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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 01/26/2024

SPONSOR Cates/Lujan/Chavez

BILL
NUMBER House Bill 94

SHORT TITLE Health Data Collection and Cost Study

ANALYST Chilton

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$400.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA Study expenses		\$113.0	\$113.0	\$226.0	Recurring	General Fund
Contract for study(ies)		\$287.0	\$287.0	\$574.0	Recurring	General Fund
**State Medicaid costs		\$28,400.0	\$28,400.0	\$56,800.0	Recurring	Medicaid
**State Medicaid savings		(Indefinite, but substantial)	(Indefinite, but substantial)	(Indefinite, but substantial)	Recurring	Medicaid

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

** See Fiscal implications below for possible increased costs due to higher wages vs. increased savings for Medicaid patients at home instead of institutionalized.

Sources of Information

LFC Files

Agency Analysis Received From
Health Care Authority (HCA)

Agency Analysis was solicited but Not Received From
Aging and Long-Term Services Department (ALTSD)
Developmental Disabilities Planning Council (DDPC)

Agency Declined to Respond
Department of Health (DOH)

SUMMARY

Synopsis of House Bill 94

House Bill 94 provides the Health Care Authority with the mandate and funds to perform yearly studies of the workforce and its conditions needed to attract workers who would provide direct care and personal care to individuals in New Mexico.

Section 1 defines terms: “personal care service” refers to provision of services directly to persons having difficulty with activities of daily living. These services are provided by “direct care workers (DCWs)” who work for a “personal care service provider agency,” which is contracted to provide personal care services through Medicaid.

Section 2 specifies that a contractor be engaged to receive reports from provider agencies about direct care workers. HCA would specify what data are to be collected, but these would include number of DCWs employed, demographic information about those employees and the wages and benefits for those employees, and the number of DCW vacancies in each agency.

Section 3 requires that a contracted study be done of costs and reimbursement rates for personal care services, which would result in recommendations on reimbursement rates taking into account costs of paying DCWs at least 150 percent of the state minimum wage, the number of vacancies in the workforce, and projections regarding costs of providing personal care. These data would then be used in developing an estimate of the cost of increasing DCW wages.

Data gathered in this way would be analyzed by HCA and reported to the governor, LFC, and Legislative Health and Human Services Committee by September 1 of each year, and would be used in determining HCA’s annual budget request to the Legislature and recommendations to personal care agencies as to payment to DCWs.

House Bill 94 appropriates \$400 thousand from the general fund to the Health Care Authority for the purpose of studying the direct care workforce in New Mexico.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

The appropriation of \$400 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund.

HCA states 2 FTE of additional staff would be needed to set up a contract to make the studies needed, at an annual total cost (salary and benefits) of \$113,100; HCA indicates the remainder of the \$400 thousand appropriated may be insufficient to attract potential contractors to the job.

If the contractor found that there were many vacancies in the direct care workforce, and that potential workers were frightened away by the very low wages offered, the bill would also result in increasing the pay for DCWs, which would add potentially large amounts to the cost to

Medicaid and Medicare; however the corresponding decrease in Medicaid and Medicare due to fewer patients receiving institutional care when direct care workers were available, might be money-saving for those programs (Medicare being a federal program; Medicaid is subject to a federal match, so expenditures are approximately 78.5 percent federal and 21.5 percent state).

** Although the bill does not require agency providers pay DCWs 150 percent of minimum wage, the higher rate reimbursements recommended can be estimated to increase wages allowing HCA to pay providers those increase. As an example: The third-party contractor of the Cost Study establishes the personal care service DCW worker is paid 150 percent of minimum wage (\$18/hour in real terms).

The interim HCA Secretary, Kari Armijo, stated in October 2023 before the Interim LHHS Committee that there are 32 thousand individuals receiving PCS-funded services. New Mexico Caregiver Coalition estimates that, of the universe of 62 thousand caregivers working in all settings among all private and publicly-funded systems, there would be 10,600 personal care service DCWs currently working in New Mexico (1 PCS DCW: 3 PCS consumers):

10,600 full-time equivalent DCWs x 2080 hours/year x \$6/hour (increase per persona by valuing the personal care service DCW at 150 percent of state min wage) = \$132,288,000
= potential rate increase that would be recommended to governor and Legislature.

