



NEW MEXICO | OFFICE OF
SUPERINTENDENT
OF INSURANCE

Fiscal Year 2023 Budget

October 27, 2021

Legislative Finance Committee

Russell Toal, Superintendent of Insurance

Mission and Vision



- The mission of the Office of Superintendent of Insurance (OSI) is to provide consumers with convenient access to reliable insurance products that are underwritten by dependable and financially sound companies.
- The vision of the OSI is to become one of the country's leading regulatory agencies with respect to overseeing the insurance industry and ensuring that New Mexico insurance consumers are treated fairly, equitably and honestly.
- The OSI is committed to insurance consumer protection, education, fraud prevention, and support of reliable insurance entities.

OSI Agency Accomplishments

- Achieved National Association of Insurance Commissioners 5-year accreditation
- Saved or recovered \$1.2 million for consumers by the Consumer Assistance Bureau
- Saved or recovered \$565,072.24 for consumers by the Managed Health Care Bureau
- Established and operated COVID-19 Insurance Issues Hotline (1-833-415-0566)
- Contributed, through our Auto Theft Authority, to New Mexico improving from having the highest rate of auto theft in the U.S. to 5th nationwide
- Increased the number of no-cost or low-cost health plans on beWellnm using our rate guidance
- Modernized our Service of Process program by transitioning to an electronic portal system from an all-paper system





What We Do by the Numbers

- Licensing
 - Company – 3,121 active insurance companies/related entities
 - Producers and Agencies – 223,000 active licenses
- Rate Filing and Form Review
 - Property & Casualty - 438
 - Life and Health - 469
- Receive and Investigate Complaints
 - Civil complaints received - 714
 - Civil complaints investigated – 386
 - Civil cases referred for action – 135
 - Fraud complaints received
 - *Fraud cases referred for prosecution - 54

- Company Examinations
 - Financial -7
 - Market – 2
 - Cyber Security - 2
- Managed Health Care Grievances – 541
- Managed Health Care Outreach – 30 events
- Service of Process – 1,566 pleadings
- Title Plant Inspections and Audits – 114
- Issue Bulletins - 22

All Numbers are from FY 21

*Sentenced – 9, Pending sentencing – 6, Bench warrants – 2, Transferred to federal custody/prosecution – 11 (mainly due to related firearms charges), Closed for insufficient evidence – 3 and Pending in state court – 23

Projected FY23 OSI Revenue



Type of Revenue	FY23 Projected
Licenses & Renewals	\$30,000,000
Fines & Penalties	\$150,000
* Fraud Assessments	\$2,275,600
* Title Assessments	\$1,040,300
* Patient Compensation Fund	\$45,000,000
* Continuing Education	\$232,000
* Miscellaneous	\$15,000
Total Projected	\$78,712,900

The OSI operates solely on revenues generated by the agency and does not rely on general funds to operate.

* These revenue streams support specific program costs within the OSI.

Numbers are based on an average of current and previous fiscal year collections

OSI Fund Distribution

- Funds from the projected \$30,000,000 revenue collected from Licenses & Renewals are disbursed as shown.
- Reversion funds are excess revenues collected above what has been budgeted for operations.

Fund Type Distributed To	FY23 Projected
Insurance Operations - OSI	\$6,882,300
State General Funds (Includes Year End Reversion)	\$10,672,700
Fire Protection –PRC	\$12,000,000
Carrie Tingley – DFA	\$45,000
Law Enforcement Protection – DFA	\$400,000
Total Projected Distributions	\$30,000,000

Note: Other revenues collected by the OSI are distributed directly to special program funds including, the Title Fund, Fraud Fund and Patient Compensation Fund.



OSI Budget Request FY 23	FY 22	FY23
Total	\$47 million	\$55.6 million
Personnel Services	\$8.9	\$10.8
Contracts	\$1.8	\$3.9
Other¹	\$1.2	\$2.0
Patient's Compensation Fund (PCF)²	\$28.4	\$28.2
Financing Uses³	\$8.0	\$10.6

1. \$2M Insurance Operations – includes IT and other supplies, DoIT, building rent and travel. Includes \$350,000 New Mexico Health Insurance Exchange Memorandum of Understanding

2. PCF Consists of settlements, contracts, and operations.

3. \$2 million for Health Care Affordability and \$600k other technical contract services. Financing use is where funds are deposited for the OSI to redistribute to OSI operations.

