

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE BILL 540

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

INTRODUCED BY

Danice Picraux

AN ACT

RELATING TO PUBLIC EMPLOYEES; REQUIRING THE RISK MANAGEMENT
DIVISION OF THE GENERAL SERVICES DEPARTMENT TO ESTABLISH A
PROGRAM THAT PROVIDES RESULTS-BASED WELLNESS INCENTIVES TIED TO
EMPLOYEE HEALTH INSURANCE PREMIUMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Group Benefits Act is
enacted to read:

"[NEW MATERIAL] RESULTS-BASED WELLNESS INCENTIVE
PROGRAM.--

A. The risk management division of the general
services department shall establish a results-based "wellness
incentive program" that ties the cost of a public employee's
premium for the group benefits self-insurance plan health care
coverage pursuant to Section 10-7B-6 NMSA 1978 to the health

.185118.2

underscoring material = new
~~[bracketed material] = delete~~

underscoring material = new
~~[bracketed material] = delete~~

1 status of the public employee and the public employee's covered
2 dependents, if applicable, based on health risk evaluations.
3 The program shall be designed to provide monetary incentives in
4 the form of increases or decreases in premium costs for
5 participating in the program and for improving one's health
6 status. The goal of the program is to promote the health and
7 wellness of participants and lower health care expenses
8 subsidized by taxpayers.

9 B. Health risk evaluations shall include:

- 10 (1) body mass index;
- 11 (2) tobacco use;
- 12 (3) blood pressure;
- 13 (4) blood cholesterol; and
- 14 (5) blood glucose.

15 C. The committee shall advise the risk management
16 division on the requirements of the program, including:

- 17 (1) adopted health status goals;
- 18 (2) cost to the employee for not participating
19 in the program;
- 20 (3) incentives, in the form of decreases or
21 increases in employee contributions relative to the employee's
22 and the employee's covered dependents' health status;
- 23 (4) limitations on incentives;
- 24 (5) how often health status reassessments will
25 occur, which must be at least once a year;

.185118.2

underscoring material = new
[bracketed material] = delete

1 (6) reasonable alternatives for persons with
2 medical issues that make a typical healthy lifestyle goal
3 unreasonable; and

4 (7) an appeal process.

5 D. The program shall be operational by July 1,
6 2012."

7 SECTION 2. Section 10-7-4 NMSA 1978 (being Laws 1941,
8 Chapter 188, Section 1, as amended) is amended to read:

9 "10-7-4. GROUP INSURANCE--CAFETERIA PLAN--CONTRIBUTIONS
10 FROM PUBLIC FUNDS.--

11 A. All state departments and institutions and all
12 political subdivisions of the state, excluding municipalities,
13 counties and political subdivisions of the state with twenty-
14 five employees or fewer, shall cooperate in providing group
15 term life, medical or disability income insurance for the
16 benefit of eligible employees or salaried officers of the
17 respective departments, institutions and subdivisions.

18 B. The group insurance contributions of the state
19 or any of its departments or institutions, including
20 institutions of higher education and the public schools, shall
21 be made as follows:

22 (1) at least seventy-five percent of the cost
23 of the insurance of an employee whose annual salary is less
24 than fifteen thousand dollars (\$15,000);

25 (2) at least seventy percent of the cost of

.185118.2

underscored material = new
[bracketed material] = delete

1 the insurance of an employee whose annual salary is fifteen
2 thousand dollars (\$15,000) or more but less than twenty
3 thousand dollars (\$20,000);

4 (3) at least sixty-five percent of the cost of
5 the insurance of an employee whose annual salary is twenty
6 thousand dollars (\$20,000) or more but less than twenty-five
7 thousand dollars (\$25,000); ~~or~~ and

8 (4) at least sixty percent of the cost of the
9 insurance of an employee whose annual salary is twenty-five
10 thousand dollars (\$25,000) or more.

