

HOUSE BILL 47

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

INTRODUCED BY

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This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

HEC→FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE←HEC

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

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

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

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

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

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

(4) at least sixty percent of the cost of the insurance of an employee whose annual salary is twenty-five

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thousand dollars (\$25,000) or more.

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

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

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

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

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

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

(2) up to seventy percent of the cost of the insurance of an employee whose annual salary is thirty thousand

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dollars (\$30,000) or more but less than forty thousand dollars (\$40,000); and

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

E. Except as provided in Subsection H of this section, effective July 1, 2025, the group insurance contributions of the state or any of its executive, judicial or legislative departments, including agencies, boards or commissions, shall be eighty percent of the cost of the insurance.

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

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

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

I. As used in this section, "cost of the insurance"

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means the premium required to be paid to provide coverages. Any contributions of the political subdivisions of the state, except the public schools and political subdivisions of the state with twenty-five employees or fewer, shall not exceed sixty percent of the cost of the insurance.

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

K. Any group medical insurance plan offered pursuant to this section shall include effective cost-containment measures to control the growth of health care costs and maximize benefits for the least cost. If a state agency that is responsible for providing state employee health benefits under the Health Care Purchasing Act establishes a reference-based pricing program for in-network or out-of-network hospital services, hospitals subject to the program shall not charge or collect from a member of the health benefit plan an amount in addition to the maximum payment established

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by the secretary of health care authority, except that a hospital may charge an amount for cost-sharing that is authorized by the terms of the member's health benefit plan. The responsible public body that administers a plan offered pursuant to this section shall report annually by September 1 to appropriate interim legislative committees on the effectiveness of the cost-containment measures required by this subsection.

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

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

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the state employee health benefit program.

N. The secretary of health care authority shall establish a program to make state health benefit premiums more affordable for certain employees using appropriations from the health care affordability fund. The secretary shall establish a system for determining eligibility for the program and may annually update program eligibility and contribution criteria.

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

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

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

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

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

(2) at least seventy percent of the cost of the insurance of an employee whose annual salary is fifty

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thousand dollars (\$50,000) or more but less than sixty thousand dollars (\$60,000); and

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

B. Within available revenue, school districts, charter schools and participating entities in the authority may contribute up to one hundred percent of the cost of the insurance of all employees.

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

SECTION 3. TEMPORARY PROVISION--STUDY AND REPORT

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REQUIRED.--

A. The legislative education study committee, in collaboration with the legislative finance committee, the public school insurance authority, the Albuquerque public school district, the public education department and the health care authority, shall conduct a comprehensive study and produce a final report regarding the sustainability of insurance programs for public school employees.

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

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

(2) 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 by June 30, 2029; and

(3) the necessary legislative action required during the 2027 legislative session 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 by June 30, 2029.

C. The final report required pursuant to this

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

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

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

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