OSI Budget Request Highlights

Salaries and Benefits (Category 200)

- Requesting \$1.9 million increase for an additional 25 positions which includes:
 - 2 positions from the Health Care Affordability Fund;
 - 3 positions moving from the Patient Compensation Fund to Insurance Operations, and
 - 20 positions for compliance, service capacity and investigations

Contracts (Category 300)

- Requesting \$2.7 million increase for additional contracts which include:
 - \$2m Health Care Affordability Contracts
 - \$130k Health Policy – Network Adequacy Tools/Compliance Reviews
 - \$124k Life and Health Actuarial Rate Review
 - IT and Technical Support

Other Costs (Category 400)

Requesting \$714.5k increase for additional other costs

- \$375k Auto Theft bureau gifts and grants program
- technical support, equipment and supplies for new staff positions





Positions

	# of Filled Positions currently	# of Vacant Positions	FY23 # of Positions Requested
Permanent	78	13*	116
Exempt	6	0	6
Total	84	13*	122

The OSI is trying to recover from positions that were forfeited by the previous Superintendent
 * 7 positions are special program fund positions such as PCF, Title, and Fraud



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Las Cruces Office

The OSI is committed to providing insurance regulatory services to southern New Mexico. The OSI is proposing a new office be established in Las Cruces to assist New Mexicans with their insurance regulation needs.

Salary and Benefits

- \$204.2k for 3 new positions
 - Compliance Officer
 - State Investigator
 - Special Agent

Other Costs

- \$89.4k for rent, furniture, fixtures, supplies, new vehicle, equipment rent, employee training and travel

Health Care Affordability Fund (HCAF)



Senate Bill 317 established the HCAF during the 2021 Regular Session, it requires the Superintendent of Insurance to provide premium and cost-sharing assistance for the purchase of qualified health plans on the New Mexico health Insurance Exchange. To facilitate this, the Superintendent must develop healthcare affordability criteria and income eligibility parameters for receipt of state supported assistance.

The fund further requires that the Superintendent develop and submit a plan for small business support and expanded healthcare coverage access to New Mexico citizens who do not qualify for federal premium assistance or the Medicaid program.

The Superintendent must report annually to the Legislature a summary of the affordability criteria, the estimated number of uninsured New Mexico residents who enrolled in coverage following the implementation of the affordability criteria, and c) reduced costs and coverage assistance provided by the HCAF.

Salary and Benefits

- \$188.8k for 2 new positions
 - Program Coordinator
 - Financial Analyst

Contracts

- \$2 million
 - \$1.5m Affordability Fund Actuarial, Modeling and Policy Services
 - \$500k Affordability Fund Financial Services

Other Costs

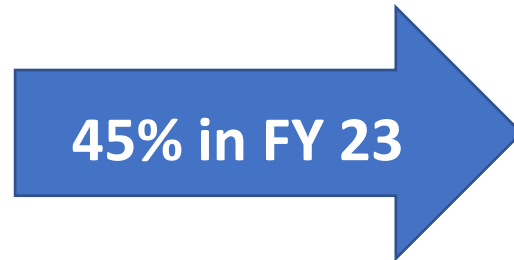
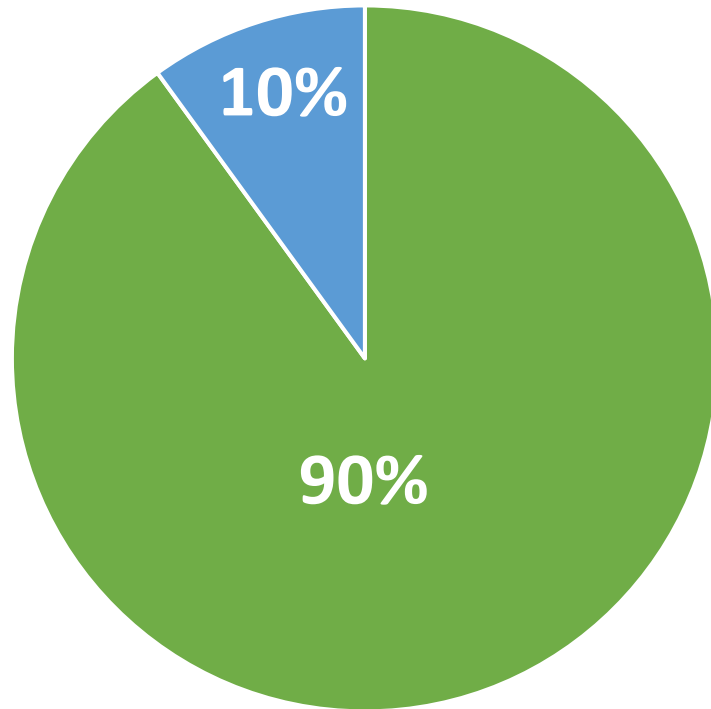
- \$62.7k supplies, furniture, fixtures, supplies, equipment rent, employee training and travel

Note: These are not general funds, but funds allocated from the newly created HCAF.

