

LFC Requester:	
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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: 2/24/25 *Check all that apply:*
Bill Number: SB376 Original Correction
 Amendment Substitute

Sponsor: Stefanics, Munoz **Agency Name and Code** Municipal League (ML)
Short Title: State Employee Health Benefit Contributions **Number:** _____
Person Writing Jacob Rowberry
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SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate likely significant	Indeterminate likely significant	Indeterminate likely significant	Recurring	Municipalities

(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:

FISCAL IMPLICATIONS

Increasing health insurance premiums to actuarial sound rates will lead to increased costs for local governments. The increased health insurance premium amount needed to meet actuarial soundness is estimated in the LFC FIR at \$36 million. The FIR notes cost savings of \$16.4 million in FY26 from referenced-based pricing, bringing the net cost to local governments around \$20 million.

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

The Municipal League generally supports the concept in Senate Bill 376 of reducing the structural deficit in the group health benefits fund by increasing health insurance premiums. However, there is concern that the bill's language stating "the secretary [of the health care authority] shall set actuarially sound rates sufficient to cover projected claims [...]" could result in unpredictability for local governments in the crafting of their annual budgets due to significant potential variability in the annually derived actuarially sound rates. A statutorily defined annual increase to health insurance premium rates would provide local governments with stability in their annual budgetary process while also addressing the structural deficit of the group health benefits fund.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS