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AN ACT

RELATED TO INSURANCE; AMENDING THE RETIREE HEALTH CARE ACT TO
INCLUDE FORMER MEMBERS OF CERTAIN GOVERNING BOARDS; PROVIDING
FOR THE FINANCING OF AN ADMINISTRATION BUILDING FOR THE
RETIREE HEALTH CARE AUTHORITY.

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

Section 1. Section 10-7C-4 NMSA 1978 (being Laws 1990,
Chapter 6, Section 4, as amended) is amended to read:

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

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

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

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

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

E. "current retiree" means an eligible retiree who

1 is receiving a disability or normal retirement benefit under
2 the Educational Retirement Act, the Public Employees
3 Retirement Act, the Judicial Retirement Act, the Magistrate
4 Retirement Act, the Public Employees Retirement Reciprocity
5 Act or the retirement program of an independent public
6 employer on or before July 1, 1990;

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

10 (1) a spouse;

11 (2) an unmarried child under the age of
12 nineteen who is:

13 (a) a natural child;

14 (b) a legally adopted child;

15 (c) a stepchild living in the same
16 household who is primarily dependent on the eligible retiree
17 for maintenance and support;

18 (d) a child for whom the eligible
19 retiree is the legal guardian and who is primarily dependent
20 on the eligible retiree for maintenance and support, as long
21 as evidence of the guardianship is evidenced in a court order
22 or decree; or

23 (e) a foster child living in the same
24 household;

25 (3) a child described in Subparagraphs (a)

1 through (e) of Paragraph (2) of this subsection who is
2 between the ages of nineteen and twenty-five and is a
3 full-time student at an accredited educational institution;
4 provided that "full-time student" shall be a student enrolled
5 in and taking twelve or more semester hours or its equivalent
6 contact hours in primary, secondary, undergraduate or
7 vocational school or a student enrolled in and taking nine or
8 more semester hours or its equivalent contact hours in
9 graduate school;

10 (4) a dependent child over nineteen who is
11 wholly dependent on the eligible retiree for maintenance and
12 support and who is incapable of self-sustaining employment by
13 reason of mental retardation or physical handicap; provided
14 that proof of incapacity and dependency shall be provided
15 within thirty-one days after the child reaches the limiting
16 age and at such times thereafter as may be required by the
17 board;

18 (5) a surviving spouse defined as follows:

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

21 (b) "surviving spouse" means the spouse
22 to whom a deceased vested active employee was married at the
23 time of death; or

24 (6) a surviving dependent child who is the
25 dependent child of a deceased eligible retiree whose other

1 parent is also deceased;

2 G. "eligible employer" means either:

3 (1) a "retirement system employer", which
4 means an institution of higher education, a school district
5 or other entity participating in the public school insurance
6 authority, a state agency, state court, magistrate court,
7 municipality, county or public entity, each of which is
8 affiliated under or covered by the Educational Retirement
9 Act, the Public Employees Retirement Act, the Judicial
10 Retirement Act, the Magistrate Retirement Act or the Public
11 Employees Retirement Reciprocity Act; or

12 (2) an "independent public employer", which
13 means a municipality, county or public entity that is not a
14 retirement system employer;

15 H. "eligible retiree" means:

16 (1) a "nonsalaried eligible participating
17 entity governing authority member", which means a person who
18 is not a retiree and who:

19 (a) has served without salary as a
20 member of the governing authority of an employer eligible to
21 participate in the benefits of the Retiree Health Care Act
22 and is certified to be such by the executive director of the
23 public school insurance authority;

24 (b) has maintained group health
25 insurance coverage through that member's governing authority

1 if such group health insurance coverage was available and
2 offered to the member during the member's service as a member
3 of the governing authority; and

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

7 (d) notwithstanding the provisions of
8 Subparagraphs (b) and (c) of this paragraph, is eligible
9 under Subparagraph (a) of this paragraph and has applied
10 before August 1, 1993 to the authority to participate in the
11 program;

