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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 21/aSHPAC

SHORT TITLE: Medicare Supplement Open Enrollment

SPONSOR: Sens. Stefanics, Campos, Hickey and Wilson/Rep. Szczepanski

LAST **ORIGINAL**
UPDATE: 2/4/2026 **DATE:** 1/28/2026 **ANALYST:** Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
OSI Total		No fiscal impact	No fiscal impact		Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Health Care Authority

Office of Superintendent of Insurance

Public Schools Insurance Authority

Retiree Health Care Authority

Agency or Agencies That Declined to Respond

New Mexico Health Insurance Exchange dba BeWellNM

SUMMARY

Synopsis of SHPAC Amendment to Senate Bill 21

The Senate Health and Public Affairs Committee amendment to Senate Bill 21 clarifies an eligible policyholder is insured under a Medicare supplement insurance policy.

Synopsis of Original Bill

Senate Bill 21 (SB21) amends New Mexico's Medicare Supplement Act to require issuers of Medicare supplement ("medigap") policies to offer an annual open enrollment period for eligible policyholders 65 and older. The bill establishes a guaranteed 60-day open enrollment window beginning the first day of the month of an individual's birthday month, during which policyholders may switch to a Medicare supplement policy of equal or lesser value without medical underwriting or premium discrimination based on health status. It also prohibits new preexisting condition exclusions for coverage previously held and requires issuers to provide

advance written notice of the open enrollment period, policyholder rights, and any premium or policy changes, subject to approval by the Office of Superintendent of Insurance.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The Office of Superintendent of Insurance (OSI) notes it can implement the provisions of the bill within its current workload and would incur no additional costs.

OSI reports insurer premiums may increase moderately in the first couple of years after implementation due to the guaranteed issue nature of open enrollment. The actual impact will vary by insurer, depending on the demographics and health status of its policyholders.

OSI states the bill also addresses the concern that some Medicare supplement insurers may have about adverse selection that may result in increased rates if policyholders decide to switch to plans with richer benefits during the annual open enrollment period. This is addressed in section 2.A(1), which allows policyholders to switch plans only if the new plan is of equal or lesser value compared to their current plan.

OSI notes the impact on premiums would be muted because policyholders are already rated based on their current age, and most of the policies sold in New Mexico are based on the policyholder's current (attained) age rather than the age at which the policy was first issued (issue age). It is important to note that several other states have successfully implemented the “birthday rule” to allow additional protections for Medicare supplement policyholders.

SIGNIFICANT ISSUES

The Health Care Authority (HCA) notes the bill does not require insurers to reopen discontinued or grandfathered medigap plans. Policyholders may retain existing grandfathered coverage if they choose, but the annual open enrollment applies only to plans actively offered in the market. The bill also preserves existing preexisting-condition protections by prohibiting new exclusions for conditions already covered under the prior medigap policy.

HCA reports SB21 expands consumer protections within the Medicare supplement insurance market while remaining consistent with federal standards. By limiting guaranteed issue to existing medigap enrollees and to equal or lesser value plans currently offered, the bill improves plan portability and affordability without disrupting federal rules or requiring insurers to make unavailable products broadly accessible.

ADMINISTRATIVE IMPLICATIONS

SB21 requires OSI to review and approve policyholder notifications before issuance, but OSI notes the work is manageable within current staffing levels.

OTHER SUBSTANTIVE ISSUES

The New Mexico Retiree Health Care Authority (RHCA) administers a self-insured medigap plan that covers costs not paid by Medicare Parts A and B and includes Medicare Part D coverage through a carved-out Employer Group Waiver Plan (EGWP). As a public plan sponsor and benefit administrator, RHCA does not underwrite, medically rate, or deny coverage based on health status.

Enrollment and eligibility for RHCA coverage are governed by [state law and the administrative code] and the Health Care Purchasing Act. RHCA allows annual switch enrollment for current members across Medicare Advantage Prescription Drug (MAPD) and Medicare Supplement offerings; biennial open enrollment for nonenrolled retirees during January of odd-numbered years; advance notice to members approaching Medicare eligibility at age 65; and mid-year changes for federal Centers for Medicare and Medicaid Services qualifying events.

RAE/sgs/hg/sgs/sgs/hg/ct