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**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**BILL ANALYSIS**  
**56th Legislature, 1st Session, 2023**

<b>Bill Number</b>	<u>HB102</u>	<b>Sponsor</b>	<u>Lara/Figueroa/Sariñana/Pope</u>
<b>Tracking Number</b>	<u>.223789.1GLG</u>	<b>Committee Referrals</b>	<u>HEC/HLVMC</u>
<b>Short Title</b>	<u>Health Care Insurance for Educators</u>		
<b>Analyst</b>	<u>Hoxie</u>	<b>Original Date</b>	<u>1/31/2023</u>
		<b>Last Updated</b>	<u></u>

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**BILL SUMMARY**

Synopsis of Bill

House Bill 102 (HB102) makes statutory changes increasing employer health insurance contributions for school employees.

HB102 requires group insurance contributions for school districts, charter schools, and participating entities in the public school insurance authority to cover 100 percent of the first \$10 thousand of insurance costs for school employees and at least sixty percent of the insurance costs greater than \$10 thousand.

**FISCAL IMPACT**

The bill does not contain an appropriation.

Agency analysis from New Mexico Public Schools Insurance Authority (NMPSIA) estimates the cost of HB102 to be \$72.9 million for school districts and charter schools, \$7.1 million for higher education, and \$598.4 thousand for other participating entities covered by NMPSIA. Combined, this is a total cost of \$80.1 million. NMPSIA notes this estimated cost does not consider any members that may enroll under the NMSPIA plan with reduced premiums. Notably, this cost estimate also does not include funding for Albuquerque Public Schools (APS) as APS employees do not participate in NMPSIA.

The Legislative Finance Committee (LFC) analysis estimates a cost of \$146 million in FY24 to implement the provisions of HB102.

Both the Legislative Education Study Committee (LESC) and LFC budget recommendations for FY24 include \$31.9 million. This amount is estimated to cover the cost of increasing employer contributions to mirror state employer contributions.

The Executive budget recommends \$100 million to reduce the cost of health insurance for public school personnel.

The bill would increase costs for some school districts and charter schools for employee health insurance but would likely increase take-home pay for most public school employees.

**SUBSTANTIVE ISSUES**

**Insurance Payments.** Under current law, there is significant inequity between public school employees and many other public employees in employer funding of health insurance benefits. Section 10-7-4 NMSA 1978 requires state agencies, boards, and commissions to pay more toward employee benefits than is required under the Public Schools Insurance Authority Act. In addition, APS currently covers 80 percent of the health insurance premiums for employees earning less than \$42.5 thousand, more than required by current law for NMPSIA-covered employees.

Total health insurance premiums are also higher for NMPSIA. For example, a Blue Cross and Blue Shield preferred provider organization (PPO) plan with single coverage for an employee making \$60 thousand annually has a total annual premium of:

- \$4,130 for NMPSIA-covered employees,
- \$2,763 per year for APS employees, and
- \$2,769 per month for a state employee.

While coverage levels of the plans differ—APS plans have higher deductibles and out-of-pocket costs—NMPSIA also faces higher cost of healthcare because more of its members live in rural areas, where medical costs are higher.

HB102 increases employer insurance contributions by an average of \$4,000 annually or 65 percent increase over current contributions. For public school employees, across all NMPSIA insurance plans, HB102 will save public school employees an average of \$4,000 annually.

**Public School Insurance Authority.**

The Public School Insurance Authority Act was created to assist school districts statewide with procuring affordable health insurance benefits for employees, as well as property and liability insurance, at a time when many school district struggled to find insurance coverage. The act’s definition of school district excludes any school district with a student enrollment of more than 60 thousand; consequently, APS is not bound by its provisions and maintains a separate, self-insured employee benefits program. All other school districts are

**State Agency Share of Health Insurance Premiums**

Salary Range	Employer Share
Less than \$50,000	80%
\$50,000 to \$59,999	70%
\$60,000 or more	60%

Source: LESC

**NMPSIA Share of Health Insurance Premiums**

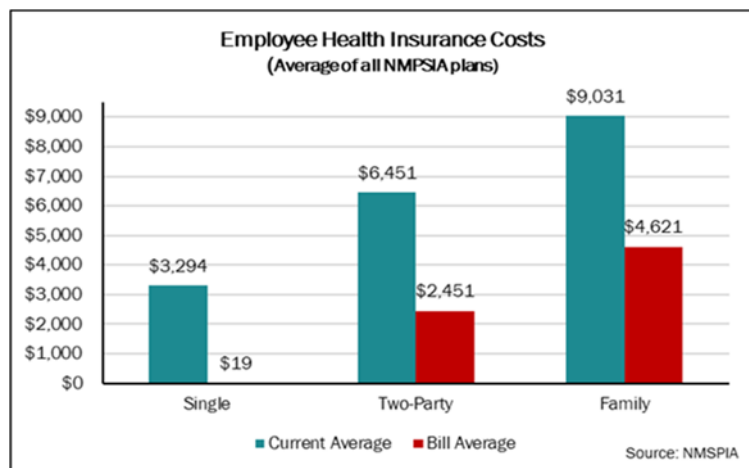
Salary Range	Employer Share
Less than \$15,000	80%
\$15,000 to \$19,999	70%
\$20,000 to \$24,999	65%
\$25,000 or more	60%

Source: LESC

**APS Share of Health Insurance Premiums**

Salary Range	Employer Share
Less than \$42,500	80%
\$42,500 to \$54,999	70%
\$55,000 or more	60%

Source: LESC



covered by NMPSIA and subject to the provisions of the act, as are all charter schools, including state- and locally chartered charter schools in Albuquerque.

### **OTHER SIGNIFICANT ISSUES**

**Educator Compensation.** Group health insurance benefits are an important component of total compensation for public school educators. While requiring employers to cover a larger share of health insurance premiums will help to increase take-home pay for school district and charter school employees, there is little evidence that an increase compensation related to health insurance plans is more effective than providing an equivalent increase in employee salary.

Anecdotally, some school districts have reported school districts in other states, particularly in southwest Texas, have effectively recruited new teachers to their school by increasing cash compensation, sometimes by offering signing bonuses. These school districts often provide relatively meager subsidies for health insurance, and some teachers in these school systems have complained that, as health insurance costs rise, they face reduced paychecks due to higher insurance costs. In New Mexico, school employees are partially shielded from such increases because school districts and charter schools are required to pay a percentage of the total cost, rather than a set dollar amount. Increasing benefits-related compensation could lead some employees to believe school districts that skew compensation more toward salary and less toward benefits offer more attractive employment terms, even if the costs of total compensation are the same.

### **RELATED BILLS**

HB102 relates to House Bill 36, which raises the required contribution for group health insurance benefits for entities covered by NMSPIA to 80 percent.

### **SOURCES OF INFORMATION**

- LESC Files
- NMPSIA

**EH/cf/mb**