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SENATE BILL 236

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Carroll H. Leavell

AN ACT

RELATING TO PUBLIC EMPLOYEE BENEFITS; CHANGING THE
CONTRIBUTIONS FROM PUBLIC FUNDS; AMENDING A SECTION 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
benefit of eligible employees or salaried officers of the

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1 respective departments, institutions and subdivisions.

2 B. The group insurance contributions of the state
3 ~~[or any of its departments or institutions, including~~
4 ~~institutions of higher education]~~ educational institutions and
5 the public schools, 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);

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

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

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

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

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1 C. The group insurance contributions of state
2 departments or agencies in the executive, legislative or
3 judicial branches shall be as determined initially by
4 legislative appropriation at:

5 (1) a fixed dollar amount for employees whose
6 annual salary is twenty thousand dollars (\$20,000) or more;
7 and

8 (2) a higher fixed dollar amount for
9 employees whose annual salary is less than twenty thousand
10 dollars (\$20,000). Annual inflation adjustments shall not be
11 less than the increase in the consumer price index for the
12 state contribution. The target is to retain the same
13 percentage of state contribution for both salary levels as the
14 initial appropriation.

15 ~~[C.]~~ D. When a public employee elects to
16 participate in a cafeteria plan as authorized by the Cafeteria
17 Plan Act and enters into a salary reduction agreement with the
18 governmental employer, the provision of Subsection B of this
19 section with respect to the maximum contributions that can be
20 made by the employer are not violated and will still apply.
21 The employer percentage or dollar contributions as provided in
22 Subsections B and C of this section shall be determined by the
23 employee's gross salary prior to any salary reduction
24 agreement.

25 ~~[D.]~~ E. Any group medical insurance plan offered

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1 pursuant to this section shall include effective cost-
2 containment measures to control the growth of health care
3 costs. The responsible public body that administers a plan
4 offered pursuant to this section shall report annually by
5 September 1 to appropriate interim legislative committees on
6 the effectiveness of the cost-containment measures required by
7 this subsection. "

8 Section 2. APPLICABILITY. --The provisions of this act
9 apply to pay periods beginning on or after July 1, 2002.

10 Section 3. EFFECTIVE DATE. --The effective date of the
11 provisions of this act is July 1, 2002.