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**HOUSE BILL 493**

**43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998**

**INTRODUCED BY**

**TERRY T. MARQUARDT**

**AN ACT**

**RELATING TO INSURANCE; AUTHORIZING THE DEPARTMENT OF INSURANCE  
TO DEVELOP AND ADMINISTER A CHILDREN'S HEALTH INSURANCE  
PROGRAM; PROVIDING DEFINITIONS; PROVIDING FOR MINIMUM COVERAGE  
AND LIMITATIONS.**

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

**Section 1. SHORT TITLE.** -- This act may be cited as the  
"New Mexico Children's Health Insurance Program Act".

**Section 2. PURPOSE.** -- The purpose of the New Mexico  
Children's Health Insurance Program Act is to create a  
children's health insurance program eligible for payment under  
Section 2105 of the federal Social Security Act. The program  
will expand the health insurance options of targeted low-  
income children through the services of private health

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1 insurers meeting the requirements of Sections 5 and 7 of the  
2 New Mexico Children's Health Insurance Program Act that  
3 contract with the department to provide targeted low-income  
4 children with health insurance coverage.

5 Section 3. DEFINITIONS. -- As used in the New Mexico  
6 Children's Health Insurance Program Act:

7 A. "child" means a natural person less than  
8 nineteen years of age who is a resident of this state;

9 B. "creditable health coverage" has the meaning  
10 given the term "creditable coverage" under Section 2701(c) of  
11 the federal Public Health Service Act and includes coverage  
12 that meets the requirements of Section 2103 of the federal  
13 Social Security Act provided to a targeted low-income child  
14 under the New Mexico Children's Health Insurance Program Act  
15 or under a waiver approved under Section 2105(c)(2)(B) of the  
16 federal Social Security Act;

17 C. "department" means the department of insurance;

18 D. "group health plan" has the meaning given such  
19 term under Section 2791 of the federal Public Health Service  
20 Act;

21 E. "health insurance coverage" has the meaning  
22 given such term under Section 2791(b)(1) of the federal Public  
23 Health Service Act;

24 F. "low-income child" means a child whose family  
25 income is at or below two hundred percent of poverty;

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1           G. "participating insurer" means any entity  
2 licensed to provide health insurance in this state that has  
3 contracted with the department to offer health insurance  
4 coverage to targeted low-income children pursuant to the New  
5 Mexico Children's Health Insurance Program Act;

6           H. "poverty" has the meaning given such term in  
7 Section 673(2) of the federal Community Services Block Grant  
8 Act, including any revision required by such section;

9           I. "preexisting condition exclusion" has the  
10 meaning given such term in Section 2701(b)(1)(A) of the  
11 federal Public Health Service Act;

12           J. "qualified child health plan" means health  
13 insurance coverage provided by a participating insurer  
14 consistent with Section 7 of the New Mexico Children's Health  
15 Insurance Program Act; and

16           K. "targeted low-income child" means a child,  
17 except as provided by Paragraph (3) of this subsection, who:

18                   (1) has been determined eligible under the  
19 New Mexico Children's Health Insurance Program Act;

20                   (2) is a low-income child or is a child whose  
21 family income exceeds the medicaid-applicable income level of  
22 New Mexico by not more than fifty percentage points;

23                   (3) is not found to be eligible for medicaid  
24 or covered under a group health plan or under health insurance  
25 coverage, including a health insurance coverage program

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1 offered by New Mexico that receives no federal funds and that  
2 has been in operation since before July 1, 1997; and

3 (4) "targeted low-income child" does not  
4 include:

5 (a) a child who is an inmate of a  
6 public institution or a patient in an institution or a patient  
7 in an institution for mental diseases; or

8 (b) a child who is a member of a family  
9 that is eligible for health benefits coverage under a state  
10 employee health benefits plan.

11 Section 4. PROGRAM ADMINISTRATION--FINANCING. --

12 A. The department shall prepare a state children's  
13 health insurance program for submission to and approval by the  
14 secretary of the federal department of health and human  
15 services within ninety day of the effective date of the New  
16 Mexico Children's Health Insurance Program Act.

17 B. The department shall administer the program,  
18 after approval of the secretary of the federal health and  
19 human services department, by entering into contracts with at  
20 least two insurers and at least two health maintenance  
21 organizations that offer a qualified child health plan.

22 C. The human services department shall be  
23 responsible for certifying to the department the eligibility  
24 of children for the state children's health insurance program.

25 D. Upon notice of enrollment of a targeted low-

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1 income child in a qualified child health plan, the department  
2 shall forward the annual negotiated cost of insuring each  
3 targeted low-income child to the appropriate participating  
4 insurer.

5 E. In no event shall more than ten percent of the  
6 total program appropriation be used for:

7 (1) other children's health programs for  
8 targeted low-income children;

9 (2) initiatives for improving the health of  
10 children, including targeted low-income and other low-income  
11 children;

12 (3) outreach activities that inform families  
13 of children who are likely to be eligible for this program or  
14 other public or private health coverage programs, or for  
15 coordination of the administration of this program with other  
16 public and private health insurance programs; and

17 (4) other reasonable costs incurred by the  
18 department administering the program

19 Section 5. INSURER PROVISIONS. --

20 A. A participating insurer shall offer a qualified  
21 child health plan to eligible children without regard to  
22 health status and without the imposition of a preexisting  
23 condition exclusion, except that a preexisting condition  
24 exclusion may be applied if the qualified child health plan is  
25 provided through a group health plan or group health insurance

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1 coverage, consistent with the limitations on the imposition of  
2 preexisting condition exclusions in connection with such  
3 coverage.

