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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.

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

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

1	(1) a spouse;	S
2	(2) an unmarried child under the age of nineteen who is:	B
3	(a) a natural child;	2
4	(b) a legally adopted child;	6
5	(c) a stepchild living in the same household who is	3
6	primarily dependent on the eligible retiree for maintenance and support;	P
7	(d) a child for whom the eligible retiree is the legal	a
8	guardian and who is primarily dependent on the eligible retiree for maintenance and	g
9	support, as long as evidence of the guardianship is evidenced in a court order or	e
10	decree; or	2
11	(e) a foster child living in the same household;	
12	(3) a child described in Subparagraphs (a) through (e) of	
13	Paragraph (2) of this subsection who is between the ages of nineteen and	
14	twenty-five and is a full-time student at an accredited educational institution;	
15	provided that "full-time student" shall be a student enrolled in and taking twelve or	
16	more semester hours or its equivalent contact hours in primary, secondary,	
17	undergraduate or vocational school or a student enrolled in and taking nine or more	
18	semester hours or its equivalent contact hours in graduate school;	
19	(4) a dependent child over nineteen who is wholly dependent	
20	on the eligible retiree for maintenance and support and who is incapable of	
21	self-sustaining employment by reason of mental retardation or physical handicap;	
22	provided that proof of incapacity and dependency shall be provided within thirty-one	
23	days after the child reaches the limiting age and at such times thereafter as may be	
24	required by the board;	
25	(5) a surviving spouse defined as follows:	
	(a) "surviving spouse" means the spouse to whom a	
	retiree was married at the time of death; or	

1 (b) "surviving spouse" means the spouse to whom a 2
2 deceased vested active employee was married at the time of death; or 3

3 (6) a surviving dependent child who is the dependent child of 2
4 a deceased eligible retiree whose other parent is also deceased; 6
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5 G. "eligible employer" means either: 3
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6 (1) a "retirement system employer", which means an 3
7 institution of higher education, a school district or other entity participating in the 3
8 public school insurance authority, a state agency, state court, magistrate court, 3
9 municipality, county or public entity, each of which is affiliated under or covered by 3
10 the Educational Retirement Act, the Public Employees Retirement Act, the Judicial 3
11 Retirement Act, the Magistrate Retirement Act or the Public Employees Retirement
12 Reciprocity Act; or

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

15 H. "eligible retiree" means:

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

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

22 (b) has maintained group health insurance coverage
23 through that member's governing authority if such group health insurance coverage
24 was available and offered to the member during the member's service as a member
25 of the governing authority; and

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

1 (d) notwithstanding the provisions of Subparagraphs S
2 (b) and (c) of this paragraph, is eligible under Subparagraph (a) of this paragraph B
3 and has applied before August 1, 1993 to the authority to participate in the program; 2
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4 (2) a "salaried eligible participating entity governing authority 3
5 member", which means a person who is not a retiree and who: P
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6 (a) has served with salary as a member of the g
7 governing authority of an employer eligible to participate in the benefits of the e
8 Retiree Health Care Act; 4

9 (b) has maintained group health insurance through
10 that member's governing authority, if such group health insurance was available
11 and offered to the member during the member's service as a member of the
12 governing authority; and

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

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

18 (3) an "eligible participating retiree", which means a person
19 who:

20 (a) falls within the definition of a retiree, has made
21 contributions to the fund for at least five years prior to retirement and whose eligible
22 employer during that period of time made contributions as a participant in the
23 Retiree Health Care Act on the person's behalf, unless that person retires on or
24 before July 1, 1995, in which event the time period required for employee and
25 employer contributions shall become the period of time between July 1, 1990 and
the date of retirement, and who is certified to be a retiree by the educational
retirement director, the executive secretary of the public employees retirement

1 board or the governing authority of an independent public employer;
2 (b) falls within the definition of a retiree, retired prior
3 to July 1, 1990 and is certified to be a retiree by the educational retirement director,
4 the executive secretary of the public employees retirement association or the
5 governing authority of an independent public employer; but this paragraph does not
6 include a retiree who was an employee of an eligible employer who exercised the
7 option not to be a participating employer pursuant to the Retiree Health Care Act
8 and did not after January 1, 1993 elect to become a participating employer; unless
9 the retiree: 1) retired on or before June 30, 1990; and 2) at the time of retirement
10 did not have a retirement health plan or retirement health insurance coverage
11 available from his employer; or

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

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

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1 the legislative council service; or

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

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

10 J. "group health insurance" means coverage that includes but is not
11 limited to life insurance, accidental death and dismemberment, hospital care and
12 benefits, surgical care and treatment, medical care and treatment, dental care, eye
13 care, obstetrical benefits, prescribed drugs, medicines and prosthetic devices,
14 medicare supplement, medicare carveout, medicare coordination and other
15 benefits, supplies and services through the vehicles of indemnity coverages, health
16 maintenance organizations, preferred provider organizations and other health care
17 delivery systems as provided by the Retiree Health Care Act and other coverages
18 considered by the board to be advisable;

19 K. "ineligible dependents" include:

20 (1) those dependents created by common law relationships;

21 (2) dependents while in active military service;

22 (3) parents, aunts, uncles, brothers, sisters, grandchildren

23 and other family members left in the care of an eligible retiree without evidence of
24 legal guardianship; and

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

L. "participating employee" means an employee of

1 a participating employer, which employee has not been expelled from participation
2 in the Retiree Health Care Act pursuant to Section 10-7C-10 NMSA 1978;

