

**MINUTES OF THE REGULAR OPEN MEETING
INSURANCE NOMINATING COMMITTEE**
October 23, 2014
9:30 a.m.

CALL TO ORDER

A regular meeting of the Insurance Nominating Committee was called to order on the above date at approximately 9:30 a.m. by Mr. Chris Krahling, Chair, at the State Capitol building, Room 321, Santa Fe, New Mexico.

Roll call indicated the presence of a quorum as follows:

Members Present

Chris Krahling, Chair
Norm Becker
Bill Kinyon
Gabriel Parra
Jason Marks
Kevin Martínez
Babette Saenz
Scott Yurcic

Members Absent

Zach Cook

Staff Present

David Barton, Counsel to the Superintendent
John Franchini, Superintendent of Insurance
Jolene Gonzales, Chief Administration Officer
Lisa Reid, Director, Life and Health Division
Alan Seeley, Deputy Superintendent and Chief Actuary

Guests Present

A guest list is attached in the original minutes of this meeting.

Chairman Krahling welcomed those in attendance to the meeting. He asked guests attending to introduce themselves to the Committee. Following their introductions, Superintendent Franchini introduced staff members from the Office of the Superintendent of Insurance.

Approval of the Agenda

Upon motion made by Mr. Marks and seconded by Ms. Saenz, the agenda was approved as published by unanimous voice vote.

Approval of Minutes of the May 15, 2014 Meeting

Mr. Becker moved to approve the minutes of the May 15, 2014 meeting as presented. Mr. Kinyon seconded the motion and it passed by unanimous voice vote.

Report from the Sub-Committee on 2015 Proposed Legislation – Mr. Marks, Sub-Committee Chairman

Chair Krahling thanked Mr. Parra, Ms. Saenz and Mr. Marks for their work on the Legislative Subcommittee, whose hard work was obvious in their report.

Mr. Marks recognized John Gaherty for his public service prior to making the report. He reported that the Subcommittee met several times and began with draft legislation as their starting point. He reviewed the document to point out the changes they were recommending that started on page 5. The first change was to add “members of the insurance nominating committee” specifically to the Tort Claims Act protection.

The next change was establishing the compensation of the Superintendent on page 6 from “the legislature in an appropriations act” (which is not the way to set it) to the “Insurance Nominating Committee at the start of each term and annually thereafter.” This Committee should be the body determining the compensation for two reasons: the legislative mechanism is not workable and the legislative session doesn’t correspond to term of Superintendent. The power to compensate includes the power to command or tell the Superintendent he or she could improve.

Mr. Marks said they were keeping the higher and lower limits of compensation in the bill but needed some controls on it. The Superintendent’s responsibilities are comparable to a cabinet secretary so a comparable salary range is appropriate.

Mr. Marks said page 8 (filling vacancies) and page 9 (per diem and mileage) are housekeeping clean up items.

Line 23 is an issue with considerable debate. Legislative Council Services wanted this section struck because they thought it created ambiguity. IPRA and OMA have their own parameters and this Committee falls within that. By repeating it in our statute, it might be construed that there are other requirements. The Financial Disclosure Act is not included so LCS asked the Subcommittee to strike the whole section. The Subcommittee agreed that it didn’t make sense to include the Financial Disclosure Act but didn’t agree to strike the other references. If it was not in the law, they wouldn’t propose it but by taking it out, they felt it would send the wrong message, i.e., an attempt to exempt the Committee. So they struck “the Financial Disclosure Act” and left the rest as harmless recognition. This Subcommittee has been explicit that we want to conduct our work with transparency with IPRA and OMA.

Page 9 and top of page 10 are housekeeping deletions but page 10, line 7 is new material and self-explanatory. When staff resources are used in selection or disciplinary processes, it is their duty to not share confidential matters with others. The law requires that when people apply, it is public information so there is no issue with office staff finding out who has applied. But staff are asked to research personnel information about an applicant, it needs confidentiality.

The last change is page 10, line 20, to strike the one-year residence requirement. It opens up the job to a wider scope of applicants in order to find the most qualified candidates.

Discussion of the report:

Mr. Parra commented that section C on page 10 is the only place where he had a concern about being overly broad [spouse or child conflict of interest language]. Even if Superintendent Franchini chose to go to work in New York, he would be concerned if that work had some regulatory role.

Mr. Marks countered that such a situation might be perceived as a conflict by the public and the Superintendent needs independence. Ms. Saenz agreed.

Mr. Yurcic asked if the annual meeting to evaluate and set salaries needed to coincide with the Superintendent's report.

Mr. Marks was willing to put it in there but without much detail.

Chair Krahling said tying to the evaluation might not work because of the budget approvals needed.

Mr. Marks proposed on page 10 between lines 6 and 7 to say, "The committee shall meet at least annually." Mr. Yurcic and Chair Krahling agreed with the language.

Mr. Marks proposed taking a vote on the matter Mr. Parra brought up in paragraph C

Mr. Marks made a motion to adopt this legislation with the amendment by Mr. Yurcic on page 10 to meet at least annually.

Several public comments were made. One person, who was on the committee that drafted this legislation, said this wording with "spouse and children" is not in the original legislation but was added at the last minute. There are unintended consequences. He pointed out that Julie Franchini had a great underwriting business before marrying Superintendent Franchini and New Mexico can't lose people like that.

Another person thought this provision limits the applicant pool greatly. He could think

of 20 members in their association who have children in the business who, upon retirement, could not be considered as Superintendent because they have children in the industry. With relatives, there are so many possible conflicts. He felt the Nominating Committee needed to rely on the ethics of the candidates. Insurance is one where relatives are also in the industry. The Chief Justice's wife is a trial lawyer. The obvious solution is to make it the job of the committee members, who can hire and fire and consider potential conflicts of interest and have the power to vet these things.

Mr. Moore said when it is put in the statute it locks the Committee in. Previous superintendents have had similar relationships. The Superintendent can always recuse himself in a particular matter but cannot foresee all that might arise. He could look to the General Counsel or Actuary to deal with those that do.

He recalled regarding setting the salary that one reason Insurance came out from the PRC was a desire for an independent Commission that didn't have the same function. The insurance industry would want to be cautious about an overseeing body. The Nominating Committee was to be composed of people with a lot of interest in that area but his clients would be cautious about it being a full oversight function.

Mr. Barton confirmed that recusal is required in the Governmental Accountability Act and that would require the recusal to which Mr. Moore referred.

Mr. Marks said the reason why spouse and child are there is because that it is the degree of consanguinity in the Governmental Accountability Act.

Mr. Marks restated his motion to adopt the bill as presented with Mr. Yurcic's change. Ms. Saenz seconded the motion.

Mr. Marks moved to amend the motion to strike lines 24 to end of the draft [the spouse, child conflict]. There was no second.

Mr. Parra said he wouldn't support that amendment.

Mr. Martínez noted that the legislature felt it was important to have a person who resided here for a year. He could see that to be familiar with things in New Mexico was important. That is a revision he did not support.

Ms. Saenz recalled there were wonderful candidates who were excluded because of that.

