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HOUSE BILL 867

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

Ben Lujan

FOR THE PUBLIC EMPLOYEE BENEFITS OVERSIGHT SUBCOMMITTEE

AN ACT

RELATING TO PUBLIC EMPLOYEE BENEFITS; INCREASING THE EMPLOYER CONTRIBUTIONS FOR GROUP HEALTH INSURANCE COVERAGE FOR LOWER PAID EMPLOYEES IN THE PUBLIC SCHOOLS; INCLUDING THE ALBUQUERQUE PUBLIC SCHOOL DISTRICT AS A SCHOOL DISTRICT IN THE PUBLIC SCHOOL INSURANCE AUTHORITY ACT FOR PURPOSES OF GROUP HEALTH INSURANCE COVERAGE; EXPANDING THE DEFINITION OF ELIGIBLE DEPENDENT FOR RETIREE HEALTH CARE PURPOSES; SETTING A MINIMUM NUMBER OF MEETINGS PER YEAR FOR THE GROUP BENEFITS COMMITTEE; MAKING AN APPROPRIATION; DECLARING AN EMERGENCY.

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

Section 1. Section 22-29-10 NMSA 1978 (being Laws 1989, Chapter 373, Section 5, as amended) is amended to read:

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

A. Group health insurance contributions for school

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1 districts, charter schools and participating entities in the
2 authority shall be made as follows:

3 ~~[(1) at least seventy-five percent of the cost~~
4 ~~of the insurance of an employee whose annual salary is less~~
5 ~~than fifteen thousand dollars (\$15,000);~~

6 ~~(2) at least seventy-percent of the cost of~~
7 ~~the insurance of an employee whose annual salary is fifteen~~
8 ~~thousand dollars (\$15,000) or more but less than twenty~~
9 ~~thousand dollars (\$20,000);~~

10 ~~(3) at least sixty-five percent of the cost of~~
11 ~~the insurance of an employee whose annual salary is twenty~~
12 ~~thousand dollars (\$20,000) or more but less than twenty-five~~
13 ~~thousand dollars (\$25,000); or~~

14 ~~(4) at least sixty percent of the cost of the~~
15 ~~insurance of an employee whose annual salary is twenty-five~~
16 ~~thousand dollars (\$25,000) or more]~~

17 (1) for an employee whose annual salary is
18 less than twenty thousand dollars (\$20,000), at least eighty
19 percent but not more than ninety percent of the premiums for
20 the employee and the employee's dependents;

21 (2) for an employee whose annual salary is
22 twenty thousand dollars (\$20,000) or more but less than twenty-
23 five thousand dollars (\$25,000), at least seventy-five percent
24 but not more than eighty-five percent of the premiums for the
25 employee and the employee's dependents;

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1 (3) for an employee whose annual salary is
2 twenty-five thousand dollars (\$25,000) or more but less than
3 thirty thousand dollars (\$30,000), at least seventy percent but
4 not more than eighty percent of the premiums for the employee
5 and the employee's dependents;

6 (4) for an employee whose annual salary is
7 thirty thousand dollars (\$30,000) or more but less than one
8 hundred thousand dollars (\$100,000), at least sixty percent but
9 not more than seventy percent of the premiums for the employee
10 and the employee's dependents; and

11 (5) for an employee whose annual salary is one
12 hundred thousand dollars (\$100,000) or more, at least fifty
13 percent but not more than sixty percent of the premiums for the
14 employee and the employee's dependents.

15 ~~[B. Within available revenue, school districts,~~
16 ~~charter schools and participating entities in the authority may~~
17 ~~contribute up to eighty percent of the cost of the insurance of~~
18 ~~all employees.~~

19 G.] B. Whenever a school district, charter school
20 or participating entity in the authority offers to its
21 employees alternative health plan benefit options, including
22 health maintenance organizations, preferred provider
23 organizations or panel doctor plans, the school district,
24 charter school or participating entity may pay an amount on
25 behalf of the employee and family member for the indemnity

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1 health insurance plan sufficient to result in equal employee
2 monthly costs to the cost of the health maintenance
3 organization plans, preferred provider organization plans or
4 panel doctor plans, regardless of the percentage limitations in
5 the Public School Insurance Authority Act. School districts,
6 charter schools and participating entities in the authority may
7 pay up to one hundred percent of the first fifty thousand
8 dollars (\$50,000) of term life insurance."

