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SENATE BILL 571

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

INTRODUCED BY

CARROLL H. LEAVELL

AN ACT

RELATING TO INSURANCE; PERMITTING PERSONS WITH A DISABILITY TO ACQUIRE MEDICARE SUPPLEMENT HEALTH INSURANCE UNDER CERTAIN CIRCUMSTANCES.

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

Section 1. Section 59A-54-3 NMSA 1978 (being Laws 1987, Chapter 154, Section 3, as amended) is amended to read:

"59A-54-3. DEFINITIONS. -- As used in the Comprehensive Health Insurance Pool Act:

A. "board" means the board of directors of the pool;

B. "health care facility" means any entity providing health care services that is licensed by the department of health;

C. "health care services" means any services or products included in the furnishing to any individual of medical

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1 care or hospitalization or incidental to the furnishing of such
2 care or hospitalization, as well as the furnishing to any person
3 of any other services or products for the purpose of preventing,
4 alleviating, curing or healing human illness or injury;

5 D. "health insurance" means any hospital and medical
6 expense-incurred policy, nonprofit health care service plan
7 contract, health maintenance organization subscriber contract,
8 short-term, accident, fixed indemnity, specified disease policy
9 or disability income contracts and limited benefit or credit
10 insurance, or as defined by Section 59A-7-3 NMSA 1978. The term
11 does not include insurance arising out of the Workers'
12 Compensation Act or similar law, automobile medical payment
13 insurance or insurance under which benefits are payable with or
14 without regard to fault and which is required by law to be
15 contained in any liability insurance policy;

16 E. "health maintenance organization" means any
17 person who provides, at a minimum, either directly or through
18 contractual or other arrangements with others, basic health care
19 services to enrollees on a fixed prepayment basis and who is
20 responsible for the availability, accessibility and quality of
21 the health care services provided or arranged, or as defined by
22 Subsection F of Section 59A-46-2 NMSA 1978;

23 F. "health plan" means any arrangement by which
24 persons, including dependents or spouses, covered or making
25 application to be covered under the pool have access to hospital

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1 and medical benefits or reimbursement, including group or
2 individual insurance or subscriber contract; coverage through
3 health maintenance organizations, preferred provider
4 organizations or other alternate delivery systems; coverage
5 under prepayment, group practice or individual practice plans;
6 coverage under uninsured arrangements of group or group-type
7 contracts, including employer self-insured, cost-plus or other
8 benefits methodologies not involving insurance or not subject to
9 New Mexico premium taxes; coverage under group-type contracts
10 which are not available to the general public and can be
11 obtained only because of connection with a particular
12 organization or group; and coverage by medicare or other
13 governmental benefits. The term includes coverage through
14 health insurance;

15 G. "insured" means an individual resident of this
16 state who is eligible to receive benefits from any insurer or
17 other health plan;

18 H. "insurer" means an insurance company authorized
19 to transact health insurance business in this state, a nonprofit
20 health care plan, a health maintenance organization and self
21 insurers not subject to federal preemption. "Insurer" does not
22 include an insurance company that is licensed under the Prepaid
23 Dental Plan Law or a company that is solely engaged in the sale
24 of dental insurance and is licensed not under that act, but
25 under another provision of the Insurance Code;

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1 I. "medicare" means coverage under both ~~[Part]~~ Parts
2 A and B of Title XVIII of the Social Security Act, ~~[42 USC 1395~~
3 ~~et seq.]~~ as amended;

4 J. "medicare supplement" means coverage that offers
5 health insurance benefits, pursuant to Chapter 59A, Article 24
6 NMSA 1978, for that portion of health care services not covered
7 by Parts A and B of Title XVIII of the Social Security Act, as
8 amended;

9 ~~[J.]~~ K. "pool" means the New Mexico comprehensive
10 health insurance pool;

11 ~~[K.]~~ L. "superintendent" means the superintendent of
12 insurance; and

13 ~~[L.]~~ M. "therapist" means a licensed physical,
14 occupational, speech or respiratory therapist. "

15 Section 2. Section 59A-54-12 NMSA 1978 (being Laws 1987,
16 Chapter 154, Section 12, as amended) is amended to read:

17 "59A-54-12. ELIGIBILITY--POLICY PROVISIONS. --

18 A. A person is eligible for a pool policy only if on
19 the effective date of coverage or renewal of coverage the person
20 is a New Mexico resident, and:

21 (1) is not eligible as an insured or covered
22 dependent for any health plan, except as provided in Subsection
23 G of this section, that provides coverage for comprehensive
24 major medical or comprehensive physician and hospital services;

25 (2) is only eligible for a health plan that is

1 offered at a rate higher than that available from the pool;

2 (3) has been rejected for coverage for
3 comprehensive major medical or comprehensive physician and
4 hospital services; or

5 (4) is only eligible for a health plan with a
6 rider, waiver or restrictive provision for that particular
7 individual based on a specific condition.

