

Insure New Mexico! Council
Discussion Outline
Increasing NMHIA Enrollment and Other Considerations

December 2, 2004

IDENTIFIED ISSUES	CONSIDERATIONS	CURRENT STATUTE LANGUAGE	STATUTE CHANGE NEEDED?
Affordability	Statute provides rating band of +/- 15% for groups and +/- 25% for individuals.	59A-56-8 Approved health plans	
	All carriers rate at the maximum level.	C. Each approved health plan shall offer a premium that is not greater than 15% over and no less than 15% under the average of the standard rate index for plans with the same characteristics.	
	Alliance rates may be 80-200% higher than commercial products.	D. Each approved health plan offered to an eligible individual shall offer a premium that is no more than 25% over and no less than 25% under the average of the standard risk rate index determined pursuant to Sec. 59A-56-23 NMSA 1978.	
	Access and affordability are separate issues.		
Affordability Options	1) Lower NMHIA Premium Levels		
	Set at lower level through statute		Yes
	Lower on volunteer basis by carrier		No

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	<p>POTENTIAL IMPACT: claim losses increase, higher assessments, cost shifting to the consumer. In 1999 and 2000 the Alliance rates were lower than commercial market due to community rated product (not rating band decision). Enrollment grew from 3,500 to 9,000 and the majority of the new enrollments came from the commercial market rather than the ranks of the uninsured. If the Alliance lowers premiums, higher assessments to the carriers may occur and result in higher premiums to non-Alliance accounts. However, the current reinsurance program limits carrier loss ratios to 75%.</p>		
Affordability Options (continued)	2) General fund appropriation to NMHIA Premium subsidy based on income level	Not addressed	Yes
	3) State funded stop loss program like Healthy NY IMPACT: accomodates lower premiums	Not addressed	Yes
	4) Employer tax IMPACT: Burden on small employers	Not addressed; no employer premium contribution required	Yes
	5) Other funding sources?? Tobacco settlement fund	Not addressed	

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Product Design and Benefits	All Alliance plans are comprehensive. Indemnity & PPO plans have \$2 million lifetime maximum. HMO lifetime maximum is unlimited.		
	Have added high deductible and PPO plans in past two years; has helped retention.		
	Board has considered addition of catastrophic type plans; liability is a concern	59A-56-8 B. The board shall designate plan designs for approved health plans. The board may designate plan designs for an approved health plan that provides catastrophic coverage or other benefit plan designs.	No
	Agents have suggested adding consumer driven health plans (HRAs, HSAs)		No
Consumer Friendly Programs "Hassle Factor"	The brokers are the key communicators and sellers of Alliance plans.	Alliance must certify brokers.	
	Alliance serves as agent of record to 100 accounts. Limited staff availability.	Not addressed	

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Consumer Friendly Programs (continued)	Potential "ombudsman" or advisory program similar to the department of insurance and insurance carriers	59a-56-6A. The board shall have the general powers and authority granted to insurance companies licensed to transact health insurance business under the laws of this state.	Possible
Other Administrative Capabilities/ Limitations	NMHIA has been considered for administering other programs. NMHIA currently has the infrastructure to function as an administrative services only third party administrator (TPA) and "mini" brokerage capacity. NMHIA does not process claims and is not a full service TPA. (See pages 8-9 of 9/29/04 Alliance presentation to Insure New Mexico! Council for further description of current services.)	Current statute defines "administrator" as performing the functions of enrollment, billing, carrier payments, change processing, monitoring timeliness of claims payments, claims reporting and setting premiums (subject to board approval).	Yes, if "administrator" role is redefined or expanded
Education	Small employers need to hear case for why insurance is important. Distribution channels for disseminating information: brokers, carriers, physicians, chambers of commerce, small business development centers, trade associations, physicians and other business/health advisors. Marketing in first 5 years primarily broker based. Marketing efforts have been significantly expanded in the last two years to include a a variety of media.	59A-56-6 B. 15 The board shall engage in significant marketing activities, including a program of media advertising, to inform small employers and eligible individuals of the existence of the alliance, its purpose and the health insurance available or potentially available through the alliance.	

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Board Role	Board supports Governor's healthcare agenda and the mission to reduce the number of ininsured.		
	Nine of the 14 member board directors are appointed by the governor.		
	The board heard a presentation by Sec. Hyde at its September board retreat and is planning on continuing its discussion after the council has presented its recommendations.		