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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
57th Legislature, 2nd Session, 2026

Bill Number	<u>HB47/HAFCS</u>	Sponsor	<u>HAFCS</u>
Tracking Number	<u>.233674.2</u>	Committee Referrals	<u>HEC/HAFCS</u>
Short Title	<u>School Employee Insurance Programs</u>		
Analyst	<u>Estupiñan</u>	Original Date	<u>2/10/2026</u>
		Last Updated	<u>2/17/2026</u>

BILL SUMMARY

Synopsis of Bill

The House Appropriations and Finance Committee Substitute for House Bill 47 (HB47/HAFCS) repeals the health insurance cost-share requirements for public school employees in Section 10-7-4 NMSA 1978 and Section 22-29-10 NMSA 1978. The bill requires school districts and charter schools to pay at least 80 percent of the health insurance costs of all public school employees.

HB47/HAFCS also amends Section 10-7-4 NMSA 1978 and Section 13-7-3 NMSA 1978 to require Albuquerque Public Schools (APS) to integrate with the New Mexico Public Schools Insurance Authority (NMPSIA) by fiscal year 2028 (FY28).

The bill would also require LESC to complete a collaborative study of the availability and affordability of insurance programs for public school employees, with a focus on ways to address current and future needs for school districts and charter schools. Findings and recommendations would be due to the Legislative Finance Committee (LFC) and the governor by October 1, 2026, for consideration during the 2027 legislative session.

Sections 1 and 4 through 6 of the bill would be effective July 1, 2026. The effective date of sections 2 and 3 would be effective July 1, 2027.

FISCAL IMPACT

The Senate Finance Committee Amendment to the House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (HB2/HAFCS/aSFC) includes a \$73.2 million appropriation from the general fund to the SEG, contingent on the enactment of HB47/HAFCS or similar legislation amending premium health insurance cost-share requirements for public school employees.

Based on data from NMPSIA, the cost of an 80/20 health insurance cost-share requirement for school districts and charter schools participating in NMPSIA would be \$56.8 million. Public schools are funded using the SEG, an equalized funding formula, which considers student

enrollment and factors that increase costs, such as the number of students with disabilities or English learners. To flow enough funding through the SEG to ensure NMPSIA-covered entities receive sufficient funds to cover the costs of increased premiums, an additional \$16.4 million would need to be added to the SEG to account for APS, reaching a total of \$73.2 million.

SUBSTANTIVE ISSUES

Public employee health benefits are provided through three agencies: the Health Care Authority (HCA) for state employees, APS for employees of that school district, and NMPSIA for employees of all school districts and charter schools excluding APS. This system of providing health insurance benefits has led to different plan designs, costs, and employer and employee contribution rates. For example, APS and NMPSIA health plans and rates are set by their respective boards while the executive branch has full discretion over HCA rates.

Differences in Health Insurance Contributions. With the passage of [Laws 2025, Chapter 80 \(Senate Bill 376\)](#), state agencies are required to pay 80 percent of premiums for state employees. This law does not apply to public school employees, so their existing tiered contributions remain in place; see **Table 1: Difference in Maximum Premium Contributions**. This requires public school employees earning under \$50 thousand to contribute up to 20 percent of their premium, those earning between \$50 thousand and \$60 thousand to contribute no more than 30 percent, and those earning more than \$60 thousand to contribute no more than 40 percent. These maximum thresholds do not prevent a school district or charter school from paying a greater share of their employee premiums.

Table 1: Difference in Maximum Premium Contributions
(FY26)

Salary Range	State Employees	Public School Employees
Below \$50,000	20%	20%
Between \$50,000 and \$59,999	20%	30%
\$60,000 and Above	20%	40%

Source: LESC Files

Most school districts and charter schools currently align their health insurance premium cost-share models with the minimums required in state law. However, 30 school districts and charter schools have adopted higher cost-share models, with two paying 100 percent of employees’ premiums and 14 already using a 80/20 cost-share model. To offer higher benefits for their employees, these school districts and charter schools have prioritized operational funding generated through the SEG to employee benefits that exceed the minimums established in statute.

