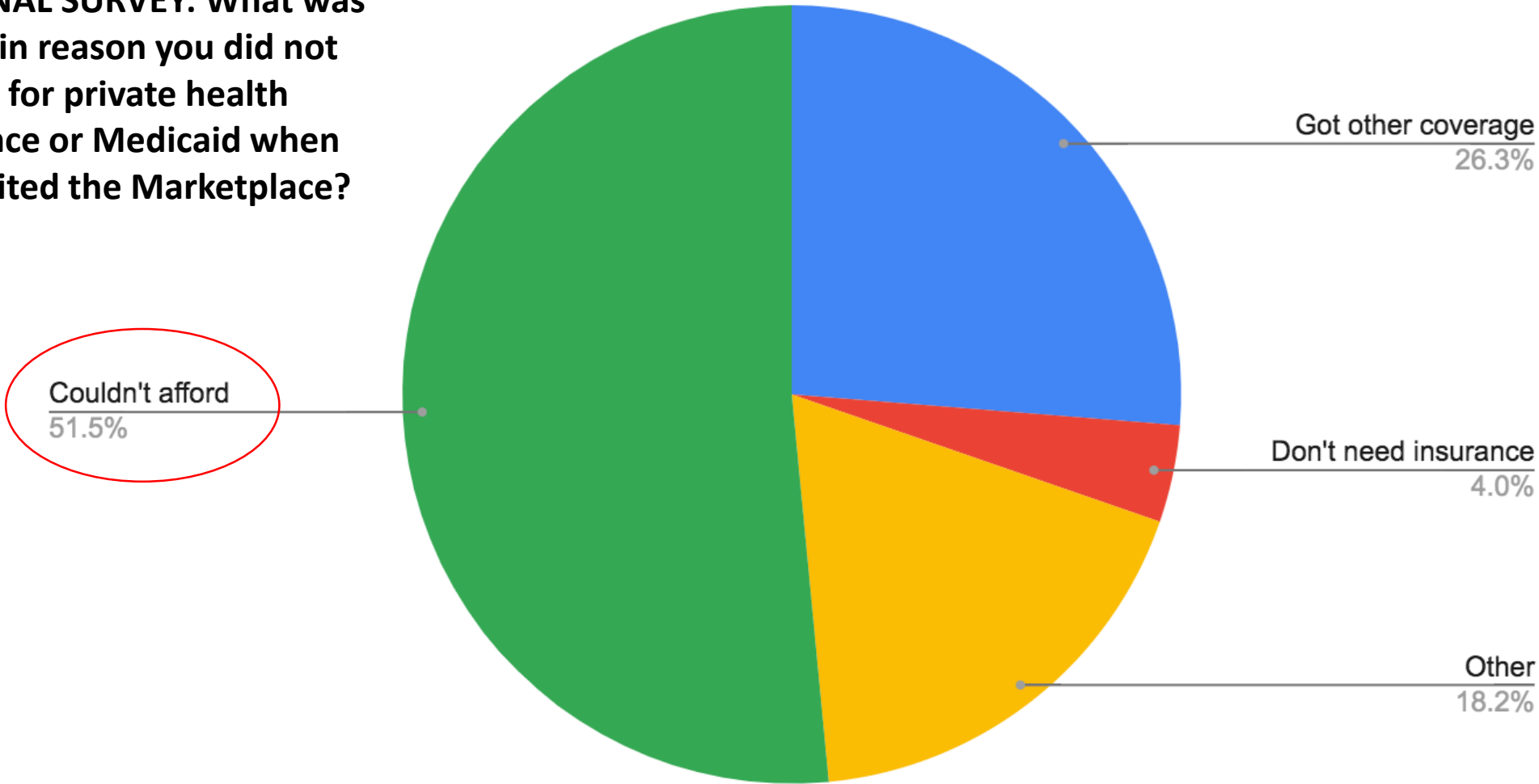
What portion of New Mexicans qualify for help with coverage costs?



Urban Institute, 2020. https://www.urban.org/sites/default/files/publication/102844/updated-estimates-of-the-nm-uninsured-and-health-care-reform-options-to-expand-marketplace-coverage-and-improve-affordability_1.pdf

Affordability challenges are causing people to stay uninsured

NATIONAL SURVEY: What was the main reason you did not sign up for private health insurance or Medicaid when you visited the Marketplace?



