

**MINUTES
of the
SEVENTH MEETING
of the
INSURANCE NOMINATING COMMITTEE**

**January 9, 2014
Room 321, State Capitol
Santa Fe, New Mexico**

The Insurance Nominating Committee was called to order by Chairman Chris Krahling on January 9, 2014 at approximately 9:30 a.m. in Room 321 of the State Capitol.

Present

Chris Krahling, Chair
Norman Becker
Rep. Zachary J. Cook
Jason Marks
Kevin Martinez
Gabriel Parra
Babette Saenz
Scott Yurcic

Absent

Bill Kinyon

Staff

John Yaeger, Assistant Director for Legislative Affairs, Legislative Council Service
Mark Reynolds, Director, Civil Division, Attorney General's Office

Guests

A guest list is attached to the original of these minutes.

Thursday, January 9

Upon a motion made and approved without objection, the agenda was approved.

Upon a motion made and approved without objection, the minutes of the October 10, 2013 meeting were approved as submitted.

Review of the 2013 Annual Report of the Office of Superintendent of Insurance (OSI)

Superintendent of Insurance John Franchini noted that the office's annual report had been provided to the governor, the legislature and the committee. He noted that the OSI is still a very new department that is experiencing growing pains, especially in the areas of human resources and financial operations. The OSI has contracted with the State Personnel Office to serve as the OSI's human resources administrator. Jolene Gonzales, chief administrative officer of the OSI, told the committee that the OSI is authorized to have 96 employees (FTE) and that 70 of those positions are currently filled. She noted that some of the unfilled positions need to be

reclassified before the openings could be posted and filled. In response to a question from Mr. Marks, Ms. Gonzales said that the OSI hopes to have 83 positions filled by the time the committee next meets.

Committee members expressed their pleasure with the work done to date by the OSI and with its report.

Mr. Becker asked the OSI to include baseline measurements, current data and goals for turnover ratio, posting-to-hire times, hard-to-fill positions and similar information in future reports to the committee.

Mr. Parra asked the OSI to include information on its plans for the coming year and areas of concern in future reports.

Mr. Marks asked that information about rulemaking activity, managed care, title insurance hearings and rate changes be provided to the committee. Mr. Marks, referring to the organizational chart in the annual report, raised the issue of the independence of the general counsel, who may be called upon to advise the superintendent on a civil matter involving a person or entity that is the subject of an Insurance Fraud Bureau case because the general counsel supervises the attorneys who prosecute those cases. Mr. Krahling expressed a similar concern, and, following a discussion between Mr. Marks and David Barton, general counsel, Mr. Krahling, in the interest of time, suggested that Mr. Marks discuss the issue with the appropriate parties after the meeting.

Review and Update of the Federally Supported Health Insurance Programs and the Patient Protection and Affordable Care Act (per the Addendum to the 2013 Report), Status of the New Mexico Health Insurance Exchange and Other Health Insurance-Related Issues

Superintendent Franchini introduced Aaron Ezekiel, director of Patient Protection and Affordable Care Act implementation projects, who reported to the committee that there have been about 8,000 individual enrollments through the New Mexico Health Insurance Exchange. He noted that the OSI is exploring the possibility of using geographic information systems to better map where health care providers are located, which would benefit the public as well as policymakers.

Superintendent Franchini noted that one measure of success was a doubling, from two to four, in the number of insurance carriers offering individual health plans in New Mexico.

Mr. Krahling questioned the superintendent and Mr. Ezekiel regarding the OSI's responsibility to oversee health insurance rate review regulations, specifically providing heightened scrutiny for rate requests greater than 10 percent and to provide an opportunity for New Mexicans to become aware of and comment on proposed rate increases and rates for new health plans. The superintendent assured the committee that the OSI had procedures in place to provide such a rate review and to inform the public of all pending rate filings.

2014 Initiatives per the 2013 Report

Superintendent Franchini introduced John Gaherty, compliance director, OSI, and Lorinda Martinez of the Agents Licensing Bureau, OSI, who reported that the OSI is working on a better organizational structure to better respond to consumer complaints and concerns; an improved one-stop shop for agents; and information technology upgrades.

The committee noted that progress on those initiatives would be a good foundation for discussions at future meetings.

2014 Legislative Agenda

Superintendent Franchini introduced Alan Seeley, chief actuary and acting deputy superintendent, who reported that the OSI's top legislative priority is passage of a model act proposed by the National Association of Insurance Commissioners, which was introduced in 2013 as Senate Bill 7. Mr. Seeley reported that the OSI would face accreditation issues if the legislation does not pass.

Unfinished Business

Mr. Krahling asked the superintendent if he and his general counsel are actively working with Mr. Yaeger to identify an acceptable process by which the Insurance Nominating Committee could be administratively attached to the OSI. Mr. Barton responded that this issue is still a work in progress, that he understood the desire of the committee and that he would make it a priority to resolve.

The committee set its next meeting for April 17 in Santa Fe.

There being no further business, the committee adjourned at approximately 11:50 a.m.