

# **New Mexico is billing cities and counties amid a growing clash over a health insurance fund**

Jun 20, 2023

The state of New Mexico is directing dozens of local governments to pay an assessment — totaling hundreds of thousands of dollars, in some cases — to help cover a massive shortfall in an insurance fund.

Failing to pay within 60 days, according to the invoices, may result in the termination of employees' health insurance coverage.

But state officials said Tuesday the warning was a mistake and that the 60-day deadline doesn't apply to the one-time assessment.

The dust-up, in any case, underscores the growing tension between local governments and the state General Services Department over how to address a \$119 million deficit in a fund that helps pay for health insurance benefits for public employees and their families.

For several years, the department has kept the insurance premiums flat even as health care costs climbed during the COVID-19 pandemic, according to state documents. Gov. Michelle Lujan Grisham sometimes used her veto power to block increases sought by the Legislature.

But now cities say they are inappropriately being asked to bail out the fund.

A budget package passed by state lawmakers and signed by Lujan Grisham this year calls for local governments that participate in the fund to make extra payments to help bridge the shortfall.

The fund had a \$119 million deficit last summer, according to state auditors.

State invoices went out last week. The city of Deming was asked to pay \$297,000, for example, and Roswell faces a bill of almost \$1.5 million and Las Cruces \$3.7 million, according to documents released by the New Mexico Municipal League after a Journal request.

A notice obtained by the Journal asked one city for payment within 60 days or benefits coverage “may be terminated.”

But Rod Crawley, a risk management official within the General Services Department, said the language was a mistake.

“These requirements do not apply to the one-time employer only assessments related to (the state budget legislation),” he said in a statement to the Journal. “The invoice is a template that is used for monthly invoicing and not for this special billing. We apologize for any inconvenience this has caused.”

AJ Forte, executive director of the Municipal League, which represents city governments, said the league is weighing legal action to block the assessments.

Cities and local governments have been paying the premiums set by the General Services Department for years, Forte said. It isn't appropriate for the state — after the fact — to say the cities should pay more for services they already received and paid for, he said.

The league, Forte said in a letter to cities, is “particularly concerned to see language on the invoices threatening to cut off benefit coverage, imperiling healthcare coverage for thousands of employees.”

“In the face of this threat,” he added, “we will seek an injunction to halt the retroactive cost assessments and ensure that municipal employees and their families maintain continued access to healthcare.”

The deficit in the group health benefits fund also has drawn the attention of auditors, legislators and State Treasurer Laura Montoya.

Two Republican members of the Legislative Finance Committee — Sen. Pat Woods of Broadview and Rep. Jack Chatfield of Mosquero — are seeking an explanation for how the fund was allowed to keep paying for claims while running up a deficit despite state laws designed to prevent overspending.

Lujan Grisham, a Democrat whose administration includes the General Services Department, took office in 2019.