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SENATE BILL 992

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

ROMAN M. MAES III

AN ACT

RELATING TO INSURANCE; AMENDING THE RETIREE HEALTH CARE ACT TO
INCLUDE FORMER LEGISLATORS AND FORMER MEMBERS OF CERTAIN BOARDS;
AMENDING THE PUBLIC SCHOOL INSURANCE AUTHORITY ACT TO INCLUDE
LEGISLATORS AND PRIVATE SCHOOLS AND TO CHANGE PROVISIONS
REGARDING SCHOOL BOARD MEMBERS; AMENDING SECTIONS OF THE NMSA
1978.

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

1 Act, the Judicial Retirement Act or the Magistrate Retirement
2 Act;

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

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

7 D. "board" means the [governing] board of the
8 retiree health care authority;

9 E. "current retiree" means an eligible retiree who
10 is receiving a disability or normal retirement benefit under the
11 Educational Retirement Act, the Public Employees Retirement Act,
12 the Judicial Retirement Act, the Magistrate Retirement Act, the
13 Retirement Reciprocity Act, the Judicial Retirement Reciprocity
14 Act or the retirement program of an independent public employer
15 on or before July 1, 1990;

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

19 (1) a spouse;

20 (2) an unmarried child under the age of
21 nineteen who is:

22 (a) a natural child;

23 (b) a legally adopted child;

24 (c) a stepchild living in the same
25 household who is primarily dependent on the eligible retiree for

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1 maintenance and support;

2 (d) a child for whom the eligible retiree
3 is the legal guardian and who is primarily dependent on the
4 eligible retiree for maintenance and support, as long as
5 evidence of the guardianship is evidenced in a court order or
6 decree; or

7 (e) a foster child living in the same
8 household;

9 (3) a child described in Subparagraphs (a)
10 through (e) of Paragraph (2) of this subsection who is between
11 the ages of nineteen and twenty-five and is a full-time student
12 at an accredited educational institution, provided that "full-
13 time student" shall be a student enrolled in and taking twelve
14 or more semester hours or its equivalent contact hours in
15 primary, secondary, undergraduate or vocational school or a
16 student enrolled in and taking nine or more semester hours or
17 its equivalent contact hours in graduate school;

18 (4) a dependent child over nineteen who is
19 wholly dependent on the eligible retiree for maintenance and
20 support and who is incapable of self-sustaining employment by
21 reason of mental retardation or physical handicap, provided that
22 proof of incapacity and dependency shall be provided within
23 thirty-one days after the child reaches the limiting age and at
24 such times thereafter as may be required by the board;

25 (5) a surviving spouse defined as follows:

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

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

6 (6) a surviving dependent child who is the
7 dependent child of a deceased eligible retiree whose other
8 parent is also deceased;

9 G. "eligible employer" means either:

10 (1) a "retirement system employer", which means
11 an institution of higher education, a school district or other
12 entity participating in the public school insurance authority, a
13 state agency, state court, magistrate court, municipality or
14 county, each of which is affiliated under or covered by the
15 Educational Retirement Act, the Public Employees Retirement Act,
16 the Judicial Retirement Act or the Magistrate Retirement Act; or

17 (2) an "independent public employer", which
18 means a municipality or county which is not a retirement system
19 employer;

20 H. "eligible retiree" means:

21 (1) a "nonsalaried eligible participating
22 entity governing authority member", ~~[who is]~~ which means a
23 person who is not a retiree and who:

24 (a) has served without salary as a member
25 of the governing authority of an employer eligible to

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1 participate in the benefits of the Retiree Health Care Act and
2 is certified to be such by the executive director of the public
3 school insurance authority;

4 (b) has maintained group health insurance
5 coverage through that member's governing authority if such group
6 health insurance coverage was available and offered to the
7 member during the member's service as a member of the governing
8 authority; and

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

12 (d) if a person eligible under
13 Subparagraph (a) of this paragraph applies before August 1, 1993
14 to the authority to participate in the program, then he will be
15 eligible to participate notwithstanding the provisions of
16 Subparagraphs (b) and (c) of this paragraph;

17 (2) a "salaried eligible participating entity
18 governing authority member", [~~who is~~] which means a person who
19 is not a retiree and who:

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

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

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1 member's service as a member of the governing authority; and

