

LFC Requester:

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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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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 1/26/24

Bill No: SB14

Sponsor: Stefanics
Short Executive Reorganization:
Title: Health Care Authority

Agency Name and Code
Number: Office of Superintendent of Insurance - 440

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
N/A	N/A		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
N/A	N/A	N/A		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	(\$89,070)	(\$105,750)	(194,820)	Recurring	HCAF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HB 7

Duplicates/Relates to Appropriation in the General Appropriation Act: Not yet known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: SB 14 amends multiple sections of the law to effectuate the transfer of statutory responsibilities to the new Health Care Authority.

The amendments that impact the Office of Superintendent of Insurance can be found in:

Section 139, which changes Secretary of the “human services department” to Secretary of the “health care authority” as a voting director of the board of directors of the New Mexico Health Insurance Exchange.

Section 140, which transfers administration and programmatic operations of the Health Care Affordability Fund from the Superintendent of Insurance to the Health Care Authority.

Section 141, which transfers rulemaking and reporting requirements under the Health Care Affordability Fund to the Health Care Authority. It also requires that the Health Care Authority, in consultation with the Superintendent, consult with stakeholder groups in the creation or updating of any coverage expansion plans for individuals unable to qualified for federal premium assistance.

Section 145, which transfers all functions, employees, appropriations, funds, records, equipment, and property pertaining to the Health Care Affordability Fund from the Superintendent of Insurance to the Health Care Authority as of July 1, 2024.

FISCAL IMPLICATIONS

SB14 transfers HCAF appropriations from OSI to the HCA. While FY25 appropriations are still under consideration from the legislature, the agency has requested approximately \$89 million. This transfer will also include \$950 thousand in requested contract funding and salary and benefits for 5 FTEs currently assigned to OSI.

SIGNIFICANT ISSUES

The Health Care Authority was established to better coordinate coverage and maximize state purchasing power. Bringing HCAF programs under the same umbrella as Medicaid could create opportunities to better streamline coverage transitions and the continuum of care. The work that is performed by the Health Care Affordability Bureau is very closely related to the work performed by OSI staff with respect to regulation and oversight of Qualified Health Plans (QHPs). If

transferred to the HCA, the Bureau will need to continue to closely coordinate with OSI, as the established programs operate in markets regulated by OSI. The affordability programs are intertwined with existing state and federal regulations and guidance, and market dynamics will need to be closely monitored to ensure consumer benefits are maximized and that the programs are cost effective.

PERFORMANCE IMPLICATIONS

The Bureau uses the System for Electronic Rate & Form Filing (SERFF), which is a state-of-the-art nationwide system for insurers and regulators seeking efficient operations, for key elements of its work. The form submittal, document management and review access provided by the platform accelerates the pace of market-entry for new and renewing products, while ensuring compliance with consumer protection requirements. SERFF is a governed product of the National Association of Insurance Commissioners (NAIC), which only provides access to SERFF through Insurance Commissioners, such as the Office of Superintendent of Insurance.

Following a transfer to the HCA, HCAF staff will only be able to continue to utilize SERFF if the HCA and OSI entered into a detailed MOU or similar agreement outlining responsibilities, training, and access. Should the HCA not enter into such an agreement, it would require the development of a new data sharing platform and an agreement with OSI to obtain certain files from SERFF on a regular basis.

ADMINISTRATIVE IMPLICATIONS

Section 145 of SB14 provides that all contractual obligations of OSI relating to the HCA Fund shall be deemed contractual obligations of the HCA. It is always possible that the other party to the contract may not agree to the substitution of HCA for OSI which would require HCA to renegotiate the contracts and MOU's.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relationship: HB 7 maintains the 55% surtax revenue distribution to the Health Care Affordability Fund, which would stabilize program funding into the future.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL.

The statutory updates necessary to fully empower the newly created Health Care Authority will not be made.

AMENDMENTS

N/A