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## FISCAL IMPACT REPORT

SPONSOR: Beam DATE TYPED: 3/14/03 HB 832/aHGUAC

SHORT TITLE: Medical Insurance Membership SB \_\_\_\_\_

ANALYST: Wilson

### APPROPRIATION

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

Duplicates SB 778

Relates to SB 505 & HB 498

Conflicts with SB 754

### SOURCES OF INFORMATION

#### Responses Received From

Public School Insurance Authority (PSIA)

Public Regulation Commission (PRC)

Human Service Department (HSD)

Health Policy Commission (HPC)

Attorney General's Office (AGO)

### SUMMARY

#### Synopsis of HGUAC Amendment

The House Government & Urban Affairs Committee amendment deletes the required representation for the four board members appointed by the members of the pool.

#### Synopsis of Original Bill

House Bill 832 amends the definitions of the Medical Insurance Pool Act, revises board membership eligibility criteria for the medical insurance pool, and amends eligibility for inclusion in the pool.

- Eligibility is defined to include “federally defined eligible individual” as one who has 18 months of prior coverage under a health plan, who is not otherwise eligible for a

health plan, and whose prior coverage did not end due to nonpayment of premium or fraud, or early termination of COBRA continuation coverage. (These individuals are currently covered.)

- The makeup of the four board members appointed by members of the pool is changed to one HMO representative and three from other types of members of the pool. The requirement to have that one member represent a nonprofit health care plan is deleted.
- The number of board members appointed by the Superintendent of Insurance changes from five to six, with the sixth member being a representative of the medical community.
- Insurers doing business in the state are assessed annually by the Board to help financially support the pool. The assessment is based on percentage of premium written by the member insurer. This bill gives the board authority to include reinsurance carriers in the assessment process, based on the number of persons they cover through primary, excess, and stop-loss insurance in the state.
- Eligibility for coverage by the pool is redefined in this bill to allow entry by those who pay a premium that is higher than 125% of the pool's standard rate or have a medical condition that is listed on the pool's pre-qualifying conditions.
- The eligibility is expanded also to allow those eligible for coverage under the Health Insurance Alliance Act to purchase pool coverage in lieu of Alliance coverage.
- Dependent eligibility is changed in two ways. The provisions on dependents to age 19, 25 if a student, are deleted. The handicapped child provision is deleted. The bill adds a policyholder's newborn child for coverage under automatic eligibility provisions.

### Significant Issues

In many states' pool programs, the premiums that members and employers pay are capped as a percentage of the premium charged for comparable coverage in the commercial market. In HB 832, the premium cannot be more than 150% of the average premium for similar coverage in the commercial market that is a lower percentage than many states. However, this language only codifies the current eligibility.

The HPC believes the inclusion of additional individuals assuming a marginal or insignificant impact on the insurers is inline with the HPC's policy of assuring that basic health service are available and accessible to New Mexicans regardless of financial status.

### **CONFLICT, DUPLICATION, RELATIONSHIP**

Conflict with SB 754, Medical Insurance Pool Prescription Drugs, which allows for the creation of a prescription drug benefit. Persons eligible for this new benefit would include persons over the age of 65, who upon becoming age 65 would automatically be eligible for Medicare. Under HB 832, membership to the pool is **not** allowed for individuals eligible for coverage under Parts A and B of Title 18(Medicare). Parts A and B of Title 18 do not have a prescription drug benefit. There are also individuals who are Medicare beneficiaries who are not age sixty-five whose eli-

gibility under the bills is unclear.

Relates to SB 505, Health Care Security Act, which provides health insurance for all New Mexicans, and to HB 498, Health Security Act.

Duplicates SB 778, Medical Insurance Pool Membership.

### **TECHNICAL ISSUES**

Page 7, lines 20 and 21 notes the appointment of a representative of the medical community to the pool board. Medical community could be further defined regarding whether that means a currently practicing or retired physician, hospital administrator, independent pharmacist or any other type of medical professional who the superintendent could appoint.

### **OTHER SUBSTANTIVE ISSUES**

The New Mexico Medical Insurance Pool (NMMIP) was created in 1987. It is a nonprofit program that enables private health insurers to pool resources with New Mexicans who have been denied health insurance coverage, providing these citizens with comprehensive health care.

This coverage is the coverage of “last resort” for individuals or their dependents with very significant medical problems and who have not been able to receive coverage primarily due to their employer’s policy limitations and exclusions.

Coverage is currently supplied by the pool if an individual has received:

- A notice or rejection for substantially similar health insurance.
- A notice of health insurance being available only with a rider, waiver, or restrictive provision specifically based on a health condition.
- A notice with a premium rate that will exceed the rate of the NMMIP deductible for the applicant's age and sex.
- A certificate of prior comprehensive medical/surgical group coverage (including COBRA continuation) that was terminated within the last 63 days prior to the date of application to the NMMIP.
- Involuntary termination of coverage because the insurer stopped issuing coverage in New Mexico.
- Coverage in another state's high risk pool ended due to non-residency.

Employer and employees pay for an employees NMMIP policy. In general, an employer must pay the same dollar amount for health insurance as they do for similar employees.

Thirty-two states currently have, or will have implemented by summer, 2003 similar medical insurance pools.

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