

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Bandy **ORIGINAL DATE** 02/15/11 **LAST UPDATED** _____ **HB** 295
SHORT TITLE Assoc. Members' Employees to Group Insurance **SB** _____
ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

House Bill 295 proposes to amend Section 59A-23-3 NMSA 1978 of the Insurance Code pertaining to group health insurance to allow an individual employed by a member of an association to purchase group health insurance if the individual's duties are substantially related to the purposes for which the association is organized.

FISCAL IMPLICATIONS

No fiscal impact to the state.

SIGNIFICANT ISSUES

Presumably, the intent of the bill is to allow self employed individuals to get affordable health insurance under a group plan.

According to the PRC, in New Mexico some self employed individuals already qualify for guaranteed health care issue under Section 59A-56-3 NMSA 1978, the Health Insurance Alliance (HIA) Act which provides that HIPAA qualified self-employed individuals, with a spouse or a dependent, can purchase health insurance coverage as a "small employer;" in relevant part, as highlighted below:

(W) "small employer" means "a person that is a resident of this state, has employees at least fifty percent of whom are residents of this state, is actively engaged in business and that on at least fifty percent of its working days during either of the two preceding calendar years, employed no fewer than two and no more than fifty eligible employees; provided that:

1. *in determining the number of eligible employees, the spouse or dependent of an employee may, at the employer's discretion, be counted as a separate employee;*
2. companies that are affiliated companies or that are eligible to file a combined tax return for purposes of state income taxation shall be considered one employer; and
3. in the case of an employer that was not in existence throughout a preceding calendar year, the determination of whether the employer is a small or large employer shall be based on the average number of employees that it is reasonably expected to employ on working days in the current calendar year."

According to the Health Policy Commission; currently, well over half of the businesses covered through the Health Insurance Alliance (HIA) are self-employed business owners unable to obtain affordable insurance through the commercial market or the New Mexico Medical Insurance Pool (NMMIP). NMMIP provides health insurance, to individuals (some receiving subsidized premiums) who can't otherwise get insurance. HIA and NMMIP are supported by an assessment paid by insurance carriers doing business in New Mexico.

TECHNICAL ISSUES

Regarding individuals employed by a member, the bill is silent on:

- whether the employment must be full- or part-time
- whether there is a specified amount of time the individual must be employed by a member before becoming eligible for coverage
- whether the business is generating taxable income for the individual or is the individual receiving a substantial portion of their income from the business, or can remuneration be "in kind."