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**HOUSE BILL 913**

**45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001**

**INTRODUCED BY**

**Edward C. Sandoval**

**AN ACT**

**RELATING TO HEALTH INSURANCE; AMENDING THE COMPREHENSIVE  
HEALTH INSURANCE POOL ACT TO CLARIFY THAT PREMIUM INCOME  
INCLUDES MEDICAID MANAGED CARE PREMIUMS.**

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

**Section 1. Section 59A-54-10 NMSA 1978 (being Laws 1987,  
Chapter 154, Section 10, as amended) is amended to read:**

**"59A-54-10. ASSESSMENTS. --**

**A. Following the close of each fiscal year, the  
pool administrator shall determine the net premium, being  
premiums less administrative expense allowances, the pool  
expenses and claim expense losses for the year, taking into  
account investment income and other appropriate gains and  
losses. The assessment for each insurer shall be determined  
by multiplying the total cost of pool operation by a fraction  
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1 the numerator of which equals that insurer's premium and  
2 subscriber contract charges or their equivalent for health  
3 insurance written in the state during the preceding calendar  
4 year and the denominator of which equals the total of all  
5 premiums and subscriber contract charges written in the state;  
6 provided that premium income shall include receipts of  
7 medicaid managed care premiums but shall not include any  
8 payments by the secretary of health and human services  
9 pursuant to a contract issued under Section 1876 of the Social  
10 Security Act, as amended. The board may adopt other or  
11 additional methods of adjusting the formula to achieve equity  
12 of assessments among pool members.

13 B. If assessments exceed actual losses and  
14 administrative expenses of the pool, the excess shall be held  
15 at interest and used by the board to offset future losses or  
16 to reduce pool premiums. As used in this subsection, "future  
17 losses" includes reserves for incurred but not reported  
18 claims.

19 C. The proportion of participation of each member  
20 in the pool shall be determined annually by the board based on  
21 annual statements and other reports deemed necessary by the  
22 board and filed with it by the member. Any deficit incurred  
23 by the pool shall be recouped by assessments apportioned among  
24 the members of the pool pursuant to the assessment formula  
25 provided by Subsection A of this section; provided that the

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1 assessment for any pool member shall be allowed as a thirty  
2 percent credit on the premium tax return for that member.

3 D. The board may abate or defer, in whole or in  
4 part, the assessment of a member of the pool if, in the  
5 opinion of the board, payment of the assessment would endanger  
6 the ability of the member to fulfill its contractual  
7 obligation. In the event an assessment against a member of  
8 the pool is abated or deferred in whole or in part, the amount  
9 by which such assessment is abated or deferred may be assessed  
10 against the other members in a manner consistent with the  
11 basis for assessments set forth in Subsection A of this  
12 section. The member receiving the abatement or deferment  
13 shall remain liable to the pool for the deficiency for four  
14 years. "

15 Section 2. TEMPORARY PROVISION--INTENT.--The intent of  
16 this act is to clarify that the calculation of assessments  
17 pursuant to Section 59A-54-10 NMSA 1978 includes medicaid  
18 managed care premiums. The specific inclusion of medicaid  
19 managed care premiums by this act shall not be interpreted to  
20 mean that medicaid managed care premiums were intended to be  
21 excluded from the calculation of assessments before the  
22 effective date of this act.