

**NEW MEXICO RETIREE HEALTH CARE AUTHORITY  
STATE OF NEW MEXICO**

**CONCISE EXPLANATORY STATEMENT REGARDING  
PROPOSED RULEMAKING AMENDING 2.81.11 NMAC**

WHEREAS, the board of directors of the New Mexico Retiree Health Care Authority (“Board”) resolved on March 3, 2020 to initiate rulemaking proceedings to delay implementation of the increased years of service requirement to receive the maximum subsidy of health care premiums for some retirement plans and to establish a minimum age requirement for receiving the subsidy for some retirement plans beginning July 31, 2021;

WHEREAS, the New Mexico Retiree Health Care Authority (“NMRHCA”) is authorized to promulgate rules to implement the Retiree Health Care Act, NMSA 1978, Sections 10-7C-1 to -16 (1990, as amended through 2009) (“Act”) by NMSA 1978, Section 10-7C-7 (1998);

WHEREAS, the NMRHCA held a hearing and created a record for the rulemaking in accordance with the Act, the State Rules Act, NMSA 1978, Sections 14-4-1 to -11 (1967, as amended through 2017) and the Default Procedural Rule for Rulemaking, 1.24.25 NMAC (4/10/2018).

NOW, THEREFORE, THE BOARD STATES:

1. The record was forwarded to the Board for consideration on May 26, 2020.
2. The Board finds that:
  - a. The Board has had sufficient time to review the record and has familiarized itself with the record.
  - b. There is good reason to adopt the proposed rule as drafted.
3. The Board discussed the proposed rule on June 2, 2020.
4. The Board voted to approve adoption of the proposed rule on June 2, 2020.
5. The proposed rule is adopted as of the date of execution of this statement.
6. The reasons for adopting the proposed amendment to the rules are as follows:
  - a. School districts, which comprise over 50 percent of the active participants contributing to the Retiree Health Care Authority face significant difficulty in their ability to recruit and retain qualified personnel to fill mission critical positions in each district. The pre-amended rule may lead to an increase in retirements during the middle of the school year in order to avoid the minimum age and increased years of service requirements scheduled to take effect January 1, 2021.
  - b. The amendment allows participating employer groups, particularly school districts, to better align their business plans and workforce according to the school calendar. This will allow school

employees to fulfill their commitment to their colleagues and students and minimize classroom disruption resulting from mid-year retirements.

c. The amendment allows all eligible employees to work an additional seven (7) months prior to the effective date of the increased years-of-service and minimum age requirements takes effect.

7. The program's financial outlook limits the Board's ability to postpone, phase in or further delay the increase in years of service and minimum age requirements as was suggested in comments received by the Board. The Board maintains fiduciary responsibility for the Program and as specified in NMSA 1978, Section 10-7C-7 (E) may promulgate and adopt necessary rules, regulations and procedures for implementation of the Retiree Health Care Act.

PASSED, ADOPTED AND APPROVED ON June 2, 2020.

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Tom Sullivan, President  
New Mexico Retiree Health Care Authority  
Board of Directors

ATTEST:

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Doug Crandall, Secretary  
New Mexico Retiree Health Care Authority  
Board of Directors