MINUTES
of the
SIXTH MEETING
of the
INSURANCE NOMINATING COMMITTEE

October 10, 2013
Room 321, State Capitol
Santa Fe, New Mexico

The Insurance Nominating Committee was called to order by Chris Krahling, chair, on October 10, 2013 at approximately 9:30 a.m. in Room 321 of the State Capitol.

Present   **Absent**
Chris Krahling, Chair   Babette Saenz
Norman Becker
Rep. Zachary J. Cook (via telephone)
Bill Kinyon
Jason Marks
Kevin Martinez
Gabriel Parra
Scott Yurcic

Staff
John Yaeger, Assistant Director for Legislative Affairs, Legislative Council Service

Guest List
A guest list is attached to the original of these minutes.

Thursday, October 10

Upon a motion made by Mr. Marks and approved without objection, the agenda was approved.

Upon a motion made by Mr. Marks and approved without objection, the minutes of the June 26, 2013 meeting were approved as submitted.

Report on Transition, Organizational Structure, Personnel, Budget, Physical Facility and Related Issues
Superintendent of Insurance John Franchini and Jolene Gonzales, chief administrative officer of the Office of Superintendent of Insurance (OSI), told the committee that the transition from being a part of the Public Regulation Commission to an independent agency was proceeding well and as expected. Ms. Gonzales reported that the biggest challenge has been to properly classify personnel and fill vacancies. She said that the OSI is working with the Department of Finance and Administration and the State Personnel Office (SPO) to reclassify

existing positions, including some positions currently exempt from the Personnel Act to covered by the Personnel Act, and to properly classify newly created positions. She reported that workload issues at the SPO appear to be delaying the process of filling some positions but that the SPO recently dedicated specific staff to assist the OSI, and she was expecting the process to improve. Superintendent Franchini said he believes any problems are expected with the creation of any new agency, and he expects improvements would be made relatively quickly.

Update on the Implementation of the Federal Patient Protection and Affordable Care Act (PPACA), Status of the New Mexico Health Insurance Exchange (HIX) and Other Health Insurance Issues

Superintendent Franchini and Aaron Ezekiel, director of PPACA implementation projects at the OSI, informed the committee that the HIX has been operating well and, as of October 9, 2013, 558 employers representing just fewer than 1,200 employees had enrolled to acquire health insurance through the exchange. Just fewer than 250 agents signed up to offer qualified health plans, and 24 agents have pending relationships with the exchange.

Mr. Ezekiel noted that the HIX has pared back outreach to individual consumers, given the problems with the operation of the federal exchange web site. In the absence of access to the federal healthcare.gov plan comparisons and cost calculator, the OSI has worked to make data available on gross costs regarding qualified health plans and rates in the form of a static web page.

The advent of the exchange triggered what both Superintendent Franchini and Mr. Ezekiel characterized as the first competitive health insurance pricing structure in New Mexico's history. Superintendent Franchini said he believes that consumers who are eligible for tax credits will find health insurance offered through the exchange to be less expensive than previously offered policies and that consumers who are not eligible for tax credits will pay more but will have a better plan.

Update on the Accreditation of the OSI and Related National Association of Insurance Commissioners (NAIC) Issues

Superintendent Franchini and Alan Seeley, chief actuary and acting deputy superintendent, OSI, noted that there are two keys to the OSI's ability to meet NAIC accreditation standards: a "strong" staff that meets the educational qualifications to perform duties in evaluating insurers' solvency and the enactment of at least one of the pieces of model legislation endorsed by the NAIC. Superintendent Franchini noted that the OSI is the first truly independent state agency in the country dedicated to insurance regulation and that the NAIC is looking at the state as a model.

Legislative Agenda for 2014

Mr. Krahling suggested that it might be wise to allow the committee and the OSI to operate for a full year before suggesting changes to the implementing legislation. It was the consensus of the committee that no changes are necessary immediately and that it would be prudent to wait a

year.

The committee directed its staff to work with the OSI on options to be presented to the committee for permanently administratively attaching the committee to a state agency.

Mr. Krahling noted that Superintendent Franchini and the OSI staff have been doing an excellent job in the first few months of the OSI's operation. The committee echoed that observation.

The committee set its next meeting for January 9, 2014 in Santa Fe.

There being no further business, the committee adjourned at approximately 11:35 a.m.