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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**AgencyAnalysis.nmlegis.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}*

*Check all that apply:*

Original  Amendment   
Correction  Substitute

Date 1/25/2024

Bill No: SB 50

Sponsor: Senator Jeff Steinborn and Senator Nancy Rodriguez Agency Name and Code Number: Office of Superintendent of Insurance - 440  
Short Title: ADDITIONAL USES OF COUNTY HEALTH CARE Person Writing: Viara Ianakieva  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

SB 50 allows the County Health Care Assistance Fund to be used to pay for 1) all or a portion of monthly health insurance premiums for indigent patients or 2) out-of-pocket costs, including copayments and deductibles, incurred by indigent patients pursuant to a health insurance policy.

**FISCAL IMPLICATIONS**

None.

**SIGNIFICANT ISSUES**

High health insurance premiums are often a barrier to enrollment, which costs often cited as the top reason individuals remain uninsured. Charity care programs can help uninsured New Mexicans cover the costs of certain services. SB 50 would unlock county funds to be used to sign more individuals up for coverage.

While purchasing coverage provides more consistent access to care for enrollees and in some instances can be a more cost effective option than directly covering the cost of care, third-party premium payment programs that enroll individuals in private health insurance can potentially have unintended consequences if certain guardrails are not in place. In particular, concerns about “adverse selection” have been raised when a program primarily covers premiums for individuals whose health claims greatly exceed the premiums contributed to the market by the third-party payer. Adverse selection leads to increased premiums across a market and can contribute to market instability.

However, several states and nonprofit organizations have developed specific program guardrails to address these concerns. According to a 2018 Commonwealth Fund [study](#), programs in Washington State and several localities have been successful by creating such guardrails. The study makes the following recommendations:

- “Bar third party payments (TPP) enrollment at the sites of funding providers

- Base eligibility only on income and area of residence
- Limit TPP to people who qualify for advance payment of premium tax credits and who claim them in full, using them to enroll in silver-level coverage
- Assure that the administering nonprofit is fully independent of the funding hospital systems
- Allow carriers to track TPP enrollment by having programs pay carriers directly and by having state-based marketplaces identify sponsored members to their qualified health plans
- Pay consumers' premium shares from the point of enrollment through the end of the coverage year, thus preventing short-term enrollment that ends once a course of treatment is complete, and
- Require all qualified health plans to accept TPP and let consumers use it with any participating carrier, thereby spreading risks among insurers.”

This study was based on enrolling individuals in private coverage on the Health Insurance Marketplace.

### **PERFORMANCE IMPLICATIONS**

N/A

### **ADMINISTRATIVE IMPLICATIONS**

Processes would need to be developed for insurers to accept third-party payments.

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

N/A

### **TECHNICAL ISSUES**

SB 50 specifies that the County Health Care Assistance Fund can be used in part or in full to cover the monthly premiums of health insurance policies for indigent patients, or their out-of-pocket expenses. However, the legislation does not address what type of insurance policies can be funded, and whether there are other limitations. As currently written, the funds could be used to purchase a wide range of policies, including limited benefit policies, group health plans, individual or Marketplace plans, Medicare, or coverage offered by the New Mexico Medical Insurance Pool.

It is unclear what obligations the Fund would have to exhaust alternatives, such as applications for Medicaid or Health Insurance Exchange coverage before seeking a different type of insurance policy on behalf of the indigent patient. This could lead to the Fund paying insurance premiums for a patient that has access to other health insurance programs. This issue could be remedied by requiring counties to determine that individuals are not eligible for other coverage before using county funds for the purposes specified in the legislation.

### **OTHER SUBSTANTIVE ISSUES**

N/A

### **ALTERNATIVES**

To minimize adverse selection concerns, third party premium payments could be made to the New Mexico Medical Insurance Pool, which uses an insurer assessment spreads that spreads risk more broadly. This would have fiscal implications but would minimize concentrated impacts on specific insurance markets while providing comprehensive coverage.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Indigent patients will not be able to use the County Health Care Assistance Fund to help pay for all or a portion of their monthly health insurance premiums and out of pocket expenses.

## **AMENDMENTS**

The OSI recommends that the legislative intent be clarified in the bill, with amendments addressing:

- 1) Any limitations on the type of insurance policies that may be funded through this program.
- 2) Any procedural requirements to determine eligibility for other insurance programs available to indigent patients, such as Medicaid or coverage through the Health Insurance Exchange.
- 3) Eligibility guardrails.