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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/07

SPONSOR Stewart LAST UPDATED _____ HB 82

SHORT TITLE Insurance Fraud as Racketeering SB _____

ANALYST Wilson

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	Minimal		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)
 Corrections Department (CD)
 Office of the Attorney General (OAG)
 Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

House Bill 82 expands the crime of racketeering to include false applications, claims or proofs of loss under the New Mexico Insurance Code.

The bill adds the crime of insurance fraud (Section 59A-16-23 NMSA 1978) to Section 30-42-3's list of crimes that can be used as the predicate crime constituting racketeering. Under Section 30-42-4 of the Racketeering Act, racketeering is a separate crime punishable as a second or third degree felony depending on the type of racketeering involved. Thus, individuals convicted of insurance fraud may also be separately convicted of racketeering under the act. However, it is unlikely that this will lead to a large number of new racketeering convictions or to longer sentences for those now convicted of both insurance fraud and racketeering.

FISCAL IMPLICATIONS

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced prosecutions. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

CD states the fiscal impact is minimal. The bill could result in a few more convictions, with a resultant minimal increase in the prison population and in probation/parole caseloads. There is no appropriation in the bill to cover the probably slight increase in prison population and in probation/parole caseloads. There could also be a minimal increase in revenues for CD. To the extent that these individuals convicted of racketeering are placed on probation or parole, they would have to then pay the probation/parole supervision fees required by law.

SIGNIFICANT ISSUES

The PRC states currently, individuals or entities submitting numerous false claims to insurance companies, e.g. fraudulent pain management centers, medical and chiropractic centers can only be charged with the individual false claims submitted as well as conspiracy in the appropriate case. Adding 59A-16-23 as a predicate to Racketeering gives the prosecutor more tools with which to combat a very pervasive form of insurance fraud.

ADMINISTRATIVE IMPLICATIONS

The Insurance Fraud Bureau of the PRC has the resources and staff to investigate and prosecute these cases as Racketeering.

DW/mt