3 M. "participating employer" means an eligible employer who has
4 satisfied the conditions for participating in the benefits of the Retiree Health Care
5 Act, including the requirements of Subsection M of Section 10-7C-7 NMSA 1978
6 and Subsection D or E of Section 10-7C-9 NMSA 1978, as applicable;

7 N. "public entity" means a flood control authority, economic
8 development district, council of governments, regional housing authority,
9 conservancy district or other special district or special purpose government; and

10 O. "retiree" means a person who:

11 (1) is receiving:

12 (a) a disability or normal retirement benefit or
13 survivor's benefit pursuant to the Educational Retirement Act;

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

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

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

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

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1 "10-7C-7.1. BOARD MAY PROVIDE FOR AN ADMINISTRATION
2 BUILDING--PAYMENT OF OBLIGATIONS FROM CONTRIBUTIONS.--The board
3 may take all actions reasonably necessary to provide an administration building for
4 the authority, including the acquisition of real property for that purpose, securing
5 revenue bonds issued by the New Mexico finance authority and financing the
6 building from the fund. If the board elects to finance the costs by obtaining revenue
7 bonds issued by the New Mexico finance authority, the board is authorized to make
8 payments from the first money received each month as contributions pursuant to
9 Section 10-7C-15 NMSA 1978 to pay the principal of, interest on and other
10 expenses or obligations related to revenue bonds issued by the New Mexico
11 finance authority to plan, design, acquire, construct, furnish and equip an
12 administration building for the authority, including the acquisition of real property."

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

15 "10-7C-7.2. NEW MEXICO FINANCE AUTHORITY REVENUE
16 BONDS--PURPOSE--APPROPRIATION.--

17 A. The New Mexico finance authority may issue and sell revenue
18 bonds in compliance with the New Mexico Finance Authority Act in installments or
19 at one time in an amount not exceeding three million eight hundred thousand
20 dollars (\$3,800,000) for the purpose of planning, designing, acquiring, constructing,
21 equipping and furnishing an administration building for the authority, including the
22 acquisition of real property for that purpose.

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

C. The first money received each month as contributions to the fund

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1 pursuant to Section 10-7C-15 NMSA 1978 in an amount sufficient to pay the
2 principal of, interest on and any other expenses or obligations related to the
3 revenue bonds is appropriated to the New Mexico finance authority and shall be
4 distributed monthly to the New Mexico finance authority to be pledged irrevocably
5 for the payment of the principal of, interest on, any premium and expenses related
6 to the issuance and sale of the bonds authorized pursuant to this section.

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7 D. The amounts from the fund distributed to the New Mexico finance
8 authority shall be deposited in a special bond fund or account of the New Mexico
9 finance authority. Any money remaining in the special fund or account from
10 distributions made to the New Mexico finance authority during each fiscal year, after
11 all principal of, interest on and any other expenses or obligations related to the
12 bonds in that fiscal year are fully paid, shall be returned to the fund. Upon payment
13 of all principal of, interest on and any other expenses or obligations related to the
14 bonds, the New Mexico finance authority shall certify to the authority that all
15 obligations for the bonds issued pursuant to this section have been fully discharged
16 and direct the authority to cease distributing money to the New Mexico finance
17 authority.

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

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

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

1 "10-7C-13. PAYMENT OF PREMIUMS ON HEALTH CARE PLANS.-- S

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3 A. Except as otherwise provided in this section, each eligible retiree 2
4 shall pay a monthly premium for the basic plan in an amount set by the board not to 6
5 exceed fifty dollars (\$50.00) plus the amount, if any, of the compounded annual 3
6 increases authorized by the board, which increases shall not exceed nine percent P
7 until fiscal year 2008 after which the increases shall not exceed the authority's a
8 group health care trend. In addition to the monthly premium for the basic plan, each 0
9 current retiree and nonsalaried eligible participating entity governing authority 1
10 member who becomes an eligible retiree shall also pay monthly an additional 0
11 participation fee set by the board. That fee shall be five dollars (\$5.00) plus the
12 amount, if any, of the compounded annual increases authorized by the board, which
13 increases shall not exceed nine percent until fiscal year 2008 after which the
14 increases shall not exceed the authority's group health care trend. The additional
15 monthly participation fee paid by the current retirees and nonsalaried eligible
16 participating entity governing authority members who become eligible retirees shall
17 be a consideration and a condition for being permitted to participate in the Retiree
18 Health Care Act. A legislative member or a former participating employer governing
19 authority member shall pay a monthly premium for any selected plan equal to one-
20 twelfth of the annual cost of the claims and administrative costs of that plan
21 allocated to the member by the board. In addition, a legislative member or a former
22 participating employer governing authority member shall pay the additional monthly
23 participation fee set by the board pursuant to this subsection as a consideration and
24 condition for participation in the Retiree Health Care Act. Eligible dependents shall
25 pay monthly premiums in amounts that with other money appropriated to the fund
shall cover the cost of the basic plan for the eligible dependents.

B. Eligible retirees and eligible dependents shall pay monthly

1 premiums to cover the cost of the optional plans that they elect to receive, and the
2 board shall adopt rules for the collection of additional premiums from eligible
3 retirees and eligible dependents participating in the optional plans. An eligible
4 retiree or eligible dependent may authorize the authority in writing to deduct the
5 amount of these premiums from the monthly annuity payments, if applicable.

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6 C. The participating employers, active employees and retirees are
7 responsible for the financial viability of the program. The overall financial viability is
8 not an additional financial obligation of the state.

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

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

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