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HOUSE BILL 1164

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Luciano "Lucky" Varela

AN ACT

RELATING TO HEALTH INSURANCE; REVISING THE TAX INCENTIVES FOR HEALTH INSURERS THAT ARE ASSESSED PURSUANT TO THE MEDICAL INSURANCE POOL ACT.

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

Section 1. Section 59A-54-10 NMSA 1978 (being Laws 1989, Chapter 154, Section 10, as amended by Laws 2005, Chapter 301, Section 5 and by Laws 2005, Chapter 305, Section 5) 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

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1 losses. The assessment for each insurer shall be determined by
2 multiplying the total cost of pool operation by a fraction, the
3 numerator of which equals that insurer's premium and subscriber
4 contract charges or their equivalent for health insurance
5 written in the state during the preceding calendar year and the
6 denominator of which equals the total of all premiums and
7 subscriber contract charges written in the state; provided that
8 premium income shall include receipts of medicaid managed care
9 premiums but shall not include any payments by the secretary of
10 health and human services pursuant to a contract issued under
11 Section 1876 of the Social Security Act, as amended. The board
12 may adopt other or additional methods of adjusting the formula
13 to achieve equity of assessments among pool members, including
14 assessment of health insurers and reinsurers based upon the
15 number of persons they cover through primary, excess and stop-
16 loss insurance in the state.

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

22 C. The proportion of participation of each member
23 in the pool shall be determined annually by the board based on
24 annual statements and other reports deemed necessary by the
25 board and filed with it by the member. Any deficit incurred by

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1 the pool shall be recouped by assessments apportioned among the
2 members of the pool pursuant to the assessment formula provided
3 by Subsection A of this section; provided that the assessment
4 for any pool member shall be allowed as a [~~thirty-percent~~]
5 seventy-five-percent credit on the premium tax return for that
6 member and a [~~fifty-percent~~] one-hundred-percent credit on the
7 premium tax return for a member [~~on the low-income premium~~
8 ~~schedule pursuant to Subsection B of Section 59A-54-19 NMSA~~
9 ~~1978~~] that receives premiums, in whole or in part, through
10 state funding or assistance.

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

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