

<b>LFC Requester:</b>	<b>Joseph Simon</b>
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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**Analysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Check all that apply:*

**Original**        **Amendment**      
**Correction**        **Substitute**   

**Date** 02/05/2024

**Bill No:** SB87s

**Sponsor:** Craig Brandt  
**Short Title:** Law Enforcement Retirement Changes

**Agency Name and Code:** New Mexico Retiree Health Care Authority  
**Number:** 34300  
**Person Writing:** Mark R. Hayden  
**Phone:** 505-222-6416    **Email:** Mark.Hayden@rhca.nm.

**SECTION II: FISCAL IMPACT**

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	\$0	\$0	\$0	\$0	N/A	Healthcare Benefits Administration Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

Substitute Senate Bill 87s Amends the Public Employees Retirement Act by removing the prior provision for the purchase of up to 5 years of service, and it expands the number of jobs which qualify for simultaneous receiving of retiree pension benefits while actively employed in certain jobs. This bill allows retired members continue receiving PERA retiree benefits after subsequent employment with a NM public employer, or in another state, or by the federal government, while obtaining employment in specified positions after 90 days, allowing these employees to return to work. Pension retiree benefits will be paid to these now employed retirees which was formally prohibited.

## **FISCAL IMPLICATIONS**

This bill provides an expansion of named job categories to continue receiving pension retiree benefits when they obtain subsequent employment as retirees. Substitute SB 87s has an unknown fiscal impact on NMRHCA because the number of employees who qualify will increase or decrease by an uncertain amount depending on future participation. A choice must be made by the retiree. An employee must decide whether NMRHCA health care benefits will be delayed, terminated, or take the new employer's plan and enroll to receiving health care benefits from both plans with RHCA benefits secondary to the new employer plan. Retirees returning to work must also notify NMRHCA they are now employed and no longer a retiree.

## **SIGNIFICANT ISSUES**

This bill allows retired members to return to work at specified job positions while receiving pension retirement benefits during employment.

Return to work retirees shall choose one of two NMRHCA options as follows:

1. Delay or terminate enrollment in the NMRHCA and take the new employer's plan or spouse's plan. Under this option, the returning to work retiree will be allowed to enroll into the NMRHCA at a later date, if an application is submitted within 31 days of an involuntary loss of coverage (see below for examples) and there has been no lapse in medical coverage since retirement with a requirement to submit evidence comprehensive of continuous coverage and involuntary loss. Examples of involuntary loss of coverage are (1) termination of employment; (2) retirement from new employer, causing the employer to cancel health care benefits; (3) cancellation of health care benefit program by the employee; and (4) dissolution of the company.
2. Take the new employer's plan of benefits and enroll with eligible dependents into the NMRHCA program, thus receiving health care benefits from both plans through the NMRHCA's and the new employer's insurance carrier's Coordination of Benefits Provision. The Retiree Health Care Act requires that the NMRHCA program of health care benefits will be secondary to the new employer's benefit plans whereby claims will first be paid primarily by the employer's insurance plan, and the balance will be considered by the NMRHCA insurance plan.

## **PERFORMANCE IMPLICATIONS**

None

## **ADMINISTRATIVE IMPLICATIONS**

None

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

## **AMENDMENTS**