

LFC Requester:	Eric Chenier
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}

Date Prepared: 1/15/25 *Check all that apply:*
Bill Number: HB55 Original Correction
 Amendment Substitute

Sponsor: Rep. Pamela Herndon **Agency Name and Code:** HCA 630
Short Title: Medicaid for Personal Care Services **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$20,800.0	\$0.00	Non-recurring	general

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$20,800.0	\$0.0	\$0.0	Non-recurring	general

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$194.8	\$0.0	\$0.0	\$0.0	Non-recurring	NA

General Fund	\$97.4	\$0.0	\$0.0	\$0.0	Non-recurring	General Fund
Federal fund	\$97.4	\$0.0	\$0.0	\$0.0	Non-recurring	Federal Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: No known

Duplicates/Relates to Appropriation in the General Appropriation Act: No known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB55 would direct the Health Care Authority (HCA) to set a minimum fee schedule for reimbursing Personal Care Services (PCS). It would require that Medicaid managed care organizations (MCOs) and fee-for-service (FFS) arrangements reimburse PCS provider agencies at least \$23.50 per hour for providing PCS. The bill also requires 70% of Medicaid reimbursements go directly to compensation to direct care workers for furnishing services which would be \$16.45. To meet this proposed wage and reimbursement compensation, \$20.8 million will be appropriated from the general fund to the Health Care Authority in FY26. Any unexpended or unencumbered balance remaining at the end of fiscal year 2026 shall revert to the general fund.

FISCAL IMPLICATIONS

- The \$20.8 million would be eligible to receive federal matching with an estimated Federal Medical Assistance Percentage of 0.72. The total amount of spending given the federal match is about \$74.3 million with \$53.5 million in federal funds budget expenditures for fiscal year 2026. To ensure that payments to the PCS provider is not reduced in subsequent years the funding should be a recurring appropriation.
- This would need to be a recurring appropriation.

SIGNIFICANT ISSUES

- Currently, the Health Care Authority does not mandate that providers reimburse Direct Care Workers at 70% of the total reimbursement rate. It is unclear how this will be monitored or enforced. If this is to be enforced at HCA, at least two Full Time Employees (FTE) will be needed (see cost below).
- In spring of 2024, the Centers for Medicare and Medicaid Services issued the *Ensuring Access to Medicaid Services* final rule, also known as the Access Rule. The Access Rule requires a payment adequacy minimum performance standard that states must ensure 80% of Medicaid payments go to compensation for direct care workers.
 - o HB55 suggests that 70% of Medicaid payments go to compensation for direct care workers, which would not follow the Centers for Medicare and Medicaid Services Access Rule.
- The Centers for Medicare and Medicaid Services has yet to publish sub-regulatory guidance on the payment adequacy minimum performance standard and how states should implement. The payment adequacy minimum performance standard will go into effect on July 9, 2030.

- o The Centers for Medicare and Medicaid Services has encouraged states to wait for further guidance on Access Rule requirements.
- Personal care services can refer to a number of different categories of members, types of providers, and services.
 - o HB55 does not specify which of the four Home and Community Based Services Waivers the wage standard and reimbursement compensation applies to.
- The appropriation of \$20,800,000 need to be recurring to have adequate funding to support the proposed wage standard and reimbursement compensation and be sustainable year after year. This bill only allows for a one-time increase in FY26.
- HB 55 does not specify which PCS this bill would apply to. PCS is provided under several Medicaid fee-for-service and managed care programs, including Turquoise Care Community Benefit and EPSDT.
- For the Turquoise Community Benefit program, a rate study was conducted and posted in December 2024 on the HCA website. https://www.hca.nm.gov/wp-content/uploads/NM-ABCB_ALF-SFY-2026-Rate-Study-Report-2024.12.09.pdf

PERFORMANCE IMPLICATIONS

- This rate increase could increase access to personal care services for eligible New Mexico Medicaid recipients.
- These dollars and this compensation requirement would help with the recruitment and retention of direct care workers.
- This bill could help stimulate the growth of the provider network to ensure adequate service providers are available.
- Ensuring providers are furnishing these wages and compensation to their direct care workers and personal care providers may not be sustainable for the providers administrative costs for doing business.

ADMINISTRATIVE IMPLICATIONS

- The administrative impact on HCA would be securing federal match for the general fund for PCS provider wages and direct care workers compensation. Because this is non-recurring, identifying a mechanism for a one-time payment to providers.
- HCA would need to identify who would receive the appropriation, identify how to divide this between different waiver providers, non-waiver providers and service categories, and look at past fiscal year expenditures for each provider.
- To utilize federal match for rate increases for any of the 1915c waivers would require HCA Medical Assistance Division (MAD) submission of 1915c waiver amendment(s) to the Centers for Medicare and Medicaid Services. This process requires 4-6 months for completion and is necessary before any rate increases can be implemented.
- This would require a Medicaid Supplement to providers and a Medicaid Letter of Direction to the MCOs.
- Two (2) Full Time Employee (FTE) will be needed to implement, monitor and enforce this bill. Two (2) FTE at pay-band 70 would cost \$194,600. \$97,300 in SGF and \$97,300 in Federal matching funds.
- 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

- For the requirement that 70% of the Medicaid reimbursement be used as compensation to the direct care workers, it is unclear how this will be monitored or enforced.
- There would be no impact to the rate for Personal Care Services under EPSDT which are reimbursed at \$33.68 per hour a 43.31% higher rate than required in this bill.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

- If HB55 is not enacted, then personal care services providers may not receive a standard reimbursement of \$23.50 per hour, and 70% of Medicaid payments may not go to compensation for direct care workers. Personal care services under the EPSDT program will continue to be reimbursed at \$33.68 per hour.

AMENDMENTS

N/A