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SENATE BILL 782

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Gerald P. Ortiz y Pino

AN ACT

RELATING TO HEALTH; ENACTING THE STATE COVERAGE INITIATIVE ACT;  
AUTHORIZING A HEALTH INSURANCE PLAN FOR UNINSURED ADULTS  
PURSUANT TO A MEDICAID WAIVER; ALLOWING ENROLLMENT THROUGH  
SMALL BUSINESSES; ESTABLISHING COST-SHARING REQUIREMENTS;  
PROVIDING FOR ENROLLMENT BY THE SELF-EMPLOYED; REQUIRING  
ADOPTION OF REGULATIONS; MAKING AN APPROPRIATION.

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

Section 1. SHORT TITLE.--This act may be cited as the  
"State Coverage Initiative Act".

Section 2. DEFINITIONS.--As used in the State Coverage  
Initiative Act:

A. "department" means the human services  
department;

B. "eligible employee" means an individual who is

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1 eligible to be covered under the health plan through a  
2 participating small business;

3 C. "health plan" means a health insurance plan for  
4 uninsured individuals created by the department under a  
5 medicaid waiver program as authorized by the State Coverage  
6 Initiative Act;

7 D. "individual" means an adult natural person,  
8 nineteen to sixty-five years of age, including an eligible  
9 employee; and

10 E. "participating small business" means a business  
11 fulfilling the requirements of Section 6 of the State Coverage  
12 Initiative Act that offers the health plan to its eligible  
13 employees.

14 Section 3. HEALTH PLAN FOR UNINSURED INDIVIDUALS--  
15 MEDICAID WAIVER--AUTHORIZATION.--Provided that benefits and  
16 eligibility criteria for other medicaid beneficiaries and  
17 programs are not reduced, and subject to available funding, the  
18 department is authorized to implement a medicaid waiver program  
19 to provide a health plan for uninsured individuals.

20 Section 4. COVERAGE AND BENEFITS.--The department shall  
21 prescribe by rules the coverage and benefits to be offered  
22 under the health plan, provided that the coverage and benefits  
23 shall be at least comparable to the most common commercial  
24 group health plans provided in the state. If the department  
25 provides the health plan through a health maintenance

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1 organization or similar managed care organization, the plan  
2 shall include coverage and benefits as specified in the Health  
3 Maintenance Organization Law. The health plan shall not  
4 exclude pre-existing health conditions.

5 Section 5. ELIGIBILITY.-- Subject to limits on the total  
6 number of individuals authorized to be served, as established  
7 in the medicaid waiver granted by the federal government, and  
8 the availability of funds, an individual shall be eligible to  
9 participate in the health plan if the individual:

- 10 A. is a resident of the state;
- 11 B. is between nineteen and sixty-five years of age;
- 12 C. has family income that does not exceed two  
13 hundred percent of the federal poverty level;
- 14 D. has not had other health insurance for at least  
15 six months, unless the individual was involuntarily terminated  
16 from that other health insurance coverage;
- 17 E. pays the monthly individual premium share  
18 established by the department, based on the individual's income  
19 level; and
- 20 F. is employed by a participating small business or  
21 enrolls in the health plan directly pursuant to Section 9 of  
22 the State Coverage Initiative Act.

23 Section 6. ENROLLMENT THROUGH SMALL BUSINESSES.-- A small  
24 business may offer the health plan to its eligible employees,  
25 and the department may market the plan through that business,

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1 if the business:

2 A. is licensed to do business in this state;

3 B. employs fifty or fewer employees in the state,  
4 whether full time or part time;

5 C. has not dropped or stopped offering group health  
6 insurance for its employees within the past twelve months;

7 D. agrees to abide by the department rules  
8 promulgated for the health plan; and

9 E. pays the monthly small business premium share  
10 established by the department for each eligible employee that  
11 enrolls in the health plan.

12 Section 7. COST-SHARING--INDIVIDUALS. --

13 A. The department shall adopt a schedule setting  
14 the amount of an individual's monthly premium share for  
15 participation in the health plan based on a sliding income  
16 scale; provided that an individual with a family income that  
17 does not exceed the federal poverty level shall not be required  
18 to pay a monthly premium share.

