

HOUSE BILL 47

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

INTRODUCED BY

Raymundo Lara and Natalie Figueroa and Mimi Stewart  
and Tanya Mirabal Moya and Brian G. Baca

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

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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 O. 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



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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underscored material = new  
[bracketed material] = delete

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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