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## FISCAL IMPACT REPORT

**SPONSOR** Gonzales **ORIGINAL DATE** 02/12/21  
**LAST UPDATED** \_\_\_\_\_ **HB** \_\_\_\_\_  
**SHORT TITLE** Increase Reimbursement in Aging Network **SB** 215  
**ANALYST** Klundt

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
	\$5,200.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Aging and Long-Term Services Department (ALTSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 215 (SB 215) appropriates \$5.2 million from the general fund to the Aging and Long-Term Services Department (ALTSD) in FY22 to increase provider rate reimbursements. The department must also coordinate with the area agencies on aging (AAAs) to develop a method of distribution that prioritizes small, rural providers; providers at risk of closure or loss of services; and providers with waiting lists. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

### FISCAL IMPLICATIONS

The appropriation of \$5.2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY22 shall not revert to the general fund.

### SIGNIFICANT ISSUES

The AAAs and Aging Network providers have been providing modified services since the onset of the pandemic in March 2020. The Older American's Act and ALTSD provided essential flexibility for the provision of continued services and to meet the need during the Major Disaster Declaration. These

modified services have largely manifested as grab-and-go and home-delivered meals, while other congregate setting services have turned virtual or ceased entirely.

The ALTSD reported the following average increase for meals from the AAA's:

1. Non-Metro Area Agency on Aging
  - a. Planning and Service Area 2: 8 percent increase in consumers and a 22 percent increase in meals.
  - b. Planning and Service Area 3: 9 percent increase in consumers and 43 percent increase in meals.
  - c. Planning and Service Area 4: 11 percent increase in consumers and a 10 percent increase in meals.
2. Metro Area Agency on Aging PSA-1
  - a. 18 percent increase in consumers and a 98 percent increase in meals.
3. Indian Area Agency on Aging saw a 23 percent increase in meals.

ALTSD also reported the cost of food, packaging materials, and supplies has increased about 15 percent, as well as the overall cost of the services provided to seniors. Senior service providers have also seen an increase in seniors accessing services, causing providers to reach capacity. ALTSD moved from a unit cost reimbursement to expenditure reimbursement in March 2020, allowing providers to more accurately budget and spend their available dollars.

ALTSD also anticipates the gradual reopening of some services that ceased at the beginning of the pandemic and offering more opportunities for small congregate settings and other safe activities. The influx in the number of consumers and meals has not decreased and the entire Aging Network anticipates that many of these consumers will remain in the Aging Network to take advantage of other essential services.

## **TECHNICAL ISSUES**

ALTSD reported SB215 includes the language “to increase provider reimbursements in the aging network,” which would include Aging Network contractors throughout the state (including the Ombudsman, Senior Olympics, legal service providers, etc.), not just those managed through the Area Agencies on Aging and those receiving federal Title III and Title IV Older Americans Act funding.

The department states if the intent of SB215 is to provide reimbursements and additional to funding to local service providers that specifically provide senior services with Title III and Title VI OAA funding, ALTSD would recommend this language to read:

“[t]o increase provider reimbursements through the Area Agencies on Aging providing senior services through Title III and Title VI Older Americans Act Funding.”

KK/rl/sb