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

**Bill Number** HB533/HAFCS      **Sponsor** HAFCS

**Tracking Number** .223518.1      **Committee Referrals** HAFCS

**Short Title** School Group Insurance Contributions

**Analyst** Hoxie      **Original Date** 3/3/2023  
**Last Updated** \_\_\_\_\_

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**BILL SUMMARY**

Synopsis of Bill

The House Appropriation and Finance Committee Substitute for House Bill 533 (HB533/HAFCS) amends two sections of statute to increase the minimum share of total health insurance premiums school districts, charter schools, and other entities participating in group health insurance plans from the Public Schools Insurance Authority (NMPSIA) are required to pay for their employee's healthcare benefits. HB533/HAFCS amends Section 10-7-4 NMSA 1978 and Section 22-29-10 NMSA 1978 to specify the group insurance contributions of school districts and charter schools as follows:

- At least 80 percent of the cost of insurance of an employee whose annual salary is less than \$50 thousand;
- At least 70 percent of the cost of insurance of an employee whose annual salary is between \$50 thousand and \$60 thousand; and
- At least 60 percent of the cost of insurance of an employee whose annual salary is greater than \$60 thousand.

HB533/HAFCS creates parity in the percentage NMSPIA and state employees pay toward insurance premiums.

The bill has an effective date of July 1, 2023.

**FISCAL IMPACT**

The bill does not contain an appropriation.

The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (HB2/HAFCS) includes a \$31.98 million general fund appropriation to the state equalization guarantee distribution contingent on enactment of a bill amending the Public School Insurance Authority Act to increase the minimum employer contributions for employee group health benefits. This appropriation provides the funding required by the provisions of HB533/HAFCS.

HB533/HAFCS would increase costs for some school districts and charter schools for employee health insurance but would likely increase take-home pay for many public school employees. For example, a public school employee making \$42 thousand annually who is enrolled in a NMPSIA plan currently pays 40 percent of their health insurance premium, under provisions of the bill this same school employee would pay 20 percent of their health insurance premium.

Under current law, school districts and charter schools are required to pay a minimum percentage of total health insurance premiums, ranging between 60 and 75 percent of the employee’s total premium. HB533/HAFCS would increase the employer share of contribution for employees earning less than \$50 thousand per year, with a maximum employer contribution of 80 percent.

**SUBSTANTIVE ISSUES**

The Public School Insurance Authority Act was created to assist school districts statewide with procuring health insurance benefits for employees, as well as property and liability insurance, at a time when many school district struggled to find insurance coverage. All school districts, apart from Albuquerque Public Schools, are covered by NMPSIA and subject to the provisions of the Public School Insurance Authority Act.

**Employer Share of Health Insurance Premiums**

Salary Range	Current Law	The Bill
Less than \$15, 000	75%	80%
\$15,000 to \$19,999	70%	80%
\$20,000 to \$24,999	65%	80%
\$25,000 to \$49,999	60%	80%
\$50,000 to \$59,999	60%	70%
\$60,000 and Over	60%	60%

Source: LESC Analysis

**A Comparison of Current Insurance Benefits.** Section 10-7-4 NMSA 1978 requires that state agencies, boards, and commissions pay a larger percentage 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.

**State Agency Share of Health Insurance**

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

Source: LESC Files

**Albuquerque Public Schools Share of Health Insurance**

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

Source: LESC Files

Total health insurance premiums are also higher for public employees participating in NMPSIA. For example, a Blue Cross and Blue Shield preferred provider organization (PPO) plan with family coverage of an employee making \$50 thousand per year has a total premium of \$1,702 per month

for a state employee and \$1,721 for NMPSIA-covered employees. While coverage levels of the plans differ, this disparity in premiums may be partially attributed to the higher cost of healthcare in rural areas of the state than in the urban areas. Because most NMPSIA members, apart from some charter school employees, are outside of the Albuquerque area, NMPSIA faces higher costs to insure this population.

### **ADMINISTRATIVE IMPLICATIONS**

School districts and charter schools would be required to pay a higher share of their employees insurance.

Albuquerque public schools currently offers a higher share of employer contributions for school employees than NMPSIA covered employees. This bill would result in NMPSIA-covered employees paying a smaller employee health insurance contribution than Albuquerque public school employees.

### **SOURCES OF INFORMATION**

- LESC Files

**EAH/ma/js/de/cf/mb**