

LFC Requester:

Julissa Rodriguez

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov*(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}*Date Prepared: 1-27-2026

Check all that apply:

Bill Number: SB21Original Correction Amendment Substitute Sponsor: Thompson/Campos/Hickey/Wils
on _____Agency Name
and Code
Number:Office of Superintendent of
Insurance-440

Person Writing

Viara Ianakieva

Short

Title: MEDICARE SUPPLEMENTPhone: 505-508-9073Email Viara.ianakieva@osi.n
m.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	N/A	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
N/A	N/A	N/A	N/A	N/A

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Senate Bill 80 (2025)

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 21 (SB21) amends Section 59A-24A-3 NMSA 1978 of the Medicare Supplement Act in the Insurance Code to require health insurers offering Medicare supplement policies to offer an annual open enrollment period to all eligible policyholders. Subsection C of Section 1 of the bill defines “eligible policyholder” as a beneficiary of Medicare coverage provided pursuant to Parts A or B of Title 18 of the federal Social Security Act, as amended, who is sixty-five years of age or older.

The open enrollment period is required to run from the first day of the policy holder’s birthday month to at least 60 days after that date. The enrollment period must allow an eligible policyholder to purchase any Medicare supplement policy of an equal or lesser value to the eligible policyholder’s current Medicare supplement policy offered in the state. Issuers are required to notify eligible policyholders about the date upon which open enrollment begins and ends and the rights provided to the eligible policyholder. Such notification is required to be filed with, and is subject to the review and approval of the Superintendent of Insurance prior to distribution to eligible policyholders.

Issuers of Medicare supplement policies must also guarantee the issuance of any Medicare supplement policy offered in the state, must not delay or condition the issuance or effectiveness, or discriminate in the price of coverage based upon health status, claims, experience, receipt of health care or medical condition of an eligible policyholder. A policy may not have exclusions based upon preexisting conditions that would have been covered under the eligible policyholder’s previous Medicare supplement policy.

FISCAL IMPLICATIONS

No cost to OSI.

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.

The bill also addresses the concern that some Medicare Supplement insurers may have related to 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.

Additionally, since 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), the impact on premiums would be muted as policyholders are already rated based on their current 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

None.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

This bill requires OSI to review and approve the policyholder notifications before they are issued. This will create additional work but is manageable with the current staff.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

This bill allows for more balanced risk pools and would encourage a more stable Medicare Supplement market. Currently, guaranteed issued Medicare Supplement policies are available only at initial enrollment in a Medicare Supplement plan (i.e., generally at age 65). This means that Medicare Supplement enrollees must undergo medical underwriting if they want to switch issuers. This results in the deterioration of some Medicare Supplement risk pools as the healthy enrollees can switch carriers and obtain new coverage by meeting underwriting standards and the less healthy policyholders either have to stay in current coverage, with rising premiums, or switch to a Medicare Advantage plan, if allowed. Therefore, this bill would level the playing field and encourage a more stable Medicare Supplement market.

Medicare beneficiaries will continue to face barriers when trying to change Medicare Supplement plans, especially if their health status has changed, if this bill is not enacted.

AMENDMENTS

None.