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

5 (d) if a person eligible under
6 Subparagraph (a) of this paragraph applies before August 1, 1993
7 to the authority to participate in the program, then he will be
8 eligible to participate notwithstanding the provisions of
9 Subparagraphs (b) and (c) of this paragraph;

10 (3) an "eligible participating retiree", [~~who~~
11 ~~is~~] which means a person who:

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

24 (b) falls within the definition of a
25 retiree, retired prior to July 1, 1990 and is certified to be a

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

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

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1 educational retirement director, the executive secretary of the
2 public employees retirement board or the governing authority of
3 an independent public employer;

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

9 (5) a "former nonsalaried eligible
10 participating entity governing authority member", which means a
11 person who is not a retiree and who served without salary as a
12 member of the governing authority of an eligible participating
13 entity for at least four years but is no longer a member of the
14 governing authority and is certified to be such by the chief
15 executive officer of the eligible participating entity;

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

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

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

3 K. "ineligible dependents" include but are not
4 limited to:

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

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

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

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

15 L. "participating employee" means an employee of a
16 participating employer, which employee has not been excluded
17 from participation in the Retiree Health Care Act pursuant to
18 Subsection F of Section 10-7C-9 NMSA 1978 or Section
19 10-7C-10 NMSA 1978;

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

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1 N. "retiree" means a person who:

2 (1) is receiving:

3 (a) a disability or normal retirement
4 benefit or survivor's benefit under the Educational Retirement
5 Act;

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

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

15 (2) is not receiving a survivor's benefit but
16 is the eligible dependent of a person who received a disability
17 or normal retirement benefit pursuant to the Educational
18 Retirement Act or the Public Employees Retirement Act. "

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

21 "10-7C-13. PAYMENT OF PREMIUMS ON HEALTH CARE PLANS. --

22 A. Each eligible retiree shall pay a monthly premium
23 for the basic plan in an amount set by the board not to exceed
24 the sum of fifty dollars (\$50.00) plus the amount, if any, of
25 the compounded annual increases authorized by the board, which

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

21 B. Eligible retirees and eligible dependents shall
22 pay monthly premiums to cover the cost of the optional plans
23 that they elect to receive, and the board shall adopt rules for
24 the collection of additional premiums from eligible retirees and
25 eligible dependents participating in the optional plans. An

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1 eligible retiree or eligible dependent may authorize the
2 authority in writing to deduct the amount of these premiums from
3 the monthly annuity payments, if applicable.

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

8 Section 3. Section 22-2-6.2 NMSA 1978 (being Laws 1986,
9 Chapter 94, Section 2) is amended to read:

10 "22-2-6.2. PURPOSE OF ACT.--The purpose of the Public
11 School Insurance Authority Act is to provide comprehensive core
12 insurance programs for all participating private or public
13 schools, school board members, [~~school board retirees~~]
14 legislators and public school employees and retirees by
15 expanding the pool of subscribers to maximize cost containment
16 opportunities for required insurance coverage."

17 Section 4. Section 22-2-6.3 NMSA 1978 (being Laws 1986,
18 Chapter 94, Section 3, as amended) is amended to read:

19 "22-2-6.3. DEFINITIONS.--As used in the Public School
20 Insurance Authority Act:

21 A. "authority" means the public school insurance
22 authority;

23 B. "board" means the board of directors of the
24 public school insurance authority;

25 C. "director" means the director of the public

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1 school insurance authority;

2 D. "educational entities" means state educational
3 institutions as enumerated in Article 12, Section 11 of the
4 constitution of New Mexico and other [~~state diploma~~] diploma-
5 granting, degree-granting and certificate-granting elementary,
6 secondary and post-secondary educational institutions;

7 E. "fund" means the public school insurance fund;

8 F. "group health insurance" means coverage which
9 includes but is not limited to life insurance, accidental death
10 and dismemberment, medical care and treatment, dental care, eye
11 care and other coverages as determined by the authority;

12 G. "legislator" means a person serving as a member
13 of the New Mexico legislature and certified to be such by the
14 legislative council service;

15 [~~G.~~] H. "risk-related coverage" means coverage which
16 includes but is not limited to property and casualty, general
17 liability, auto and fleet, [~~workmen's~~] workers' compensation and
18 other casualty insurance; [~~and~~]

19 I. "school board member" means a person serving as a
20 member of the governing board of a school district and certified
21 to be such by the chief executive officer of that school
22 district; and

