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HOUSE BILL 276

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Pauline J. Ponce

AN ACT

RELATING TO PUBLIC SCHOOLS; INCREASING THE STATE CONTRIBUTION
FOR GROUP INSURANCE.

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 subdivisions.

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1 B. The group insurance contributions of the state
2 or any of its departments or institutions, including
3 institutions of higher education ~~[and the]~~ but excluding public
4 ~~[schools]~~ school districts, shall be made as follows:

5 (1) ~~[seventy-five percent of the cost of the~~
6 ~~insurance of]~~ for an employee whose annual salary is less than
7 fifteen thousand dollars (\$15,000), seventy-five percent of the
8 cost of the insurance of the employee;

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

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

19 (4) ~~[sixty percent of the cost of the~~
20 ~~insurance of]~~ for an employee whose annual salary is twenty-
21 five thousand dollars (\$25,000) or more, sixty percent of the
22 cost of the insurance of the employee.

23 C. The group insurance contributions of public
24 school districts shall be made as follows:

25 (1) for an employee whose annual salary is

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1 less than fifteen thousand dollars (\$15,000), prior to fiscal
2 year 2004, seventy-five percent of the cost of the insurance of
3 the employee; and in fiscal year 2004 and subsequent fiscal
4 years, eighty percent of the cost of the insurance of the
5 employee;

6 (2) for an employee whose annual salary is
7 fifteen thousand dollars (\$15,000) or more but less than twenty
8 thousand dollars (\$20,000), prior to fiscal year 2004, seventy
9 percent of the cost of the insurance of the employee; in fiscal
10 year 2004, seventy-five percent of the cost of the insurance of
11 the employee; and in fiscal year 2005 and subsequent fiscal
12 years, eighty percent of the cost of the insurance of the
13 employee;

14 (3) for an employee whose annual salary is
15 twenty thousand dollars (\$20,000) or more but less than twenty-
16 five thousand dollars (\$25,000), prior to fiscal year 2004,
17 sixty-five percent of the cost of the insurance of the
18 employee; in fiscal year 2004, seventy percent of the cost of
19 the insurance of the employee; in fiscal year 2005, seventy-
20 five percent of the cost of the insurance of the employee; and
21 in fiscal year 2006 and subsequent fiscal years, eighty percent
22 of the cost of the insurance of the employee; or

23 (4) for an employee whose annual salary is
24 twenty-five thousand dollars (\$25,000) or more, prior to fiscal
25 year 2004, sixty percent of the cost of the insurance of the

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1 employee; in fiscal year 2004, sixty-five percent of the cost
2 of the insurance of the employee; in fiscal year 2005, seventy
3 percent of the cost of the insurance of the employee; in fiscal
4 year 2006, seventy-five percent of the cost of the insurance of
5 the employee; and in fiscal year 2007 and subsequent fiscal
6 years, eighty percent of the cost of the insurance of the
7 employee.

8 D. As used in this ~~[subsection]~~ section, "cost of
9 the insurance" means the premium required to be paid to provide
10 coverages. Any contributions of the political subdivisions of
11 the state, except the public schools and political subdivisions
12 of the state with twenty-five employees or fewer, shall not
13 exceed sixty percent of the cost of the insurance.

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

24 ~~[D.]~~ E. Any group medical insurance plan offered
25 pursuant to this section shall include effective cost-

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

7 Section 2. Section 22-2-6.10 NMSA 1978 (being Laws 1989,
8 Chapter 373, Section 5, as amended) is amended to read:

9 "22-2-6.10. GROUP INSURANCE CONTRIBUTIONS. --

10 A. Group insurance contributions for school
11 districts and charter schools [~~and participating entities in~~
12 ~~the authority~~] shall be made as follows:

13 [~~(1) seventy-five percent of the cost of the~~
14 ~~insurance of an employee whose annual salary is less than~~
15 ~~fifteen thousand dollars (\$15,000);~~

16 ~~(2) seventy percent of the cost of the~~
17 ~~insurance of an employee whose annual salary is fifteen~~
18 ~~thousand dollars (\$15,000) or more but less than twenty~~
19 ~~thousand dollars (\$20,000);~~

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

24 ~~(4) sixty percent of the cost of the insurance~~
25 ~~of an employee whose annual salary is twenty-five thousand~~

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1 ~~dollars (\$25,000) or more]~~

2 (1) for an employee whose annual salary is
3 less than fifteen thousand dollars (\$15,000), prior to fiscal
4 year 2004, seventy-five percent of the cost of the insurance of
5 the employee; and in fiscal year 2004 and subsequent fiscal
6 years, eighty percent of the cost of the insurance of the
7 employee;

8 (2) for an employee whose annual salary is
9 fifteen thousand dollars (\$15,000) or more but less than twenty
10 thousand dollars (\$20,000), prior to fiscal year 2004, seventy
11 percent of the cost of the insurance of the employee; in fiscal
12 year 2004, seventy-five percent of the cost of the insurance of
13 the employee; and in fiscal year 2005 and subsequent fiscal
14 years, eighty percent of the cost of the insurance of the
15 employee;

16 (3) for an employee whose annual salary is
17 twenty thousand dollars (\$20,000) or more but less than twenty-
18 five thousand dollars (\$25,000), prior to fiscal year 2004,
19 sixty-five percent of the cost of the insurance of the
20 employee; in fiscal year 2004, seventy percent of the cost of
21 the insurance of the employee; in fiscal year 2005, seventy-
22 five percent of the cost of the insurance of the employee; and
23 in fiscal year 2006 and subsequent fiscal years, eighty percent
24 of the cost of the insurance of the employee; or

25 (4) for an employee whose annual salary is

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1 twenty-five thousand dollars (\$25,000) or more, prior to fiscal
2 year 2004, sixty percent of the cost of the insurance of the
3 employee; in fiscal year 2004, sixty-five percent of the cost
4 of the insurance of the employee; in fiscal year 2005, seventy
5 percent of the cost of the insurance of the employee; in fiscal
6 year 2006, seventy-five percent of the cost of the insurance of
7 the employee; and in fiscal year 2007 and subsequent fiscal
8 years, eighty percent of the cost of the insurance of the
9 employee.

10 B. Group insurance contributions for participating
11 entities in the authority shall be made as follows:

12 (1) for an employee whose annual salary is
13 less than fifteen thousand dollars (\$15,000), seventy-five
14 percent of the cost of the insurance of the employee;

15 (2) for an employee whose annual salary is
16 fifteen thousand dollars (\$15,000) or more but less than twenty
17 thousand dollars (\$20,000), seventy percent of the cost of the
18 insurance of the employee;

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

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

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1 ~~[B-]~~ C. Whenever a school district, charter school
2 or participating entity in the authority offers to its
3 employees alternative health plan benefit options, including
4 ~~[but not limited to]~~ health maintenance organizations,
5 preferred provider organizations or panel doctor plans, the
6 school district, charter school or participating entity may pay
7 an amount on behalf of the employee and family member for the
8 indemnity health insurance plan sufficient to result in equal
9 employee monthly costs to the cost of the health maintenance
10 organization plans, preferred provider ~~[organizations]~~
11 organization plans or panel doctor plans, regardless of the
12 percentage limitations in the Public School Insurance Authority
13 Act. School districts, charter schools and participating
14 entities in the authority may pay up to one hundred percent of
15 the first fifty thousand dollars (\$50,000) of term life
16 insurance. "

17 Section 3. EFFECTIVE DATE. --The effective date of the
18 provisions of this act is July 1, 2003.