

HOUSE BILL 47

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

Raymundo Lara

AN ACT

RELATING TO INSURANCE; AMENDING THE GROUP INSURANCE
CONTRIBUTIONS FOR SCHOOL DISTRICTS AND CHARTER SCHOOLS;
REQUIRING A STUDY OF THE SUSTAINABILITY OF INSURANCE PROGRAMS
FOR PUBLIC SCHOOL EMPLOYEES; MAKING AN APPROPRIATION.

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

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

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

A. All state departments and institutions and all
political subdivisions of the state, excluding municipalities,
counties and political subdivisions of the state with twenty-
five employees or fewer, shall cooperate in providing group
term life, medical or disability income insurance for the

1 benefit of eligible employees or salaried officers of the
2 respective departments, institutions and political
3 subdivisions.

4 B. The group insurance contributions of the state
5 or any of its departments or institutions, including
6 institutions of higher education, shall be made as follows:

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

10 (2) at least seventy percent of the cost of
11 the insurance of an employee whose annual salary is fifteen
12 thousand dollars (\$15,000) or more but less than twenty
13 thousand dollars (\$20,000);

14 (3) at least sixty-five percent of the cost of
15 the insurance of an employee whose annual salary is twenty
16 thousand dollars (\$20,000) or more but less than twenty-five
17 thousand dollars (\$25,000); and

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

21 C. The group insurance contributions of school
22 districts and charter schools shall be ~~[made as follows:]~~

23 ~~(1) at least eighty percent of the cost of the~~
24 ~~insurance of an employee whose annual salary is less than fifty~~
25 ~~thousand dollars (\$50,000);~~

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1 ~~(2) at least seventy percent of the cost of~~
2 ~~the insurance of an employee whose annual salary is fifty~~
3 ~~thousand dollars (\$50,000) or more but less than sixty thousand~~
4 ~~dollars (\$60,000); and~~

5 ~~(3) at least sixty percent of the cost of the~~
6 ~~insurance of an employee whose annual salary is sixty thousand~~
7 ~~dollars (\$60,000) or more]~~ at least eighty percent of the cost
8 of the insurance.

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

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

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

22 (3) up to sixty percent of the cost of the
23 insurance of an employee whose annual salary is forty thousand
24 dollars (\$40,000) or more.

25 E. Except as provided in Subsection H of this

1 section, effective July 1, 2025, the group insurance
2 contributions of the state or any of its executive, judicial or
3 legislative departments, including agencies, boards or
4 commissions, shall be eighty percent of the cost of the
5 insurance.

6 F. Effective July 1, 2013, the employer shall pay
7 one hundred percent of basic life insurance premiums for
8 employees, and employees who choose to carry disability
9 insurance shall pay one hundred percent of the premium.

10 G. The state shall not make any group insurance
11 contributions for legislators. A legislator shall be eligible
12 for group benefits only if the legislator contributes one
13 hundred percent of the cost of the insurance.

14 H. An employer shall pay one hundred percent of the
15 employee group insurance contributions due and payable on or
16 after July 1, 2016 for an employee who is injured while
17 performing a public safety function or duty and, as a result of
18 the injury, is placed on approved workers' compensation leave.

19 I. As used in this section, "cost of the insurance"
20 means the premium required to be paid to provide coverages.
21 Any contributions of the political subdivisions of the state,
22 except the public schools and political subdivisions of the
23 state with twenty-five employees or fewer, shall not exceed
24 sixty percent of the cost of the insurance.

25 J. When a public employee elects to participate in

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1 a cafeteria plan as authorized by the Cafeteria Plan Act and
2 enters into a salary reduction agreement with the governmental
3 employer, the provisions of Subsections B through G of this
4 section with respect to the maximum contributions that can be
5 made by the employer are not violated and will still apply.
6 The employer percentage or dollar contributions as provided in
7 Subsections B through E of this section shall be determined by
8 the employee's gross salary prior to any salary reduction
9 agreement.

10 K. Any group medical insurance plan offered
11 pursuant to this section shall include effective cost-
12 containment measures to control the growth of health care costs
13 and maximize benefits for the least cost. If a state agency
14 that is responsible for providing state employee health
15 benefits under the Health Care Purchasing Act establishes a
16 reference-based pricing program for in-network or out-of-
17 network hospital services, hospitals subject to the program
18 shall not charge or collect from a member of the health benefit
19 plan an amount in addition to the maximum payment established
20 by the secretary of health care authority, except that a
21 hospital may charge an amount for cost-sharing that is
22 authorized by the terms of the member's health benefit plan.
23 The responsible public body that administers a plan offered
24 pursuant to this section shall report annually by September 1
25 to appropriate interim legislative committees on the

1 effectiveness of the cost-containment measures required by this
2 subsection.

