

HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 47

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

AN ACT

RELATING TO INSURANCE; AMENDING THE GROUP INSURANCE
CONTRIBUTIONS FOR SCHOOL DISTRICTS AND CHARTER SCHOOLS;
ELIMINATING WAIVERS FOR SCHOOL DISTRICT AND CHARTER SCHOOL
PARTICIPATION IN PUBLIC SCHOOL INSURANCE AUTHORITY HEALTH,
DISABILITY INCOME AND TERM LIFE PLANS; REQUIRING REFERENCE-
BASED PRICING; REQUIRING A STUDY OF THE SUSTAINABILITY OF
INSURANCE PROGRAMS FOR PUBLIC SCHOOL EMPLOYEES.

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,

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1 counties and political subdivisions of the state with twenty-
2 five employees or fewer, shall cooperate in providing group
3 term life, medical or disability income insurance for the
4 benefit of eligible employees or salaried officers of the
5 respective departments, institutions and political
6 subdivisions.

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

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

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

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

21 (4) at least sixty percent of the cost of the
22 insurance of an employee whose annual salary is twenty-five
23 thousand dollars (\$25,000) or more.

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

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

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

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

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

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

21 (2) up to seventy percent of the cost of the
22 insurance of an employee whose annual salary is thirty thousand
23 dollars (\$30,000) or more but less than forty thousand dollars
24 (\$40,000); and

25 (3) up to sixty percent of the cost of the

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1 insurance of an employee whose annual salary is forty thousand
2 dollars (\$40,000) or more.

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

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

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

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

22 I. As used in this section, "cost of the insurance"
23 means the premium required to be paid to provide coverages.
24 Any contributions of the political subdivisions of the state,
25 except the public schools and political subdivisions of the

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1 state with twenty-five employees or fewer, shall not exceed
2 sixty percent of the cost of the insurance.

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

13 K. Any group medical insurance plan offered
14 pursuant to this section shall include effective cost-
15 containment measures to control the growth of health care costs
16 and maximize benefits for the least cost. [~~If~~] A state agency
17 that is responsible for providing state employee health
18 benefits under the Health Care Purchasing Act [~~establishes~~]
19 shall establish a reference-based pricing program for in-
20 network or out-of-network hospital services. Hospitals subject
21 to the program shall not charge or collect from a member of the
22 health benefit plan an amount in addition to the maximum
23 payment established by the secretary of health care authority,
24 except that a hospital may charge an amount for cost-sharing
25 that is authorized by the terms of the member's health benefit

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1 plan. The responsible public body that administers a plan
2 offered pursuant to this section shall report annually by
3 September 1 to appropriate interim legislative committees on
4 the effectiveness of the cost-containment measures required by
5 this subsection.

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

12 M. When the secretary of health care authority
13 submits the health care authority's annual budget request to
14 the legislature, the secretary shall include a budget request
15 for purchasing state employee health benefits that has
16 actuarially sound rates for the following fiscal year.

17 Beginning July 1, 2025, the secretary shall set actuarially
18 sound rates sufficient to cover projected claims, subject to
19 legislative appropriation. By September 1 of each year, the
20 projected actuarially sound rate adjustment for the following
21 fiscal year, subject to legislative appropriation, shall be
22 communicated to the local public bodies ~~[who]~~ that are part of
23 the state employee health benefit program.

24 N. The secretary of health care authority shall
25 establish a program to make state health benefit premiums more

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1 affordable for certain employees using appropriations from the
 2 health care affordability fund. The secretary shall establish
 3 a system for determining eligibility for the program and may
 4 annually update program eligibility and contribution criteria.

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

9 SECTION 2. Section 13-7-3 NMSA 1978 (being Laws 1997,
 10 Chapter 74, Section 3, as amended) is amended to read:

11 "13-7-3. DEFINITIONS.--As used in the Health Care
 12 Purchasing Act:

13 A. "consolidated purchasing" means a single process
 14 for the procurement of and contracting for all health care
 15 benefits by the publicly funded insurance agencies in
 16 compliance with the Procurement Code and includes associated
 17 activities related to the procurement such as actuarial, cost
 18 containment, benefits consultation and analysis; and

19 B. "publicly funded health care agency" means the:

- 20 (1) state health benefits division and the
 21 group benefits committee of the health care authority;
 22 (2) retiree health care authority; and
 23 (3) public school insurance authority. [~~and~~
 24 ~~(4) publicly funded health care program of any~~
 25 ~~public school district with a student enrollment in excess of~~

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1 ~~sixty thousand students]~~"

2 SECTION 3. Section 22-29-3 NMSA 1978 (being Laws 1986,
3 Chapter 94, Section 3, as amended by Laws 2007, Chapter 41,
4 Section 1 and by Laws 2007, Chapter 236, Section 1) is amended
5 to read:

6 "22-29-3. DEFINITIONS.--As used in the Public School
7 Insurance Authority Act:

8 A. "authority" means the public school insurance
9 authority;

10 B. "board" means the board of directors of the
11 authority;

12 C. "charter school" means a school organized as a
13 charter school pursuant to the provisions of the Charter
14 Schools Act;

15 D. "director" means the director of the authority;

16 E. "due process reimbursement" means the
17 reimbursement of a school district's or charter school's
18 expenses for attorney fees, hearing officer fees and other
19 reasonable expenses incurred as a result of a due process
20 hearing conducted pursuant to the federal Individuals with
21 Disabilities Education Improvement Act;

