

HOUSE BILL 575

**57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

INTRODUCED BY

Linda Serrato

AN ACT

RELATING TO STATE EMPLOYEE BENEFITS; AMENDING THE CONTRIBUTION PERCENTAGES FOR STATE EMPLOYEE HEALTH BENEFITS; AMENDING THE GROUP INSURANCE CONTRIBUTIONS FOR SCHOOL DISTRICTS, CHARTER SCHOOLS AND PARTICIPATING ENTITIES IN THE PUBLIC SCHOOL INSURANCE AUTHORITY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 10-7-4 NMSA 1978 (being Laws 1941, Chapter 188, Section 1, as amended) is amended to read:

"10-7-4. GROUP INSURANCE--CAFETERIA PLAN--CONTRIBUTIONS FROM PUBLIC FUNDS.--

A. All state departments and institutions and all political subdivisions of the state, excluding municipalities, counties and political subdivisions of the state with twenty-five employees or fewer, shall cooperate in providing group

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1 term life, medical or disability income insurance for the  
2 benefit of eligible employees or salaried officers of the  
3 respective departments, institutions and political  
4 subdivisions.

5 B. The group insurance contributions of the state  
6 or any of its departments or institutions, including  
7 institutions of higher education, shall be made as follows:

8 (1) at least seventy-five percent of the cost  
9 of the insurance of an employee whose annual salary is less  
10 than fifteen thousand dollars (\$15,000);

11 (2) at least seventy percent of the cost of  
12 the insurance of an employee whose annual salary is fifteen  
13 thousand dollars (\$15,000) or more but less than twenty  
14 thousand dollars (\$20,000);

15 (3) at least sixty-five percent of the cost of  
16 the insurance of an employee whose annual salary is twenty  
17 thousand dollars (\$20,000) or more but less than twenty-five  
18 thousand dollars (\$25,000); and

19 (4) at least sixty percent of the cost of the  
20 insurance of an employee whose annual salary is twenty-five  
21 thousand dollars (\$25,000) or more.

22 C. The group insurance contributions of school  
23 districts and charter schools shall be made as follows:

24 (1) at least eighty percent of the cost of the  
25 insurance of an employee whose annual salary is less than fifty

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1 thousand dollars (\$50,000);

2 (2) at least seventy percent of the cost of  
3 the insurance of an employee whose annual salary is fifty  
4 thousand dollars (\$50,000) or more but less than sixty thousand  
5 dollars (\$60,000); and

6 (3) at least sixty percent of the cost of the  
7 insurance of an employee whose annual salary is sixty thousand  
8 dollars (\$60,000) or more.

9 D. Effective July 1, 2004, the group insurance  
10 contributions of the state or any of its executive, judicial or  
11 legislative departments, including agencies, boards or  
12 commissions, shall be made as follows; provided that the  
13 contribution percentage shall be the same for all affected  
14 public employees in a given salary bracket:

15 (1) up to eighty percent of the cost of the  
16 insurance of an employee whose annual salary is less than  
17 thirty thousand dollars (\$30,000);

18 (2) up to seventy percent of the cost of the  
19 insurance of an employee whose annual salary is thirty thousand  
20 dollars (\$30,000) or more but less than forty thousand dollars  
21 (\$40,000); and

22 (3) up to sixty percent of the cost of the  
23 insurance of an employee whose annual salary is forty thousand  
24 dollars (\$40,000) or more.

25 E. ~~[Except as provided in Subsection H of this~~

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1 ~~section]~~ Effective July 1, ~~[2005]~~ 2025, the group insurance  
2 contributions of the state or any of its executive, judicial or  
3 legislative departments, including agencies, boards or  
4 commissions, shall be ~~[made as follows; provided that the~~  
5 ~~contribution percentage shall be the same for all affected~~  
6 ~~public employees in a given salary bracket;~~

7 (1) ~~up to eighty percent of the cost of the~~  
8 ~~insurance of an employee whose annual salary is less than fifty~~  
9 ~~thousand dollars (\$50,000);~~

10 (2) ~~up to seventy percent of the cost of the~~  
11 ~~insurance of an employee whose annual salary is fifty thousand~~  
12 ~~dollars (\$50,000) or more but less than sixty thousand dollars~~  
13 ~~(\$60,000); and~~

14 (3) ~~up to sixty percent of the cost of the~~  
15 ~~insurance of an employee whose annual salary is sixty thousand~~  
16 ~~dollars (\$60,000) or more~~

17 F. ~~Effective July 1, 2013, the employer shall pay~~  
18 ~~one hundred percent of basic life insurance premiums for~~  
19 ~~employees, and employees who choose to carry disability~~  
20 ~~insurance shall pay one hundred percent of the premium.~~