3 L. Within available revenue, school districts,
4 charter schools and participating entities pursuant to the
5 Public School Insurance Authority Act may contribute up to one
6 hundred percent of the cost of the insurance of all employees
7 and institutions of higher education may contribute up to
8 eighty percent of the cost of the insurance of all employees.

9 M. When the secretary of health care authority
10 submits the health care authority's annual budget request to
11 the legislature, the secretary shall include a budget request
12 for purchasing state employee health benefits that has
13 actuarially sound rates for the following fiscal year.
14 Beginning July 1, 2025, the secretary shall set actuarially
15 sound rates sufficient to cover projected claims, subject to
16 legislative appropriation. By September 1 of each year, the
17 projected actuarially sound rate adjustment for the following
18 fiscal year, subject to legislative appropriation, shall be
19 communicated to the local public bodies ~~[who]~~ that are part of
20 the state employee health benefit program.

21 N. The secretary of health care authority shall
22 establish a program to make state health benefit premiums more
23 affordable for certain employees using appropriations from the
24 health care affordability fund. The secretary shall establish
25 a system for determining eligibility for the program and may

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1 annually update program eligibility and contribution criteria.

2 0. By July 1, 2026, the health care authority shall
3 ensure that state employees are provided the opportunity to
4 purchase a variety of health benefit plans with varying plan
5 designs and cost-sharing options."

6 SECTION 2. Section 22-29-10 NMSA 1978 (being Laws 1989,
7 Chapter 373, Section 5, as amended) is amended to read:

8 "22-29-10. GROUP INSURANCE CONTRIBUTIONS.--

9 A. Group insurance contributions for school
10 districts and charter schools [~~and participating entities in~~
11 ~~the authority~~] shall be [~~made as follows~~] at least eighty
12 percent of the cost of the insurance. Group insurance
13 contributions for all other participating entities in the
14 authority shall be:

15 (1) at least eighty percent of the cost of the
16 insurance of an employee whose annual salary is less than fifty
17 thousand dollars (\$50,000);

18 (2) at least seventy percent of the cost of
19 the insurance of an employee whose annual salary is fifty
20 thousand dollars (\$50,000) or more but less than sixty thousand
21 dollars (\$60,000); and

22 (3) at least sixty percent of the cost of the
23 insurance of an employee whose annual salary is sixty thousand
24 dollars (\$60,000) or more.

25 B. Within available revenue, school districts,

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1 charter schools and participating entities in the authority may
2 contribute up to one hundred percent of the cost of the
3 insurance of all employees.

4 C. Whenever a school district, charter school or
5 participating entity in the authority offers to its employees
6 alternative health plan benefit options, including health
7 maintenance organizations, preferred provider organizations or
8 panel doctor plans, the school district, charter school or
9 participating entity may pay an amount on behalf of the
10 employee and family member for the indemnity health insurance
11 plan sufficient to result in equal employee monthly costs to
12 the cost of the health maintenance organization plans,
13 preferred provider organization plans or panel doctor plans,
14 regardless of the percentage limitations in the Public School
15 Insurance Authority Act. School districts, charter schools and
16 participating entities in the authority may pay up to one
17 hundred percent of the first fifty thousand dollars (\$50,000)
18 of term life insurance."

19 SECTION 3. TEMPORARY PROVISION--STUDY AND REPORT
20 REQUIRED.--

21 A. The legislative education study committee, in
22 collaboration with the legislative finance committee, the
23 public school insurance authority, the Albuquerque public
24 school district, the public education department and the health
25 care authority, shall conduct a comprehensive study and produce

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1 a final report regarding the sustainability of insurance
2 programs for public school employees.

3 B. The study required pursuant to this section
4 shall evaluate the anticipated future needs of public school
5 employee insurance programs, including assessing:

6 (1) the impacts of combining public school
7 employee insurance programs with other existing public group
8 health insurance programs;

9 (2) the necessary agency actions required to
10 integrate the group health insurance and alternative plans of
11 the public school insurance authority, the health care
12 authority and the Albuquerque public school district by June
13 30, 2029; and

14 (3) the necessary legislative action required
15 during the 2027 legislative session to integrate the group
16 health insurance and alternative plans of the public school
17 insurance authority, the health care authority and the
18 Albuquerque public school district by June 30, 2029.

19 C. The final report required pursuant to this
20 section shall be completed no later than October 1, 2026 and
21 shall be provided to the governor, the legislative finance
22 committee and the public education department.

23 SECTION 4. APPROPRIATION.--Seventy-three million one
24 hundred fifty-three thousand nine hundred dollars (\$73,153,900)
25 is appropriated from the general fund to the public school fund
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1 for expenditure in fiscal year 2027 for the state equalization
2 guarantee distribution. Any unexpended balance remaining at
3 the end of fiscal year 2027 shall revert to the general fund.

4 SECTION 5. EFFECTIVE DATE.--The effective date of the
5 provisions of this act is July 1, 2026.

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