11 C. Effective July 1, 2004, the group insurance
12 contributions of the state or any of its executive, judicial or
13 legislative departments, including agencies, boards or
14 commissions, shall be made as follows; provided that the
15 contribution percentage shall be the same for all affected
16 public employees in a given salary bracket:

17 (1) up to eighty percent of the cost of the
18 insurance of an employee whose annual salary is less than
19 thirty thousand dollars (\$30,000);

20 (2) up to seventy percent of the cost of the
21 insurance of an employee whose annual salary is thirty thousand
22 dollars (\$30,000) or more but less than forty thousand dollars
23 (\$40,000); and

24 (3) up to sixty percent of the cost of the
25 insurance of an employee whose annual salary is forty thousand

.185118.2

underscored material = new
[bracketed material] = delete

1 dollars (\$40,000) or more.

2 D. Effective July 1, 2005, the group insurance
3 contributions of the state or any of its executive, judicial or
4 legislative departments, including agencies, boards or
5 commissions, shall be made as follows; provided that the
6 contribution percentage shall be the same for all affected
7 public employees in a given salary bracket, except as provided
8 in the wellness incentive program:

9 (1) up to eighty percent of the cost of the
10 insurance of an employee whose annual salary is less than fifty
11 thousand dollars (\$50,000);

12 (2) up to seventy percent of the cost of the
13 insurance of an employee whose annual salary is fifty thousand
14 dollars (\$50,000) or more but less than sixty thousand dollars
15 (\$60,000); and

16 (3) up to sixty percent of the cost of the
17 insurance of an employee whose annual salary is sixty thousand
18 dollars (\$60,000) or more.

19 E. The state shall not make any group insurance
20 contributions for legislators. A legislator shall be eligible
21 for group benefits only if the legislator contributes one
22 hundred percent of the cost of the insurance.

23 F. As used in this section, "cost of the insurance"
24 means the premium required to be paid to provide coverages,
25 taking into account any decreases in premiums but not increases

.185118.2

underscoring material = new
[bracketed material] = delete

1 in premiums pursuant to the wellness incentive program. Any
2 contributions of the political subdivisions of the state,
3 except the public schools and political subdivisions of the
4 state with twenty-five employees or fewer, shall not exceed
5 sixty percent of the cost of the insurance.

6 G. When a public employee elects to participate in
7 a cafeteria plan as authorized by the Cafeteria Plan Act and
8 enters into a salary reduction agreement with the governmental
9 employer, the provisions of Subsections B through D of this
10 section with respect to the maximum contributions that can be
11 made by the employer are not violated and will still apply.
12 The employer percentage or dollar contributions as provided in
13 Subsections B through D of this section shall be determined by
14 the employee's gross salary prior to any salary reduction
15 agreement.

16 H. Any group medical insurance plan offered
17 pursuant to this section shall include effective cost-
18 containment measures to control the growth of health care
19 costs. The responsible public body that administers a plan
20 offered pursuant to this section shall report annually by
21 September 1 to appropriate interim legislative committees on
22 the effectiveness of the cost-containment measures required by
23 this subsection.

24 I. Within available revenue, school districts,
25 charter schools, participating entities pursuant to the Public

.185118.2

underscored material = new
[bracketed material] = delete

1 School Insurance Authority Act and institutions of higher
2 education may contribute up to eighty percent of the cost of
3 the insurance of all employees.

4 J. Each employee covered by group medical insurance
5 as provided in this section shall participate in the wellness
6 incentive program established pursuant to Section 1 of this
7 2011 act and meet health risk evaluation targets as required by
8 the program or pay a higher premium. The additional premium
9 cost shall be borne by the employee."

10 SECTION 3. Section 10-7B-6 NMSA 1978 (being Laws 1989,
11 Chapter 231, Section 6, as amended) is amended to read:

12 "10-7B-6. STATE EMPLOYEES GROUP BENEFITS SELF-INSURANCE
13 PLAN--AUTHORIZATION--LOCAL PUBLIC BODY PARTICIPATION.--

14 A. The risk management division of the general
15 services department may, with the prior advice of the
16 committee, establish and administer a group benefits
17 self-insurance plan, providing life, vision, health, dental and
18 disability coverages, or any combination of such coverages, for
19 employees of the state and of participating local public
20 bodies. Any such group benefits self-insurance plan shall
21 afford coverage for employees' dependents at each employee's
22 option. The health coverage shall include the wellness
23 incentive program established pursuant to Section 1 of this
24 2011 act. Any such group benefits self-insurance plan may
25 consist of self-insurance or a combination of

.185118.2

underscored material = new
[bracketed material] = delete

1 self-insurance and insurance; provided that particular
2 coverages or risks may be fully insured, fully self-insured or
3 partially insured and partially self-insured.

