

LFC Requester:

Eric Chenier

AGENCY BILL ANALYSIS
2025 SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

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 1/15/25

Original Amendment

Bill No: HB42

Correction Substitute

Sponsor: Rep. Kathleen Cates
Medicaid Waiver
Reimbursement Rate Increases

Agency Name
and Code HCA 630

Number:

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$6,300.0		nonrecurring	general

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$6,300.0			nonrecurring	general

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$6,300.0	\$6,300.0	\$6,300.0	\$18,900.0	recurring	general

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Appropriates \$6.3 million (GF, reverting) to the Health Care Authority for FY2026 to provide rate increases for service providers who receive reimbursements from certain Medicaid Waiver programs.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

- The \$6.3 million would be eligible to receive federal match.
- This appropriation would need to be recurring.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

No additional impact.

SIGNIFICANT ISSUES

- Per the governor’s Executive Budget Recommendation for FY26 there is a recommendation for \$28 million dollars for Developmental Disabilities Waiver Provider Rate increases. The \$28 million would be distributed based on the upcoming 2025 rate study.
- No data has been provided to support the need for and to specify or determine the amount of \$6.3 million.
- The bill does not clarify the intended purpose of the request, such as “support HCBS providers ameliorate the costs of inflation/pandemic related expenses, etc.”
- The bill does not specify which rates would be increased.
- The bill does not specify which service providers would be eligible for the rate increases.
- The bill does not specify for which of the four (4) home and community-based waivers the rates would apply to.
- The money would need to be recurring for the proposed rate increases to be sustainable

year after year. This bill only allows for a one time increase in FY26.

- DDSD is currently engaged in vendor selection for a new rate re-basing study to be completed by June 30, 2025.
- Even without specificity of intent at this stage, these dollars could be used to support agencies as the number of clients on the waivers will increase by the end of this year due to finishing the Super Allocation and allocating an additional 500 people in FY25.
- The \$6.3 million could:
 - Stimulate growth of the provider network to ensure service providers have the needed capacity to meet the demand.
 - Allow for the ability to have providers raise wages for direct support professionals.
 - Allow for the ability to have providers retain/recruit specialized positions such as nursing.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

The administrative impact on HCA would be securing the money proposed for provider reimbursement, and because this is non-recurring, identifying a mechanism for a one-time payment to providers. This would also include identifying who would receive the appropriation, identifying how to divide this between different waiver providers and service categories, and looking at past fiscal year expenditures for each provider.

Rate increases for any of the waivers would require HCA Medical Assistance Division (MAD) submission of a 1915c waiver amendment to the Centers for Medicare and Medicaid Services (CMS). This process requires 4-6 months for completion and is necessary before any rate increases can be implemented.

This bill will require a system change in the financial services IT system. This change will be part of maintenance and operations (M &O) and will be made at no additional cost.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 42 is not enacted, then providers will not receive an additional \$6.3 million, staffing shortages may persist thereby further eroding the provider network and the ability for individuals living with intellectual and other developmental disabilities to be served in their communities.

AMENDMENTS

N/A

