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FISCAL IMPACT REPORT

BILL NUMBER: House Memorial 52

SHORT TITLE: Health Insurance Premium Affordability Group

SPONSOR: Chavez, N

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/14/2026 **ANALYST:** Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA		\$212.5-\$312.5			Nonrecurring	General Fund
OSI	\$60.0	\$350.0-\$660.0				General Fund
Total	\$60.0	\$572.5-\$972.5			Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Health Care Authority
 Office of Superintendent of Insurance

Agency or Agencies That Were Asked for Analysis but did not Respond

New Mexico Health Insurance Exchange

SUMMARY

Synopsis of House Memorial 52

House Memorial 52 (HM52) would require the Office of Superintendent of Insurance (OSI), in consultation with the Health Care Authority (HCA), create a health insurance premium affordability study group to study rising health insurance premiums and cost drivers in New Mexico’s fully insured individual and insured group health insurance markets.

The memorial specifies the study group’s composition and requires the study group evaluate and make findings and recommendations regarding:

- A. the primary drivers of premium changes in New Mexico's fully insured individual and small group health insurance markets, including trends in health care claims costs, utilization, prescription drug costs, administrative expenses, and other premium components;

B. the affordability impacts of rising premiums and out-of-pocket costs on small employers and working families, including impacts on the ability of small employers to offer coverage and remain competitive in recruiting and retaining employees;

C. the extent to which state-imposed premium taxes, fees, and assessments applicable to fully insured health insurance coverage affect premiums in the individual and small group markets, including comparisons with surrounding and peer states;

D. options to improve affordability and promote market competitiveness while protecting access to quality health care, including consideration of current benefit mandates, coverage requirements and regulatory factors that may contribute to premium growth;

E. tools, best practices and processes, including a structured, evidence-based framework, to assist legislators in obtaining objective, data-driven estimates of the drivers that may affect health insurance benefits, coverage requirements, cost-sharing requirements or premiums; and

F. recommendations for improving transparency for small employers and consumers regarding premium cost drivers and the expected impacts of statutory and regulatory changes.

HM52 would require the study group to submit its report to the LFC and the Legislative Health and Human Services (LHHS) committee by October 1, 2026.

FISCAL IMPLICATIONS

HCA estimates it would require \$212.5 thousand up to \$312.5 thousand for staff and contractors to work on the issues required of the study group in the memorial.

OSI estimates in FY26 and FY27 the agency would require a dedicated project manager and an actuary to complete the comprehensive study outlined in the memorial. OSI estimates a cost of \$350 thousand through \$600 thousand for actuarial services in FY27 and approximately \$100 thousand for a project manager in FY26 and FY27

SIGNIFICANT ISSUES

The HCA states the memorial requires a report and recommendations to be issued by October 1, 2026. This deadline is likely insufficient to coordinate all elements of this project and submit comprehensive results and recommendations, especially without appropriations to support research on a complex topic.

The OSI states the memorial introduces complex requirements that will demand substantial resources and coordination. The scope of work, including forming a study group and producing a comprehensive report, exceeds OSI's current capacity without additional staffing and funding.

PERFORMANCE IMPLICATIONS

The HCA notes this memorial would require staff to devote significant time to a project without adequate resources during a period in which the Health Care Affordability is anticipating significant federal and other program changes.

ADMINISTRATIVE IMPLICATIONS

HCA estimates the Health Care Affordability Bureau would need to dedicate three staff to the project for at least five hours per week on average between July 1, 2026, and October 1, 2026.

TECHNICAL ISSUES

The memorial is unclear if the designated study panel members will receive mileage and per diem. If so, the fiscal impact above does not reflect these additional costs.

OSI notes HM52 assigns responsibility for forming the study group to OSI, in consultation with HCA, but does not require HCA representation on the group. Likewise, although the study must include an analysis of state-imposed premium taxes, participation by the Taxation and Revenue Department is not mandated. Including a medical provider could also offer valuable perspective. However, the absence of members with specialized training in tax policy and clinical practice would limit the group's ability to review issues thoroughly and provide input from a multi-faceted perspective.

OTHER SUBSTANTIVE ISSUES

OSI reports it already collects extensive information from carriers during rate review and has a strong understanding of the drivers of rate increases and potential mitigation strategies. Rate transparency reports for each carrier are available on OSI's website. In addition, there is public access to all non-confidential data submitted from the carriers during the Qualified Health Plan (QHP) review period that can be accessed through the New Mexico SERFF public access website.

RAE/sgs/dw/sgs