4 B. The director, with the advice of the committee,
5 shall establish by [~~regulation~~] rule or letter of
6 administration the types, extent, nature and description of
7 coverages, the eligibility rules for participation, the
8 deductibles, rates and all other matters reasonably necessary
9 to carry on or administer a group benefits self-insurance plan
10 established pursuant to Subsection A of this section.

11 C. The contribution of each participating state
12 agency to the cost of any such group benefits self-insurance
13 plan shall not exceed that percentage provided for state group
14 benefits insurance plans as provided by law. The contribution
15 of a participating local public body to the cost of any such
16 group benefits self-insurance plan shall not exceed that
17 percentage provided for local public body group benefits
18 insurance plans as provided by law.

19 D. Except as provided in Subsection E of this
20 section, public employees' contributions to the cost of any
21 group benefits self-insurance plan, including costs associated
22 with the wellness incentive program, may be deducted from their
23 salaries and paid directly to the group self-insurance fund;
24 provided that where risks are insured or reinsured, the
25 director may authorize payment of the costs of such insurance

.185118.2

underscored material = new
[bracketed material] = delete

1 or reinsurance directly to the insurer or reinsurer.

2 E. A legislator and the legislator's covered
3 dependents and a soil and water conservation district
4 supervisor [~~or~~] and the supervisor's covered dependents are
5 eligible to participate in and receive benefits from the group
6 benefits self-insurance plan if the legislator or supervisor
7 pays monthly premiums in amounts that equal one hundred percent
8 of the cost of the insurance. The premiums shall be paid
9 directly to the group self-insurance fund; provided that where
10 risks are insured or reinsured, the director may authorize
11 payment of the premiums directly to the insurer or reinsurer.

12 F. Local public bodies and state agencies that are
13 not participating in the state group benefits insurance plan or
14 self-insurance plan may elect to participate in any group
15 benefits self-insurance plan established pursuant to Subsection
16 A of this section by giving written notice to the director on a
17 date set by the director, which date shall not be later than
18 ninety days prior to the date participation is to begin. The
19 director shall determine an initial rate for the electing
20 entity in accordance with a letter of administration setting
21 forth written guidelines established by the director with the
22 committee's advice. The initial rate shall be based on the
23 claims experience of the electing entity's group for the three
24 immediately preceding continuous years. If three years of
25 continuous experience [~~is~~] are not available, a rate fixed for

.185118.2

underscored material = new
[bracketed material] = delete

1 the entity by the director with the committee's advice shall
2 apply, and the electing entity's group shall be rerated on the
3 first premium anniversary following the date one full year of
4 experience for the group becomes available. Any such election
5 may be terminated effective not earlier than June 30 of the
6 third calendar year succeeding the year in which the election
7 became effective or on any June 30 thereafter. Notice of
8 termination shall be made in writing to the director not later
9 than April 1 immediately preceding the June 30 on which
10 participation will terminate. A reelection to participate in
11 the plan following a termination [~~may~~] shall not be made
12 effective for at least three full years following the effective
13 date of termination.

14 G. As soon as practicable, the director with the
15 committee's advice shall establish an experience rating plan
16 for state agencies and local public bodies participating in any
17 group benefits self-insurance plan created pursuant to
18 Subsection A of this section. Rates applicable to state
19 agencies and participating local public bodies shall be based
20 on such experience rating plan. Any such experience rating
21 plan may provide separate rates for individual state agencies
22 and individual local public bodies or for such other experience
23 centers as the director may determine."