Note again that 21.5 percent of Medicaid expenditures are paid for by the state, and the rest by the federal Medicaid program, thus the amount to the state budget to be entered into the table above is $\$132,288,000 \times .215 = \$28,440,000$.

On the other hand, vacancies in the personal care service DCW workforce are probably making it necessary for elderly persons and people with disabilities who could otherwise receive personal care service services in their own homes to be institutionalized, and others to be cared for by family members, effectively making those (unpaid) caregivers abandon paid employment elsewhere. According to the NM Association for Home and Hospice Care (1/25/24), the average cost of institutionalizing those who are elderly is \$9,039 per person per month, while the average cost of PCS in-home services is \$3,582 per person per month, saving the state \$5,457 per person per month, not to mention the foregone taxable income for a family caregiver still employed in the private or public sector elsewhere.

SIGNIFICANT ISSUES

According to the New Mexico Caregivers Coalition (www.nmdcc.org):

[Annual] personal earnings range from \$12,700-\$19,200 depending on the setting in which they work; NMCC knows from caregivers themselves that the low earnings are one reason caregivers must work two and even here jobs just to make ends meet. Only 28 percent of employed caregivers have health insurance through their employer or a union while a full 57 percent are on Medicaid or Medicare.

The New Mexico Aging and Long-Term Services Department maintains a website to enable one large portion of the population needing direct care, the elderly, to find a direct care agency near them (CONSUMER DIRECT CARE NETWORK NEW MEXICO - Albuquerque - State of New Mexico, New Mexico (networkofcare.org))

Availability of direct care givers may increase the likelihood that a New Mexican experiencing health challenges, from a broken hip to dementia to pulmonary edema to developmental disabilities such as Down syndrome, may stay at home rather than being admitted to a much more expensive setting, such as a rehabilitation center or assisted living.

According to the New Mexico Caregivers Coalition (www.nmdcc.org):

The most recent data tell us there are more than 36 thousand home care and nursing assistants in the New Mexico labor force today. The largest share (31,090) of employment is as home health aides. The 36 thousand home care and nursing assistant workers does not even count the many more in New Mexico who work as personal care assistants, homemakers (a Department of Health designation) and allied health assistants. All told, when these additional workers are counted, there are more than 62 thousand employed as home care workers in New Mexico:

- 81 percent of New Mexico caregivers are female.
- 73 percent are people of color.
- 84 percent are U.S. citizens.
- 26 percent have children under age 18
- 25 percent have less than a high school education while 75 percent hold a high school diploma or have attended at least some college.
- 54 percent are employed full-time while 46 percent are employed part-time.

The data above are reasons that the public and the legislature need regular data which HB 94 will provide. The data from the PCS DCW obtained as a result of HB 94 will drive the recommendations HCA makes to the governor, the legislature and will, furthermore, create greater transparency within the system of how these low-wage, albeit essential, workers are compensated.

Wages of caregivers have actually DECLINED since 2010 for home health aides. Home health aides' average wage in 2010 was \$11.02, and in 2020 was \$10.52, although by 2023, most DCW were paid at least the New Mexico minimum wage, \$12.00/hour.

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It is likely that the low wages for direct care givers affect both initial hire and retention of potential direct care workers, and as the society ages, more, rather than fewer, will be needed. Indeed.com, an online job search firm, was listing 89 direct care jobs in New Mexico as of January 25, 2024.

The New Mexico Aging and Long-Term Services Department maintains a website to enable one large portion of the population needing direct care, the elderly, to find a direct care agency near them. ([CONSUMER DIRECT CARE NETWORK NEW MEXICO - Albuquerque - State of New Mexico, New Mexico \(networkofcare.org\)](http://CONSUMER DIRECT CARE NETWORK NEW MEXICO - Albuquerque - State of New Mexico, New Mexico (networkofcare.org)))