

LFC Requester:

Brandon Gray

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 2/6/2024

Bill No: HB 7

Sponsor: Rep. Szczepanski
Short Title: HEALTH CARE AFFORDABILITY FUND

Agency Name and Code Number: Office of Superintendent of Insurance - 44000
Person Writing: Colin Baillio
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SECTION II: FISCAL IMPACT

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
No impact	No impact	(\$83,170)	Recurring	General Fund
No impact	No impact	\$83,710	Recurring	Health Care Affordability Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: **N/A**

Duplicates/Relates to Appropriation in the General Appropriation Act: **Relates to "Other Costs" category in OSI's budget**

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB 7 as amended by the House Appropriations and Finance Committee adjusts the

revenue distribution of the health insurance surtax to the Health Care Affordability Fund back to 55% starting in FY 26. The revenue distribution would remain at 30% in FY 25.

FISCAL IMPLICATIONS

HB 7 increases the amount of revenue distributed to the Health Care Affordability Fund by \$83.71 million in FY 26. This amount would otherwise be distributed to the General Fund.

SIGNIFICANT ISSUES

OSI is responsible for implementation of programs under the Health Care Affordability Fund, which currently include premium and out-of-pocket assistance on the New Mexico Health Insurance Exchange (beWellnm), premium relief for small businesses and their employees, and the Coverage Expansion Plan low-income uninsured New Mexicans who don't have access to other programs. OSI has designed these programs to account for the significant drop in revenue that is scheduled in FY 25, limiting assistance to for some programs to lower income residents and the amount of assistance available. With additional resources, the agency could expand existing programs, providing enhanced assistance and impacting more consumers.

During the most recent Open Enrollment Period, enrollment in the New Mexico Health Insurance Exchange has increased 30% year over year, with over 55,000 New Mexicans signing up for coverage through beWellnm. Over half of enrollees have signed up for a plan that has reduced out-of-pocket costs. However, consumers who do not have access to these programs may face significant costs that hinder access to care and contribute to a higher uninsured rate and higher uncompensated care for health care providers. The Small Business Health Insurance Premium Relief Program currently reduces premiums by 10% for nearly 6,000 small businesses and 41,000 employees. The uninsured program is expected to impact between 6,000 and 12,000 consumers during the first year of full program implementation, which is set to begin in January of 2025. Each of these programs could be significantly enhanced, providing more affordable health care to more people, if additional resources are available.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

The federal Inflation Reduction Act provides enhanced federal Premium Tax Credits to individuals who purchase coverage on the Health Insurance Exchange that are scheduled to expire at the end of 2025. If these subsidies are not extended, consumer costs will increase significantly. With additional resources from the Affordability Fund, OSI could limit the impact on consumers.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Revenue distributed to the Health Care Affordability Fund will drop significantly and consumers and small businesses would experience a lower level of savings from the programs under the Fund.

AMENDMENTS

N/A