

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION
WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: _____ *Check all that apply:*
Bill Number: S376-341 Original Correction
 Amendment Substitute

Sponsor: Sen. Stefanics
Sen. Muñoz
Short Title: STATE EMPLOYEE HEALTH BENEFIT CONTRIBUTIONS
Agency Name and Code: DFA-341
Number: _____
Person Writing: Mark Melhoff
Phone: _____ **Email:** MarkS.Melhoff@dfa.n

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		53,000,000	53,000,000	106,000,000	both	all

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

- Senate Bill 376 is introduced by Elizabeth "Liz" Stefanics and George K. Muñoz.
- The bill aims to amend contribution percentages for state employee health benefits.
- It authorizes the Secretary of Health Care Authority to use funds to reduce or eliminate premiums for certain government employees.
- Key changes include:
 - State departments and institutions must contribute a higher percentage towards employee insurance costs.
 - School districts and charter schools have specific contribution requirements based on employee salary brackets.
 - Effective July 1, 2025, the state will cover 80% of insurance costs for all employees.
 - Employers must pay 100% of basic life insurance premiums for employees.
 - Legislators must pay 100% of their insurance costs.
 - Employers must cover 100% of insurance for employees injured while performing public safety duties.
- The Health Care Affordability Fund will be used to:
 - Reduce health care premiums and cost-sharing for New Mexico residents.
 - Reduce premiums for small businesses and their employees.
 - Support health care coverage initiatives for uninsured residents.
 - Cover premiums for state employees and New Mexico National Guard members who meet certain income criteria.
- The bill includes provisions for maintaining health coverage if federal health care laws are repealed or invalidated.
- Annual evaluations and reports on the fund's impact and performance measures are required.

FISCAL IMPLICATIONS

- 3,188 employees would fall within the 250% of Federal Poverty Limit allowing for zero contributions.
 - The current contributions of these employees are \$932,971.63 bi-weekly.
- 18,099 current state employees carry health coverage through State employment.
 - The additional cost to the state for tier elimination would be \$1.1 million per pay period.
- The combined additional cost to the State would be \$2,041,809.80 bi-weekly.
 - Annualized \$53,087,054.85 per year in additional cost.
 - This is in addition to the \$164.3 million the State currently pays for health coverage.

Plan Type	10					
		Values				
Empl ID	Hrly Rate	Sum of EE Rate	Sum of Total Rate	New EE Rate	Poverty Limit	Add'l State Cost
338163	197.00324	354.06	885.16	177.03		177.03
343408	207.51806	139.58	348.95	69.79		69.79
338162	210.009623	354.06	885.16	177.03		177.03
Grand Total		3,374,402.22	9,693,323.12	1,332,592.42	932,971.63	1,108,838.17
	Current Bi-weekly cost		6,318,920.90			
	Additional Bi-weekly cost		2,041,809.80			
	Additional Bi-weekly cost	Annualized	53,087,054.85			

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

- Should SB 376 is enacted, changes would have to be made to the payroll system to account for the changes required.
- Additional questions would need to be addressed such as:
 - How will employees be identified if they qualify for zero contributions?
 - How will the system be alerted to these employees?
 - How often is this reevaluated?
 - How are changes addressed?

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

- Additional policy questions would need to be addressed such as
 - Would the change of tier contributions impact Dental and Vision coverage as well? If so, this would add to the above costs.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENT