

LFC Requester:

Eric Chenier

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: 2/21/25

Check all that apply:

Bill Number: HB575Original Correction Amendment Substitute Sponsor: Rep. SerratoShort Title: State Employee BenefitContributions

Agency Name

and Code HCA 630

Number: _____

Person Writing Colin BaillioPhone: 505-629-2684 Email Colin.Baillio@hca.nm**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$0.0	NA	-

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0.0	\$0.0	\$0.0	NA	-

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
GF Impact	\$0.0	\$40,863.3	\$40,863.3	\$81,726.6	Recurring	General Fund (via SHB Fund)

SHB Member Impact	\$0.0	(\$40,863.3)	(\$40,863.3)	(\$81,726.6)	Recurring	SHB Member Premiums
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(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: HB 575 eliminates existing salary brackets for the State Health Benefits plan and coverage provided by school districts and replaces it with an 80/20 contribution split. It also replaces all existing exceptions to the current salary brackets with an 80/20 contribution split.

FISCAL IMPLICATIONS

This bill impacts State Health Benefits, the New Mexico Public School Insurance Authority, and Albuquerque Public Schools. The general fiscal impact for all of these entities is that the state would contribute a higher percentage of the cost of insurance than under the current schedule and employees would contribute a lower percentage. HCA’s fiscal analysis only focuses on State Health Benefits (SHB), which the HCA administers. All numbers in this analysis are expressed in thousands.

Currently, the state contributes an average of 65% of premiums for the State Health Benefits plan. The FY26 budget for the program currently in HB 2 is \$480,998.5. Of that amount, \$7,000.0 is basic life insurance, of which the state pays 100%. Local Public Bodies contribute \$194,102.3. After accounting for these amounts, \$279,896.2 falls under the regular contribution schedule. Under that contribution schedule, the state contributes \$181,932.5 and employees contribute \$97,963.7. If the state contributed 80% instead of 65%, the state share would be \$223,917.0 (an increase of \$41,984.4) and the employee share would be \$55,979.2 (a decrease of \$41,984.4).

Under the bill, the state would no longer pay 100% of the basic life insurance for employees and instead would pay 80%, resulting in the state paying \$5,600.0 and state employees paying \$1,400.0.

Currently, legislators do not qualify for state contributions. The bill appears to allow state legislators to benefit from state contributions using the 80/20 split. According to SHB data, 19 legislators are enrolled in SHB and pay the full premium. With the state contribution, the state would pay \$278.8 GF and participating legislators would pay \$69.7.

Altogether, these changes would result in the state GF contributing \$229,795.8 and SHB-eligible employees contributing \$57,448.9. These figures do not factor in the SHB deficit.

SIGNIFICANT ISSUES

New Mexico has the lowest employer contribution percentage of any state health plan in the nation. This bill would significantly improve the affordability of coverage for state employees and teachers.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill partially duplicates SB 376 but makes changes to certain elements that are not in SB 376 and does not include several reforms contemplated in SB 376. This bill includes educators in the contribution changes. Both bills set the floor for state contributions for the health, dental, and vision plans at 80%.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Salary tiers for state insurance contributions will remain as they are today.

AMENDMENTS

None.