

**LFC Requester:****Eric Chenier****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:** 1/24/2025 *Check all that apply:*  
**Bill Number:** SB 80 Original  Correction   
 Amendment  Substitute

**Sponsor:** Senator Elizabeth "Liz" Stefanics and Representative Tara L. Lujan **Agency Name and Code Number:** Office of Superintendent of Insurance - 440  
**Short Title:** Medicare Supplement Open Enrollment **Person Writing:** Viara Ianakieva  
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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**

Section 1 of SB80 amends the Insurance Code to define an eligible policy holder as a Medicare beneficiary that is sixty-five years or older and is insured under a Medicare supplement insurance policy.

Section 2 of Senate Bill 80 (SB80) amends the Insurance Code by adding a new section to require issuers of Medicare supplement insurance policies to offer an annual open enrollment period to all eligible policy holders. The open enrollment period is to begin on the first day of the policy holder's birth month and remain open for at least sixty days thereafter.

#### **FISCAL IMPLICATIONS**

None.

#### **SIGNIFICANT ISSUES**

None.

#### **PERFORMANCE IMPLICATIONS**

The legislation does not clarify if policyholder notifications must be sent to OSI for review and approval before being sent to the consumer. If prior approval is required, OSI may see an increase in the number of filings submitted for review and approval. OSI does not expect a negative impact on performance measures due to the increase in workload.

#### **ADMINISTRATIVE IMPLICATIONS**

None.

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

None.

#### **TECHNICAL ISSUES**

Pursuant to NMSA 1978, §59A-7-3(B), issuers selling Medicare Supplement products must have "Accident and Health" license. An insurer licensed as a "Health Maintenance Organization" or "HMO" must also hold an "Accident and Health" insurance license in order to sell Medicare Supplement plans. Therefore, it may be prudent to take out references to HMOs in the Medicare Supplement Act, NMSA 1978, 59A-24A.

#### **OTHER SUBSTANTIVE ISSUES**

The definition "eligible policyholder" does not define "Medicare beneficiary." It may be prudent to specify that this only applies to Original Medicare and not to Medicare Advantage.

It may be prudent to amend the definition of "medicare supplement policy" to also include the statement "individual or group policy certificate offered by any other entities that deliver or issue for delivery in this state medicare supplement policies or certificates" to ensure all entities are addressed, similar to the wording in §59A-24A-3(D) NMSA 1978.

## **ALTERNATIVES**

Remove references to HMOs in the Medicare Supplement Act, NMSA 1978, 59A-24A. Also, in order to deter adverse selection, there may need to consider allowing policyholders to switch carriers during open enrollment only if the new plan is of equal or lesser value.

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

This bill allows for more balanced risk pools and would encourage a more stable Medicare Supplement market. Currently, guaranteed issued Medicare Supplement policies are available only at initial enrollment in a Medicare Supplement plan (i.e., generally at age 65). This means that Medicare Supplement enrollees must undergo medical underwriting if they want to switch issuers. This results in the deterioration of some Medicare Supplement risk pools as the healthy enrollees can switch carriers and obtain new coverage by meeting underwriting standards and the less healthy policyholders either have to stay in current coverage, with rising premiums, or switch to a Medicare Advantage plan.

## **AMENDMENTS**

See comments in Technical Issues and Other Substantive Issues.