

SENATE BILL 376

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

INTRODUCED BY

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This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO STATE EMPLOYEE BENEFITS; AMENDING THE CONTRIBUTION PERCENTAGES FOR STATE EMPLOYEE HEALTH BENEFITS; AUTHORIZING THE SECRETARY OF HEALTH CARE AUTHORITY TO USE FUNDS APPROPRIATED FROM THE HEALTH CARE AFFORDABILITY FUND TO REDUCE OR ELIMINATE PREMIUMS FOR CERTAIN GOVERNMENT EMPLOYEES.

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

.229406.3AIC March 5, 2025 (1:37pm)

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

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

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

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

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

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

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

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

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

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

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

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

(2) up to seventy percent of the cost of the insurance of an employee whose annual salary is thirty thousand

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dollars (\$30,000) or more but less than forty thousand dollars (\$40,000); and

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

E. Except as provided in Subsection H of this section, effective July 1, [2005] 2025, the group insurance contributions of the state or any of its executive, judicial or legislative departments, including agencies, boards or commissions, shall be ~~[made as follows; provided that the contribution percentage shall be the same for all affected public employees in a given salary bracket;~~

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

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

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

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

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insurance shall pay one hundred percent of the premium.

G. The state shall ~~SFC~~→not←~~SFC~~ make ~~SFC~~→any←~~SFC~~ group insurance contributions for legislators ~~SFC~~→who make less than one hundred fifty thousand dollars (\$150,000) per year in an amount equal to eighty percent of the cost of insurance←~~SFC~~. A legislator ~~SFC~~→who makes more than one hundred fifty thousand dollars (\$150,000) per year←~~SFC~~ shall be eligible for group benefits only if the legislator contributes one hundred percent of the cost of the insurance.

H. An employer shall pay one hundred percent of the employee group insurance contributions due and payable on or after July 1, 2016 for an employee who is injured while performing a public safety function or duty and, as a result of the injury, is placed on approved workers' compensation leave.

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

J. When a public employee elects to participate in a cafeteria plan as authorized by the Cafeteria Plan Act and enters into a salary reduction agreement with the governmental employer, the provisions of Subsections B through G of this section with respect to the maximum contributions that can be made by the employer are not violated and will still apply.

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The employer percentage or dollar contributions as provided in Subsections B through E of this section shall be determined by the employee's gross salary prior to any salary reduction agreement.

K. Any group medical insurance plan offered pursuant to this section shall include effective cost-containment measures to control the growth of health care costs. If a state agency that is responsible for providing state employee health benefits under the Health Care Purchasing Act establishes a reference-based pricing program for in-network or out-of-network hospital services, hospitals subject to the program shall not charge or collect from a member of the health benefit plan an amount in addition to the maximum payment established by the secretary of health care authority, except that a hospital may charge an amount for cost-sharing that is authorized by the terms of the member's health benefit plan. The responsible public body that administers a plan offered pursuant to this section shall report annually by September 1 to appropriate interim legislative committees on the effectiveness of the cost-containment measures required by this subsection.

L. Within available revenue, school districts, charter schools and participating entities pursuant to the Public School Insurance Authority Act may contribute up to one hundred percent of the cost of the insurance of all employees and institutions of higher education may contribute up to

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eighty percent of the cost of the insurance of all employees.

M. When the secretary of health care authority submits the health care authority's annual budget request to the legislature, the secretary shall include a budget request for purchasing state employee health benefits that SFC→reflects actuarially sound rate adjustments←SFC SFC→has actuarially sound rates for the following fiscal year←SFC . Beginning July 1, 2025, the secretary shall set actuarially sound rates sufficient to cover projected claims, subject to legislative appropriation. SFC→By September 1 of each year, the projected actuarially sound rate adjustment for the following fiscal year, subject to legislative appropriation, shall be communicated to the local public bodies that are part of the state employee health benefit program.←SFC

N. The secretary of health care authority shall establish a program to make state health benefit premiums more affordable for certain employees using appropriations from the health care affordability fund. The secretary shall establish a system for determining eligibility for the program and may annually update program eligibility and contribution criteria."

SECTION 2. Section 59A-23F-11 NMSA 1978 (being Laws 2021, Chapter 136, Section 4, as amended) is amended to read:

"59A-23F-11. HEALTH CARE AFFORDABILITY FUND.--

A. The "health care affordability fund" is created in the state treasury. The fund consists of distributions, appropriations, gifts, grants and donations. Money in the fund

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at the end of a fiscal year shall not revert to any other fund. The health care authority shall administer the fund, and money in the fund is subject to appropriation by the legislature for purposes provided by this section. Disbursements from the fund shall be made by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary of health care authority or the secretary's authorized representative.

B. The purpose of the fund is to:

(1) reduce health care premiums and cost sharing for New Mexico residents who purchase health care coverage on the New Mexico health insurance exchange;

(2) reduce premiums for small businesses and their employees purchasing health care coverage in the fully insured small group market;

(3) provide resources for planning, design and implementation of health care coverage initiatives for uninsured New Mexico residents; [and]

(4) provide resources for administration of state health care coverage initiatives for uninsured New Mexico residents;

STBTC → ~~(5) cover a portion or all of the net premium health benefit contributions for state employees enrolled in health benefit plans covered by the Health Care Purchasing Act who do not qualify for medicaid and have a modified adjusted gross income up to two hundred fifty percent~~

~~of the federal poverty level; and~~ ←STBTC

STBTC → (5) cover a portion or all of the net premium health benefit contributions for state employees enrolled in health benefit plans covered by the Health Care Purchasing Act who do not qualify for medicaid and:

(a) have a modified adjusted gross income up to two hundred fifty percent of the federal poverty level; or

(b) purchase employee-only coverage and receive an annual salary from the state of fifty thousand dollars (\$50,000) or less; and ←STBTC

(6) cover a portion or all of the net premiums for members of the New Mexico national guard who qualify for a federal TRICARE reserve select policy.

C. If the federal Patient Protection and Affordable Care Act is repealed in full or in part by an act of congress or invalidated by the United States supreme court and eliminates or reduces comprehensive health care coverage for New Mexico residents through medicaid or the New Mexico health insurance exchange, the fund may be used to maintain coverage through the New Mexico health insurance exchange or through medical assistance programs administered by the health care authority; provided that coverage is prioritized for New Mexico residents with incomes below two hundred percent of the federal poverty level.

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D. Prior to July 1, 2025, the staff of the legislative finance committee shall conduct a program evaluation to measure the impact of changes to the health insurance premium surtax and the creation of the health care affordability fund as it relates to the purpose of the fund.

E. Prior to July 1 of each year, the health care authority shall provide actuarial data from the health care affordability fund to the legislative finance committee.

F. Prior to July 1 of each year, the secretary of health care authority, in consultation with the superintendent, the secretary of taxation and revenue and the chief executive officer of the New Mexico health insurance exchange, shall work with the legislative finance committee and the department of finance and administration to develop and report on performance measures relating to the health care affordability fund and any programs or initiatives funded by the fund."

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