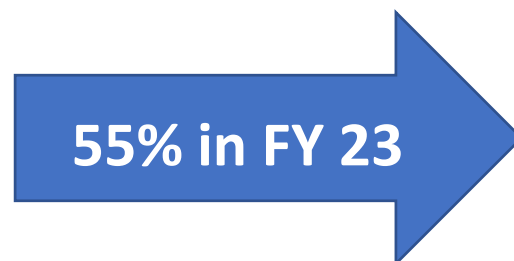


Health Care Affordability Fund Revenues

Surtax Revenue



General Fund



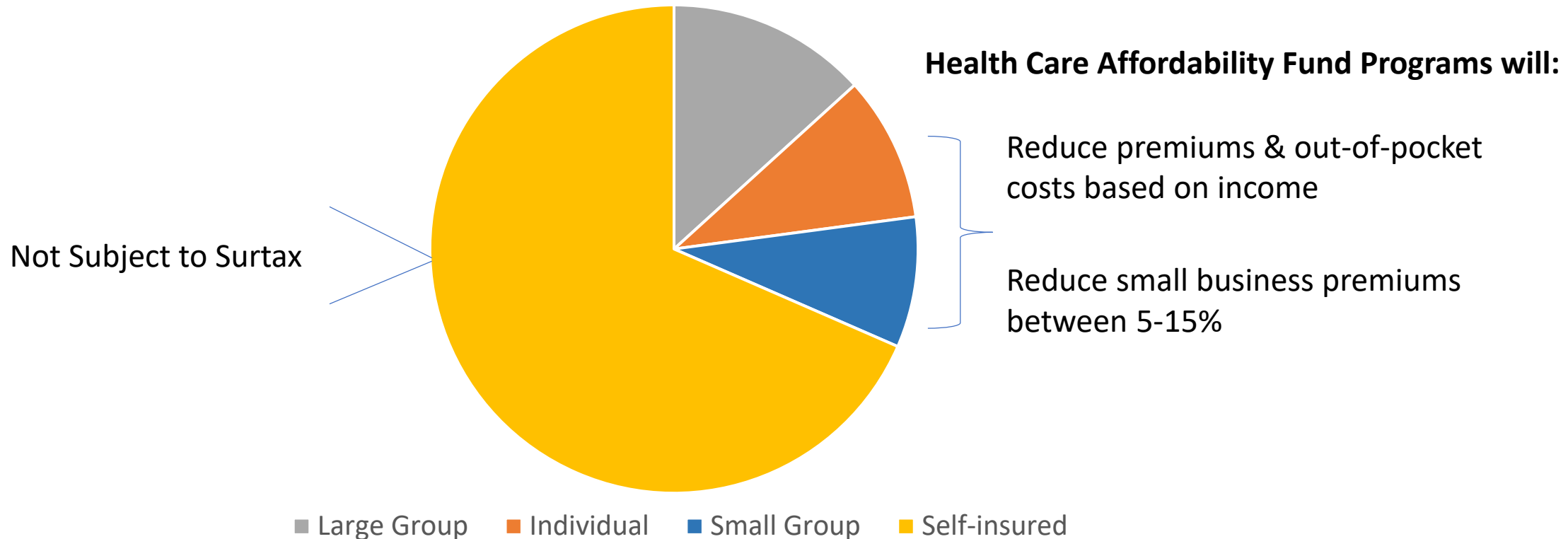
Health Care Affordability Fund

■ Medicaid MCOs ■ Commercial Insurers



Private Insurance in New Mexico

Enrollment in Private Insurance in New Mexico





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Health Care Affordability Fund Impact on Small Businesses

- In the coming weeks, OSI will release results from a study showing how the state could **reduce premiums for small businesses between 5-15%**.
- The premium reduction far exceeds the marginal surtax that insurers must pay under SB 317.
- The Fund also helps self-employed entrepreneurs and employees of small businesses who don't offer insurance by reducing premiums and out-of-pocket costs on beWellnm.com.

Summary



- The OSI has an essential role to protect New Mexicans.
- We have a responsibility to provide public education, awareness and protection.
- We have made significant strides to fill vacancies, retain staff, and expand our services.
- There is both the energy and enthusiasm to be the agency that you, we and our clients want us to be.

Questions



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