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AN ACT

RELATING TO INSURANCE; AMENDING THE RETIREE HEALTH CARE ACT
TO INCLUDE FORMER MEMBERS OF CERTAIN GOVERNING BOARDS.

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

1 Retirement Act, the Judicial Retirement Act, the Magistrate
2 Retirement Act, the Public Employees Retirement Reciprocity
3 Act or the retirement program of an independent public
4 employer on or before July 1, 1990;

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

8 (1) a spouse;

9 (2) an unmarried child under the age of
10 nineteen who is:

11 (a) a natural child;

12 (b) a legally adopted child;

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

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

21 (e) a foster child living in the same
22 household;

23 (3) a child described in Subparagraphs (a)
24 through (e) of Paragraph (2) of this subsection who is
25 between the ages of nineteen and twenty-five and is a

1 full-time student at an accredited educational institution;
2 provided that "full-time student" shall be a student enrolled
3 in and taking twelve or more semester hours or its equivalent
4 contact hours in primary, secondary, undergraduate or
5 vocational school or a student enrolled in and taking nine or
6 more semester hours or its equivalent contact hours in
7 graduate school;

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

16 (5) a surviving spouse defined as follows:

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

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

22 (6) a surviving dependent child who is the
23 dependent child of a deceased eligible retiree whose other
24 parent is also deceased;

25 G. "eligible employer" means either:

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

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

13 H. "eligible retiree" means:

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

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

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

1 of the governing authority; and

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

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

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

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

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

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

24 (d) notwithstanding the provisions of
25 Subparagraphs (b) and (c) of this paragraph, is eligible

1 under Subparagraph (a) of this paragraph and has applied
2 before August 1, 1993 to the authority to participate in the
3 program;

4 (3) an "eligible participating retiree",
5 which means a person who:

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

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

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

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

25 (4) a "legislative member", which means a

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

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

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

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

1 provided by the Retiree Health Care Act and other coverages
2 considered by the board to be advisable;

3 K. "ineligible dependents" include:

4 (1) those dependents created by common law
5 relationships;

6 (2) dependents while in active military
7 service;

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

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

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

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

25 N. "public entity" means a flood control

1 authority, economic development district, council of
2 governments, regional housing authority, conservancy district
3 or other special district or special purpose government; and

4 0. "retiree" means a person who:

5 (1) is receiving:

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

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

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

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

24 Section 2. Section 10-7C-13 NMSA 1978 (being Laws 1990,
25 Chapter 6, Section 13, as amended) is amended to read:

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

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

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

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

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

24 D. For eligible retirees who become eligible for
25 participation on or after July 1, 2001, the board may

1 determine monthly premiums based on the retirees' years of
2 credited service with participating employers."

3 Section 3. EFFECTIVE DATE.--The effective date of the
4 provisions of this act is July 1, 2005._____

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