Mr. Marks said the one year residency requirement has been in the Insurance Act for decades. Obviously the legislature felt it was beneficial. But there was one candidate last time who was the preferred candidate yet the Nominating Committee couldn't consider him because of this restriction. When it comes to ethics, there needs to be a

line in the sand that can't be crossed but with this, we are better off being able to weigh residency as a factor. Someone with a lot of regulatory experience from another state might be the best candidate. This state is not that different from others. Today, a substantial portion of the states use the NAIC computer system and there is the NAIC accreditation being imposed on all states. There is a benefit in understanding the New Mexico policies but that shouldn't be a make or break factor.

Mr. Becker agreed.

Chair Krahling reminded them this was just a proposed bill and it could be changed by the legislature. He proposed to keep the subcommittee active to deal with the details along with himself (still not a quorum) and have the Committee's indulgence to allow these four people to speak on behalf of this Committee in testimony to the legislative committees and bodies. He further proposed to put Mr. Marks in charge of it. That would permit continued dialogue with legislators and represent the Nominating Committee in a professional way.

Mr. Parra felt financial requirements were more important than the residency.

Mr. Marks asked to have a recommendation with a majority vote. He might be outvoted on the conflict of interest and agreed to support the committee's recommendation.

Chair Krahling wanted to be included in the ongoing work of the subcommittee as a courtesy since whoever introduces it probably would want him to be present. Mr. Marks agreed.

Mr. Martínez had a concern about the title and work of the Committee. As the Nominating Committee the work comes at the termination of the Superintendent. Perhaps the Committee should not get too involved in oversight or perhaps we should seek consumer input in this oversight. He asked if the title could be changed to "Insurance Nominating and Oversight Committee."

He understood Mr. Marks's point in paragraph C but felt there is still a problem with conflicts of interest.

Mr. Kinyon urged the Committee to be careful to not make changes the legislators don't like and would lead to them shooting it down.

Mr. Parra moved to amend the motion by deleting on page 10, from line 24, "nor have a spouse or child who has." Ms. Saenz seconded the motion.

The Committee had considerable discussion on the motion for and against the amendment.

The amendment motion passed on a roll call vote with Mr. Kinyon, Mr. Parra, Ms. Saenz, Mr. Yurcic and Mr. Krahling voting yes and Mr. Becker, Mr. Marks and Mr. Martínez dissenting. Mr. Becker then asked for his vote to be changed to yes. The amendment was adopted on the 6-2 roll call vote.

Mr. Martínez moved to amend the main motion by not amending Section 4, item A on page 10 to require the Superintendent to be a New Mexico resident for at least one year before appointment. Chair Krahling seconded the motion for discussion.

Mr. Kinyon clarified that with this motion, the applicant would have to be a New Mexico resident 60 days prior to the date he is to take office. So he would have to be a New Mexico citizen prior to knowing he was appointed.

Mr. Marks pointed out that residency is not defined in the statute but it has been generally interpreted that you live here with the intent to remain. We would say the preferred candidate guarantees residency and could appoint someone who has bought a home here the day before with the intent to remain. They would have to be here probably two months before July 1.

Mr. Martínez said he found a tremendous value in considering applicants from the State of New Mexico. He would agree with the legislature that it should be part of the selection process.

The motion failed 3-5 on a roll call vote with Mr. Kinyon, Mr. Martínez, and Mr. Parra voting in favor and Mr. Becker, Mr. Marks, Ms. Saenz, Mr. Yurcic and Chair Krahling dissenting.

Mr. Marks moved to approve the bill as amended. Ms. Saenz seconded the motion and the motion was approved by unanimous voice vote.

Chair Krahling asked if the Committee agreed to keep the subcommittee active with Mr. Marks to continue to serve as chair. The Committee agreed.

Mr. Kinyon appreciated everyone's input and thanked the subcommittee for their work.

Chair Krahling thanked them also.

Proposed Legislative Initiatives for 2015 from the Office of the Superintendent – John Franchini, Superintendent of Insurance

Superintendent Franchini said they needed legislation to improve the Insurance Act as they try to modernize it and simplify it for the industry and the public in order that it would be user friendly with cleaned up language. Because of the 7 model bills passed

last year for getting in step with NAIC, we have to change licensing procedures, tax collection procedures, etc. They will be uniform with other states and make it easier for companies to do business in New Mexico.

They are going to introduce an Adjuster Bill that adds more clarifications and improvements - including testing for adjusters and continuing education requirements for adjusters so they can adjust in other states and other states could adjust here if a big catastrophe should occur. He expected the adjuster bill, especially with reciprocity, to get passed.

The Title Guarantee Fund Act is to protect agents and prevent misuse of funds. It is a big burden on companies so the title guarantee fund will help protect the consumer. The title industry is all for it.

We have to add autism disorders and breast cancer benefits in health insurance policies because of ACA. Breast reconstruction will be put back in and substance abuse provisions are expanded to include addictions.

The State Based Exchange and computer system will be put in with changes to articles 11 and 12 to make it easier for licensing exams. Presently, New Mexico has 60 different types of licenses and legislation will reduce it to six types like all other states, making it easier for staff and public.

Changes in premium collection processes will simplify the process to know earnings within 30 days of the end of a quarter instead of over a year to submit the premiums for calculations.

The changes to Articles Six, Seven, Eleven and Twelve will enable NAIC reciprocity to be implemented in legislation by the end of next year. That is the legislative agenda.

Superintendent Franchini thought the clean-up bill, although 200 pages long, will pass quickly and also the adjuster bill. He thought the title bill would also pass.

There were no questions on his report.

Update on Health Plans and Rates for Enrollment for the 2015 Policy Year – John Franchini, Superintendent of Insurance

Superintendent Franchini introduced Ms. Lisa Reid as Director of the Life and Health Division. He shared her background and experience, including ten years in Medicare and Medicaid.

Superintendent Franchini announced the number of health plans have increased from two plans in 2011 to five plans now. Christus St. Vincent Hospital is the fifth. He

reviewed the spreadsheet in the packet with the Committee and noted 34,000 were enrolled last year and the goal by year end is 60,000. With the new Exchange Director Ms. Amy Dowd, he thought they would reach the goal.

Superintendent Franchini expected to be more effective this year on the supported programs. This is state driven with Idaho and New Mexico working together as state based exchanges but using the federal tools and shared costs. With the MOU from the Health Insurance Exchange, OSI has money to do things such as instantaneously looking at networks. They are working with the University of New Mexico to accomplish this task.

Mr. Yurcic asked him to comment on the non-renewals being issued by one carrier.

Superintendent Franchini said Presbyterian and Blue Cross had grandfathered plans allowed to continue because the President made a mistake in his speech. Most of them don't qualify as ACA approved plans. As Superintendent, he allowed them to go on for a year. But they don't have ACA required coverages. The ACA approved plans that replace them are more comprehensive. He made the decision to not renew those deficient plans and took the burden off of those companies. There is no medical underwriting so they could go for the best plan. They have only received one complaint on this conversion process.

OSI's Annual Report 2014 (Status of the 2014 Initiatives) – John Franchini, Superintendent of Insurance

Superintendent Franchini reviewed the organization chart on page 10 with the Committee and clarified the changes in positions and descriptions. They have had problems with SPO's salary ranges, especially for the Actuary position whose requirements must meet NAIC specifications. He pointed out also that OSI Hearing Examiners now conduct the hearings instead of PRC staff.