19 B. The department shall adopt a schedule setting  
20 the amount of an individual's copayments for covered benefits  
21 in the health plan based on a sliding income scale; provided  
22 that copayments for an individual with a family income that  
23 does not exceed the federal poverty level may be waived by the  
24 department and in any event shall not exceed a nominal amount  
25 pursuant to Title 19 of the federal Social Security Act.

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1 Copayments under the health plan shall not exceed copayments  
2 established for other medicaid beneficiaries at comparable  
3 income levels for comparable medicaid coverage and benefits as  
4 provided in the state medicaid plan required by Titles 19 and  
5 21 of the federal Social Security Act.

6 C. The maximum annual cost of premium shares and  
7 copayments for an individual participating in the plan shall  
8 not exceed annual cost-sharing limits established for other  
9 medicaid beneficiaries at comparable income levels for  
10 comparable coverage and benefits. In no event shall an  
11 individual's annual cost exceed five percent of family income.  
12 Once an individual's cost-sharing expenses equal or exceed the  
13 established limit, the department shall waive further premium  
14 shares or copayments that would otherwise be due for the  
15 balance of the year.

16 Section 8. SMALL BUSINESS PREMIUM SHARE. --The department  
17 shall establish the amount of a participating small business's  
18 monthly premium share for each eligible employee who  
19 participates in the health plan. In the first year of the  
20 health plan, this amount shall not exceed seventy-five dollars  
21 (\$75.00) per month for each of those employees.

22 Section 9. DIRECT ENROLLMENT IN LIEU OF PARTICIPATING  
23 SMALL BUSINESS. --An individual who is otherwise eligible to  
24 enroll in the health plan, but who is not employed by a  
25 participating small business, shall be considered self-employed

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1 for the purposes of the plan and may enroll in the plan  
2 directly. In order to enroll and participate directly in the  
3 health plan, an individual shall pay the individual premium  
4 share based on the individual's income level, as established in  
5 Section 7 of the State Coverage Initiative Act, as well as the  
6 equivalent of a small business's monthly premium share, as  
7 established in Section 8 of the State Coverage Initiative Act;  
8 provided that the department shall waive the equivalent of the  
9 small business's share for an individual with a family income  
10 that does not exceed the federal poverty level.

11 Section 10. LOCAL GOVERNMENT PAYERS AUTHORIZED--FUNDS TO  
12 BE MATCHED.--The premium shares established for an individual  
13 or small business or both pursuant to Sections 7, 8 and 9 of  
14 the State Coverage Initiative Act may be paid to the department  
15 by a local government from funds available for that purpose.  
16 Money received by the department pursuant to this section shall  
17 be used for purposes of matching requirements under Title 19 or  
18 Title 21 of the federal Social Security Act.

19 Section 11. COSTS--DEPARTMENT AND FEDERAL GOVERNMENT.--  
20 The costs of providing the health plan not met by payments of  
21 premium shares from individuals participating in the health  
22 plan, participating small businesses or local governments shall  
23 be met by the department pursuant to matching requirements  
24 under Title 19 or Title 21 of the federal Social Security Act.

25 Section 12. RULES.--Prior to implementation of the health

1 plan, the department shall promulgate rules for its operation,  
2 consistent with the provisions of the State Coverage Initiative  
3 Act.

4 Section 13. APPROPRIATION. --Four million dollars  
5 (\$4,000,000) is appropriated from the general fund to the human  
6 services department for expenditure in fiscal year 2006 to  
7 provide a health insurance plan for uninsured adults, including  
8 employees of small businesses, through a medicaid waiver  
9 program pursuant to the State Coverage Initiative Act. Any  
10 unexpended or unencumbered balance remaining at the end of  
11 fiscal year 2006 shall revert to the general fund.

12 Section 14. EFFECTIVE DATE. --The effective date of the  
13 provisions of this act is July 1, 2005.