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FISCAL IMPACT REPORT

SPONSOR: Rawson DATE TYPED: 2/28/03 HB _____

SHORT TITLE: Notice of Health Insurance Premium Increase SB 588

ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

SOURCES OF INFORMATION

Responses Received From

- Attorney General's Office (AGO)
- Human Services Department (HSD)
- Retiree Health Care Authority (RHCA)
- Public School Insurance Authority (PSIA)
- General Services Department (GSD)
- Public Regulation Commission (PRC)
- Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

Senate Bill 588 requires a health insurance policyholder to be given 60 days written notice prior to a rate increase.

Significant Issues

Current law requires approval by the superintendent of insurance of policies and premiums before they may be issued by an insurance company. This approval includes approval of those contract provisions relating to notice to the policyholder of premium increases. This bill would remove this discretionary authority from the superintendent of insurance and replace that discretionary authority with a statutory standard.

Most health insurers give 30 days written notice of rate increases. There is no current requirement in law, but most health insurance policies or contracts contain provisions requiring 30 days notice.

With health insurance rate increases running in the 20-40% level, proponents believe that policyholders need more time to respond to written notice of premium rate increases. 30 days does not give an individual or an employer much time to shop for alternative coverage.

ADMINISTRATIVE IMPLICATIONS

SB 588 will require policy form filings with the PRC's Insurance Division. This will be a one time filing and can be handled with existing staff.

OTHER SUBSTANTIVE ISSUES

SB588 offers health insurance policyholders the opportunity to plan and prepare financially for the increases in their premiums. Cost is the number one barrier between New Mexicans and adequate health insurance coverage, and while SB588 does not address that issue directly, the bill would provide many New Mexicans with at least a small measure of security.

DW/njw