Superintendent Franchini said they have only been able to hire 7 people and lost 3 but had expected to hire 15. Many staff members are still incorrectly classified but providing services anyway.

Chair Krahling thanked him for his report.

Selection Process for the Next Superintendent – Chris Krahling

Chair Krahling asked to consider this at the next meeting.

Public Comment

One person asked if these documents will be on the web site. Superintendent Franchini agreed.

Time & Place of Next Meeting

After discussion of possible meeting dates, the Committee agreed to meet next on April 16, 2015.

Member Appointments

Chair Krahling said by law, terms end on June 30th. So the Committee needs to deal with a framework for continuing to move things forward. It would be preferable if the Legislature would allow the members to be reappointed. With nine more months to go that needs to be kept in mind.

He agreed to put together a list of things to do - how they were done last time and what now needed to be done about it so the Committee can be organized.

Mr. Moore asked that the Committee provide notification to the industry of the appointments as they are preparing documents. The Exchange Board had the same issue.

Mr. Marks suggested the Chair ask the Governor to renew the appointments.

Mr. Barton said the law requires the Superintendent to submit his report in December and we can put that alert in the report also.

Superintendent Franchini said five years ago Insurance was not high on the scale but today after all the legislation and appointments, the NAIC is excited to see how this is working and want to use New Mexico's format to convert the State Superintendents to be less political because they have had problems with it. They asked him to come to NAIC to speak to it. And New Mexico is appointed to be on the Federal Insurance Office Oversight Committee.

Adjourn

Having completed the agenda and with no further business to come before the Committee, the meeting was adjourned at 12:00 p.m.

9/24/14

EXHIBIT

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BILL

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52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015

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INTRODUCED BY

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DISCUSSION DRAFT

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AN ACT

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RELATING TO THE INSURANCE NOMINATING COMMITTEE; CLARIFYING
CERTAIN PROVISIONS REGARDING THE COMMITTEE AND SUPERINTENDENT
OF INSURANCE; PROVIDING THAT THE OFFICE OF SUPERINTENDENT OF
INSURANCE WILL ADMINISTRATIVELY SUPPORT THE INSURANCE
NOMINATING COMMITTEE; MAKING MEMBERS OF THE INSURANCE
NOMINATING COMMITTEE SUBJECT TO THE PROVISIONS OF THE TORT
CLAIMS ACT.

12

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

13

SECTION 1. Section 41-4-3 NMSA 1978 (being Laws 1976,
Chapter 58, Section 3, as amended) is amended to read:

14

"41-4-3. DEFINITIONS.--As used in the Tort Claims Act:

15

A. "board" means the risk management advisory
board;

16

B. "governmental entity" means the state or any

.197723.2SA

underscored material = new
[bracketed material] = delete

1 local public body as defined in Subsections C and H of this
2 section;

3 C. "local public body" means all political
4 subdivisions of the state and their agencies, instrumentalities
5 and institutions and all water and natural gas associations
6 organized pursuant to Chapter 3, Article 28 NMSA 1978;

7 D. "law enforcement officer" means a full-time
8 salaried public employee of a governmental entity, or a
9 certified part-time salaried police officer employed by a
10 governmental entity, whose principal duties under law are to
11 hold in custody any person accused of a criminal offense, to
12 maintain public order or to make arrests for crimes, or members
13 of the national guard when called to active duty by the
14 governor;

15 E. "maintenance" does not include:

16 (1) conduct involved in the issuance of a
17 permit, driver's license or other official authorization to use
18 the roads or highways of the state in a particular manner; or

19 (2) an activity or event relating to a public
20 building or public housing project that was not foreseeable;

21 F. "public employee" means an officer, employee or
22 servant of a governmental entity, excluding independent
23 contractors except for individuals defined in Paragraphs (7),
24 (8), (10), (14) and (17) of this subsection, or of a
25 corporation organized pursuant to the Educational Assistance

1 Act, the Small Business Investment Act or the Mortgage Finance
2 Authority Act or a licensed health care provider, who has no
3 medical liability insurance, providing voluntary services as
4 defined in Paragraph (16) of this subsection and including:
5 (1) elected or appointed officials;
6 (2) law enforcement officers;
7 (3) persons acting on behalf or in service of
8 a governmental entity in any official capacity, whether with or
9 without compensation;
10 (4) licensed foster parents providing care for
11 children in the custody of the human services department,
12 corrections department or department of health, but not
13 including foster parents certified by a licensed child
14 placement agency;
15 (5) members of state or local selection panels
16 established pursuant to the Adult Community Corrections Act;
17 (6) members of state or local selection panels
18 established pursuant to the Juvenile Community Corrections Act;
19 (7) licensed medical, psychological or dental
20 arts practitioners providing services to the corrections
21 department pursuant to contract;
22 (8) members of the board of directors of the
23 New Mexico medical insurance pool;
24 (9) individuals who are members of medical
25 review boards, committees or panels established by the

underscored material = new
[bracketed material] = delete

- 1 educational retirement board or the retirement board of the
- 2 public employees retirement association;
- 3 (10) licensed medical, psychological or dental
- 4 arts practitioners providing services to the children, youth
- 5 and families department pursuant to contract;
- 6 (11) members of the board of directors of the
- 7 New Mexico educational assistance foundation;
- 8 (12) members of the board of directors of the
- 9 New Mexico student loan guarantee corporation;
- 10 (13) members of the New Mexico mortgage
- 11 finance authority;
- 12 (14) volunteers, employees and board members
- 13 of court-appointed special advocate programs;
- 14 (15) members of the board of directors of the
- 15 small business investment corporation;
- 16 (16) health care providers licensed in New
- 17 Mexico who render voluntary health care services without
- 18 compensation in accordance with rules promulgated by the
- 19 secretary of health. The rules shall include requirements for
- 20 the types of locations at which the services are rendered, the
- 21 allowed scope of practice and measures to ensure quality of
- 22 care;
- 23 (17) an individual while participating in the
- 24 state's adaptive driving program and only while using a
- 25 special-use state vehicle for evaluation and training purposes

1 in that program; [and]

8 G. "scope of duty" means performing any duties that
9 a public employee is requested, required or authorized to
10 perform by the governmental entity, regardless of the time and
11 place of performance; and

15 SECTION 2. Section 59A-2-2 NMSA 1978 (being Laws 1984,
16 Chapter 127, Section 20, as amended) is amended to read:

17 "59A-2-2. SUPERINTENDENT--APPOINTMENT--TERM--
18 COMPENSATION--REMOVAL.--

19 A. The position of superintendent of insurance
20 shall be the chief officer of the office of superintendent of
21 insurance.

1 shall end on December 31, 2015. If the position of
2 superintendent becomes vacant, the successor shall serve for
3 the remainder of the term [vacated]. An incumbent
4 superintendent may apply to the insurance nominating committee
5 for appointment to additional terms.

6 D. The superintendent's annual compensation shall
7 be established by the [legislature in an appropriations act
8 and] insurance nominating committee at the start of each term
9 and annually thereafter. The superintendent's annual
10 compensation shall be no lower than that of the lowest-
11 compensated cabinet secretary and no higher than that of the
12 highest-compensated cabinet secretary.

13 E. The superintendent shall not be removed except
14 for incompetence, willful neglect of duty or malfeasance in
15 office. The insurance nominating committee may remove the
16 superintendent after [first] providing the superintendent with
17 notice and a hearing."

18 SECTION 3. Section 59A-2-2.1 NMSA 1978 (being Laws 2013,
19 Chapter 74, Section 15) is amended to read:

20 "59A-2-2.1. INSURANCE NOMINATING COMMITTEE--DUTIES--
21 ADMINISTRATIVE ATTACHMENT.--

22 A. The "insurance nominating committee" is created
23 and consists of nine members, including:

24 (1) four members who are selected by the New
25 Mexico legislative council as follows:

1 (a) two members who shall represent the
2 interests of the insurance industry;

3 (b) two members who shall represent the
4 interests of insurance consumers and who have experience
5 advocating on behalf of consumers or the public interest on
6 insurance issues. These consumer members shall not be employed
7 by or on behalf of or have a contract with an employer that is
8 regulated by the office of superintendent of insurance; and

9 (c) no more than two of the four members
10 shall be from the same political party;

11 (2) four members who are selected by the
12 governor as follows:

13 (a) two members who shall represent the
14 interests of the insurance industry;

15 (b) two members who shall represent the
16 interests of insurance consumers and who have experience
17 advocating on behalf of consumers or the public interest on
18 insurance issues. These consumer members shall not be employed
19 by or on behalf of or have a contract with an employer that is
20 regulated by the office of superintendent of insurance; and

21 (c) no more than two of the four members
22 shall be from the same political party; and

23 (3) a ninth member who shall be chair of the
24 committee and who shall be selected by a majority [vote] of the
25 other eight members; provided that the member shall:

11 B. A vacancy on the committee shall be filled by
12 the original appointing authority for the remainder of the
13 term.

14 [B-] C. A committee member shall:

15 (1) be a resident of New Mexico;

16 (2) serve a four-year term; except that a

17 member of the first committee appointed shall serve for a term

18 that ends on June 30, 2015; and

23 [etc.] D. The committee and individual members shall
24 be subject to the Governmental Conduct Act, the Inspection of
25 Public Records Act [the Financial Disclosure Act] and the Open

1 Meetings Act.

2 [D. A regular session of] E. The committee shall
3 convene [ninety days prior to the date of the initial term of
4 the superintendent and thereafter] within ninety days prior to
5 the date on which the term of a superintendent ends and shall
6 [conclude on the date that the initial superintendent or next
7 superintendent takes office. The committee shall select]
8 appoint a superintendent within sixty days of convening.

9 [E.] F. Upon the occurrence of a vacancy in the
10 superintendent position, the committee shall convene within
11 thirty days of the date of [the beginning of] the vacancy [for
12 a special session] and shall appoint a successor to fill the
13 remainder of the superintendent's term within sixty days of
14 convening.

15 [F. If a position on the committee becomes vacant
16 during a term, a successor shall be selected in the same manner
17 as the original appointment for that position and shall serve
18 for the remainder of the term of the position vacated.]

19 G. The committee shall actively solicit, accept and
20 evaluate applications from qualified individuals for the
21 position of superintendent and may require an applicant to
22 submit any information it deems relevant to the consideration
23 of the individual's application.

24 [H. The committee shall select the applicant that,
25 in the committee's judgment, is best qualified to serve as

~~superintendent.~~

I. A majority vote of all members of the committee in favor of an applicant is required for that applicant to be appointed superintendent.]

H. The committee shall appoint the superintendent by a vote of a majority of all members of the committee.

I. The committee is administratively attached to the office of superintendent of insurance. The office of superintendent of insurance shall provide staff for the committee.

J. An employee of the office of superintendent of insurance who serves as staff for the committee shall not reveal to any person, except another committee staff person, any requests or statements disclosed in confidence by a committee member."

SECTION 4. Section 59A-2-3 NMSA 1978 (being Laws 1984, Chapter 127, Section 21, as amended) is amended to read:

"59A-2-3. SUPERINTENDENT--QUALIFICATIONS AND BOND.--The superintendent shall:

A. have been be a resident of New Mexico for at least one year before at the time of appointment;

B. be bonded as provided in the Surety Bond Act;

C. not have, nor have a spouse or child who has, any direct financial interest in an insurer, insurance agency,

1 or insurance transaction except as a policyholder or a claimant
2 under a policy or as an owner of less than one percent of the
3 shares of an insurer that is a publicly traded corporation."

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underscored material = new
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Warwick, Patricia, OSI

From: Reid, Lisa, OSI
Sent: Wednesday, October 22, 2014 9:29 AM
To: Franchini, John, OSI
Cc: Warwick, Patricia, OSI
Subject: Info you asked for
Attachments: 2014 vs 2015 comparison Bernalillo and Rural.xlsx

EXHIBIT

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I have attached the spreadsheet.

NMHIX currently has about 28,000 enrollees. (Only about 500 in SHOP) It dropped off from the high of 34,000 because of non-payment of premiums and some were asked to verify residency and didn't.

160,000 uninsured New Mexicans over 138% of poverty.

Lisa

Lisa Reid
Director, Life and Health Division
NM Office of Superintendent of Insurance
505.827.4521

Region 1 - Bernalillo County

Lowest Silver Premium 2015

Plan ID	75605NM0390003	New Mexico Health Connections	Molina Healthcare of New Mexico, Inc.	Presbyterian Health Plan
Plan Name	Blue Community Silver HMO 003	Healthy Connect Silver HMO	Molina Marketplace Silver Plan	57173NM0130013 Individual Silver Plan D1 HMO
Plan Type	HMO	HMO	HMO	
Age	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums
25	\$131.41	\$134.71	\$152.66	\$178.61
40	\$167.27	\$171.48	\$194.32	\$227.36
45	\$188.99	\$193.75	\$219.56	\$256.89

CHRISTUS Health Plan	7203NM0180001
New Mexico Silver SLD	HMO
Non-Smoker Premiums	\$228.15
	\$303.14
	\$342.52

Lowest Silver Premium 2014

Plan ID	75605NM0390003	New Mexico Health Connections	Molina Healthcare of New Mexico	Presbyterian Health Plan
Plan Name	Blue Community Silver HMO 003	Care Connect HMO Silver	19722NM0010002 Molina Marketplace Silver Plan	97133NM0540003 Individual Silver Plan D1 HMO
Plan Type	HMO	HMO	HMO	HMO
Age	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums
25	\$148.10	\$171.29	\$166.80	\$173.23
40	\$188.52	\$218.04	\$212.32	\$222.13
45	\$213.01	\$246.36	\$239.90	\$250.98

Middle Bronze Premium 2015

Plan ID	75605NM0330005	New Mexico Health Connections	Molina Healthcare of New Mexico, Inc.	Presbyterian Health Plan
Plan Name	Blue PPO Bronze 006	93091NM0170003 Healthy Connect Bronze HMO	19722NM0010003 Molina Marketplace Bronze Plan	57173NM0140001 Individual Bronze Plan A HMO
Plan Type	PPO	HMO	HMO	HMO
Age	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums
25	\$165.61	\$104.17	\$128.60	\$157.65
40	\$210.80	\$132.60	\$163.70	\$200.67
45	\$238.18	\$149.82	\$184.96	\$226.74

