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FISCAL IMPACT REPORT

SPONSOR <u>Kernan/Correa Hemphill</u>	LAST UPDATED <u>2/22/23</u>
	ORIGINAL DATE <u>2/13/23</u>
SHORT TITLE <u>Medicaid Services Mileage Reimbursement</u>	BILL NUMBER <u>Senate Bill 255/aSHPAC</u>
	ANALYST <u>Esquibel</u>

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$2,000.0	Recurring	General Fund

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

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Federal Medicaid matching funds		\$5,600.0	\$5,600.0	\$11,200.0	Recurring	Federal Medicaid Matching Funds
Actuarial cost state		\$25.0	\$25.0	\$50.0	Recurring	General Fund
Actuarial cost federal		\$25.0	\$25.0	\$50.0	Recurring	Federal Medicaid Matching Funds
Total		\$5,650.0	\$5,650.0	\$11,300.0	Recurring	General Fund, Federal Medicaid Matching Funds

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

Relates to appropriation in the General Appropriation Act

Sources of Information

LFC Files

Responses Received From
Human Services Department (HSD)
Department of Health (DOH)

SUMMARY

Synopsis of SHPAC Amendment to Senate Bill 255

The Senate Health and Public Affairs Committee amendment to Senate Bill 255 removes the original bill's proposed requirement that ambulances, environmental modification service providers, and durable medical equipment providers shall not be reimbursed at a rate higher than the internal revenue service's official mileage reimbursement rate.

Synopsis of Original Bill

Senate Bill 255 (SB255) would create a new section of the Public Assistance Act to create a mileage reimbursement rate for ambulance providers that deliver services to Medicaid patients and for providers that travel to the homes of Medicaid patients to perform environmental modification services or to deliver and install durable medical equipment.

SB255 would appropriate \$2 million from the general fund to the Human Services Department (HSD) to cover the costs of reimbursing ambulance, environmental modification service, and durable medical equipment providers for mileage.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

HSD reports using the FY24 federal medical assistance percentage (FMAP) of 73.76 percent, the proposed \$2 million general fund appropriation would generate \$5.6 million in federal Medicaid matching funds. Additionally, HSD would need to work with an actuary to develop the mileage reimbursement rates at a total cost of \$50 thousand which is matched at a 50 percent federal match, so the state cost would be \$25 thousand.

The LFC and Executive FY24 Medicaid budget recommendations both provide \$77 million and \$79 million respectively for Medicaid provider and facility rate increases including funding for emergency and nonemergency medical transportation.

SIGNIFICANT ISSUES

The Human Services Department (HSD) reports Medicaid environmental modification services (Emods) are provided under several Medicaid programs including the Centennial Care community benefit, developmental disabilities waiver, Mi Via waiver, medically fragile waiver, and supports waiver. Currently under these Medicaid programs, the provider's transportation costs incurred for "Emods" are built into the provider's bid and reimbursed in the total payment to the provider.

Currently, Medicaid reimburses ground ambulance by mileage and the current rate is higher than the IRS rate as of January 2022 <https://law.justia.com/codes/new-mexico/2017/chapter-27/article-2/>.

Currently, Medicaid reimburses delivery of durable medical equipment (DME) items per [NMAC 8.324.5](#). The Medical Assistance Division (MAD) covers the delivery of a DME item only when the equipment is initially purchased or rented, and the round-trip delivery is over 75 miles.

ADMINISTRATIVE IMPLICATIONS

HSD reports rate changes would require approval from the federal Centers for Medicare and Medicaid Services (CMS) before they can be implemented. The provisions of SB255 would require amendments to multiple Medicaid waivers and would take several months to complete including updating rules and regulations. MCO rates would also need to be updated to reflect the new cost of reimbursing for transportation separately.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

HSD notes if SB255 is not enacted, “Emod” providers cannot bill separately for the cost of transportation to and from a Medicaid recipients’ home, and provider transportation costs will continue to be billed as part of the provider bid/cost per project.

RAE/rl/ne/mg