

LFC Requester:

Simon

**AGENCY BILL ANALYSIS  
2023 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

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*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

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

Check all that apply: Date 1/19/2023  
 Original  Amendment  Bill No: HB102  
 Correction  Substitute

Sponsor: Lara Agency Name  
and Code  
Number: PED - 924  
 Short Title: HEALTH CARE INSURANCE Person Writing Gregory Frostad  
FOR EDUCATORS Phone: 505-470-5752 Email Gregory.Frostad@ped.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
N/A	NONE NOTED	Recurring	General Fund/SEG

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
None	None	None	N/A	NFI

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$92,863.9	Undetermined, See Significant Issues below		Recurring	GF/SEG

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflicts with:

[HB36, School Group Insurance Contributions](#)

Relates to Appropriations in the General Appropriation Act: None

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

**Synopsis:** House Bill 102 (HB102) would increase the employer share of insurance costs (medical, dental and vision) for employees covered by the New Mexico Public School Insurance Authority (NMPSIA), providing that the first \$10,000 of annual insurance costs be covered at 100 percent and any cost of annual insurance above \$10,000 be covered by at least 60 percent.

HB102 would remove the stepped share based on income and would replace these with the set rates noted above.

The bill also includes permissive language providing employers the opportunity to offer employees a supplemental health benefit (life insurance) option. If the employer opts to offer this supplemental coverage, the employer will be required to pay 100 percent of the associated costs.

#### **FISCAL IMPLICATIONS**

Estimates developed by NMPSIA using current year expenditures, and allowing for an inflationary increase of 7.2 percent in insurance costs for FY24, indicate a need of \$72.9 million to fund the legislative provisions contained in HB102. The Executive budget includes \$100 million to implement HB102 for NMPSIA, Albuquerque Public Schools (APS), and institutions of higher education.

The cost estimates were developed using FY23 actual data with a 7.2 percent inflationary increase for FY24. Several considerations need to be addressed regarding unanticipated consequences. One is whether the increased employer contribution requirements will incentivize increased employee participation in NMPSIA coverage by employees adding a higher level of coverage or shifting from other forms of insurance (e.g., spousal insurance outside of NMPSIA).

#### **SIGNIFICANT ISSUES**

Governor Lujan Grisham enacted historic pay increases for New Mexico teachers last year, making our state the most competitive in the Southwest for teacher salaries – but high employee health care costs continue to eat into take-home pay. Funding and dramatically increasing the employer share of health insurance premiums would keep teacher compensation competitive and ensure that hardworking educators keep more of their paycheck, further incentivizing educator positions in New Mexico and supporting student learning by continuing to grow the state's education workforce. The measure could save first-year teachers around \$4,000 on premium costs per year and reduce the annual employee cost for high-option family health insurance from 40 percent to around 25 percent. The coverage of education staff health insurance premiums would be coupled with \$111.1 million proposed for four percent pay increases for all public education staff, further cementing New Mexico as a state that values and properly compensates educators.

Further, with the state working to shore up the teaching force by improving salaries and benefits, there is an expectation that vacancy rates may shrink with additional employees entering NMPSIA coverage with additional financial liabilities in future years.

The Governor's budget includes funding to pay for these health insurance cost for employees of all school districts and charter schools in the state, including APS. As noted, APS does not participate in the NMPSIA program and since the amended provisions of HB102 would only apply to NMPSIA associated entities, the statutory provisions contained in the bill would not apply to APS. It would be incumbent on APS to amend their health insurance program to provide their employees with similar health insurance benefits.

School employee health care packages and salaries tend to be less comprehensive and lower, respectively, than those of state employees.

#### **PERFORMANCE IMPLICATIONS**

The provisions contained in this bill should assist school districts and charter schools to attract and retain staff, thereby working to alleviate staffing shortages that have plagued the state for years.

#### **ADMINISTRATIVE IMPLICATIONS**

N/A

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

[HB36, School Group Insurance Contributions](#), which provides that all NMPSIA participants would be required to pay 80 percent of the cost of insurance for all employees.

#### **TECHNICAL ISSUES**

N/A

#### **OTHER SUBSTANTIVE ISSUES**

Should the legislature choose to add funding to meet the projected costs, an appropriation should be made to the SEG and not directly to the department.

#### **ALTERNATIVES**

N/A

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

NMPSIA-participating entities will continue to pay a portion of the costs of insurance based on the tiered schedule.

#### **AMENDMENTS**

N/A