Middle Bronze Premium 2014

Plan ID	75605NM0370005	New Mexico Health Connections	Molina Healthcare of New Mexico	Presbyterian Health Plan
Plan Name	Blue Advantage Bronze HMO 005	Care Connect HMO Bronze	19722NM0010003 Molina Marketplace Bronze Plan	57173NM0140002 Individual Bronze Plan B HMO
Plan Type	HMO	HMO	HMO	HMO
Age	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums
25	\$132.90	\$127.17	\$146.74	\$154.84
40	\$169.17	\$161.87	\$186.79	\$197.10
45	\$191.15	\$182.90	\$211.05	\$222.70

CHRISTUS Health Plan

CHRISTUS Health Plan	7203NM0040001
New Mexico Bronze SLD	HMO
Non-Smoker Premiums	\$205.33
	\$261.36
	\$295.31

Region 5 - Rural

Lowest Silver Premium 2015						CHRISTUS Health Plan
Plan ID	Health Care Service Corporation	New Mexico Health Connections	Molina Healthcare of New Mexico, Inc.	Presbyterian Health Plan		#N/A
Plan Name	75605NM0390027 Blue Community Silver HMO 003	93091NM0170002 Healthy Connect Silver HMO	19722NM0010002 Molina Marketplace Silver Plan	57173NM0130013 Individual Silver Plan D1	HMO	#N/A
Plan Type	HMO	HMO	HMO	HMO	HMO	#N/A
Age	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums
25	\$186.77	\$180.52	\$213.01	\$214.33	\$222.83	#N/A
40	\$237.74	\$229.78	\$271.15	\$272.83	\$308.26	#N/A
45	\$268.63	\$259.63	\$306.36	\$308.26	\$364.38	#N/A
Lowest Silver Premium 2014						
Plan ID	Health Care Service Corporation	New Mexico Health Connections	Molina Healthcare of New Mexico	Presbyterian Health Plan	Lovelace Health System	
Plan Name	75605NM0390003 Blue Community Silver HMO 003	93091NM0010002 Care Connect HMO Silver	19722NM0010002 Molina Marketplace Silver Plan	57173NM0130013 Individual Silver Plan D1	97132NM0540001 Lovelace Silver 1	
Plan Type	HMO	HMO	HMO	HMO	HMO	
Age	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums
25	\$205.33	\$208.81	\$227.36	\$207.87	\$253.35	#N/A
40	\$261.36	\$265.80	\$289.41	\$284.60	\$322.49	#N/A
45	\$295.31	\$300.32	\$327.00	\$298.97	\$364.38	#N/A
Middle Bronze Premium 2015						CHRISTUS Health Plan
Plan ID	Health Care Service Corporation	New Mexico Health Connections	Molina Healthcare of New Mexico, Inc.	Presbyterian Health Plan		#N/A
Plan Name	75605NM0410006 Blue HMO Network Bronze 005	93091NM0170003 Healthy Connect Bronze HMO	19722NM0010003 Molina Marketplace Bronze Plan	57173NM0140001 Individual Bronze Plan A	HMO	#N/A
Plan Type	HMO	HMO	HMO	HMO	HMO	#N/A
Age	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums
25	\$200.04	\$139.59	\$179.44	\$189.18	#N/A	#N/A
40	\$254.64	\$177.69	\$228.41	\$240.81	#N/A	#N/A
45	\$287.71	\$200.77	\$258.08	\$272.09	#N/A	#N/A
Middle Bronze Premium 2014						CHRISTUS Health Plan
Plan ID	Health Care Service Corporation	New Mexico Health Connections	Molina Healthcare of New Mexico	Presbyterian Health Plan	Lovelace Health System	
Plan Name	75605NM0330005 Blue PPO Bronze 005	93091NM0010006 Care Connect HMO Bronze	19722NM0010003 Molina Marketplace Bronze Plan	57173NM0140002 Individual Bronze Plan B	97132NM0550002 Lovelace Bronze 2	
Plan Type	PPO	HMO	HMO	HMO	HMO	
Age	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums	Non-Smoker Premiums
25	\$193.21	\$155.03	\$200.02	\$185.81	\$213.98	#N/A
40	\$245.93	\$197.33	\$254.60	\$256.52	\$272.38	#N/A
45	\$277.88	\$222.96	\$287.67	\$267.24	\$307.76	#N/A



OFFICE OF
SUPERINTENDENT OF INSURANCE

ANNUAL REPORT | 2013

John G. Franchini | Superintendent of Insurance
Office of Superintendent of Insurance
Santa Fe, NM 87504-1689

State of New Mexico
OFFICE OF
SUPERINTENDENT OF INSURANCE

December 1, 2013

**JOHN G.
FRANCHINI**
(505) 827-4299
*Superintendent
of Insurance*



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Governor Susanna Martinez
Office of the Governor
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Santa Fe, NM 87501

Representative W. Ken Martinez
Speaker of the House
490 Old Santa Fe Trail, Room 104
Santa Fe, NM 87501

Senator Mary Kay Papen
President Pro Tempore
490 Old Santa Fe Trail, Room 105
Santa Fe, NM 87501

Chris Krahling, Chair
Insurance Nominating Committee
c/o Legislative Council Service
490 Old Santa Fe Trail
Santa Fe, NM 87501

Dear Governor Martinez, Speaker Martinez, President Pro Temp Papen and Mr. Krahling:

I am pleased to present to you the first Annual Report of the Office of Superintendent of Insurance. Please do not hesitate to contact me if you have any questions regarding this report or any aspect of our operations or strategic plans.

Sincerely,

A handwritten signature in black ink, appearing to read "John G. Franchini".
John G. Franchini
Superintendent of Insurance

INTRODUCTION

The Office of Superintendent of Insurance (OSI) was created on July 1, 2013 pursuant to the passage of Constitutional Amendment 4 during the 2012 General Election and the subsequent enactment of House Bill 45 (Laws of 2013, Chapter 74) from the 1st Session of the 51st Legislature. These actions removed the insurance regulatory function from the Public Regulation Commission (where it was housed as the "Insurance Division") and placed it in a newly-created adjunct state agency entitled the "Office of Superintendent of Insurance." The enabling legislation also created an Insurance Nominating Committee to appoint the Superintendent of Insurance.

The staff and physical location of the OSI have remained essentially the same as they were while in the Insurance Division of the PRC. The incumbent Superintendent of Insurance under the PRC, John Franchini, was subsequently appointed by the Insurance Nominating Committee to retain his role as Superintendent.

In addition to executing the insurance regulatory duties imposed on him by the Insurance Code, the Superintendent is also charged with organizing and managing the OSI and directing and supervising its activities. The Superintendent is required to annually report to the Governor, the Legislature and the Insurance Nominating Committee, by no later than December 1, on the activities of the OSI during the previous fiscal year.

AGENCY MISSION

The mission of the OSI is to provide consumers with convenient access to reliable insurance products which are underwritten by dependable and financially sound companies. The OSI strives to ensure that these companies have a proven history of fair and reasonable rates and are represented by trustworthy and qualified agents. The OSI is committed to consumer protection and to the deterrence and prosecution of insurance fraud.