The Health Care Affordability Fund



- To address issues of affordability, uninsurance and underinsurance, the Legislature passed SB 317 this year and Governor Lujan Grisham signed the bill into law.
- SB 317 creates the Health Care Affordability Fund (HCAF).
 - Financed by changing the state's existing health insurance surtax from 1% to 3.75% and distributing a portion of the revenue to the Fund.
 - Allows the state to capture revenue that was previously collected at the federal level.
 - The increased surtax takes effect January 1, 2022.





The Health Care Affordability Fund

- The law allows the Fund to be used to:
 - Help individuals purchase coverage on New Mexico's Health Insurance Marketplace, beWellnm.com
 - Help small businesses with health insurance costs
- SB 317 also directs OSI to develop a plan to use the Fund to help cover those who don't qualify for federal health coverage programs such as Medicaid or the Marketplace. The plan must be submitted to LFC and LHHS by July 1, 2022.



Updated Health Insurance Surtax Revenue Projections

	FY22*	FY23	FY24
HCAF	\$ 83,565,315	\$ 147,920,038	\$ 156,282,616
General Fund	\$ 77,137,214	\$ 121,025,485	\$ 127,867,595
Total Revenue	\$ 160,702,530	\$ 268,945,523	\$ 284,150,210

* FY22 estimates begin on January 1, 2022, representing 6 months of FY22

Surtax Revenue Distribution to HCAF by Fiscal Year

FY22: 52% FY23: 55% FY24: 55% FY25: 30%

Source: Consensus Revenue Estimating Group (CREG)



OSI's Proposed Approach for Year 1

- beWellnm & small business programs will begin in FY 23.
 - All programs will be fully operational by FY 24, pending legislative authorization.
- On the beWellnm Health Insurance Marketplace:
 - Provide enhanced premium and out-of-pocket assistance for lower and middle income families (focus on those under 300% FPL with some extra assistance for those up to 400% of the FPL).
 - If additional federal funds are available, improve and extend the assistance to more New Mexicans and provide additional benefits to lower income people.
- Small Businesses
 - Establish a “reinsurance” program to reduce premiums across the entire small group market.
- Robust community-based outreach will be key



Update on OSI's Work

- Contracted for assistance with stakeholder engagement, actuarial analysis and modeling for Marketplace and small business affordability initiatives.
- Conducted stakeholder input sessions, with additional sessions planned for the coming weeks.
- Formed an interagency working group with HSD, TRD, DFA and beWellnm.
- Preliminary study results will be released in the coming weeks.



Federal Updates

- Congress passed the American Rescue Plan Act in February of 2021.
- The law provides additional assistance for monthly premiums and expands assistance to those who previously made too much money to qualify. The assistance is scheduled to expire in 2023 but there are efforts to make it permanent.
- **The assistance does not address out-of-pocket costs like deductibles, small business affordability, or coverage for those who don't qualify for beWellnm or Medicaid. For some, premiums may still be too high.**



AMERICAN RESCUE PLAN ACT OF 2021

Federal Updates



What could this mean for our efforts to improve Marketplace Affordability?

OSI does not recommend duplicating what the federal government has done. If the American Rescue Plan assistance is made permanent, NM can:

- Shift more resources to reduce deductibles and co-pays and expand it to more people. High out-of-pocket costs are a real barrier to coverage.
- Provide targeted premium help to populations who are likely to be most price sensitive.
- Cover additional benefits for lower income people.
- Provide enhanced assistance for Native Americans.
- Invest in other initiatives to boost enrollment and make sure people can stay covered throughout the year.



Year 1 Considerations

- OSI will make recommendations to the LFC in November 2021. To initiate the programs, the Legislature must appropriate money to the Fund in the 2022 session and each subsequent session.
- Per statute, the Marketplace provisions will begin January 1, 2023, with consumers able to shop for coverage on November 1, 2022.
- The small business provisions do not have a start date in statute, but the soonest feasible date to begin any program will be October 1, 2022 or later.
- Per the statute, the program for those who don't qualify for the Marketplace or Medicaid will not begin until a plan has been submitted and the Legislature has approved the plan, with a target start date of July 2023.



Next Steps

- OSI is seeking input from all stakeholders on this initiative and will incorporate feedback into the study that is underway.
- Once modeling results are finalized, OSI will share them with LFC and LHHS with recommendations, with an emphasis on ensuring long-term program sustainability while meeting the goals of the law.
- OSI will include recommendations in agency budget request amendments in November 2021.



Good News

- \$682,092 awarded to the OSI from the federal Center for Consumer Information and Oversight.
- The grant can be used over a two-year period.
- Will be used for market stabilization.



Questions?

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