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HOUSE BILL 359

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

MICHAEL M OLGUIN

FOR THE HEALTH CARE REFORM COMMITTEE

AN ACT

RELATING TO HEALTH INSURANCE; PRESERVING ADJUSTED COMMUNITY RATING FOR INDIVIDUAL AND GROUP PLANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 59A-18-13.1 NMSA 1978 (being Laws 1994, Chapter 75, Section 26) is amended to read:

"59A-18-13.1. ADJUSTED COMMUNITY RATING. --

A. [~~Until July 1, 1998~~] Every insurer, fraternal benefit society, health maintenance organization or nonprofit health care plan that provides primary health insurance or health care coverage insuring or covering major medical expenses shall, in determining the initial year's premium charged for an individual, use only the rating factors of age, gender, geographic area of the place of employment and smoking practices. In determining the initial and any subsequent year's

Underscored material = new
[bracketed material] = delete

1 rate, the difference in rates in any one age group that may be
2 charged on the basis of a person's gender shall not exceed
3 another person's rates in the age group by more than twenty
4 percent of the lower rate, and no person's rate shall exceed the
5 rate of any other person with similar family composition by more
6 than two hundred fifty percent of the lower rate, except that
7 the rates for children under the age of nineteen may be lower
8 than the bottom rates in the two hundred fifty percent band.
9 The rating factor restrictions shall not prohibit an insurer,
10 society, organization or plan from offering rates that differ
11 depending upon family composition.

12 ~~[B. Effective July 1, 1998, every insurer, fraternal~~
13 ~~benefit society, health maintenance organization or nonprofit~~
14 ~~health care plan that provides primary health insurance or~~
15 ~~health care coverage insuring or covering major medical expenses~~
16 ~~shall charge the same premium for the same coverage to each New~~
17 ~~Mexico resident, regardless of a person's individual~~
18 ~~circumstances for medical risk, job risk or gender. The only~~
19 ~~rating factor that may be used is whether a person is under or~~
20 ~~over the age of nineteen.~~

21 ~~C.]~~ B. The superintendent shall adopt regulations to
22 implement the provisions of this section. "

23 Section 2. Section 59A-23B-6 NMSA 1978 (being Laws 1991,
24 Chapter 111, Section 6, as amended) is amended to read:

25 "59A-23B-6. FORMS AND RATES--APPROVAL OF THE SUPERINTENDENT

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1 OF INSURANCE--ADJUSTED COMMUNITY RATING. --

2 A. All policy or plan forms, including applications,
3 enrollment forms, policies, plans, certificates, evidences of
4 coverage, riders, amendments, endorsements and disclosure forms,
5 shall be submitted to the department of insurance for approval
6 prior to use.

7 B. No policy or plan may be issued in the state unless
8 the rates have first been filed with and approved by the
9 superintendent of insurance. This subsection shall not apply to
10 policies or plans subject to the Small Group Rate and Renewability
11 Act.

12 C. [~~Until July 1, 1998~~] In determining the initial
13 year's premium or rate charged for coverage under a policy or
14 plan, the only rating factors that may be used are age, gender,
15 geographic area of the place of employment and smoking practices.
16 [~~Until July 1, 1998~~] In determining the initial and any subsequent
17 year's rate, the difference in rates in any one age group that may
18 be charged on the basis of a person's gender shall not exceed
19 another person's rates in the age group by more than twenty
20 percent of the lower rate, and no person's rate shall exceed the
21 rate of any other person with similar family composition by more
22 than two hundred fifty percent of the lower rate, except that the
23 rates for children under the age of nineteen may be lower than the
24 bottom rates in the two hundred fifty percent band. The rating
25 factor restrictions shall not prohibit an insurer, society,

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1 organization or plan from offering rates that differ depending
2 upon family composition.

3 ~~[D. Effective July 1, 1998, each policy or plan~~
4 ~~covered by the Minimum Healthcare Protection Act shall charge the~~
5 ~~same premium for the same coverage to each New Mexico resident,~~
6 ~~regardless of a person's individual circumstances for medical~~
7 ~~risk, job risk or gender. The only rating factor that may be used~~
8 ~~is whether a person is under or over the age of nineteen.~~

9 E.] D. The superintendent of insurance shall adopt
10 regulations to implement the provisions of this section."

11 Section 3. Section 59A-23C-5.1 NMSA 1978 (being Laws 1994,
12 Chapter 75, Section 33) is amended to read:

13 "59A-23C-5.1. ADJUSTED COMMUNITY RATING. --

14 A. ~~[Until July 1, 1998]~~ A health benefit plan that is
15 offered by a carrier to a small employer shall be offered without
16 regard to the health status of any individual in the group, except
17 as provided in the Small Group Rate and Renewability Act. The
18 only rating factors that may be used to determine the initial
19 year's premium charged a group, subject to the maximum rate
20 variation provided in this section for all rating factors, are the
21 group members':

- 22 (1) age;
- 23 (2) gender;
- 24 (3) geographic area of the place of employment;
- 25 or

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1 (4) smoking practices.