AGENCY VISION

As a newly-created agency, the OSI envisions revising its organizational structure to improve its functionality and to attract and retain qualified insurance regulatory professionals. The OSI also plans to replace its legacy IT system with a system promulgated by the National Association of Insurance Commissioners and used by most other state insurance departments. Lastly, the OSI plans to fully convert to paperless on-line processes for insurance agents and other licensees to obtain and renew their insurance licenses.

AGENCY DESCRIPTION

Employees and Facilities

The OSI has 96 full-time equivalent (FTE) positions authorized by the General Appropriations Act plus an additional 8 FTE authorized through federal grants. All staff are housed in the old PERA Building in Santa Fe. Eleven of the 96 FTEs are currently GOVEX positions. The OSI is in the process of converting all but four of these GOVEX positions to classified positions in order to comply with DFA directive and state practice not to have more than 4 exempt positions in executive agencies unless otherwise authorized.

Revenues

The OSI collects approximately \$200 million in annual revenues, 90% of which are from premium taxes and surtaxes levied on insurance companies that write policies in New Mexico. Most of the remaining revenues are derived from annual licensing fees levied on insurance agents, insurance carriers and other insurance licensees. Approximately 95% of collected revenues are transferred to the general fund, the fire protection fund, the law enforcement protection fund and the Carrie Tingley fund as well as used to fund the operations of the OSI.

The following OSI operations have dedicated funding or are funded from other sources:

1. Patient's Compensation Fund (PCF), which is funded by approximately \$10 million of annual surcharges levied on health care providers who obtain medical malpractice coverage from the PCF. These funds pay judgments and settlements rendered on behalf of medically injured patients as well as the PCF's operating expenses, which include the OSI's one dedicated PCF FTE as well as contracted professional services and OSI resources used in relation to the PCF.
2. Insurance Fraud Fund, which is funded by a small portion of the premium taxes levied on insurers. This fund pays for the operations of the OSI's Insurance Fraud Bureau.
3. Title Maintenance Fund, which is funded by assessments levied on title insurers. This fund pays for the OSI's Title Insurance Bureau.

In addition to the above three separate sources of funding, the OSI has been awarded over \$4 million in federal grants to implement aspects of the Affordable Care Act in New Mexico.

Revenue Processed Fiscal Years 2010 - 2013

	FY 13	FY 12	FY 11	FY 10
	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>
Licenses, Renewals & Appointments	\$19,178,370.50	\$19,112,366.71	\$16,758,130.50	\$16,243,529.85
Premium Taxes	\$141,387,833.53	\$158,244,626.84	\$169,341,739.67	\$175,777,003.78
Fines & Penalties	\$843,126.59	\$958,488.66	\$231,044.54	\$310,673.68
Surplus Line Taxes	\$2,689,433.16	\$2,757,858.76	\$2,704,626.30	\$2,445,902.27
Insurance Premium Surtax	\$30,445,982.31	\$32,686,568.82	\$36,049,652.90	\$36,876,183.34
Assessments	\$2,142,551.11	\$1,682,720.43	\$810,861.95	\$1,365,835.97
Patient's Compensation Fund	\$11,134,060.45	\$12,188,092.37	\$10,855,690.27	\$12,733,122.99
Continuing Education	\$97,167.00	\$98,563.60	\$106,418.10	\$107,803.40
Deductions	(\$634,670.34)	(\$499,326.16)	(\$3,038,003.51)	(\$3,528,756.34)
Miscellaneous	<u>\$3,780.15</u>	<u>\$55,113.67</u>	<u>\$23,389.38</u>	<u>\$55,316.32</u>
Grand Total:	\$207,287,634.46	\$227,285,073.70	\$233,843,550.10	\$242,386,615.26

Organizational Units

Company Licensing

The Company Licensing Bureau licenses insurance companies and other risk-bearing insurance entities. Pursuant to this, the bureau receives, reviews and renders determinations on applications from insurance companies that want to enter the New Mexico insurance market. The bureau oversees almost \$500 million in insurance company deposits held with Century Bank and the State Treasurer's Office for the protection of New Mexico policyholders. The bureau also reviews and processes documentation submitted by insurance companies for acquisitions, re-domestications, mergers and name changes. Lastly, the bureau is responsible for the collection of premium taxes and policy filings from surplus lines brokers.

- Active insurance companies and insurance related companies: 1,477
- Total Securities Held with Custodial Bank: \$448,802,000
- Total Surety Bonds Held with State Treasurer: \$18,440,000

Producer (Agent) Licensing

The Agent Licensing Bureau licenses approximately 100,000 insurance professionals, as well as non-risk-bearing insurance entities. This includes insurance agents, agencies, brokers, adjusters, third party administrators, consultants, bail bondsmen, solicitors and motor clubs ,as well as limited license insurance vendors such as cell phone sales agents and travel agents. To protect consumers, the bureau determines the qualifications and eligibility of applicants; approves pre-licensing and continuing education courses; tracks continuing education credits; and processes license applications, renewals and the appointment of agents by insurance companies.

- Total Active Licenses in New Mexico: 118,327
- Number of Company Appointments: 150,144
- Number of Appointment Cancellations: 135,526
- Number of Continuing Education Transactions: 4,906
- Number of Renewals: 590,519
- Number of Business Entity Licenses Issued: 1,407
- Number of Producer Licenses Issued: 28,021
- Number of Affiliation Transactions: 14,188

Examinations

The Examinations Bureau reviews all insurance company financial statements filed with the OSI. The bureau also conducts periodic financial and market conduct examinations, as well as ad hoc specialized examinations, of insurance companies. The Chief Examiner coordinates an internal solvency review team, consisting of financial analysts and actuaries, to review annual and quarterly financial statements filed by insurance companies domiciled in New Mexico and elsewhere and to plan examination activity.

- There are 23 are domestic insurance companies that receive periodic examinations. These exams are conducted every 5 years except in the case of Health Maintenance Organizations (HMO) which are examined every 3 years. A domestic insurance company is a company is incorporated in New Mexico.
- These same domestic company's financial filings and supplemental filings are analyzed and reviewed by Certified Analysts and then by a Certified Supervisor at each of the 3 quarters of the year and at yearend.
- Number of Examinations Completed and Adopted: 9

Life & Health Product Filings

The Life & Health Product Filing Bureau reviews and renders determinations on the rates and coverage provisions filed by insurance companies for products pertaining to health, life, annuities, long-term care, Medicare supplement and credit life and disability. The bureau approves or disapproves such filings where required, based on their compliance with insurance statutes, regulations and bulletins and based on OSI policies and procedures. As a member of the Interstate Insurance Compact, New Mexico participates in multi-state reviews of many life and annuity product filings.

- Total Types of Insurance Filed: 3,451 (Life 1,215; Health 869; Annuity 465; Medicare Supplement 445; Long Term Care 400; Other 57)

Property/Casualty Product Filings

The Property/Casualty Product Filing Bureau reviews and renders determinations on the rates and coverage provisions filed by insurance companies for products pertaining to automobile, homeowners, workers' compensation, medical malpractice and assorted other products. The bureau approves or disapproves such filings where required, based on their compliance with insurance statutes, regulations and bulletins and with OSI policies and procedures.