9 Section 2. Section 22-29-9 NMSA 1978 (being Laws 1986,
10 Chapter 94, Section 9, as amended) is amended to read:

11 "22-29-9. PARTICIPATION--WAIVERS.--

12 A. School districts and charter schools shall
13 participate in the authority, unless the school district or
14 charter school is granted a waiver by the board. A school
15 district with a student enrollment in excess of sixty thousand
16 students is excluded from the authority's risk-related
17 coverage.

18 B. In determining whether a waiver should be
19 granted, the board shall establish minimum benefit and
20 financial standards for the desired line of coverage. These
21 minimum benefit and financial standards and the proposed time
22 schedule for responsive offers shall be sent to all school
23 districts and charter schools at the time the request for
24 proposals for the desired line of coverage is issued. Any
25 school district or charter school seeking a waiver of coverage

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1 shall match the minimum benefit and financial standards set
2 forth in the request for proposals for the desired line of
3 coverage. School districts and charter schools shall submit
4 documentation of their proposals matching the board's minimum
5 benefit and financial requirements prior to the deadline
6 established by the board. The authority has the power to
7 approve or disapprove a waiver of participation based on the
8 documentation submitted by the school district or charter
9 school regarding the benefit and financial standards
10 established by the board. The board shall grant a waiver to a
11 school district or charter school that requests a waiver and
12 that has met the minimum benefit and financial standards within
13 the time schedule established by the board. Once the board
14 awards the insurance contract, no school district or charter
15 school shall be granted a waiver for the entire term of the
16 contract.

17 C. Any school district or charter school granted a
18 waiver of participation for health insurance shall be required
19 to petition for participation in other kinds of group insurance
20 coverage and shall be required to meet the requirements
21 established by the authority prior to participation in other
22 kinds of group insurance coverage. A school district or
23 charter school [~~which~~] that has been granted a waiver shall be
24 prohibited from participating in the coverage for which a
25 waiver was granted for the entire term of the authority's

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1 insurance contract. Provided, however, that if the authority
2 contracts for a line or lines of coverage for a period of eight
3 years, the board may establish procedures and preconditions for
4 authorizing a school district or charter school ~~[which]~~ that
5 has been granted a waiver to again participate in the coverage
6 after the expiration of the first four years of coverage.

7 D. Any school district or charter school granted a
8 waiver of participation for workers' compensation shall be
9 required to petition for participation in other risk-related
10 coverages and shall be required to meet the requirements
11 established by the authority prior to participation in other
12 kinds of risk-related coverages. A school district or charter
13 school ~~[which]~~ that has been granted a waiver shall be
14 prohibited from participating in the coverage for which a
15 waiver was granted for the entire term of the authority's
16 insurance contract.

17 E. Educational entities may petition the authority
18 for permission to participate in the insurance coverage
19 provided by the authority. To protect the stability of the
20 fund, the authority shall establish reasonable terms and
21 conditions for participation by educational entities.

22 F. A participating school district or charter
23 school may separately provide for coverage additional to that
24 offered by the authority.

25 G. ~~[The local]~~ School districts, charter schools or

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1 the authority, as appropriate, may provide for marketing and
2 servicing to be done by licensed insurance agents or brokers
3 who should receive reasonable compensation for their services."

