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## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_

**SPONSOR** Duncan/Dow/Armstrong **ORIGINAL DATE** 2/17/2025

**BILL**

**SHORT TITLE** Nursing Home Medicaid Reimbursement **NUMBER** House Bill 399

**ANALYST** Chenier

### APPROPRIATION\* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$19,700	Recurring	General Fund

Parenteses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

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

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA	No fiscal impact	\$19,700.0	\$19,700.0	\$39,400.0	Recurring	General Fund

Parenteses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in House Bill 2

### Sources of Information

LFC Files

Agency Analysis Received From  
Health Care Authority (HCA)

## SUMMARY

### Synopsis of House Bill 399

House Bill 399 appropriates \$19.7 million from the general fund to the Health Care Authority (HCA) to increase the Medicaid reimbursement rate for nursing homes.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

The appropriation of \$19.7 million contained in this bill is a recurring expense to the general

fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

HCA notes that nursing homes are allowable Medicaid services and payments to nursing homes are federally matchable at 71.67 percent in FY 2026. The appropriation in this bill would be matched with federal revenue and would generate an additional \$49.8 million for a total spending increase of \$69.5 million. This bill provides a nonrecurring appropriation for FY26, but recurring general fund support will continue to be needed to maintain the Medicaid reimbursement rate increase for subsequent years. The cost of future rebasing will increase in subsequent years and will increase the general fund cost in future years. To maintain the rate from the FY26 rebasing the general fund must be appropriated every year and beyond or the reimbursement rates will be reduced.

## SIGNIFICANT ISSUES

HCA states that per New Mexico Administrative Code 8.312.3.312A “Cost Related Reimbursement of Nursing Facilities” and the New Mexico State Plan Section 4.0 General Program Administration Attachment 4.19D, Part 1, A, ***“rebasings of the prospective per diem rate will take place every three (3) years.”*** Nursing Facilities have not been rebased since 2007. Although the NFs have not had a rebase, during the 2019 regular legislative session, the Legislature passed Senate Bill 246, the Health Care Quality Surcharge (HCQS) Act, that generated assessment revenues to allow HCA to increase Nursing Facilities per diem rates and adjust those rates by Market Basket Index annually starting on July 1, 2019. Then, during the 2023 regular session, the Legislature appropriated recurring general fund to HCA to increase reimbursement rates again. From that appropriation, nursing homes received a \$9.85 rate increase for low level services and a \$14.19 for high level services.

EC/hj/SL2/rl