12 (2) a "salaried eligible participating
13 entity governing authority member", which means a person who
14 is not a retiree and who:

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

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

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

1 (d) notwithstanding the provisions of
2 Subparagraphs (b) and (c) of this paragraph, is eligible
3 under Subparagraph (a) of this paragraph and has applied
4 before August 1, 1993 to the authority to participate in the
5 program;

6 (3) an "eligible participating retiree",
7 which means a person who:

8 (a) falls within the definition of a
9 retiree, has made contributions to the fund for at least five
10 years prior to retirement and whose eligible employer during
11 that period of time made contributions as a participant in
12 the Retiree Health Care Act on the person's behalf, unless
13 that person retires on or before July 1, 1995, in which event
14 the time period required for employee and employer
15 contributions shall become the period of time between July 1,
16 1990 and the date of retirement, and who is certified to be a
17 retiree by the educational retirement director, the executive
18 secretary of the public employees retirement board or the
19 governing authority of an independent public employer;

20 (b) falls within the definition of a
21 retiree, retired prior to July 1, 1990 and is certified to be
22 a retiree by the educational retirement director, the
23 executive secretary of the public employees retirement
24 association or the governing authority of an independent
25 public employer; but this paragraph does not include a

1 retiree who was an employee of an eligible employer who
2 exercised the option not to be a participating employer
3 pursuant to the Retiree Health Care Act and did not after
4 January 1, 1993 elect to become a participating employer;
5 unless the retiree: 1) retired on or before June 30, 1990;
6 and 2) at the time of retirement did not have a retirement
7 health plan or retirement health insurance coverage available
8 from his employer; or

9 (c) is a retiree who: 1) was at the
10 time of retirement an employee of an eligible employer who
11 exercised the option not to be a participating employer
12 pursuant to the Retiree Health Care Act, but which eligible
13 employer subsequently elected after January 1, 1993 to become
14 a participating employer; 2) has made contributions to the
15 fund for at least five years prior to retirement and whose
16 eligible employer during that period of time made
17 contributions as a participant in the Retiree Health Care Act
18 on the person's behalf, unless that person retires less than
19 five years after the date participation begins, in which
20 event the time period required for employee and employer
21 contributions shall become the period of time between the
22 date participation begins and the date of retirement; and 3)
23 is certified to be a retiree by the educational retirement
24 director, the executive director of the public employees
25 retirement board or the governing authority of an independent

1 public employer;

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

7 (5) a "former participating employer
8 governing authority member", which means a person, other than
9 a nonsalaried eligible participating entity governing
10 authority member or a salaried eligible participating entity
11 governing authority member, who is not a retiree and who
12 served as a member of the governing authority of a
13 participating employer for at least four years but is no
14 longer a member of the governing authority and is certified
15 to be such by the chief executive officer of the
16 participating employer;

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

18 J. "group health insurance" means coverage that
19 includes but is not limited to life insurance, accidental
20 death and dismemberment, hospital care and benefits, surgical
21 care and treatment, medical care and treatment, dental care,
22 eye care, obstetrical benefits, prescribed drugs, medicines
23 and prosthetic devices, medicare supplement, medicare
24 carveout, medicare coordination and other benefits, supplies
25 and services through the vehicles of indemnity coverages,

1 health maintenance organizations, preferred provider
2 organizations and other health care delivery systems as
3 provided by the Retiree Health Care Act and other coverages
4 considered by the board to be advisable;

5 K. "ineligible dependents" include:

6 (1) those dependents created by common law
7 relationships;

8 (2) dependents while in active military
9 service;

10 (3) parents, aunts, uncles, brothers,
11 sisters, grandchildren and other family members left in the
12 care of an eligible retiree without evidence of legal
13 guardianship; and

14 (4) anyone not specifically referred to as
15 an eligible dependent pursuant to the rules and regulations
16 adopted by the board;