21 G. ~~The state shall not make any group insurance~~  
22 ~~contributions for legislators. A legislator shall be eligible~~  
23 ~~for group benefits only if the legislator contributes one~~  
24 ~~hundred percent of the cost of the insurance.~~

25 H. ~~An employer shall pay one hundred percent of the~~

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1 ~~employee group insurance contributions due and payable on or~~  
2 ~~after July 1, 2016 for an employee who is injured while~~  
3 ~~performing a public safety function or duty and, as a result of~~  
4 ~~the injury, is placed on approved workers' compensation leave.~~

5 ~~I. As used in this section, "cost of the insurance"~~  
6 ~~means the premium required to be paid to provide coverages.~~  
7 ~~Any contributions of the political subdivisions of the state,~~  
8 ~~except the public schools and political subdivisions of the~~  
9 ~~state with twenty-five employees or fewer, shall not exceed~~  
10 ~~sixty percent of the cost of the insurance.~~

11 ~~J. When a public employee elects to participate in~~  
12 ~~a cafeteria plan as authorized by the Cafeteria Plan Act and~~  
13 ~~enters into a salary reduction agreement with the governmental~~  
14 ~~employer, the provisions of Subsections B through G of this~~  
15 ~~section with respect to the maximum contributions that can be~~  
16 ~~made by the employer are not violated and will still apply.~~  
17 ~~The employer percentage or dollar contributions as provided in~~  
18 ~~Subsections B through E of this section shall be determined by~~  
19 ~~the employee's gross salary prior to any salary reduction~~  
20 ~~agreement.~~

21 ~~K. Any group medical insurance plan offered~~  
22 ~~pursuant to this section shall include effective cost-~~  
23 ~~containment measures to control the growth of health care~~  
24 ~~costs. The responsible public body that administers a plan~~  
25 ~~offered pursuant to this section shall report annually by~~

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1 ~~September 1 to appropriate interim legislative committees on~~  
2 ~~the effectiveness of the cost containment measures required by~~  
3 ~~this subsection.~~

4 ~~L. Within available revenue, school districts,~~  
5 ~~charter schools and participating entities pursuant to the~~  
6 ~~Public School Insurance Authority Act may contribute up to one~~  
7 ~~hundred percent of the cost of the insurance of all employees~~  
8 ~~and institutions of higher education may contribute up to~~  
9 ~~eighty percent of the cost of the insurance of all employees]~~  
10 eighty percent of the cost of insurance."

11 SECTION 2. Section 22-29-10 NMSA 1978 (being Laws 1989,  
12 Chapter 373, Section 5, as amended) is amended to read:

13 "22-29-10. GROUP INSURANCE CONTRIBUTIONS.--

14 A. Group insurance contributions for school  
15 districts, charter schools and participating entities in the  
16 authority shall be ~~[made as follows:~~

17 ~~(1) at least eighty percent of the cost of the~~  
18 ~~insurance of an employee whose annual salary is less than fifty~~  
19 ~~thousand dollars (\$50,000);~~

20 ~~(2) at least seventy percent of the cost of~~  
21 ~~the insurance of an employee whose annual salary is fifty~~  
22 ~~thousand dollars (\$50,000) or more but less than sixty thousand~~  
23 ~~dollars (\$60,000); and~~

24 ~~(3) at least sixty percent of the cost of the~~  
25 ~~insurance of an employee whose annual salary is sixty thousand~~

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1 ~~dollars (\$60,000) or more]~~ eighty percent of the cost of  
2 insurance.

3 B. Within available revenue, school districts,  
4 charter schools and participating entities in the authority may  
5 contribute up to one hundred percent of the cost of the  
6 insurance of all employees.

7 C. Whenever a school district, charter school or  
8 participating entity in the authority offers to its employees  
9 alternative health plan benefit options, including health  
10 maintenance organizations, preferred provider organizations or  
11 panel doctor plans, the school district, charter school or  
12 participating entity may pay an amount on behalf of the  
13 employee and family member for the indemnity health insurance  
14 plan sufficient to result in equal employee monthly costs to  
15 the cost of the health maintenance organization plans,  
16 preferred provider organization plans or panel doctor plans,  
17 regardless of the percentage limitations in the Public School  
18 Insurance Authority Act. School districts, charter schools and  
19 participating entities in the authority may pay up to one  
20 hundred percent of the first fifty thousand dollars (\$50,000)  
21 of term life insurance."

22 SECTION 3. EFFECTIVE DATE.--The effective date of the  
23 provisions of this act is July 1, 2025.