



Office of the Governor

**MICHELLE LUJAN GRISHAM**

## **New Mexico's Small Business Health Insurance Premium Relief Initiative**

### **FAQ for Small Businesses**

Updated May 31, 2022

#### **1. What is the Small Business Health Insurance Premium Relief Initiative?**

Small businesses are the backbone of New Mexico's economy. To help small businesses and their employees with health insurance costs, the New Mexico State Legislature passed, and Governor Michelle Lujan Grisham signed a new law that provides funding to the New Mexico Office of Superintendent of Insurance (OSI) to reduce health insurance premiums for small businesses that purchase coverage in the small group market. The Small Business Health Insurance Premium Relief Initiative (also called "the initiative") is the program established by OSI to achieve this goal.

#### **2. Which types of plans qualify for premium relief?**

The premium relief provided by the initiative will be available for ACA-compliant small group medical plans. It does not apply to supplemental plans such as vision or dental plans.

#### **3. What does "small group health insurance" mean?**

Small group health insurance is available to businesses with 50 or fewer full-time equivalent employees.

#### **4. When does the initiative start?**

The initiative will begin on July 1. Some health plans will offer the premium relief as a direct discount that will begin in July. Others will offer a credit for July coverage when they bill a small business for either July or August coverage.

#### **5. How much will premiums go down?**

The initiative will reduce premiums by 10% for all eligible plans during 2022.

#### **6. Do businesses need to take any action to receive the discount/credit?**

No. The reduction will be automatically applied.

#### **7. Will the initiative continue in 2023?**

Yes. A new program year will begin in 2023. Insurers will communicate any changes to small businesses in advance.

## **8. Will the premium reduction percentage ever change?**

The initiative is subject to legislative appropriation. If funding amounts change, OSI may adjust the premium reduction percentage based on available funding. OSI intends to only make changes during the month of January in any given year. Guidance for the 2023 program year will be posted by October 1, 2022. OSI will require insurers to communicate any changes to small businesses in advance.

## **9. If my business renews coverage any month other than January, how will changes to the initiative affect me?**

If you purchase coverage any time other than January and the premium reduction percentage changes due to limited funding, you may experience a change in premium the January following the month that you purchased or renewed coverage. This is because OSI only intends to make changes to the premium reduction percentage in January. Business owners should take this into account if they purchase coverage any month other than January. Please note that the premium reduction percentage will not always change in January and OSI will strive for consistency and predictability when requesting budgets from the legislature.

Example 1: Walt's Car Wash renews coverage in October and the un-discounted monthly premium is \$10,000. The initiative lowers the premium by 10%, which means Walt pays \$9,000, saving \$1,000. Because funding is available, the legislature decides to approve funding for a 12% discount in the new year. Starting in January, Walt's premium will be \$8,800, saving \$1,200 per month, which is \$200 in additional savings.

Example 2: Walt's Car Wash renews coverage in October and the un-discounted monthly premium is \$10,000. The initiative lowers the premium by 10%, which means Walt pays \$9,000, saving \$1,000. Because of a funding shortfall, the legislature can only fund a 9.5% discount in the new year. Starting in January, Walt's premium will be \$9,050, saving \$950 per month, which is \$50 less savings than when coverage was purchased in October.

## **10. Do self-funded plans qualify for the premium reduction?**

No. Only fully-insured plans qualify for the premium reduction.

## **11. Do I have to purchase a plan on beWellnm to qualify for the reduction?**

No. You can purchase coverage on beWellnm or directly from an insurer.

## **12. I am a small business owner with 80 employees. Do I qualify for the reduction?**

No. In New Mexico, for the purposes of health insurance, a small business is defined as a business with 50 or fewer employees or full-time equivalent employees.

## **13. I care about my employees having coverage, but I am not able to offer coverage at this time. Are there other options for my employees?**

Yes. Starting in 2023, OSI will provide additional premium and out-of-pocket cost support for lower-and-middle-income New Mexicans on beWellnm's health insurance marketplace for

individual and family coverage. You should talk to a health insurance professional about your options. Visit <https://www.bewellnm.com/we-can-help/find-help-near-you/> to find free local help.

**14. I have employees work in other states. Will the reduction apply to their coverage?**

The initiative will only apply a premium reduction to plans regulated and approved by OSI. If the coverage you offer to out-of-state employees is regulated by their state of residence, the initiative will not apply to their coverage.

**15. Will individuals covered under COBRA be covered under group coverage where the premium reduction is applied until their coverage expires with the group?**

Yes.

**16. Can the reduction come in the form of a refund check?**

OSI's guidance for 2022 only allows the reduction to be applied on the invoice. Businesses and carriers are encouraged to submit comments on OSI's rules if other methods are preferred in the future.

**17. Who should business owners contact if they have questions about the initiative?**

Business owners should first contact their insurance company with any questions about the discount/credit. If they need additional information, they may also contact OSI by calling (505) 490-3178 or emailing [Colin.Baillio@state.nm.us](mailto:Colin.Baillio@state.nm.us).