4 B. Premium and cost-sharing amounts are limited as  
5 follows:

6 (1) no deductibles, co-insurance or other  
7 cost sharing is permitted with respect to benefits for well-  
8 baby and well-child care, including age-appropriate  
9 immunizations;

10 (2) for children whose family income is at or  
11 below one hundred fifty percent of poverty:

12 (a) premiums, enrollment fees or  
13 similar charges may not exceed the maximum monthly charge  
14 permitted consistent with standards established to carry out  
15 Section 1916(b)(1) of the federal Social Security Act; and

16 (b) deductibles and other cost sharing  
17 shall not exceed an amount that is nominal consistent with  
18 standards provided under Section 1916(a)(3) of the federal  
19 Social Security Act; and

20 (3) for children whose family income is more  
21 than one hundred fifty percent of poverty, premiums,  
22 deductibles and other cost sharing may be imposed on a sliding  
23 scale related to income; provided that the total annual  
24 aggregate cost sharing with respect to all targeted low-income  
25 children in a family under the New Mexico Children's Health

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1 Insurance Program Act shall not exceed five percent of such  
2 family's income for the year involved.

3 C. Existing health insurance sales and marketing  
4 methods, including the use of agents and payment of  
5 commissions, shall be utilized to inform families of the  
6 availability of the New Mexico children's health insurance  
7 program and assist them in obtaining coverage for children  
8 under the program.

9 Section 6. ELIGIBILITY PROVISIONS. --

10 A. Targeted low-income children shall be eligible  
11 for coverage with a participating insurer regardless of health  
12 status.

13 B. Eligible children shall be allowed to change  
14 enrollment between participating insurers upon the annual  
15 coverage renewal date, provided that at least six months'  
16 notice of an election to change enrollment is provided to the  
17 participating insurer with which the child is currently  
18 enrolled. The notice provision shall be reduced to sixty days  
19 if the child has changed residence to an area outside the  
20 geographic service area of the participating insurer with  
21 which the child is currently enrolled.

22 Section 7. SCOPE OF BENEFITS. -- At a minimum, a qualified  
23 child health plan shall contain benefits consistent with the  
24 provisions of Subsections A through C of this section:

25 A. health insurance coverage equivalent to one of

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1 the following:

2 (1) the standard blue cross-blue shield  
3 preferred provider option under the federal employees health  
4 benefit plan;

5 (2) a health benefits coverage plan that is  
6 offered and generally available to state employees; or

7 (3) health insurance coverage offered by a  
8 health maintenance organization that has the largest insured  
9 commercial, non-medicaid enrollment of covered lives in the  
10 state;

11 B.

12 (1) health insurance coverage that has an  
13 aggregate actuarial value at least equivalent to that  
14 established in Subsection A of this section and that includes  
15 coverage for the following basic services:

16 (a) inpatient and outpatient hospital  
17 services;

18 (b) physicians' surgical and medical  
19 services;

20 (c) laboratory and x-ray services; and

21 (d) well-baby and well-child care,

22 including age-appropriate immunizations; or

23 (2) health insurance coverage based on  
24 actuarial equivalence for basic services, as described in  
25 Paragraph (1) of this subsection, may provide the following



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1 additional services if the coverage for such services has an  
2 actuarial value of at least seventy-five percent of the  
3 actuarial value of the coverage provided in that category of  
4 services in such package:

- 5 (a) coverage of prescription drugs;
- 6 (b) mental health services;
- 7 (c) vision services; and
- 8 (d) hearing services; or

9 C. upon application by the department, any other  
10 health insurance coverage that has been approved by the  
11 secretary of the federal health and human services department.

1 FORTY-THIRD LEGISLATURE

2 SECOND SESSION, 1998

3  
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5  
6 February 10, 1998

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9 Mr. Speaker:

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11 Your RULES AND ORDER OF BUSINESS COMMITTEE, to  
12  
13 whom has been referred

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15 HOUSE BILL 493

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17 has had it under consideration and finds same to be GERMANE  
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19 in accordance with constitutional provisions.

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21 Respectfully submitted,  
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R. David Pederson, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 8 For 0 Against

Yes: 8

Excused: Nicely, Olguin, Rodella, Ryan, Sanchez, Taylor, J.G.,  
Williams, S.M

Absent: None

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1 FORTY-THIRD LEGISLATURE

2 SECOND SESSION, 1998

3  
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5  
6 February 17, 1998

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8 Mr. Speaker:

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10 Your CONSUMER AND PUBLIC AFFAIRS COMMITTEE, to  
11 whom has been referred

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13 HOUSE BILL 493

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15 has had it under consideration and reports same with  
16 recommendation that it DO PASS, amended as follows:

- 17 1. On page 6, line 21, strike "fifty" and insert in lieu  
18 thereof "eighty-five".,

19  
20 and thence referred to the APPROPRIATIONS AND FINANCE  
21 COMMITTEE.

FORTY-THIRD LEGISLATURE  
SECOND SESSION, 1998

HCPAC/HB 493

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Respectfully submitted,

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Gary K. King, Chairman

Adopted \_\_\_\_\_

(Chief Clerk)

Not Adopted \_\_\_\_\_

(Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 6 For 2 Against

Yes: 6

No: Dana, Heaton

Excused: Crook, Sandel

Absent: None

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