Bulletin 2017-005
May 10, 2017

TO: ALL INSURANCE CARRIERS OFFERING OR SEEKING TO OFFER MEDICAL STOP LOSS COVERAGE

RE: STOP LOSS FILING REQUIREMENTS

THE FOLLOWING Bulletin is issued pursuant to NMSA 1978 Sections 59A-2-8, 59A-7-3, and 59A-7-6 and Sections 13.1.2.1 to 13.1.2.10 NMAC.

This Bulletin is issued in response to inquiries regarding the future regulation of stop loss insurance that have been received from various representatives of the industry directed to the Office of Superintendent of Insurance ("OSI" or "the Superintendent").

As a result of legislation passed during the regular 2017 legislative session stop loss insurance will, as of July 1, 2017, be defined and regulated exclusively as a casualty product and not as a health product. See NMSA 59A-7-6(A).

Health insurers and health maintenance organizations that are authorized to transact accident and health insurance, as well as casualty insurance carriers, can continue to issue stop loss coverage in this state. See NMSA 59A-7-3(B), as amended and effective July 1, 2017. However, for coverage offered with an effective date on or after July 1, 2017, the requisite forms must have first been filed through the Property/Casualty System for Electronic Rate and Form Filing (SERFF) using TOI #17.0025. Unlike forms filed through Life/Health SERFF, forms filed through Property/Casualty SERFF do not require approval of rates and are submitted on a file-and-use basis. Rates for stop loss coverage do not need to be filed.

Prior to adoption of this legislation, the Superintendent had convened a Stop Loss Working Group to propose regulatory requirements for stop loss insurance. Proposals from that working group include the following two requirements:

1. The aggregate attachment point must be equal to 110% or more of the underlying self-funded plan’s expected claims; and
2. Any individual or specific attachment point must equal or exceed $10,000.

Due to time constraints, OSI will not be able to promulgate new stop loss regulations prior to the July 1, 2017 effective date of the statutory amendment. However, carriers that submit stop loss forms should anticipate the likelihood that the Superintendent will propose regulations that adopt the two working group recommendations described above. Carriers may wish to accommodate these conditions in order to avoid the necessity of refiling the forms following the expected promulgation of such regulations in the near future.

The Superintendent also anticipates that casualty producers and accident and health producers transacting stop loss coverage will be required to complete an initial 10 hours of continuing education courses with a focus on stop loss. Details of these continuing education requirements will also be promulgated by regulation in the near future.

Any person aggrieved by a bulletin may request a hearing before the Superintendent in accordance with NMSA 1978 Section 59A-4-15.

If you have additional questions regarding this Bulletin, please contact Ashley Hernandez, Property & Casualty Rate, Rule and Form Filings Bureau, Office of Superintendent of Insurance, at 505-827-4593 or ashley.hernandez@state.nm.us.

DONE and ORDERED this 10th day of May 2017.

[Signature]

JOHN G. FRANCHINI
Superintendent of Insurance