SENATE BILL 407

**48TH LEGISLATURE** - **STATE OF NEW MEXICO** - **SECOND SESSION, 2008**

INTRODUCED BY

Joseph J. Carraro

AN ACT

RELATING TO HEALTH INSURANCE; PROVIDING A HEALTH COVERAGE

OPTION OF A HIGH-DEDUCTIBLE POLICY WITH A HEALTH SAVINGS

ACCOUNT; ENACTING A SECTION OF THE MINIMUM HEALTHCARE

PROTECTION ACT; PROVIDING AN INCOME TAX EXEMPTION.

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

Section 1.  A new section of the New Mexico Insurance Code

is enacted to read:

"[NEW MATERIAL] HIGH-DEDUCTIBLE HEALTH PLAN--HEALTH

SAVINGS ACCOUNT.--

A.  Beginning July 1, 2009, health insurers may

offer to persons requesting health insurance coverage through a

comprehensive major medical policy the option of a high-

deductible policy with a deductible of at least two thousand

five hundred dollars ($2,500) in conjunction with a health

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savings account.  To obtain a high-deductible health plan, an

individual shall present evidence, in a manner that the

insurance division has prescribed in rules promulgated pursuant

to Subsection B of this section, that the individual has

established a health savings account in compliance with the

federal Internal Revenue Code of 1986, and regulations the

federal internal revenue service has promulgated pursuant to

that code.

B.   The insurance division shall promulgate rules

for the administration and implementation of this section.

C.   Notwithstanding any other provision of law,

health coverage pursuant to the provisions of this section

shall qualify as creditable coverage or other mandated coverage

and shall meet any health coverage requirements pursuant to any

other law or rule.

D.   Principal contributed to and interest earned on

a health savings account pursuant to this section are exempt

from taxation under the Income Tax Act.

E.   As used in this section, "creditable coverage"

means:

(1)   a group health plan;

(2)   health insurance coverage;

(3)   health insurance pursuant to 42 U.S.C.

Section 1395 et seq.;

(4)   medical assistance pursuant to 42 U.S.C.

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1    Section 1396 et seq., except coverage consisting solely of

2    pediatric vaccine benefits pursuant to 42 U.S.C. Section 1396s;

3                    (5)   health care for the United States armed

4    forces pursuant to 10 U.S.C. Chapter 55;

5                    (6)   a medical care program of the Indian

6    health service or of an Indian nation, tribe or pueblo;

7                    (7)   the Medical Insurance Pool Act;

8                    (8)   a federal health plan offered pursuant to

9    5 U.S.C. Chapter 89;

10                    (9)   a public health plan as defined in federal

11   regulations; or

12                    (10)  a health benefit plan offered pursuant to

13   Section 5(e) of the federal Peace Corps Act."

14        Section 2.  A new section of the Minimum Healthcare

15   Protection Act is enacted to read:

16        "[NEW MATERIAL] MINIMUM BENEFIT REQUIREMENT EXEMPTION.--

17   Health coverage plans offering a high-deductible policy in

18   conjunction with a health savings account in compliance with

19   the federal Internal Revenue Code of 1986 and regulations the

20   federal internal revenue service has promulgated pursuant to

21   that code are exempt from the minimum benefit requirements set

22   by the superintendent pursuant to the Minimum Healthcare

23   Protection Act."

24        Section 3.  A new section of the Income Tax Act is enacted

25   to read:

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"[NEW MATERIAL] EXEMPTION--HEALTH SAVINGS ACCOUNTS.--
Employer and employee contributions to health savings accounts
established pursuant to the New Mexico Insurance Code and
interest earned on those accounts are exempt from taxation.
Withdrawals from a health savings account that are not taken
for qualified medical expenses under the New Mexico Insurance
Code are subject to taxation."

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