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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:

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

1 cost of the insurance of an employee whose annual salary is
2 less than fifteen thousand dollars (\$15,000);

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

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

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

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

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

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

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

1 D. Effective July 1, 2004, the group insurance
2 contributions of the state or any of its executive, judicial
3 or 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
9 thirty thousand dollars (\$30,000);

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

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

17 E. Except as provided in Subsection H of this
18 section, effective July 1, 2025, the group insurance
19 contributions of the state or any of its executive, judicial
20 or legislative departments, including agencies, boards or
21 commissions, shall be eighty percent of the cost of
22 insurance.

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

1 insurance shall pay one hundred percent of the premium.

2 G. The state shall not make any group insurance
3 contributions for legislators. A legislator shall be
4 eligible for group benefits only if the legislator
5 contributes one hundred percent of the cost of the insurance.

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

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

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

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

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

22 L. Within available revenue, school districts,
23 charter schools and participating entities pursuant to the
24 Public School Insurance Authority Act may contribute up to
25 one hundred percent of the cost of the insurance of all

1 employees and institutions of higher education may contribute
2 up to eighty percent of the cost of the insurance of all
3 employees.

4 M. When the secretary of health care authority
5 submits the health care authority's annual budget request to
6 the legislature, the secretary shall include a budget request
7 for purchasing state employee health benefits that has
8 actuarially sound rates for the following fiscal year.

9 Beginning July 1, 2025, the secretary shall set actuarially
10 sound rates sufficient to cover projected claims, subject to
11 legislative appropriation. By September 1 of each year, the
12 projected actuarially sound rate adjustment for the following
13 fiscal year, subject to legislative appropriation, shall be
14 communicated to the local public bodies who are part of the
15 state employee health benefit program.

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

23 O. By July 1, 2026, the health care authority
24 shall ensure that state employees are provided the
25 opportunity to purchase a variety of health benefit plans

1 with varying plan designs and cost-sharing options."

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

5 "59A-23F-11. HEALTH CARE AFFORDABILITY FUND.--

6 A. The "health care affordability fund" is created
7 in the state treasury. The fund consists of distributions,
8 appropriations, gifts, grants and donations. Money in the
9 fund at the end of a fiscal year shall not revert to any
10 other fund. The health care authority shall administer the
11 fund, and money in the fund is subject to appropriation by
12 the legislature for purposes provided by this section.

13 Disbursements from the fund shall be made by warrant of the
14 secretary of finance and administration pursuant to vouchers
15 signed by the secretary of health care authority or the
16 secretary's authorized representative.

17 B. The purpose of the fund is to:

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

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

24 (3) provide resources for planning, design
25 and implementation of health care coverage initiatives for

1 uninsured New Mexico residents;

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

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

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

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

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

18 C. If the federal Patient Protection and
19 Affordable Care Act is repealed in full or in part by an act
20 of congress or invalidated by the United States supreme court
21 and eliminates or reduces comprehensive health care coverage
22 for New Mexico residents through medicaid or the New Mexico
23 health insurance exchange, the fund may be used to maintain
24 coverage through the New Mexico health insurance exchange or
25 through medical assistance programs administered by the

1 health care authority; provided that coverage is prioritized
2 for New Mexico residents with incomes below two hundred
3 percent of the federal poverty level.

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

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

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

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