2 B. [~~Until July 1, 1998~~] In determining the initial and
3 any subsequent year's rate, the difference in rates in any one age
4 group that may be charged on the basis of a person's gender shall
5 not exceed another person's rates in the age group by more than
6 twenty percent of the lower rate, and no person's rate shall
7 exceed the rate of any other person with similar family
8 composition by more than two hundred fifty percent of the lower
9 rate, except that the rates for children under the age of nineteen
10 may be lower than the bottom rates in the two hundred fifty
11 percent band. The rating factor restrictions shall not prohibit a
12 carrier from offering rates that differ depending upon family
13 composition.

14 [~~C. Effective July 1, 1998, a health benefit plan that~~
15 ~~is offered by a carrier to a small employer shall charge the same~~
16 ~~premium for the same coverage to each New Mexico resident,~~
17 ~~regardless of a person's individual circumstances for medical~~
18 ~~risk, job risk or gender. The only rating factor that may be used~~
19 ~~is whether a person is under or over the age of nineteen.~~

20 ~~D.]~~ C. The superintendent shall adopt regulations to
21 implement the provisions of this section. "

22 Section 4. EFFECTIVE DATE. -- The effective date of the
23 provisions of this act is July 1, 1997.

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State of New Mexico House of Representatives

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

February 21, 1997

Mr. Speaker:

**Your BUSINESS AND INDUSTRY COMMITTEE, to whom has
been referred**

HOUSE BILL 359

**has had it under consideration and reports same with
recommendation that it DO PASS, and thence referred to the
APPROPRIATIONS AND FINANCE COMMITTEE.**

Respectfully submitted,

Fred Luna, Chairman

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

HBIC/HB 359

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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 8 For 0 Against

Yes: 8

Excused: Getty, Gubbels, Hobbs, Rodella, Varela

Absent: None

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State of New Mexico House of Representatives

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

February 25, 1997

Mr. Speaker:

Your APPROPRIATIONS AND FINANCE COMMITTEE, to whom
has been referred

HOUSE BILL 359

has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:

1. On page 1, line 25, after "practices" insert "except that
for individual policies the rating factor of the individual's place
of residence may be used instead of the geographic area of the
individual's place of employment".

2. On page 2, line 7, after "nineteen" insert "or children
aged nineteen to twenty-five who are full-time students".

3. On page 3, line 15, after "practices" insert "except that
for individual policies the rating factor of the individual's place
of residence may be used instead of the geographic area of the
individual's place of employment".

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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4. On page 3, line 23, after "nineteen" insert "or children aged nineteen to twenty-five who are full-time students".

5. On page 4, line 22, strike "age" and insert in lieu thereof "ages".

6. On page 4, strike line 23 in its entirety.

7. Renumber the succeeding paragraphs accordingly.

8. On page 4, line 24, strike "area" and insert in lieu thereof "areas" and strike "place" and insert in lieu thereof "places".

9. On page 5, line 9, after "nineteen" insert "or children aged nineteen to twenty-five who are full-time students".

Respectfully submitted,

Max Coll, Chairman

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

HAFC/HB 359

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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 10 For 3 Against

Yes: 10

No: Bird, Buffett, Pearce

Excused: Heaton, Marquardt, Varela, Watchman

Absent: None

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**FORTY-THIRD LEGISLATURE
FIRST SESSION**

February 28, 1997

HOUSE FLOOR AMENDMENT number 1 to HOUSE BILL 359, as amended

Amendment sponsored by Representative M Michael Olguin

- 1. Strike House Appropriations and Finance Committee Amendments 6 and 7.

M Michael Olguin

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FORTY-THIRD LEGISLATURE
FIRST SESSION

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HF /HB 359, aa

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(Chief Clerk) (Chief Clerk)

Date _____

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FORTY-THIRD LEGISLATURE
FIRST SESSION

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4 FORTY-THIRD LEGISLATURE
5 FIRST SESSION, 1997

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March 12, 1997

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Mr. President:

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Your CORPORATIONS & TRANSPORTATION COMMITTEE, to whom
has been referred

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HOUSE BILL 359, as amended

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has had it under consideration and reports same with recommendation that
it DO PASS.

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Respectfully submitted,

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Roman M. Maes, III, Chairman

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Adopted _____

Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Underscored material = new
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FORTY-THIRD LEGISLATURE
FIRST SESSION

1 HF /HB 359, aa

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Date _____

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The roll call vote was 7 For 0 Against

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Yes: 7

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No: 0

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Excused: Fidel, Griego, Howes

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Absent: None

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