4 Section 3. Section 22-29-5 NMSA 1978 (being Laws 1986,
5 Chapter 94, Section 5, as amended) is amended to read:

6 "22-29-5. BOARD CREATED--MEMBERSHIP--DUTIES.--

7 A. There is created the "board of directors of the
8 public school insurance authority". The board shall be
9 composed of [~~nine~~] at least eleven members, consisting of the
10 following:

11 (1) one member to be selected by the [~~state~~
12 ~~board of~~] public education department;

13 (2) one school business official to be
14 selected by the New Mexico school administrators;

15 (3) one board member of the New Mexico school
16 boards association to be selected by the association;

17 (4) one superintendent to be selected by the
18 New Mexico superintendents' association;

19 (5) three members to be selected by the New
20 Mexico national education association and the New Mexico
21 federation of teachers with the intent that representation be
22 proportional to their respective membership, provided that each
23 of these three members be currently employed as public school
24 teachers employed by participating entities;

25 (6) one member to be selected by the board

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1 from lists submitted by the participating educational entities;
2 [~~and~~]

3 (7) one member to be selected by the
4 Albuquerque public school board, but only if the Albuquerque
5 public school district is not granted a waiver for group health
6 insurance coverage by the board pursuant to Section 22-29-9
7 NMSA 1978; and

8 (8) three members to be appointed by and serve
9 at the pleasure of the governor. Such members shall not be
10 employed by or on behalf of or be contracting with an employer
11 participating in or eligible to participate in the [~~public~~
12 ~~school insurance~~] authority.

13 B. Each member of the board shall serve at the
14 pleasure of the party by which [~~he~~] the member has been
15 appointed for a term not to exceed three years. Any board
16 member who has been appointed and who misses four meetings of
17 the board during a fiscal year shall be replaced and shall
18 forfeit [~~his~~] the member's position on the board, and [~~his~~] the
19 member's replacement shall be made by the organization
20 affected. The board shall set minimum terms of appointment and
21 shall elect from its membership a president, vice president and
22 secretary.

23 C. The board has the authority to hire a director
24 and appoint such other officers and employees as it may deem
25 necessary and has the authority to contract with consultants or

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1 other professional persons or firms as may be necessary to
2 carry out the provisions of the Public School Insurance
3 Authority Act. The board has the authority to provide for its
4 full- and part-time employees, as it deems necessary, employee
5 benefits insurance on the same basis as a member public school
6 district may provide such employee benefits. In addition, the
7 board has the authority to provide to members of the board and
8 the employees risk coverages of the same scope and limitations
9 as are allowed its member school districts to be provided to
10 their local school boards. The board has the authority to
11 provide employees an irrevocable option of qualifying for
12 coverage under either the Educational Retirement Act or the
13 Public Employees Retirement Act.

14 D. The members of the board shall receive per diem
15 and mileage as provided in the Per Diem and Mileage Act, but
16 shall receive no other compensation, perquisite or allowance."

17 Section 4. Section 22-29-3 NMSA 1978 (being Laws 1986,
18 Chapter 94, Section 3, as amended) is amended to read:

19 "22-29-3. DEFINITIONS.--As used in the Public School
20 Insurance Authority Act:

21 A. "authority" means the public school insurance
22 authority;

23 B. "board" means the board of directors of the
24 public school insurance authority;

25 C. "charter school" means a school organized as a

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1 charter school pursuant to the provisions of the 1999 Charter
2 Schools Act;

3 D. "director" means the director of the public
4 school insurance authority;

5 E. "educational entities" means state educational
6 institutions as enumerated in Article 12, Section 11 of the
7 constitution of New Mexico and other state diploma, degree-
8 granting and certificate-granting post-secondary educational
9 institutions and regional education cooperatives;

10 F. "fund" means the public school insurance fund;

11 G. "group health insurance" means coverage that
12 includes life insurance, accidental death and dismemberment,
13 medical care and treatment, dental care, eye care and other
14 coverages as determined by the authority;

15 H. "risk-related coverage" means coverage that
16 includes property and casualty, general liability, auto and
17 fleet, workers' compensation and other casualty insurance; and

18 I. "school district" means a school district as
19 defined in [~~Subsection K of~~] Section 22-1-2 NMSA 1978
20 [~~excluding any school district with a student enrollment in~~
21 ~~excess of sixty thousand students~~]."