23 [~~H.~~] J. "school district" means a school district as
24 defined in Subsection [~~J~~] K of Section 22-1-2 NMSA 1978,
25 excluding any school district with a student enrollment in

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1 excess of sixty thousand students. "

2 Section 5. Section 22-2-6.7 NMSA 1978 (being Laws 1986,
3 Chapter 94, Section 7, as amended) is amended to read:

4 "22-2-6.7. AUTHORITY--DUTIES.--In order to effectuate the
5 purposes of the Public School Insurance Authority Act, the
6 authority has the power to:

7 A. employ the services of the state fiscal agent or
8 select its own fiscal agent pursuant to regulations adopted by
9 the board; provided that for the purposes of disbursing all
10 money other than that in the fund, the secretary of finance and
11 administration shall be the fiscal agent for the authority;

12 B. enter into professional services and consulting
13 contracts or agreements as necessary;

14 C. collect, provide for the investment of and
15 disburse money in the fund;

16 D. collect all current and historical claims and
17 financial information necessary for effective procurement of
18 lines of insurance coverage;

19 E. promulgate necessary rules, regulations and
20 procedures for implementation of the Public School Insurance
21 Authority Act;

22 F. negotiate new insurance policies covering
23 additional or lesser benefits as determined appropriate by the
24 authority, but the authority shall maintain all coverage levels
25 required by federal and state law for each participating member.

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1 In the event it is practical to wholly self-insure a particular
2 line of coverage, the authority may do so;

3 G. procure lines of insurance coverage in compliance
4 with the competitive sealed proposal process of the Procurement
5 Code; provided that any group medical insurance plan offered
6 pursuant to this section shall include effective
7 cost-containment measures to control the growth of health care
8 costs. The board shall report annually by September 1 to
9 appropriate interim legislative committees on the effectiveness
10 of the cost-containment measures required by this subsection;

11 H. purchase, renovate, equip and furnish a building
12 for the board; ~~[The board shall consider purchasing a building
13 in a community with a population of forty thousand or less; and~~

14 ~~I. loan from its seventy eighth fiscal year budget
15 to the retiree health care authority an amount not exceeding
16 five hundred thousand dollars (\$500,000) to be used for retiree
17 health care authority start up costs. The loan shall bear
18 interest at a rate equal to the rate of return or yield for
19 ten year United States treasury bonds existing on the date of
20 the loan closing. Principal and interest shall be paid back
21 before the end of the seventy ninth fiscal year;]~~

22 I. determine annually the monthly premiums for
23 health care benefits coverages for legislators and school board
24 members that shall be an amount equal to one-twelfth of the
25 annual prevailing employer and employee contribution percentage;

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and

J. establish a central purchasing office to perform
all procurement of goods and services. "

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

SB 992/a

February 28, 1997

Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

SENATE BILL 992

has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:

1. On page 11, line 9, after the word "former" insert
"salaried or".
2. On page 11, line 11, after the word "allocated" insert "by
the Board".

Respectfully submitted,

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Ben D. Altamirano, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 6 For 1 Against

Yes: 6

No: Eisenstadt

Excused: Carraro, Ingle, McKibben, Smith

Absent: None

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FORTY-THIRD LEGISLATURE

FIRST SESSION

March 3, 1997

SENATE FLOOR AMENDMENT number _____ to SENATE BILL 992, as amended

Amendment sponsored by Senator Fernando R. Macias

1. On page 16, line 3, strike the quotation mark and insert the following new section:

"Section 6. SEVERABILITY.--If any part or application of this act is held invalid the remainder or its application to other situations or persons shall not be affected."

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FORTY-THIRD LEGISLATURE
FIRST SESSION

SF1/SB 992, aa

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Fernando R. Macias

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

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State of New Mexico House of Representatives

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

March 15, 1997

Mr. Speaker:

**Your BUSINESS AND INDUSTRY COMMITTEE, to whom has
been referred**

SENATE BILL 992, as amended

**has had it under consideration and reports same with
recommendation that it DO PASS, and thence referred to the
APPROPRIATIONS AND FINANCE COMMITTEE.**

Respectfully submitted,

Fred Luna, Chairman

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

HBI C/SB 992

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Adopted _____ Not Adopted _____

(Chief Clerk)
(Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

Excused: Alwin, Getty, Gubbels, Rodella, J.G. Taylor, Varela

Absent: None

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