

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Zachary Cook ORIGINAL DATE 2/23/17
LAST UPDATED _____ HB 336
SHORT TITLE Stop Loss Insurance SB _____
ANALYST Martinez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
NFI	NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

This bill is identical to Section 9 of SB 104.

SOURCES OF INFORMATION

LFC Files

Responses Received From
Office of Superintendent of Insurance

SUMMARY

Synopsis of Bill

House Bill 336 amends the New Mexico Insurance Code to remove “excess or stop loss” from the list of products covered under 59A-7-3 NMSA 1978 and adds insurer or a health maintenance organization authorized to transact accident and health insurance to write stop loss liability insurance as listed in subsection YY of 59A-7-6 NMSA 1978.

FISCAL IMPLICATIONS

HB336 carries no appropriation and will not have a fiscal impact on the Office of the Superintendent.

SIGNIFICANT ISSUES

The current inclusion of stop loss insurance in the list of health insurance products has produced the unintended and inappropriate consequence of subjecting stop loss insurance to the regulatory requirements of the Affordable Care Act. These ACA requirements include a “medical loss ratio” requirement that at least 80% of stop loss premiums go to the paying of claims, leaving

House Bill 336 – Page 2

only 20% of premiums to go to marketing and agent commissions, administrative expenses and profit. This would likely motivate most or all stop loss insurers to discontinue offering stop loss insurance in New Mexico, thereby exposing employers that provide their employees with self-funded health plans to catastrophic claims that could put those employers out of business.

HB336 resolves that problem by removing stop loss from the list of health insurance products. HB336 also allows health insurers to continue to write stop loss insurance.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill is identical to Section 9 of SB 104.

JM/jle/sb