

SENATE PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR
SENATE BILL 782

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

AN ACT

RELATING TO HEALTH; ENACTING THE STATE COVERAGE INITIATIVE ACT;
AUTHORIZING A HEALTH INSURANCE PLAN FOR UNINSURED ADULTS
PURSUANT TO A MEDICAID WAIVER; ALLOWING ENROLLMENT THROUGH
SMALL BUSINESSES; ESTABLISHING COST-SHARING REQUIREMENTS;
PROVIDING FOR ENROLLMENT BY THE SELF-EMPLOYED; REQUIRING
ADOPTION OF REGULATIONS; MAKING AN APPROPRIATION.

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

Section 1. SHORT TITLE.--This act may be cited as the
"State Coverage Initiative Act".

Section 2. DEFINITIONS.--As used in the State Coverage
Initiative Act:

A. "department" means the human services
department;

B. "eligible employee" means an individual who is

1 eligible to be covered under the health plan through a
2 participating small business;

3 C. "health plan" means a health insurance plan for
4 uninsured individuals created by the department under a
5 medicaid waiver program as authorized by the State Coverage
6 Initiative Act;

7 D. "individual" means an adult natural person,
8 nineteen to sixty-five years of age, including an eligible
9 employee; and

10 E. "participating small business" means a business
11 fulfilling the requirements of Section 6 of the State Coverage
12 Initiative Act that offers the health plan to its eligible
13 employees.

14 Section 3. HEALTH PLAN FOR UNINSURED INDIVIDUALS--
15 MEDICAID WAIVER--AUTHORIZATION.--Provided that benefits and
16 eligibility criteria for other medicaid beneficiaries and
17 programs are not reduced, and subject to available funding, the
18 department is authorized to implement a medicaid waiver program
19 to provide a health plan for uninsured individuals.

20 Section 4. COVERAGE AND BENEFITS.--The department shall
21 prescribe by rules the coverage and benefits to be offered
22 under the health plan, provided that the coverage and benefits
23 shall be generally comparable to the most common commercial
24 group health plans provided in the state. If the department
25 provides the health plan through a health maintenance

1 organization or similar managed care organization, the plan
 2 shall include coverage and benefits as specified in the Health
 3 Maintenance Organization Law. The health plan shall not
 4 exclude pre-existing health conditions.

5 Section 5. ELIGIBILITY.--Subject to limits on the total
 6 number of individuals authorized to be served, as established
 7 in the medicaid waiver granted by the federal government, and
 8 the availability of funds, an individual shall be eligible to
 9 participate in the health plan if the individual:

10 A. has family income up to two hundred percent of
 11 the federal poverty level after applicable deductions and
 12 disregards, or a higher income level as may be established by
 13 the department by rule;

14 B. has not had other health insurance for at least
 15 six months, unless the individual was involuntarily terminated
 16 from that other health insurance coverage;

17 C. pays the monthly individual premium share
 18 established by the department, based on the individual's income
 19 level, unless the premium share is waived or is paid on the
 20 individual's behalf as provided in Sections 7, 8 and 10 of the
 21 State Coverage Initiative Act; and

22 D. is employed by a participating small business or
 23 enrolls in the health plan directly pursuant to Section 9 of
 24 the State Coverage Initiative Act.

25 Section 6. ENROLLMENT THROUGH SMALL BUSINESSES.--A small

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1 business may offer the health plan to its eligible employees,
2 and the department may market the plan through that business,
3 if the business:

- 4 A. is licensed to do business in this state;
- 5 B. employs fifty or fewer employees in the state,
6 whether full time or part time;
- 7 C. has not dropped or stopped offering group health
8 insurance for its employees within the past twelve months;
- 9 D. agrees to abide by the department rules
10 promulgated for the health plan; and
- 11 E. pays the monthly individual premium share
12 established by the department for each eligible employee who
13 enrolls in the health plan, unless the premium share is waived
14 or is paid on the individual's behalf as provided in Sections
15 7, 8 and 10 of the State Coverage Initiative Act.

