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| <b>LFC Requester:</b> | <b>Ismael Torres</b> |
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)**

*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2/21/2025 *Check all that apply:*  
**Bill Number:** SB520 Original  Correction   
 Amendment  Substitute

**Sponsor:** Senator Hickey **Agency Name and Code:** Office of Superintendent of Insurance - 440  
**Short Title:** DENTAL & VISION ONLY CONTRACTS **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

| Appropriation |      | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY25          | FY26 |                           |               |
| N/A           | N/A  | N/A                       | N/A           |

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

| Estimated Revenue |      |      | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------|---------------|
| FY25              | FY26 | FY27 |                           |               |
| N/A               | N/A  | N/A  | N/A                       | N/A           |

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

|              | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|-------------------|---------------------------|---------------|
| <b>Total</b> | N/A  | N/A  | N/A  | N/A               | N/A                       | N/A           |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Senate Bill 520 (SB520) amends Section 7-40-3 NMSA 1978 of the New Mexico Tax Code to exempt dental only, vision only, and dental and vision only health insurance contracts from the insurance premium surtax.

The effective date is January 1, 2026.

#### **FISCAL IMPLICATIONS**

SB520 may reduce the Health Care Affordability Fund, "HCAF," which is funded by surtax assessments, and used to subsidize variety of markets, including the individual on-Exchange and small group market subject to Office of Superintendent (OSI)'s jurisdiction. OSI is unable to determine the impact on the HCAF.

#### **SIGNIFICANT ISSUES**

Excluding dental and vision plans from the surtax may reduce rates, since the insurance carriers will no longer have to account for the additional cost.

#### **PERFORMANCE IMPLICATIONS**

None.

#### **ADMINISTRATIVE IMPLICATIONS**

None.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

#### **TECHNICAL ISSUES**

None.

#### **OTHER SUBSTANTIVE ISSUES**

None.

#### **ALTERNATIVES**

None.

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo. Surtax will continue to be included in the rates for dental and vision plans.

#### **AMENDMENTS**

None.