8 B. Coverage under a pool policy is in excess of and
9 shall not duplicate coverage under any other form of health
10 insurance.

11 C. A pool policy shall provide that coverage of a
12 dependent unmarried person terminates when the person becomes
13 nineteen years of age or, if the person is enrolled full time in
14 an accredited educational institution, when he becomes twenty-
15 five years of age. The policy shall also provide in substance
16 that attainment of the limiting age does not operate to
17 terminate coverage when the person is and continues to be:

18 (1) incapable of self-sustaining employment by
19 reason of mental retardation or physical handicap; and

20 (2) primarily dependent for support and
21 maintenance upon the person in whose name the contract is
22 issued.

23 Proof of incapacity and dependency shall be furnished to
24 the insurer within one hundred twenty days of attainment of the
25 limiting age and subsequently as required by the insurer but not

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1 more frequently than annually after the two-year period
2 following attainment of the limiting age.

3 D. A pool policy that provides coverage for a family
4 member of the person in whose name the contract is issued shall,
5 as to the coverage of the family member or the individual in
6 whose name the contract was issued, provide that the health
7 insurance benefits applicable for children are payable with
8 respect to a newly born child of the family member or the person
9 in whose name the contract is issued from the moment of coverage
10 of injury or illness, including the necessary care and treatment
11 of medically diagnosed congenital defects and birth
12 abnormalities. If payment of a specific premium is required to
13 provide coverage for the child, the contract may require that
14 notification of the birth of a child and payment of the required
15 premium shall be furnished to the carrier within thirty-one days
16 after the date of birth in order to have the coverage continued
17 beyond the thirty-one day period.

18 E. A pool policy may contain provisions under which
19 coverage is excluded during a six-month period following the
20 effective date of coverage as to a given individual for
21 preexisting conditions, as long as either of the following
22 exists:

23 (1) the condition has manifested itself within
24 a period of six months before the effective date of coverage in
25 such a manner as would cause an ordinarily prudent person to

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1 seek diagnoses or treatment; or

2 (2) medical advice or treatment was recommended
3 or received within a period of six months before the effective
4 date of coverage.

5 F. The preexisting condition exclusions described in
6 Subsection E of this section shall be waived to the extent to
7 which similar exclusions have been satisfied under any prior
8 health insurance coverage which was involuntarily terminated, if
9 the application for pool coverage is made not later than thirty-
10 one days following the involuntary termination. In that case,
11 coverage in the pool shall be effective from the date on which
12 the prior coverage was terminated. This subsection does not
13 prohibit preexisting conditions coverage in a pool policy that
14 is more favorable to the insured than that specified in this
15 subsection.

16 G. A person under the age of sixty-five who meets
17 the criteria established in Subsection A of this section and who
18 is eligible for and receiving medicare because of a disability
19 is eligible for a medicare supplement pool policy.

20 [~~G.~~] H. Except as provided in Subsection G of this
21 section, an individual is not eligible for coverage by the pool
22 if:

23 (1) he is, at the time of application, eligible
24 for medicare or medicaid which would provide coverage for
25 amounts in excess of limited policies such as dread disease,

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1 cancer policies or hospital indemnity policies;

2 (2) he has terminated coverage by the pool
3 within the past twelve months; or

4 (3) he is an inmate of a public institution or
5 is eligible for public programs for which medical care is
6 provided.

7 [~~H-~~] L. Any person whose health insurance coverage
8 from a qualified state health policy with similar coverage is
9 terminated because of nonresidency in another state may apply
10 for coverage under the pool. If the coverage is applied for
11 within thirty-one days after that termination and if premiums
12 are paid for the entire coverage period, the effective date of
13 the coverage shall be the date of termination of the previous
14 coverage. "

15 Section 3. Section 59A-54-13 NMSA 1978 (being Laws 1987,
16 Chapter 154, Section 13, as amended) is amended to read:

17 "59A-54-13. BENEFITS. --

18 A. The health insurance policy issued by the pool
19 shall pay for medically necessary eligible health care services
20 rendered or furnished for the diagnoses or treatment of illness
21 or injury that [~~exceeds~~] exceed the deductible and coinsurance
22 amounts applicable under Section 59A-54-14 NMSA 1978 and are not
23 otherwise limited or excluded. Eligible expenses are the
24 charges for the health care services and items for which
25 benefits are extended under the pool policy. The coverage to be