22 Section 5. Section 10-7C-4 NMSA 1978 (being Laws 1990,
23 Chapter 6, Section 4, as amended) is amended to read:

24 "10-7C-4. DEFINITIONS.--As used in the Retiree Health
25 Care Act:

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1 A. "active employee" means an employee of a public
2 institution or any other public employer participating in
3 either the Educational Retirement Act, the Public Employees
4 Retirement Act, the Judicial Retirement Act, the Magistrate
5 Retirement Act or the Public Employees Retirement Reciprocity
6 Act or an employee of an independent public employer;

7 B. "authority" means the retiree health care
8 authority created pursuant to the Retiree Health Care Act;

9 C. "basic plan of benefits" means only those
10 coverages generally associated with a medical plan of benefits;

11 D. "board" means the board of the retiree health
12 care authority;

13 E. "current retiree" means an eligible retiree who
14 is receiving a disability or normal retirement benefit under
15 the Educational Retirement Act, the Public Employees Retirement
16 Act, the Judicial Retirement Act, the Magistrate Retirement
17 Act, the Public Employees Retirement Reciprocity Act or the
18 retirement program of an independent public employer on or
19 before July 1, 1990;

20 F. "eligible dependent" means a person obtaining
21 retiree health care coverage based upon that person's
22 relationship to an eligible retiree as follows:

23 (1) a spouse;

24 (2) an unmarried child under the age of

25 [~~nineteen~~] twenty-five years who is:

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- 1 (a) a natural child;
- 2 (b) a legally adopted child;
- 3 (c) a stepchild living in the same
4 household who is primarily dependent on the eligible retiree
5 for maintenance and support;
- 6 (d) a child for whom the eligible
7 retiree is the legal guardian and who is primarily dependent on
8 the eligible retiree for maintenance and support, as long as
9 evidence of the guardianship is evidenced in a court order or
10 decree; or
- 11 (e) a foster child living in the same
12 household;
- 13 (3) a child described in Subparagraphs (a)
14 through (e) of Paragraph (2) of this subsection who is [~~between~~
15 ~~the ages of nineteen and~~] under the age of twenty-five and is a
16 full-time student at an accredited educational institution;
17 provided that "full-time student" shall be a student enrolled
18 in and taking twelve or more semester hours or its equivalent
19 contact hours in primary, secondary, undergraduate or
20 vocational school or a student enrolled in and taking nine or
21 more semester hours or its equivalent contact hours in graduate
22 school;
- 23 (4) a dependent child [~~over nineteen~~] twenty-
24 five and over who is wholly dependent on the eligible retiree
25 for maintenance and support and who is incapable of

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1 self-sustaining employment by reason of mental retardation or
2 physical handicap; provided that proof of incapacity and
3 dependency shall be provided within thirty-one days after the
4 child reaches the limiting age and at such times thereafter as
5 may be required by the board;

6 (5) a surviving spouse defined as follows:

7 (a) "surviving spouse" means the spouse
8 to whom a retiree was married at the time of death; or

9 (b) "surviving spouse" means the spouse
10 to whom a deceased vested active employee was married at the
11 time of death; [~~or~~]

12 (6) a surviving dependent child who is the
13 dependent child of a deceased eligible retiree whose other
14 parent is also deceased; or

15 (7) a person who would qualify as an
16 employee's dependent pursuant to the provisions of a
17 participating employer's health insurance benefit plan had the
18 employee not retired;

19 G. "eligible employer" means either:

20 (1) a "retirement system employer", which
21 means an institution of higher education, a school district or
22 other entity participating in the public school insurance
23 authority, a state agency, state court, magistrate court,
24 municipality, county or public entity, each of which is
25 affiliated under or covered by the Educational Retirement Act,

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1 the Public Employees Retirement Act, the Judicial Retirement
2 Act, the Magistrate Retirement Act or the Public Employees
3 Retirement Reciprocity Act; or

4 (2) an "independent public employer", which
5 means a municipality, county or public entity that is not a
6 retirement system employer;

7 H. "eligible retiree" means:

8 (1) a "nonsalaried eligible participating
9 entity governing authority member", which means a person who is
10 not a retiree and who:

11 (a) has served without salary as a
12 member of the governing authority of an employer eligible to
13 participate in the benefits of the Retiree Health Care Act and
14 is certified to be such by the executive director of the public
15 school insurance authority;

