

OUTSIDE the Beltway

Written by Dave Kirby

Self-Insurance Industry Provided Stop-Loss Forum in New Mexico

New Mexico, the self-described “Land of Enchantment,” has also become a land of education about stop-loss insurance. In short order, state legislation has improved the position of stop-loss and the Office of the Superintendent of Insurance (OSI) has included SIIA and other members of the self-insurance industry in the future legislative and regulatory process.

“While New Mexico is not a huge self-insurance market in itself, improvements there can help our industry gain momentum in our national, state-by-state campaign to protect and promote self-insurance,” noted **Adam Brackemyre**, SIIA vice president of state government relations.

SIIA supported New Mexico legislation (SB 108) which eliminated stop-loss from being defined as a form of health insurance. “This went to our core government relations value,” Brackemyre said. “In addition to being found wrong by many state and federal courts, that definition has justified applying ordinary health insurance loss ratios to stop-loss policies.”

In a letter supporting SB 108, Brackemyre wrote, “Approximately 60 percent of New Mexico employees with private health

insurance are covered by a self-insured health plan, with many of these plan sponsors purchasing stop-loss insurance to protect against expensive medical claims. We view Senate Bill 108 as a critical first step in preserving health plans sponsors’ access to stop-loss insurance.”

Longer term, the OSI has sought a rational method to develop stop-loss rules that could be legislated next year. It has formed the New Mexico Stop-Loss Task Force, a body representing some 30 carriers and employer or industry associations

from throughout the U.S.

SIIA is represented on the Task Force by Brackemyre, New Mexico lobbyist **John Underwood** and **Catherine Bresler**, vice president of government relations for The Trustmark Companies of Lake Forest, Illinois.

“The OSI has responded to the self-insurance industry in a way that is both transparent and inclusive,” Brackemyre said. “While the Task Force process is still finding its way, members seem to appreciate the forum that has been provided to hear their concerns.”

The initial effort of the Task



Force was to identify the current state of stop-loss in New Mexico through a survey that has been circulated to all the state's stop-loss carriers. "Getting good data about the state's stop-loss market should help us," Brackemyre said. "The Superintendent suggested an attachment point of \$100,000 at one point and those of us in the room said very respectfully, 'you're going to hit a lot of health plans if you do that.'"

A "real world" view of self-insurance and stop-loss is provided by Task Force members who are closest to the New Mexico employer community.

Task Force member **Anne Sperling**, president of a local brokerage firm, Vanguard Resources, Inc. of Santa Fe who earlier was instrumental in forming the New Mexico Health Insurance Alliance, said the OSI has moved off of a 2015 position that stop-loss policies should comply with the federal ACA, to its more consultative approach of the present.

"Self-insurance is increasingly important to our state's small businesses as the fully-insured health insurance industry became more rigidly commoditized," she said.

"My clients appreciate the opportunity to be more creative and have more control over their health plans through level funding with stop-loss coverage."

"The OSI has seemed nervous about smaller groups that may not have sufficient understanding of the costs and obligations of self-insurance and that's a valid point," she said. "I have raised the idea of establishing a certification program for carriers and brokers that could serve as an enforcement tool more effectively than rigid legislated standards.

"Many smaller employers here do not have HR departments so the burden for their education and communications with their employees should be picked up by our brokerage industry in cooperation with the regulator," she said.

Brackemyre noted that the OSI has indicated that discussions within the Stop-Loss Task Force are planned to contribute to a 2017 legislative bill that would establish future stop-loss regulation. ■

SIIA members who wish to join the state government relations team are invited to contact Adam Brackemyre at the Washington, DC, office (202) 463-8161 or abrackemyre@siaa.org.

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