Consumer Assistance

The Consumer Assistance Bureau receives, processes, tracks and resolves complaints and inquiries from consumers about insurance rates and handles claims for all insurance products, other than those involving managed health care. The bureau alerts the Investigations Bureau of situations where a complaint reveals a potential violation of insurance statutes and regulations by an insurance company or other insurance licensee.

- Life and Health Complaints: 129; Property and Casualty: 397; Other: 36

Managed Health Care

The Managed Health Care Bureau administers and enforces New Mexico's Patient Protection Act and related regulations. The bureau handles complaints and inquiries from managed health care consumers and conducts over 100 outreach presentations throughout the state to inform consumers and health care providers of their rights under the Patient Protection Act. The bureau reviews external grievance appeals, proposes rule amendments and also takes appropriate enforcement actions where merited.

Investigations

The Investigations Bureau investigates concerns arising from consumer complaints and other sources to determine whether a licensed insurance company or agent has violated insurance statutes or regulations and takes appropriate enforcement actions where merited.

- Number of Investigations: 108

Insurance Fraud

The Insurance Fraud Bureau investigates and prosecutes through state district courts insurance fraud committed by insurance policyholders and applicants, medical providers, third party claimants and other perpetrators of white-collar insurance crimes. The bureau collaborates with state, local and federal law enforcement and regulatory agencies in these efforts.

Title Insurance

The Title Insurance Bureau regulates title insurance through rate-making and rule-making hearings and through periodic on-site inspections of the more than 100 title plants that exist throughout the state. The bureau investigates allegations of escrow theft and other infractions by title agents and insurers and coordinates with the Investigation and Fraud Bureaus for appropriate enforcement actions.

Workers' Compensation

The Workers' Compensation Bureau monitors the New Mexico Workers' Compensation Assigned Risk Pool, handles complaints by employers regarding their workers' compensation class code assignments and premiums, oversees the Safety Bonus Program, and represents the OSI in other matters relating to Workers' Compensation coverage written through insurance companies.

- Formal Complaints: 20; Workers' Compensation Inquiries: 239; Appeal Board Hearings: 6

Financial Audit

The Financial Audit Bureau is responsible for processing, auditing and collecting premium tax filings and revenue for all insurers (approximately 1,600) who write insurance premiums in the State of New Mexico including life, health, property, casualty, vehicle and bail bonding companies.

Affordable Care Act Programs

The OSI has received grants under the Affordable Care Act to help OSI enhance its health rate review process and to assist consumers with understanding their health care options. These grants have allowed the OSI to hire additional staff and actuarial consultants and to develop the www.nmhealthratereview.com website that provides consumers with information and feedback opportunities on health rate filings.

Patient's Compensation Fund

While its primary function is the regulation of insurance, the OSI also administers the Patient's Compensation Fund (PCF), which is a medical malpractice insurance risk-assuming function mandated by the Medical Malpractice Act. The day-to-day functions of the PCF are currently handled by one dedicated FTE, one contracted claim settlement expert and the part-time involvement of the Property/Casualty Actuary and the General Counsel. As part of its proposed reorganization, the OSI envisions creating the position of PCF Director in order to put this important function on a more stable and dedicated footing.

INITIATIVES

As mentioned in its Vision Statement, the OSI currently has the following broad initiatives:

Initiative 1: Revise the organizational structure inherited from the PRC's Insurance Division to improve OSI's functional and managerial structure.

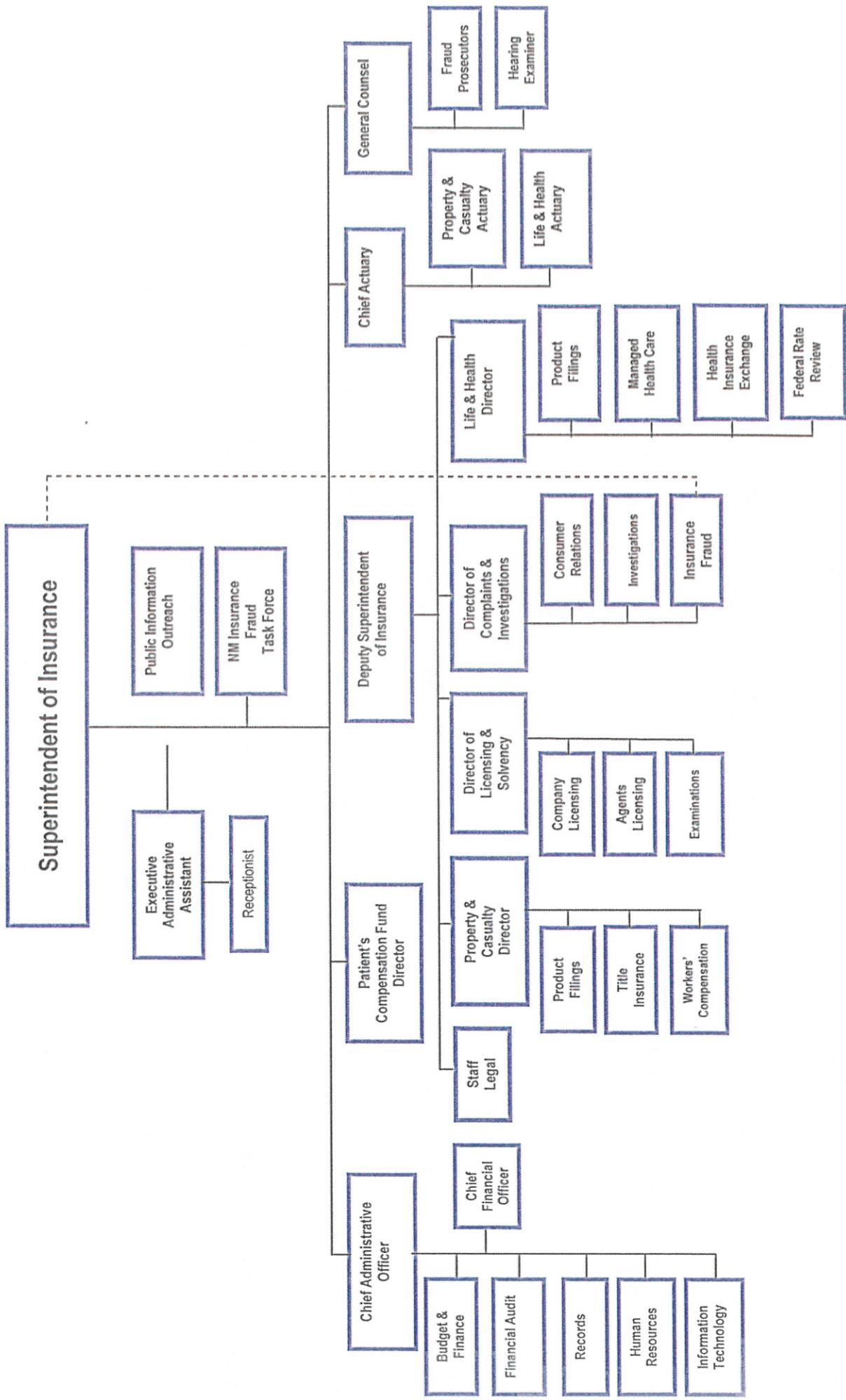
The OSI's proposed organizational chart is displayed on the next page.

