

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: HB 56 Original Correction
 Amendment Substitute

Sponsor:	Rep. Pamela Herndon	Agency Name and Code Number:	HCA 630		
Short Title:	Medicaid Reimbursements for Birth Centers	Person Writing	Kresta Opperman/ Alanna Dancis		
		Phone:	505-231-8752	Email	Kresta.opperman@hca.

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$0.0	NA	HCA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0.0	\$0.0	\$0.0	NA	NA
				Total

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$48.7	\$48.7	\$96.4	Recurring	General Fund for Medicaid Staff

	\$0.0	\$48.7	\$48.7	\$96.4	Recurring	Federal Fund for Medicaid Staff
	\$0.0	\$97.4	\$97.4	\$192.8	Recurring	Total

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not known
 Duplicates/Relates to Appropriation in the General Appropriation Act: Not known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 56 (HB56) requires that the Secretary of the Health Care Authority (HCA) adopt rules to ensure that services provided to a Medicaid recipient at a birth center are reimbursed at the same rate as equivalent services provided at a hospital.

FISCAL IMPLICATIONS

The Medicaid reimbursement methodologies for hospitals and birth centers are currently different. Hospitals are reimbursed by the Diagnosis-Related Group (DRG) methodology, along with the specific hospital rate, specific hospital capital costs and taxes. Birth centers are reimbursed for the facility cost and the professional services, such as the work of the certified nurse midwife. Due to the difference in reimbursement methodologies, there is no comparable data to determine the fiscal impact to the Medicaid program as required by Section 1(B) of HB 56. Since there is currently only one accredited birth center in the state, the programmatic cost is likely small. This amount could grow with increased birthing center providers. The additional operating budget impact provided is the cost of one FTE needed to implement, monitor and enforce the requirement of this bill. Administrative cost is matched at 50%.

SIGNIFICANT ISSUES

It is unlikely that CMS would allow DRG payment for birth centers or a split payment methodology for hospitals. Therefore, due to the differences in reimbursement methodologies between birth centers and hospitals for uncomplicated births, HB 56, as it is currently written, cannot be operationalized. Additionally, current reimbursement methodologies are written into the state plan, and any changes would require approval by the Centers for Medicare and Medicaid Services (CMS).

PERFORMANCE IMPLICATIONS

Increasing the facility fee to birth centers has the potential to incentivize more birth centers to open and more births to occur in birth centers. This could improve maternal health as birth centers normally have lower low-risk cesarean section rates as compared to hospitals.

ADMINISTRATIVE IMPLICATIONS

Deviation from current reimbursement methodologies would require a state plan amendment, claims processing system edits, NMAC revisions, a provider supplement and a managed care contract amendment.

One full-time employee would be needed to implement, monitor and enforce this bill. The FTE is a pay-band 70 and will cost \$97.4 thousands per year with a 50% federal match; thus, the cost is \$48.7 thousands in general funds and \$48.7 thousands in federal matching funds.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

No known conflicts, duplications, companionship or relationship to other bills at this time.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

A set percent increase to the current birth center facility reimbursement rate is an alternative approach. This approach aligns with Medicaid's standard federal approval pathway for reimbursement.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None