22 F. "educational entities" means state educational
23 institutions as enumerated in Article 12, Section 11 of the
24 constitution of New Mexico and other state diploma,
25 degree-granting and certificate-granting post-secondary

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1 educational institutions, regional education cooperatives and
 2 nonprofit organizations dedicated to the improvement of public
 3 education and whose membership is composed exclusively of
 4 public school employees, public schools or school districts;

5 G. "fund" means the public school insurance fund;

6 H. "group health insurance" means coverage that
 7 includes life insurance, accidental death and dismemberment,
 8 medical care and treatment, dental care, eye care and other
 9 coverages as determined by the authority;

10 I. "risk-related coverage" means coverage that
 11 includes property and casualty, general liability, auto and
 12 fleet, workers' compensation and other casualty insurance; and

13 J. "school district" means a school district as
 14 defined in Subsection R of Section 22-1-2 NMSA 1978.

15 ~~[excluding any school district with a student enrollment in~~
 16 ~~excess of sixty thousand students]"~~

17 SECTION 4. Section 22-29-9 NMSA 1978 (being Laws 1986,
 18 Chapter 94, Section 9, as amended) is amended to read:

19 "22-29-9. PARTICIPATION--WAIVERS.--

20 A. School districts and charter schools shall
 21 participate in the authority, unless the school district or
 22 charter school is granted a waiver by the board; provided that
 23 beginning July 1, 2027, the board shall not grant a waiver for
 24 health, disability income or term life insurance.

25 B. In determining whether a waiver should be

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1 granted, the board shall establish minimum benefit and
2 financial standards for the desired line of coverage. These
3 minimum benefit and financial standards and the proposed time
4 schedule for responsive offers shall be sent to all school
5 districts and charter schools at the time the request for
6 proposals for the desired line of coverage is issued. Any
7 school district or charter school seeking a waiver of coverage
8 shall match the minimum benefit and financial standards set
9 forth in the request for proposals for the desired line of
10 coverage. School districts and charter schools shall submit
11 documentation of their proposals matching the board's minimum
12 benefit and financial requirements prior to the deadline
13 established by the board. The authority has the power to
14 approve or disapprove a waiver of participation based on the
15 documentation submitted by the school district or charter
16 school regarding the benefit and financial standards
17 established by the board. The board shall grant a waiver to a
18 school district or charter school that requests a waiver and
19 that has met the minimum benefit and financial standards within
20 the time schedule established by the board. Once the board
21 awards the insurance contract, no school district or charter
22 school shall be granted a waiver for the entire term of the
23 contract.

24 C. ~~[Any]~~ Prior to July 1, 2027, a school district
25 or charter school granted a waiver of participation for health

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1 insurance shall be required to petition for participation in
2 other kinds of group insurance coverage and shall be required
3 to meet the requirements established by the authority prior to
4 participation in other kinds of group insurance coverage. A
5 school district or charter school [~~which~~] that has been granted
6 a waiver shall be prohibited from participating in the coverage
7 for which a waiver was granted for the entire term of the
8 authority's insurance contract. Provided, however, that if the
9 authority contracts for a line or lines of coverage for a
10 period of eight years, the board may establish procedures and
11 preconditions for authorizing a school district or charter
12 school [~~which~~] that has been granted a waiver to again
13 participate in the coverage after the expiration of the first
14 four years of coverage. A waiver of health, disability income
15 or term life insurance shall not be effective after June 30,
16 2027.

17 D. Any school district or charter school granted a
18 waiver of participation for workers' compensation shall be
19 required to petition for participation in other risk-related
20 coverages and shall be required to meet the requirements
21 established by the authority prior to participation in other
22 kinds of risk-related coverages. A school district or charter
23 school [~~which~~] that has been granted a waiver shall be
24 prohibited from participating in the coverage for which a
25 waiver was granted for the entire term of the authority's

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1 insurance contract.

2 E. Educational entities may petition the authority
3 for permission to participate in the insurance coverage
4 provided by the authority. To protect the stability of the
5 fund, the authority shall establish reasonable terms and
6 conditions for participation by educational entities.

7 F. A participating school district or charter
8 school may separately provide for coverage additional to that
9 offered by the authority.

10 G. ~~[The local]~~ School districts, charter schools or
11 the authority, as appropriate, may provide for marketing and
12 servicing to be done by licensed insurance agents or brokers
13 who should receive reasonable compensation for their services."

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

16 "22-29-10. GROUP INSURANCE CONTRIBUTIONS.--

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

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.

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

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

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1 of term life insurance."

2 SECTION 6. TEMPORARY PROVISION--STUDY AND REPORT
3 REQUIRED.--

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

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

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

17 (2) the necessary agency actions required to
18 integrate the group health insurance and alternative plans of
19 the public school insurance authority, the health care
20 authority and the Albuquerque public school district by June
21 30, 2029; and

22 (3) the necessary legislative action required
23 during the 2027 legislative session to integrate the group
24 health insurance and alternative plans of the public school
25 insurance authority, the health care authority and the

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1 Albuquerque public school district by June 30, 2029.

2 C. The final report required pursuant to this
3 section shall be completed no later than October 1, 2026 and
4 shall be provided to the governor, the legislative finance
5 committee and the public education department.

6 SECTION 7. EFFECTIVE DATE.--

7 A. The effective date of the provisions of Sections
8 1 and 4 through 6 of this act is July 1, 2026.

9 B. The effective date of the provision of Sections
10 2 and 3 of this act is July 1, 2027.

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