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

21 M. "participating employer" means an eligible
22 employer who has satisfied the conditions for participating
23 in the benefits of the Retiree Health Care Act, including the
24 requirements of Subsection M of Section 10-7C-7 NMSA 1978 and
25 Subsection D or E of Section 10-7C-9 NMSA 1978, as

1 applicable;

2 N. "public entity" means a flood control
3 authority, economic development district, council of
4 governments, regional housing authority, conservancy district
5 or other special district or special purpose government; and

6 O. "retiree" means a person who:

7 (1) is receiving:

8 (a) a disability or normal retirement
9 benefit or survivor's benefit pursuant to the Educational
10 Retirement Act;

11 (b) a disability or normal retirement
12 benefit or survivor's benefit pursuant to the Public
13 Employees Retirement Act, the Judicial Retirement Act, the
14 Magistrate Retirement Act or the Public Employees Retirement
15 Reciprocity Act; or

16 (c) a disability or normal retirement
17 benefit or survivor's benefit pursuant to the retirement
18 program of an independent public employer to which that
19 employer has made periodic contributions; or

20 (2) is not receiving a survivor's benefit
21 but is the eligible dependent of a person who received a
22 disability or normal retirement benefit pursuant to the
23 Educational Retirement Act, the Public Employees Retirement
24 Act, the Judicial Retirement Act, the Magistrate Retirement
25 Act or the Public Employees Retirement Reciprocity Act."

1 Section 2. Section 10-7C-7.1 NMSA 1978 (being Laws
2 2000, Chapter 79, Section 1) is amended to read:

3 "10-7C-7.1. BOARD MAY PROVIDE FOR AN ADMINISTRATION
4 BUILDING--PAYMENT OF OBLIGATIONS FROM CONTRIBUTIONS.--The
5 board may take all actions reasonably necessary to provide an
6 administration building for the authority, including the
7 acquisition of real property for that purpose, securing
8 revenue bonds issued by the New Mexico finance authority and
9 financing the building from the fund. If the board elects to
10 finance the costs by obtaining revenue bonds issued by the
11 New Mexico finance authority, the board is authorized to make
12 payments from the first money received each month as
13 contributions pursuant to Section 10-7C-15 NMSA 1978 to pay
14 the principal of, interest on and other expenses or
15 obligations related to revenue bonds issued by the New Mexico
16 finance authority to plan, design, acquire, construct,
17 furnish and equip an administration building for the
18 authority, including the acquisition of real property."

19 Section 3. Section 10-7C-7.2 NMSA 1978 (being Laws
20 2000, Chapter 79, Section 2) is amended to read:

21 "10-7C-7.2. NEW MEXICO FINANCE AUTHORITY REVENUE
22 BONDS--PURPOSE--APPROPRIATION.--

23 A. The New Mexico finance authority may issue and
24 sell revenue bonds in compliance with the New Mexico Finance
25 Authority Act in installments or at one time in an amount not

1 exceeding three million eight hundred thousand dollars
2 (\$3,800,000) for the purpose of planning, designing,
3 acquiring, constructing, equipping and furnishing an
4 administration building for the authority, including the
5 acquisition of real property for that purpose.

6 B. The New Mexico finance authority may issue and
7 sell revenue bonds authorized by this section when the board
8 certifies the need for issuance of the bonds. The net
9 proceeds from the sale of the bonds are appropriated to the
10 authority for the purposes described in Subsection A of this
11 section.

12 C. The first money received each month as
13 contributions to the fund pursuant to Section 10-7C-15 NMSA
14 1978 in an amount sufficient to pay the principal of,
15 interest on and any other expenses or obligations related to
16 the revenue bonds is appropriated to the New Mexico finance
17 authority and shall be distributed monthly to the New Mexico
18 finance authority to be pledged irrevocably for the payment
19 of the principal of, interest on, any premium and expenses
20 related to the issuance and sale of the bonds authorized
21 pursuant to this section.

