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FISCAL IMPACT REPORT

SPONSOR Irwin **DATE TYPED** 02/14/04 **HB** 343/aHGUAC

SHORT TITLE Expand Retiree Health Care to Certain Boards **SB** _____

ANALYST Geisler

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates: SB 263

SOURCES OF INFORMATION

Retiree Health Care Authority (RHCA)

SUMMARY

Synopsis of HGUAC Amendments

The House Government and Urban Affairs Committee amendments to HB 343:

- 1) Expand the RHCA board’s authority to construct or acquire a headquarters facility by providing the option of financing the building from the retiree healthcare fund. Currently the only option available to the RHCA is to seek revenue bond financing from the New Mexico finance authority.
- 2) Increase the authorized dollar limit from \$2.5 million to \$3.8 million for the purpose of planning, designing, acquiring, constructing, equipping and furnishing an administration building, including the acquisition of real property for that purpose.

According to the RHCA, the fiscal impact on the solvency of the retiree healthcare fund is minimal, as long term savings in rental payments will offset the initial use of fund balance either to pay for a facility or to pay the debt service on revenue bonds.

Synopsis of Original Bill

The bill would allow “former participating employer governing authority members” who have served a participating employer for at least four years to participate in the NMRHCA program

and requires them to pay monthly premiums of one-twelfth of the annual cost of claims and administration allocated to the member by the board, plus the monthly participation fee set by the board, as was enacted for legislators in the 2003 session.

Significant Issues

According to RHCA, “former participating employer governing authority members” are typically former members of school boards, city councils, and county commissions.

FISCAL IMPLICATIONS

Since this new class of eligible retirees would pay 100% of their costs under the RHCA plans, it is not anticipated that there would be any fiscal implications for this agency.

GGG/dm:yr