Key Hearing Issues

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

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Status Report on NMPSIA Consolidation

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Health Benefits Overview

- House Bill 47, 2026 (Chapter 52) makes three changes on three dates, with today's focus being the merger between Albuquerque Public Schools (APS) and NMPSIA.
- Previous LFC reports, including a 2013 Program Evaluation, cited potential cost savings that the state may experience if consolidation were to occur.
- NMPSIA and APS both operate self-funded health benefit programs for public school employees.
- As of July 2026, 48,517 individuals in New Mexico received coverage from NMPSIA, at a cost of $523 million. During the same period, 14,362 individuals received coverage from APS at a cost of $105 million.

Consolidation Issues for Consideration

- APS also carries a projected FY27 ending fund balance of $20 million. How the state treats that balance is unresolved, despite employees paying into the fund. The fund includes employee health insurance, worker's compensation insurance, and property and liability insurance for APS.
- Effective July 1, 2027, the act removes the exemption that allowed APS to operate its own insurance program and requires the district to participate in NMPSIA; after June 30, 2027, the NMPSIA board may no longer grant waivers for health, disability income, or term life coverage. However, there is no requirement that NMPSIA and APS mix their risk pools immediately
- NMPSIA's actuary projects adding APS will generate between $10 million and $36 million in savings by the end of FY28. Even so, the authority projects an ending FY28 fund balance between negative $1.1 million and negative $51.2 million, depending on which plans APS members select, with the most likely outcome between negative $1 million and negative $27 million. LFC staff projected a higher, positive fund balance for the beginning of FY28—despite this, NMPSIA projections remain uncertain and inconsistent.

NMPSIA’s FY28 Budget Request

- Overall, NMPSIA is requesting a 40 percent increase over their FY27 budget, despite membership likely increasing by only 30 percent.
- This increase is primarily driven by a 51 percent increase, or an additional $268 million, due to both increased costs in health care and adding APS to the benefits pool.
- NMPSIA is also requesting a 41 percent increase in their program support category, which includes the creation of four new FTE. The four new FTE would be spread across risk, benefits, and data analytics.
- In addition to a 40 percent increase in NMPSIA’s base budget, the authority is requesting $100.7 million in special appropriations. This includes:
    - $100 million to add to the benefits fund balance,
    - $125 thousand to study the feasibility of merging NMSPIA and State Health Benefits,
    - And $600 thousand for plumbing issues.