22 D. The amounts from the fund distributed to the
23 New Mexico finance authority shall be deposited in a special
24 bond fund or account of the New Mexico finance authority.

25 Any money remaining in the special fund or account from

1 distributions made to the New Mexico finance authority during
2 each fiscal year, after all principal of, interest on and any
3 other expenses or obligations related to the bonds in that
4 fiscal year are fully paid, shall be returned to the fund.
5 Upon payment of all principal of, interest on and any other
6 expenses or obligations related to the bonds, the New Mexico
7 finance authority shall certify to the authority that all
8 obligations for the bonds issued pursuant to this section
9 have been fully discharged and direct the authority to cease
10 distributing money to the New Mexico finance authority.

11 E. The legislature shall not repeal, amend or
12 otherwise modify any law that affects or impairs any revenue
13 bonds of the New Mexico finance authority secured by a pledge
14 of the contributions to the fund, unless the revenue bonds
15 have been discharged in full or provisions have been made for
16 a full discharge.

17 F. The New Mexico finance authority may
18 additionally secure the revenue bonds issued pursuant to this
19 section by a pledge of money in the public project revolving
20 fund with a lien priority on the money in the public project
21 revolving fund as determined by the New Mexico finance
22 authority."

23 Section 4. Section 10-7C-13 NMSA 1978 (being Laws 1990,
24 Chapter 6, Section 13, as amended) is amended to read:

25 "10-7C-13. PAYMENT OF PREMIUMS ON HEALTH CARE PLANS.--

1 A. Except as otherwise provided in this section,
2 each eligible retiree shall pay a monthly premium for the
3 basic plan in an amount set by the board not to exceed fifty
4 dollars (\$50.00) plus the amount, if any, of the compounded
5 annual increases authorized by the board, which increases
6 shall not exceed nine percent until fiscal year 2008 after
7 which the increases shall not exceed the authority's group
8 health care trend. In addition to the monthly premium for
9 the basic plan, each current retiree and nonsalaried eligible
10 participating entity governing authority member who becomes
11 an eligible retiree shall also pay monthly an additional
12 participation fee set by the board. That fee shall be five
13 dollars (\$5.00) plus the amount, if any, of the compounded
14 annual increases authorized by the board, which increases
15 shall not exceed nine percent until fiscal year 2008 after
16 which the increases shall not exceed the authority's group
17 health care trend. The additional monthly participation fee
18 paid by the current retirees and nonsalaried eligible
19 participating entity governing authority members who become
20 eligible retirees shall be a consideration and a condition
21 for being permitted to participate in the Retiree Health Care
22 Act. A legislative member or a former participating employer
23 governing authority member shall pay a monthly premium for
24 any selected plan equal to one-twelfth of the annual cost of
25 the claims and administrative costs of that plan allocated to

1 the member by the board. In addition, a legislative member
2 or a former participating employer governing authority member
3 shall pay the additional monthly participation fee set by the
4 board pursuant to this subsection as a consideration and
5 condition for participation in the Retiree Health Care Act.
6 Eligible dependents shall pay monthly premiums in amounts
7 that with other money appropriated to the fund shall cover
8 the cost of the basic plan for the eligible dependents.

9 B. Eligible retirees and eligible dependents shall
10 pay monthly premiums to cover the cost of the optional plans
11 that they elect to receive, and the board shall adopt rules
12 for the collection of additional premiums from eligible
13 retirees and eligible dependents participating in the
14 optional plans. An eligible retiree or eligible dependent
15 may authorize the authority in writing to deduct the amount
16 of these premiums from the monthly annuity payments, if
17 applicable.

18 C. The participating employers, active employees
19 and retirees are responsible for the financial viability of
20 the program. The overall financial viability is not an
21 additional financial obligation of the state.

22 D. For eligible retirees who become eligible for
23 participation on or after July 1, 2001, the board may
24 determine monthly premiums based on the retirees' years of
25 credited service with participating employers."

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Section 5. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2004. _____