



October 30, 2009

Dear Policyholder:

**This is an important announcement that concerns:**

- **Your rates January 1, 2010 – June 30, 2010**
- **Low Income Premium Program**
- **Deductible Changes for January 1, 2010**
- **Medicare Carve-Out Plan**

The Pool is a nonprofit program established by the New Mexico Legislature in 1987. The purpose of the Pool is to offer health care coverage to individuals who are unable to purchase comprehensive coverage in the private market and are ineligible for assistance through public or government sources. Most individuals covered by the Pool have a "high-risk" condition.

**Rates**

The New Mexico Medical Insurance Pool (Pool) premium rates will increase effective **January 1, 2010**. The new rates are enclosed and will be in effect from January 1, 2010 through June 30, 2010. The *aggregate* rate increase for all Pool policyholders is about 9%. Your individual renewal rate could be slightly more or less than this percentage. Please note that you will also have a slight increase in premium the month after your birth month, since the Pool bases rates on attained age.

The Pool has not had a rate adjustment since January 2006. Overall, market trends indicate double digit increases. The Pool Board of Directors works hard at trying to contain rate increases while providing comprehensive benefits to its policyholders, but considering the continued increase in costs, feels it must increase rates at this time.

New Mexico law requires the Pool to determine a standard risk rate by actuarially calculating the individual rate that an insurer would charge for an individual policy (with the same benefits as the Pool) issued to a person who is a "standard risk." The Pool provides coverage to persons who are considered to be "high risk," not standard risk. By law, Pool premium rates can be calculated up to 150% of the standard risk rate. The Pool Board has, however, set the new rates at approximately 125% of the standard risk rate.

**Pool Policyholder Losses**

Since the premiums collected do not cover the cost of insuring Pool policyholders, losses are incurred. Losses are recouped through assessments to insurance carriers, along with state and federal funding. Losses for the past few years have been:

2004 - \$5,740,705  
2005 - \$10,593,543  
2006 - \$20,854,720  
2007 - \$30,768,870  
**2008 - \$49,018,813**

### **Low Income Premium Program**

The Pool has a Low Income Premium Program (LIPP) which, if you qualify, provides discounts to your monthly premium.

Effective January 1, 2009, the Pool eliminated the two-tiered 75/50 percent premium reduction and implemented a three-tiered 75/50/25 percent premium reduction, based on household size and annual household income. See the chart below.

Policyholders effective January 1, 2009 and later, in the 300-399% income range of the 2009 HHS Poverty Guidelines, receive a 25% premium reduction.

Policyholders who were enrolled in the LIPP as of December 31, 2008 and fall in this income range will receive a 35% premium reduction, effective January 1, 2010 through June 30, 2010. This premium reduction will continue to decrease in 5% increments, until the 25% premium reduction amount is met on January 1, 2011. This was done to minimize the financial impact on those policyholders that moved from the 50% to the 25% premium reduction category. The premium discounts will be reduced as follows:

January 1, 2009 – June 30, 2009	45% Premium Reduction
July 1, 2009 – December 31, 2009	40% Premium Reduction
<b>January 1, 2010 – June 30, 2010</b>	<b>35% Premium Reduction</b>
July 1, 2010 – December 31, 2010	30% Premium Reduction
January 1, 2011	25% Premium Reduction

If you do not currently participate in the LIPP, please refer to the chart. If you think that you may qualify, call Customer Service at 1-800-432-0750 for a Low Income Premium Program Supplemental Application, or print one from the Pool website, at [www.nmmip.org](http://www.nmmip.org). **A complete copy of your 2008 Federal Form 1040 must be attached.** If you are *not* required to file income tax, the Affidavit Section must be completed, signed, and notarized. If you qualify, the effective date of any reduction will be the first of the month following receipt of the application.

**NOTE: If your premium is being paid by a third party who is *not* a family member, you are *not* eligible to participate in the LIPP.**

### **Deductible Changes for January 1, 2010**

Policyholders are allowed to change from a **higher deductible plan to a lower deductible plan one time per year, for a January 1 effective date.** You can change from a lower to a higher deductible any time, but you can only change from a high deductible to a lower deductible during this open enrollment period.

**If you wish to change to a lower deductible plan, you must request this change, in writing, no later than November 15, 2009.** Mail or fax requests to:

New Mexico Medical Insurance Pool  
P.O. Box 27049  
Albuquerque, NM 87125-7049  
FAX (505) 816-5671

**Medicare Carve-Out Plan**

The Pool offers a Medicare Carve-Out Plan, for individuals with disabilities, under age 65, on Medicare Parts A&B. If you are currently on the Regular Plan, and you are under age 65 and are on Medicare A&B due to a disability, you may submit a new Application for Coverage, along with a copy of your Medicare card. Call Customer Service at 1-800-432-0750 for an application or print one from the Pool website, at [www.nmmip.org](http://www.nmmip.org).

The Pool Board of Directors is pleased to have the opportunity to serve you.

Sincerely,

A handwritten signature in cursive script that reads "Deborah Armstrong". The signature is written in black ink and is positioned above the typed name.

Deborah Armstrong  
Executive Director  
New Mexico Medical Insurance Pool (Pool)