16 Section 7. COST-SHARING--INDIVIDUALS. --

17 A. The department shall adopt a schedule setting
18 the amount of an individual's monthly premium share for
19 participation in the health plan based on a sliding income
20 scale; provided that an individual with a family income that
21 does not exceed the federal poverty level, or a higher income
22 level as may be established by the department by rule, shall
23 not be required to pay a monthly premium share.

24 B. The department shall adopt a schedule setting
25 the amount of an individual's copayments for covered benefits

1 in the health plan based on a sliding income scale; provided
 2 that copayments for an individual with a family income that
 3 does not exceed the federal poverty level may be waived by the
 4 department and in any event shall not exceed a nominal amount
 5 pursuant to Title 19 of the federal Social Security Act.

6 Copayments under the health plan shall not exceed copayments
 7 established for other medicaid beneficiaries at comparable
 8 income levels for comparable medicaid coverage and benefits as
 9 provided in the state medicaid plan required by Titles 19 and
 10 21 of the federal Social Security Act.

11 C. The maximum annual cost of premium shares and
 12 copayments for an individual participating in the plan shall
 13 not exceed annual cost-sharing limits established for other
 14 medicaid beneficiaries at comparable income levels for
 15 comparable coverage and benefits. In no event shall an
 16 individual's annual cost exceed five percent of family income.
 17 Once an individual's cost-sharing expenses equal or exceed the
 18 established limit, the department shall waive further premium
 19 shares or copayments that would otherwise be due for the
 20 balance of the year.

21 Section 8. SMALL BUSINESS PREMIUM SHARE. -- The department
 22 shall establish the amount of a participating small business's
 23 monthly premium share for each eligible employee who
 24 participates in the health plan.

25 Section 9. DIRECT ENROLLMENT IN LIEU OF PARTICIPATING

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1 SMALL BUSINESS.--An individual who is otherwise eligible to
2 enroll in the health plan, but who is not employed by a
3 participating small business, shall be considered self-employed
4 for the purposes of the plan and may enroll in the plan
5 directly. In order to enroll and participate directly in the
6 health plan, an individual shall pay the individual premium
7 share based on the individual's income level, as established in
8 Section 7 of the State Coverage Initiative Act, as well as the
9 equivalent of a small business's monthly premium share, as
10 established in Section 8 of the State Coverage Initiative Act;
11 provided that the department shall waive the equivalent of the
12 small business's share for an individual with a family income
13 that does not exceed the federal poverty level, or a higher
14 income level as may be established by the department by rule.

15 Section 10. LOCAL GOVERNMENT PAYERS AUTHORIZED--FUNDS TO
16 BE MATCHED.--The premium shares established for an individual
17 or small business or both pursuant to Sections 7, 8 and 9 of
18 the State Coverage Initiative Act may be paid to the department
19 by voluntary transfer of county funds, transfer of other state
20 funds or donations. The department shall use money received
21 from interagency and intergovernmental transfers and donations
22 for purposes of matching requirements under Title 19 or Title
23 21 of the federal Social Security Act.

24 Section 11. COSTS--DEPARTMENT AND FEDERAL GOVERNMENT.--
25 The costs of providing the health plan not met by payments of

1 premium shares from individuals participating in the health
2 plan, participating small businesses or other entities pursuant
3 to Section 10 of the State Coverage Initiative Act shall be met
4 by the department pursuant to matching requirements under Title
5 19 or Title 21 of the federal Social Security Act.

6 Section 12. RULES.--The department shall promulgate rules
7 for operation of the health plan, consistent with the
8 provisions of the State Coverage Initiative Act.

9 Section 13. APPROPRIATION.--Four million dollars
10 (\$4,000,000) is appropriated from the general fund to the human
11 services department for expenditure in fiscal year 2006 to
12 provide a health insurance plan for uninsured adults, including
13 employees of small businesses, through a medicaid waiver
14 program pursuant to the State Coverage Initiative Act. Any
15 unexpended or unencumbered balance remaining at the end of
16 fiscal year 2006 shall revert to the general fund.

17 Section 14. EFFECTIVE DATE.--The effective date of the
18 provisions of this act is July 1, 2005.

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