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1 issued by the pool and its schedule of benefits, exclusions and
2 other limitations shall be established by the board and shall,
3 at a minimum, reflect the levels of health insurance coverage
4 generally available in New Mexico for small group policies. The
5 superintendent shall approve the benefit package developed by
6 the board to ensure its compliance with the Comprehensive Health
7 Insurance Pool Act. The benefit package shall include therapy
8 services and hearing aids.

9 B. The pool shall make available medicare supplement
10 coverage for individuals under the age of sixty-five who meet
11 the criteria established in Subsection A of Section 59A-54-12
12 NMSA 1978 and who are eligible for and receive medicare because
13 of a disability.

14 [~~B.-~~] C. The Comprehensive Health Insurance Pool Act
15 shall not be construed to prohibit the pool from issuing
16 additional types of health insurance policies with different
17 types of benefits which in the opinion of the board may be of
18 benefit to the citizens of New Mexico.

19 [~~C.-~~] D. The board may design and employ cost
20 containment measures and requirements, including preadmission
21 certification and concurrent inpatient review, for the purpose
22 of making the pool more cost effective."

23 Section 4. Section 59A-54-14 NMSA 1978 (being Laws 1987,
24 Chapter 154, Section 14, as amended) is amended to read:

25 "59A-54-14. DEDUCTIBLES-- COINSURANCE-- MAXIMUM OUT-OF-

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POCKET PAYMENTS. --

A. Except for medicare supplement coverage authorized by Subsection B of Section 59A-54-13 NMSA 1978, and subject to the limitation provided in Subsection C of this section, a pool policy offered in accordance with the Comprehensive Health Insurance Pool Act shall impose a deductible on a per-person calendar-year basis. Deductible plans of five hundred dollars (\$500) and one thousand dollars (\$1,000) shall initially be offered. The board may authorize deductibles in other amounts. The deductible shall be applied to the first five hundred dollars (\$500) or one thousand dollars (\$1,000) of eligible expenses incurred by the covered person.

B. Except for medicare supplement coverage authorized by Subsection B of Section 59A-54-13 NMSA 1978, and subject to the limitations provided in Subsection C of this section, a mandatory coinsurance requirement shall be imposed at the rate of twenty percent of eligible expenses in excess of the mandatory deductible.

C. The maximum aggregate out-of-pocket payments for eligible expenses by the insured shall be determined by the board. "

1 FORTY-THIRD LEGISLATURE

2 FIRST SESSION, 1997

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7 February 28, 1997

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9 Mr. President:

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11 Your PUBLIC AFFAIRS COMMITTEE, to whom has been
12 referred

13
14 SENATE BILL 571

15
16 has had it under consideration and reports same with
17 recommendation that it DO PASS, and thence referred to the
18 CORPORATIONS & TRANSPORTATION COMMITTEE.

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21 Respectfully submitted,

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25 _____
Shannon Robinson, Chairman

1 Adopted _____ Not Adopted _____

2 (Chief Clerk) (Chief Clerk)

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5 Date _____

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8 The roll call vote was 5 For 0 Against

9 Yes: 5

10 No: 0

11 Excused: Boitano, Garcia, Ingle, Smith

12 Absent: None

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1 FORTY-THIRD LEGISLATURE

2 FIRST SESSION, 1997

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6 March 4, 1997

7
8 Mr. President:

9
10 Your CORPORATIONS & TRANSPORTATION COMMITTEE, to
11 whom has been referred

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13 SENATE BILL 571

14
15 has had it under consideration and reports same with
16 recommendation that it DO PASS.

17
18 Respectfully submitted,

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24 Roman M. Maes, III, Chairman
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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

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Date _____

The roll call vote was 8 For 0 Against

Yes: 8

No: 0

Excused: Fidel, Robinson

Absent: None

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State of New Mexico
House of Representatives

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 22, 1997

Mr. Speaker:

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

SENATE BILL 571

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

Respectfully submitted,

Fred Luna, Chairman

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

HBI C/SB 571

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

Date _____

The roll call vote was 7 For 1 Against

Yes: 7

No: Lutz

Excused: Alwin, Chavez, Getty, Gubbels, Varela

Absent: None

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