16 (b) has maintained group health
17 insurance coverage through that member's governing authority if
18 such group health insurance coverage was available and offered
19 to the member during the member's service as a member of the
20 governing authority; and

21 (c) was participating in the group
22 health insurance program under the Retiree Health Care Act
23 prior to July 1, 1993; or

24 (d) notwithstanding the provisions of
25 Subparagraphs (b) and (c) of this paragraph, is eligible under

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1 Subparagraph (a) of this paragraph and has applied before
2 August 1, 1993 to the authority to participate in the program;

3 (2) a "salaried eligible participating entity
4 governing authority member", which means a person who is not a
5 retiree and who:

6 (a) has served with salary as a member
7 of the governing authority of an employer eligible to
8 participate in the benefits of the Retiree Health Care Act;

9 (b) has maintained group health
10 insurance through that member's governing authority, if such
11 group health insurance was available and offered to the member
12 during the member's service as a member of the governing
13 authority; and

14 (c) was participating in the group
15 health insurance program under the Retiree Health Care Act
16 prior to July 1, 1993; or

17 (d) notwithstanding the provisions of
18 Subparagraphs (b) and (c) of this paragraph, is eligible under
19 Subparagraph (a) of this paragraph and has applied before
20 August 1, 1993 to the authority to participate in the program;

21 (3) an "eligible participating retiree", which
22 means a person who:

23 (a) falls within the definition of a
24 retiree, has made contributions to the fund for at least five
25 years prior to retirement and whose eligible employer during

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1 that period of time made contributions as a participant in the
2 Retiree Health Care Act on the person's behalf, unless that
3 person retires on or before July 1, 1995, in which event the
4 time period required for employee and employer contributions
5 shall become the period of time between July 1, 1990 and the
6 date of retirement, and who is certified to be a retiree by the
7 educational retirement director, the executive secretary of the
8 public employees retirement ~~[board]~~ association or the
9 governing authority of an independent public employer;

10 (b) falls within the definition of a
11 retiree, retired prior to July 1, 1990 and is certified to be a
12 retiree by the educational retirement director, the executive
13 secretary of the public employees retirement association or the
14 governing authority of an independent public employer; but this
15 ~~[paragraph]~~ subparagraph does not include a retiree who was an
16 employee of an eligible employer who exercised the option not
17 to be a participating employer pursuant to the Retiree Health
18 Care Act and did not after January 1, 1993 elect to become a
19 participating employer; unless the retiree: 1) retired on or
20 before June 30, 1990; and 2) at the time of retirement did not
21 have a retirement health plan or retirement health insurance
22 coverage available from ~~[his]~~ the retiree's employer; or

23 (c) is a retiree who: 1) was at the
24 time of retirement an employee of an eligible employer who
25 exercised the option not to be a participating employer

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1 pursuant to the Retiree Health Care Act, but which eligible
2 employer subsequently elected after January 1, 1993 to become a
3 participating employer; 2) has made contributions to the fund
4 for at least five years prior to retirement and whose eligible
5 employer during that period of time made contributions as a
6 participant in the Retiree Health Care Act on the person's
7 behalf, unless that person retires less than five years after
8 the date participation begins, in which event the time period
9 required for employee and employer contributions shall become
10 the period of time between the date participation begins and
11 the date of retirement; and 3) is certified to be a retiree by
12 the educational retirement director, the executive director of
13 the public employees retirement [~~board~~] association or the
14 governing authority of an independent public employer;

15 (4) a "legislative member", which means a
16 person who is not a retiree and who served as a member of the
17 New Mexico legislature for at least two years, but is no longer
18 a member of the legislature and is certified to be such by the
19 legislative council service; or

20 (5) a "former participating employer governing
21 authority member", which means a person, other than a
22 nonsalaried eligible participating entity governing authority
23 member or a salaried eligible participating entity governing
24 authority member, who is not a retiree and who served as a
25 member of the governing authority of a participating employer

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1 for at least four years but is no longer a member of the
2 governing authority and whose length of service is certified by
3 the chief executive officer of the participating employer;

