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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/28/15

SPONSOR Sapient LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Insurance Fraud Prosecutions SB 644

ANALYST A. Sánchez

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

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NFI	NFI	NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Office of Superintendent of Insurance (OSI)  
Regulation and Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 644 proposes to amend Section 59A-16-23, replacing “examining physician” with “health care professional and health care provider” on the list of individuals who shall not make a false statement or representation on an application for insurance or other coverage.

The bill also provides a new penalty provision: if six or more violations of insurance fraud occur within any consecutive 18 month period, the amounts of alleged or potential losses resulting from those violations may be aggregated to determine the penalty. The time limitation for commencing prosecution shall begin when the last violation is committed.

### FISCAL IMPLICATIONS

The OSI reports no fiscal impact from enactment of this bill.

### SIGNIFICANT ISSUES

The NMMB reports that because the offenses charged range from a petty misdemeanor to a second degree felony those would be reported Board for investigation and appropriate licensing action.

The OSI states that SB 644 endeavors to assist its Insurance Fraud Bureau with consumer protection by extending the time limitations to run to the last date of the last criminal act in the single scheme or continuous course of conduct. The bill would increase penalties for certain offenders.

**PERFORMANCE IMPLICATIONS**

The bill may impact an OSI performance measure: Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing.

**ADMINISTRATIVE IMPLICATIONS**

According to OSI, the bill will allow it more time to conduct more complicated financial investigations. The OSI Fraud Bureau will have greater opportunity to scrutinize more complex medical cases and extremely complicated financial schemes that occur within the State of New Mexico.

ABS/bb