

Health Care Affordability Fund

Making Health Insurance

More Affordable for Small Businesses

Office of Superintendent of Insurance

September 8



OSI Representatives



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Agenda

- **OSI Presentation**
 - The Health Care Affordability Fund
 - Which small businesses could qualify for reduced costs?
 - Ideas considered by OSI
 - Wakely Presentation on Reinsurance
 - Timeline
 - Updates on OSI's work
- **Group Discussion**
 - Q&A
 - Open discussion
- **Next Steps**
 - Follow-up meetings
 - Proposed program parameters
 - Gathering feedback

The Health Care Affordability Fund

- To address issues of affordability, uninsurance and underinsurance, the New Mexico State Legislature passed SB 317.
- Governor Michelle Lujan Grisham signed the bill in April.
- SB 317 includes the creation of the Health Care Affordability Fund.



The Health Care Affordability Fund

- The law permits the Fund to be used to reduce health insurance costs for businesses that:
 - Have fewer than 50 employees and
 - Purchase health insurance in the fully-insured small group market
- The law also provides funding for those who purchase coverage in the individual market through the New Mexico Health Insurance Exchange, which may help self-employed entrepreneurs and small business owners who do not offer health insurance.

Fully-insured vs Self-insured

- “Fully-insured” coverage is a health plan that you pay a premium to obtain. Insurers assume the risk. These plans are regulated by OSI.
- “Self-insured” coverage is when a business contracts with a third party administrator to handle medical claims and perform administrative functions, but the business itself assumes the risk of covering employee’s medical claims. These arrangements are regulated at the federal level and are not included in the Health Care Affordability Fund.

Ideas Considered by OSI

- **A premium assistance program for small businesses and their employees**
 - Administratively complex
 - Relies on individuals/businesses enrolling in the program
- **Tax relief for small businesses who offer coverage for employees**
 - Requires changes that could result in loss of significant federal funding
 - Adds more complexity to an already complex tax system
- **Reinsurance**
 - Directly lowers costs across the market
 - Easy to administer and doesn't require extra red tape for businesses
 - Proven track record

wakely

Small Business Reinsurance Timeline - 2021



➤ **What has OSI done so far?**

- Contracted with experts to help with cost analysis
- Requested the data needed to analyze options
- Begun stakeholder sessions

➤ **What does OSI still need to do?**

- Gather all stakeholder input
- Incorporate feedback
- Secure appropriation from Legislature
- Establish plans to administer the program

We want to
hear from you.



- Comments
- Questions
- Open discussion

What are your top priorities when it comes to covering your employees?



What do you see as the biggest barriers small businesses face when it comes to purchasing health coverage?



What did we miss?



If you have
more feedback,
email us.



osi-comments.hcaf@state.nm.us

Next Steps

- OSI will hold follow-up meetings in the coming months.
- OSI will release preliminary information about the program parameters in the coming weeks. We encourage everyone to submit feedback to osi-comments.hcaf@state.nm.us