Initiative 2: Replace the Agency's dysfunctional legacy system (IDEAL) with the fully functional system promulgated by the National Association of Insurance Commissioners (SBS).

Initiative 3: Fully implement on-line application and renewal of licenses for insurance agents and other individual and small business licensees.

Office of Superintendent of Insurance (OSI)

Organizational Chart



Performance Measures

#	Measure Type	FY14/FY15 Actual/Request						
			FY11 Actual	FY12 Actual	FY13 Actual	FY14 Request	FY14 Target	FY15 Target
1 Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training.		33.00%	48.00%	62.96%	75.00%	75.00%	75.00%
2 Outcome	Percent of favorable evaluations from managed healthcare outreach presentation attendees.		100.00%	100.00%	0.00%	95.00%	100.00%	Disconfirmed
3 Output	Percent of internal and external insurance related grievances closed within one hundred eighty days of filing.		100.00%	98.00%	94.72%	95.00%	99.00%	99.00%
4 Output	Percent of producer applications, appointments and renewals processed within ten business days.		95.00%	98.00%	100.00%	98.00%	99.00%	99.00%
5 Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent.		100.00%	100.00%	43.5%	100.00%	100.00%	Disconfirmed
6 Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when their surplus is less than the minimum.		100.00%	100.00%	0.00%	100.00%	100.00%	Disconfirmed
7 Output	Percent of domestic company examination reports adopted within eighteen months of the examination period.		100.00%	100.00%	90.00%	100.00%	100.00%	100.00%
8 Output	Percent of form and rate filings processed within ninety days.		100.00%	100.00%	98.9%	100.00%	100.00%	Disconfirmed
9 Output	Number of managed healthcare outreach presentations conducted annually.	112	112	101.00	100	112	Changed Below #14	
10 Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days.	81.50%	81.50%	64.13%	88.00%	88.00%	88.00%	
11 Output	Percent of insurance division interventions conducted with domestic insurance companies when risk-based capital is less than two hundred percent.	NA	NA	NA	NA	NA	100.00%	
12 Output	Percent of form and rate filings processed within ninety days within the Life & Health Bureau.	NA	NA	NA	NA	NA	95.00%	
13 Output	Percent of form and rate filings processed within ninety days within the Property & Casualty Bureau.	NA	NA	NA	NA	NA	90.00%	
14 Output	Number of managed healthcare outreach activities conducted annually.	NA	NA	NA	NA	NA	112	

FEDERALLY SUPPORTED PROGRAMS

The Office of Superintendent of Insurance is the recipient of federal grants to support health insurance consumer assistance programs (HICAP) and effective health insurance rate review.

The HICAP program provides for a Health Insurance Ombudsman and subcontractors to respond to inquiries from New Mexicans who either need assistance finding insurance that will cover them or their families, or who need information about how the Affordable Care Act (ACA) has changed what their insurers must provide. Specific complaints are referred to other areas of NM OSI.

By far the larger federally funded program is for effective rate review. Under this program, NM OSI plays a key role in the implementation of ACA in New Mexico:

- In addition to its own statutory role under New Mexico law, NM OSI serves as the primary health insurance rate reviewer implementing federal rate review regulations, e.g., heightened scrutiny for requests above 10%.
- NM OSI provides an opportunity for New Mexicans to become aware of and comment on proposed rate increases and rates for new Health plans via both a website, <http://www.nmhealthratereview.com>, and extensive public outreach conducted both in-person at health fairs throughout the state and radio advertising. The website also implements the requirements of SB 208 for heightened public information about rate requests.
- NM OSI led the creation of an Essential Health Benefits benchmark for New Mexico.
- Guidelines for submission of both qualified health plans (QHPs) and dental plans meeting ACA requirements for 2014 and submission and review processes for QHPs were developed and implemented for the first time. It is notable that much of this effort had to be carried out prior to the passage of the statute creating the NMHIX and thus required substantial flexibility and initiative.
- Through a memorandum of understanding (MOU) with the New Mexico Health Insurance Exchange (NMHIX), NMHIX serves as the body carrying out all regulatory and quasi-regulatory activity involving the health insurance exchange.
- NM OSI also developed the processes to certify healthcare guides needed under the ACA to provide information about new health insurance options to New Mexicans. Criminal background checks are part of NM OSI's process for certification, in addition to confirming successful completion of training.

New Mexico Speed to Market Profile

State Status of Initiatives¹ Implementation

Initiative	P&C	Life	Health	Comments
PCM	C	C	C	Complete
UTD	C	C	C	Complete
Std Filing Types	C	C	C	Complete
EFT	N/A	C	C	Complete
No Additional Reqmts/Limitations	C	C	C	Complete
Filing Turnaround (Days)**	16.02	22.76	28.50	Goal Achieved
IIPRC	C			Complete

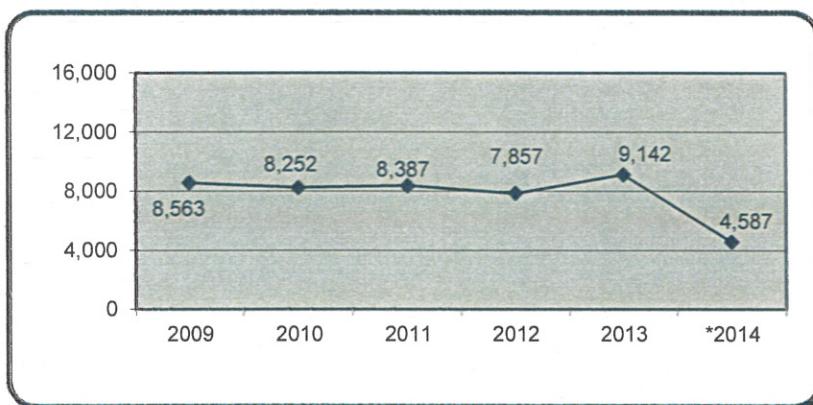
C=Complete; I=Incomplete

** QHP submissions are not included in Health turnaround results.

Total QHP Submissions for plan year 2015: 294



SERFF Filing Experience 2009-2014**



*2014 = YTD 6/30/14

**2014 filing experience is based on transactions.

¹ The NAIC Membership's Speed to Market objectives for 2014 include completed implementation of initiatives as defined below:

Initiative:	Success is measured by:
Uniform Product Coding Matrices (PCM):	Completed implementation of the PCM in SERFF.
Uniform Transmittal Documents (UTD):	Implementation of the UTD in SERFF using the fields in SERFF provided for the UTD information. In addition, there must be no separate state transmittal requirement or a requirement that the NAIC UTD be attached separately.
Standardized Filing Types:	Having completed implementation of all standardized filing types applicable to the state in SERFF. For example, using 'Form/Rate' rather than 'Form & Rate'.
Electronic Funds Transfer (EFT):	Having completed implementation of EFT if the state requires filing fees be paid in advance of reviewing/approving the filing.
Elimination of requirements/limitations that inhibit filing via SERFF:	Not having any additional filing requirements or limitations, such as separate paper or fee submissions if filing via SERFF or page limitations preventing filing via SERFF.
Filing Turnaround:	Achieving filing turnaround in 40 days or less in SERFF. Turnaround calculated from submission date to disposition date.
Interstate Insurance Product Regulation Commission	Having adopted Compact legislation in the state.