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HOUSE BILL 815

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Luciano "Lucky" Varela

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

**RELATING TO PUBLIC EMPLOYEE GROUP INSURANCE; RAISING THE
PUBLIC EMPLOYEE SALARY BRACKETS USED TO DETERMINE EMPLOYER
INSURANCE PREMIUM CONTRIBUTION LEVELS; AMENDING SECTIONS OF
THE NMSA 1978.**

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
term life, medical or disability income insurance for the**

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1 benefit of eligible employees or salaried officers of the
2 respective departments, institutions and subdivisions.

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

7 (1) seventy-five percent of the cost of the
8 insurance of an employee whose annual salary is less than
9 [~~fifteen thousand dollars (\$15,000)~~] twenty-two thousand five
10 hundred dollars (\$22,500);

11 (2) seventy percent of the cost of the
12 insurance of an employee whose annual salary is [~~fifteen~~
13 ~~thousand dollars (\$15,000)~~] twenty-two thousand five hundred
14 dollars (\$22,500) or more but less than [~~twenty thousand~~
15 ~~dollars (\$20,000)~~] twenty-seven thousand five hundred dollars
16 (\$27,500);

17 (3) sixty-five percent of the cost of the
18 insurance of an employee whose annual salary is [~~twenty~~
19 ~~thousand dollars (\$20,000)~~] twenty-seven thousand five hundred
20 dollars (\$27,500) or more but less than [~~twenty-five thousand~~
21 ~~dollars (\$25,000)~~] thirty-two thousand five hundred dollars
22 (\$32,500); or

23 (4) sixty percent of the cost of the
24 insurance of an employee whose annual salary is [~~twenty-five~~
25 ~~thousand dollars (\$25,000)~~] thirty-two thousand five hundred

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1 dollars (\$32,500) or more.

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

8 C. When a public employee elects to participate in
9 a cafeteria plan as authorized by the Cafeteria Plan Act and
10 enters into a salary reduction agreement with the governmental
11 employer, the provision of Subsection B of this section with
12 respect to the maximum contributions that can be made by the
13 employer are not violated and will still apply. The employer
14 percentage or dollar contributions as provided in Subsection B
15 of this section shall be determined by the employee's gross
16 salary prior to any salary reduction agreement.

17 D. Any group medical insurance plan offered
18 pursuant to this section shall include effective cost-
19 containment measures to control the growth of health care
20 costs. The responsible public body that administers a plan
21 offered pursuant to this section shall report annually by
22 September 1 to appropriate interim legislative committees on
23 the effectiveness of the cost-containment measures required by
24 this subsection. "

25 Section 2. Section 22-2-6.10 NMSA 1978 (being Laws 1989,

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1 Chapter 373, Section 5, as amended) is amended to read:

2 "22-2-6.10. GROUP INSURANCE CONTRIBUTIONS. --

3 A. Group insurance contributions for school
4 districts, charter schools and participating entities in the
5 authority shall be made as follows:

6 (1) seventy-five percent of the cost of the
7 insurance of an employee whose annual salary is less than
8 [~~fifteen thousand dollars (\$15,000)~~] twenty-two thousand five
9 hundred dollars (\$22,500);

10 (2) seventy percent of the cost of the
11 insurance of an employee whose annual salary is [~~fifteen~~
12 ~~thousand dollars (\$15,000)~~] twenty-two thousand five hundred
13 dollars (\$22,500) or more but less than [~~twenty thousand~~
14 ~~dollars (\$20,000)~~] twenty-seven thousand five hundred dollars
15 (\$27,500);

16 (3) sixty-five percent of the cost of the
17 insurance of an employee whose annual salary is [~~twenty~~
18 ~~thousand dollars (\$20,000)~~] twenty-seven thousand five hundred
19 dollars (\$27,500) or more but less than [~~twenty-five thousand~~
20 ~~dollars (\$25,000)~~] thirty-two thousand five hundred dollars
21 (\$32,500); or

22 (4) sixty percent of the cost of the
23 insurance of an employee whose annual salary is [~~twenty-five~~
24 ~~thousand dollars (\$25,000)~~] thirty-two thousand five hundred
25 dollars (\$32,500) or more.

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1 B. Whenever a school district, charter school or
2 participating entity in the authority offers to its employees
3 alternative health plan benefit options, including [~~but not~~
4 ~~limited to~~] health maintenance organizations, preferred
5 provider organizations or panel doctor plans, the school
6 district, charter school or participating entity may pay an
7 amount on behalf of the employee and family member for the
8 indemnity health insurance plan sufficient to result in equal
9 employee monthly costs to the cost of the health maintenance
10 organization plans, preferred provider [~~organizations~~
11 organization] plans or panel doctor plans, regardless of the
12 percentage limitations in the Public School Insurance
13 Authority Act. School districts, charter schools and
14 participating entities in the authority may pay up to one
15 hundred percent of the first fifty thousand dollars (\$50,000)
16 of term life insurance. "