4 I. "fund" means the retiree health care fund;

5 J. "group health insurance" means coverage that
6 includes but is not limited to life insurance, accidental death
7 and dismemberment, hospital care and benefits, surgical care
8 and treatment, medical care and treatment, dental care, eye
9 care, obstetrical benefits, prescribed drugs, medicines and
10 prosthetic devices, medicare supplement, medicare carveout,
11 medicare coordination and other benefits, supplies and services
12 through the vehicles of indemnity coverages, health maintenance
13 organizations, preferred provider organizations and other
14 health care delivery systems as provided by the Retiree Health
15 Care Act and other coverages considered by the board to be
16 advisable;

17 K. "ineligible dependents" include:

18 (1) those dependents created by common law
19 relationships;

20 (2) dependents while in active military
21 service;

22 (3) parents, aunts, uncles, brothers, sisters,
23 grandchildren and other family members left in the care of an
24 eligible retiree without evidence of legal guardianship; and

25 (4) anyone not specifically referred to as an

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1 eligible dependent pursuant to the rules and regulations
2 adopted by the board;

3 L. "participating employee" means an employee of
4 a participating employer, which employee has not been expelled
5 from participation in the Retiree Health Care Act pursuant to
6 Section 10-7C-10 NMSA 1978;

7 M. "participating employer" means an eligible
8 employer who has satisfied the conditions for participating in
9 the benefits of the Retiree Health Care Act [~~including the~~
10 ~~requirements of Subsection M of Section 10-7C-7 NMSA 1978 and~~
11 ~~Subsection D or E of Section 10-7C-9 NMSA 1978, as applicable~~];

12 N. "public entity" means a flood control authority,
13 economic development district, council of governments, regional
14 housing authority, conservancy district or other special
15 district or special purpose government; and

16 O. "retiree" means a person who:

17 (1) is receiving:

18 (a) a disability or normal retirement
19 benefit or survivor's benefit pursuant to the Educational
20 Retirement Act;

21 (b) a disability or normal retirement
22 benefit or survivor's benefit pursuant to the Public Employees
23 Retirement Act, the Judicial Retirement Act, the Magistrate
24 Retirement Act or the Public Employees Retirement Reciprocity
25 Act; or

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1 (c) a disability or normal retirement
2 benefit or survivor's benefit pursuant to the retirement
3 program of an independent public employer to which that
4 employer has made periodic contributions; or

5 (2) is not receiving a survivor's benefit but
6 is the eligible dependent of a person who received a disability
7 or normal retirement benefit pursuant to the Educational
8 Retirement Act, the Public Employees Retirement Act, the
9 Judicial Retirement Act, the Magistrate Retirement Act or the
10 Public Employees Retirement Reciprocity Act."

11 Section 6. Section 10-7B-3 NMSA 1978 (being Laws 1989,
12 Chapter 231, Section 3) is amended to read:

13 "10-7B-3. GROUP BENEFITS COMMITTEE--CREATED.--

14 A. The "group benefits committee" is created. The
15 committee shall be composed of nine members as follows:

16 (1) one employee of, appointed by the
17 secretary of, each of the two departments of the state,
18 excluding state institutions of higher education, having the
19 largest number of full-time employees;

20 (2) the superintendent of insurance or [his]
21 the superintendent's designee;

22 (3) the director of the state personnel office
23 or [his] the director's designee;

24 (4) the executive secretary of the public
25 employees retirement association or [his] the executive

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1 secretary's designee;

2 (5) the chief financial officer of a state
3 agency or institution, appointed by the governor;

4 (6) one employee of a local public body
5 participating in the state group plan, appointed by the
6 governor; and

7 (7) two public employees of state agencies,
8 other than those from whom members are appointed pursuant to
9 Paragraphs (1) through (4) of this subsection, appointed by the
10 governor.

11 B. Members of the committee appointed by the
12 governor or by a department secretary shall serve terms of four
13 years. Vacancies in appointive memberships shall be filled by
14 the appointing authority. An appointive membership shall be
15 deemed vacant when the member ceases to be a public employee or
16 ceases to meet the qualifications for [~~his~~] the member's
17 membership set forth in Subsection A of this section. An
18 appointive membership shall also be deemed vacant when the
19 member fails to attend three consecutive meetings of the
20 committee.