Impact of HB47/HAFCS on Public School Employees. The impact of an 80/20 health insurance cost-share model on public school employees would vary depending on their income, as employees earning below \$50 thousand already pay 20 percent of their premium. Since level 1 licensed teachers will earn at least \$55 thousand in FY27, an 80/20 cost-share model would affect licensed teachers but may not benefit some support staff, as shown in **Table 2: Impact of Premium Change on Public School Employees Covered through NMPSIA** and **Table 3: Impact of Premium Change on Public School Employees Covered through APS**.

Table 2: Impact of Premium Share Change on Public School Employees Covered through NMPSIA

(Annualized Employee-Share Premium)

Salary Range	Current Annual Premium	Annual Premium Under 80/20 Model	Annual Savings
Below \$50,000	\$4,717.20	\$4,717.20	\$0.00
Between \$50,000 and \$59,999	\$7,075.68	\$4,717.20	\$2,358.48
\$60,000 and Above	\$9,434.16	\$4,717.20	\$4,716.96

Notes: Estimates are based on a NMPSIA family Blue Cross Blue Shield Low Option plan with premiums effective October 1, 2025.

Source: NMPSIA

Table 3: Impact of Premium Share Change on Public School Employees Covered through APS

(Annualized Employee-Share Premium)

Salary Range	Current Annual Premium	Annual Premium Under 80/20 Model	Annual Savings
Below \$50,000	\$4,648.80	\$4,648.80	\$0.00
Between \$50,000 and \$59,999	\$6,973.20	\$4,648.80	\$2,324.40
\$60,000 and Above	\$9,297.60	\$4,648.80	\$4,648.80

Notes: Estimates are based on a APS family Blue Cross Blue Shield EPO plan with premiums effective January 1, 2025.

Source: APS

Enactment of an 80/20 cost-share model may lead to more public school employees electing to enroll in health coverage. After the enactment of a previous revision to premium contributions in [Laws 2023, Chapter 83 \(House Bill 533\)](#), approximately 837 additional public school employees chose to enroll in a NMPSIA healthcare plan. Most of these employees were earning above \$60 thousand, suggesting the revision to health premium contributions was a key incentive for administrators and level 3 teachers to enroll in health coverage.

Public school employees in school districts and charter schools that already have an 80/20 cost-share model also have a higher proportion of employees who chose to enroll in a high option health plan. In FY25, 79 percent of employees in a school district or charter school with an 80/20 cost-share model enrolled in a high option plan, compared to 71 percent of employees in school districts or charter schools following the statutory minimums.

This suggests lower premium contributions could improve recruitment and retention of public school employees.

Integration of APS into NMPSIA. APS has traditionally been exempt from participating in NMPSIA because of its economies of scale. This exemption is provided in Section 10-7-4 NMSA 1978 and Section 13-7-3 NMSA 1978, which state a school district with more than 60 thousand students are not required to participate in NMPSIA. Historically, APS’ enrollment has exceeded the statutory 60 thousand threshold, but the school district’s enrollment has been declining, with APS reporting a student membership of 63 thousand in FY26. In the first reporting period of FY26, APS reported a student membership of around 61 thousand. While APS is expected to fall below the statutory threshold of 60 thousand in the next several fiscal years, HB47/HAFCS repeals the exemption altogether, beginning in FY28.

ADMINISTRATIVE IMPLICATIONS

LESC would be required to collaborate with LFC, the Public Education Department (PED), HCA, and NMPSIA to assess the availability and affordability of health insurance programs for public school employees, with a focus on ways to address and meet current and anticipated future needs and demands for school districts and charter schools. This collaborative study would also be required to assess the concept of achieving greater economies of scale in public health insurance programs. The study would be due to LFC, PED, and the governor by October 1, 2026.

SOURCES OF INFORMATION

- LESC Files
- Public Education Department (PED)
- Regional Education Cooperatives (REC)
- Higher Education Department (HED)

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