

LFC Requester:

Sunny Liu

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.state.nm.us/AgencyAnalysis) and email to billanalysis@dfa.nm.gov*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*Date Prepared: 1/28/2026

Check all that apply:

Bill Number: HB0047Original Correction Amendment Substitute

Sponsor: Raymundo Lara
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Agency Name
and Code
Number:

New Mexico Public Schools
Insurance Authority 34200

Short Title: School Employee
Insurance Program

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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
73,153.9		Nonrecurring	Public School Fund
75.0	75.0	Nonrecurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB 125
Duplicates/Relates to Appropriation in the General Appropriation Act , HB 2

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB 47 is amended to add ‘For the legislative education study committee’.

House Bill 47 amends 1978 NMSA§10-7-4, to require school districts and charter schools contribute at least 80 % of the cost of employee group term life, medical or disability income insurance regardless of employee annual salary.

HB 47 also amends 1978 §22-29-10 Public School Insurance Authority group contributions to require school districts and charter schools contribute at least 80 % of the cost of insurance for group insurance to match the changes in Section 1 of the bill.

HB 47 directs Legislative Education Study Committee to conduct a comprehensive study regarding the sustainability of insurance programs for public school employees, and complete the study by October 1, 2026.

The LESC is directed to collaborate with:

- Legislative Finance Committee
- Public Schools Insurance Authority
- Albuquerque Public Schools District
- Public Education Department
- Health Care Authority

The study shall evaluate:

- the anticipated future needs of public school employee insurance programs,
- the impacts of combining public school employee insurance programs with other existing public group health insurance programs,
- the necessary agency actions required to integrate the group health insurance and alternative plans of the public school insurance authority, the health care authority and the Albuquerque public school district

The study shall use the time period to complete the integration by June 30, 2029,.

The study shall also the necessary legislative action required during the 2027 legislative session to achieve that integration.

The final report shall be completed no later than October 1, 2026 and provided to the governor, the legislative finance committee and the public education department.

The Bill appropriates Seventy-three million one hundred fifty-three thousand nine hundred dollars (\$73,153,900) from the general fund to the public school fund for expenditure in fiscal year 2027 for the state equalization guarantee distribution, with any unexpended balance reverting to the general fund at the end of fiscal year 2027.

The effective date is July 1, 2026.

FISCAL IMPLICATIONS

NMPSIA will not realize additional revenue as a result of the requirement that school districts and charter schools contribute at least 80 percent of the cost of coverage.

Premiums are set based on plan design and individual employee benefit elections. The increased contribution requirement shifts a greater share of the existing premium cost from employees to school districts and charter schools but does not alter the total premium collected by the agency. As a result, the fiscal impact is borne by school districts and charter schools rather than NMPSIA who administers the insurance plans.

School districts and charter school may need recurring funding to maintain required contributions of at least 80% of the cost of coverage.

SIGNIFICANT ISSUES

The proposal to have school districts and charter schools provide at least 80% of the cost of insurance brings it in alignment with executive, judicial or legislative departments, including agencies, boards or commissions statutory requirement to pay 80% of the cost of insurance. (see 10-7-4 (E), page 4, lines 2-5.)

The bill does not apply to NMPSIA “participating entities” but only to school district and charter schools. This could increase NMPSIA’s administrative burdens and costs.

PERFORMANCE IMPLICATIONS

Section 3 of HB 47 requires a comprehensive study of public school employee insurance programs, with a final report due by October 1, 2026. From an agency perspective, the timeline is relatively compressed given the scope of analysis contemplated, including plan design comparisons, risk assessment, and financial sustainability across multiple agencies.

Funding of approximately \$150,000 to NMPSIA, would be required to ensure that NMPSIA’s contributions and collaboration with study is objective, technically sound, and completed within the required timeframe, through the use of an independent consultant. Conducting unbiased actuarial and plan-comparison analyses across agencies requires specialized expertise and access to detailed claims, enrollment, and financial data. In addition, any evaluation of potential integration must account for the operational and contractual complexities involved, including but not limited to existing vendor agreements and obligations currently in place for covered members. These factors along with several others, will need to be carefully reviewed as part of the study to avoid unintended disruption and to provide the Legislature with clear, decision-ready information for the 2027 legislative session as required by section 3.B.3 of HB 47.

NMPSIA is prepared to participate fully in the study as directed and to provide data, technical expertise, and operational insight as needed. NMPSIA’s governing statute charges it with seeking and delivering the most affordable, high-quality health care coverage available for public school employees, participation in the study is consistent with this mission.

The bill includes an effective date of July 1, 2026. Given the very short time frame to complete the comprehensive study, only 3 months, consider deleting the effective date, so if the bill passes and is enacted, it would be effective May 20, 2026.

ADMINISTRATIVE IMPLICATIONS

It should be noted that employees currently enrolled in coverage would benefit upon effective date from the increased employer contribution requirement. Employees not currently enrolled would have opportunities to elect coverage upon experiencing a qualifying life event or during the annual open enrollment period.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 125 SCHOOL EMPLOYEE INSURANCE CONTRIBUTIONS. (for LFC by Senator Gonzales)

TECHNICAL ISSUES

HB 47 does not include 'higher education institutions' and 'other participating entities' in the 80 percent employer contribution requirement. NMPSIA requests it be noted, while higher education institutions are not required to participate in NMPSIA, 10 have elected to do so and are covered through the same health benefits plans as mandated members. Including funding and the contribution requirements for these higher education institutions could provide additional benefits, such as supporting workforce stability, maintaining competitiveness in recruiting and retaining employees, and promoting consistency across the pool. Based on agency analysis, the estimated cost to extend the 80 percent contribution requirement to these entities would be approximately \$5.2 million.

OTHER SUBSTANTIVE ISSUES

LESC is only required to collaborate with named agencies when conducting the study. Consider whether to require the named agencies play a more robust role in gathering data and providing solutions to the study, especially since the agencies and not LESC would be required to implement and communicate the integration.

Consider including legal, fiscal and actuarial in the study requirements.

Consider deleting "other existing" on line 7, page 9 to give LESC more latitude and flexibility to consider public group health insurance programs in the study.

ALTERNATIVES

This bill may increase enrollment and participation of all public school employees, which allows better risk allocation, especially for health insurance benefits. It may also increase recruitment and retention of school employees.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

In evaluating available enrollment and contribution data, the agency observed that at school

districts and charter schools that already contribute at or above 80 percent of the premium, employees are more likely to elect the high plan option. Thus, it could be assumed, an increase in employer contributions may result in a shift toward the high plan selections during future open enrollment periods. Historical enrollment data indicate that during the most recent period in which employer contribution tiers were adjusted with HB 533 to increase employer premium contribution, enrollment increased by approximately 2.75 percent compared with the prior year in which no contribution changes occurred. When viewed in practical terms, this represents hundreds of additional public school employees and their families, who gained access health coverage and care that was previously out of reach.

Enrollment patterns indicate that when employer contributions increase, employees are more likely to elect coverage and to select plan options that provide more comprehensive benefits, demonstrating an existing demand for coverage when financial barriers are reduced.

Improved coverage affordability can contribute to earlier access to care, better management of chronic conditions, and reduced financial strain on employees, outcomes that benefit school districts, employees, students, and the state of New Mexico more broadly.

AMENDMENTS

None at this time.