21 C. A majority of the committee shall constitute a
22 quorum. The members of the committee shall elect annually from
23 among the membership a [~~chairman~~] chair and vice [~~chairman~~]
24 chair.

25 D. The committee shall meet at least quarterly to

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1 conduct its business."

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

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

6 A. All state departments and institutions and all
7 political subdivisions of the state, excluding municipalities,
8 counties and political subdivisions of the state with twenty-
9 five employees or fewer, shall cooperate in providing group
10 term life, medical or disability income insurance for the
11 benefit of eligible employees or salaried officers of the
12 respective departments, institutions and subdivisions.

13 B. The group insurance contributions of the state
14 or any of its departments or institutions, including
15 institutions of higher education and the public schools shall
16 be made as follows:

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

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

24 (3) at least sixty-five percent of the cost of
25 the insurance of an employee whose annual salary is twenty

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1 thousand dollars (\$20,000) or more but less than twenty-five
2 thousand dollars (\$25,000); or

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

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

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

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

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

22 D. Effective July 1, 2005, the group insurance
23 contributions of the state or any of its executive, judicial or
24 legislative departments, including agencies, boards or
25 commissions, shall be made as follows; provided that the

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1 contribution percentage shall be the same for all affected
2 public employees in a given salary bracket:

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

6 (2) up to seventy percent of the cost of the
7 insurance of an employee whose annual salary is fifty thousand
8 dollars (\$50,000) or more but less than sixty thousand dollars
9 (\$60,000); and

10 (3) up to sixty percent of the cost of the
11 insurance of an employee whose annual salary is sixty thousand
12 dollars (\$60,000) or more.

13 E. The state shall not make any group insurance
14 contributions for legislators. A legislator shall be eligible
15 for group benefits only if the legislator contributes one
16 hundred percent of the cost of the insurance.

17 F. As used in this section, "cost of the insurance"
18 means the premium required to be paid to provide coverages.
19 Any contributions of the political subdivisions of the state,
20 except the public schools and political subdivisions of the
21 state with twenty-five employees or fewer, shall not exceed
22 sixty percent of the cost of the insurance.

23 G. When a public employee elects to participate in
24 a cafeteria plan as authorized by the Cafeteria Plan Act and
25 enters into a salary reduction agreement with the governmental

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1 employer, the provisions of Subsections B through D of this
2 section with respect to the maximum contributions that can be
3 made by the employer are not violated and will still apply.
4 The employer percentage or dollar contributions as provided in
5 Subsections B through D of this section shall be determined by
6 the employee's gross salary prior to any salary reduction
7 agreement.

8 H. Any group medical insurance plan offered
9 pursuant to this section shall include effective cost-
10 containment measures to control the growth of health care
11 costs. The responsible public body that administers a plan
12 offered pursuant to this section shall report annually by
13 September 1 to appropriate interim legislative committees on
14 the effectiveness of the cost-containment measures required by
15 this subsection.

16 I. Within available revenue, school districts,
17 charter schools, participating entities pursuant to the Public
18 School Insurance Authority Act and institutions of higher
19 education may contribute up to eighty percent of the cost of
20 the insurance of all employees, unless otherwise limited by
21 statute."

22 Section 8. APPROPRIATION.--Six million four hundred
23 thousand dollars (\$6,400,000) is appropriated from the general
24 fund to the public education department for expenditure in
25 fiscal year 2007 to fund an increase in employer contributions

.161268.2

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1 for benefits pursuant to the Public School Insurance Authority
2 Act for public school employees. Any unexpended or
3 unencumbered balance remaining at the end of fiscal year 2007
4 shall revert to the general fund.

5 Section 9. EFFECTIVE DATES.--The effective date of the
6 provisions of:

- 7 A. Section 5 of this act is July 1, 2006;
- 8 B. Sections 2, 3 and 4 of this act is December 1,
9 2006; and
- 10 C. Sections 1, 7 and 8 of this act is October 1,
11 2006.

12 Section 10. EMERGENCY.--It is necessary for the public
13 peace, health and safety that this act take effect immediately.