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SENATE BILL 679

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

INTRODUCED BY

Sue Wilson

AN ACT

RELATING TO THE COMPREHENSIVE HEALTH INSURANCE POOL; EXCLUDING ASSESSMENTS BASED ON MEDICAID PAYMENTS; AMENDING A SECTION OF THE NMSA 1978.

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 .136730.1

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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 not include any payments by
7 medicaid and the secretary of health and human services
8 pursuant to a contract issued under Section 1876 of the Social
9 Security Act, as amended. The board may adopt other or
10 additional methods of adjusting the formula to achieve equity
11 of assessments among pool members.

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

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

1 percent credit on the premium tax return for that member.

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