

LFC Requestor: FAUBION, Jennifer

**2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS**

Section I: General

Chamber: House

Category: Bill

Number: 344

Type: Introduced

Date (of THIS analysis): 02/10/2025

Sponsor(s): Dayan Hochman-Vigil, Meredith A. Dixon

Short Title: Healthcare Equipment Gross Receipts

Reviewing Agency: Agency 665 - Department of Health

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$0	\$0	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$0	\$0	\$0	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$0	\$0	\$0	\$0	N/A	N/A

Section III: Relationship to other legislation

Duplicates: HB344 duplicates SB295 Gross Receipts Tax Changes

Conflicts with: None

Companion to: None

Relates to: SB249 Health Care Provider Gross Receipts

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

House Bill 344 (HB344) proposes to amend the New Mexico Gross Receipts and Compensating Tax and Public Assistance Acts to provide tax deductions for certain services provided by healthcare practitioners, gross receipts tax deductions on the purchase of medical equipment, supplies, and drugs, and full reimbursements for applicable gross receipts taxes that health care providers are required to pay for services provided to Medicaid patients.

Eligible practitioners for deductions and reimbursements outlined in HB344 are licensed:

1. Chiropractic physicians
2. Dentists
3. Dental Hygienists
4. Acupuncturists
5. Optometrists
6. Physicians (MDs and DOs)
7. Physician Assistants
8. Physical Therapists
9. Podiatrists
10. Psychologists

Eligible entities for the proposed gross receipts tax deductions on services and medical equipment purchases are “associations of health care practitioners” which means a corporation, unincorporated business entity or other legal entity organized by, owned by or employing one or more health care practitioners and health care practitioners. Outpatient facilities and 501(c)(3) organizations are not eligible for the gross receipts tax deductions proposed in HB344.

The effective date of the provisions of this act is July 1, 2025.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

New Mexico continues to experience a shortage of medical providers, particularly in rural areas. According to the most recent data from 2021, published in a 2024 study by the University of New Mexico, the state needs an additional 334 primary care providers, 59 OB-GYNs, 10 general surgeons, and 119 psychiatrists to meet national benchmarks for provider-to-population ratios. Additionally, New Mexico faces a nursing shortage. Based on 2023 data, the state requires 5,822 more nurses and clinical nurse specialists to reach national benchmarks. ([New Mexico Health Care Workforce Committee 2024 Annual Report](#)).

HB344 is an attempt to increase the number of providers who provide medical care to Medicaid patients by providing medical providers with the incentive to get a reimbursement on all gross receipt taxes paid for services provided to Medicaid recipients and for whom the provider was paid by Medicaid for those services. There is a need for providers in New Mexico who accept Medicaid. According to recent data from the Health Care Authority, over 40% of New Mexico's population is enrolled in Medicaid.

HB344 would have no impact on the New Mexico Department of Health's (NMDOH) operations. Additionally, public outpatient facilities, including those operated by NMDOH, would not be eligible for the proposed deductions. The main impact of HB344 would be reduced provider costs and improved financial sustainability for private health care entities.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

Yes No

If yes, describe how.

- Is this proposal related to the NMDOH Strategic Plan? Yes No

Goal 1: We expand equitable access to services for all New Mexicans

Goal 2: We ensure safety in New Mexico healthcare environments

Goal 3: We improve health status for all New Mexicans

Goal 4: We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?

Yes No N/A

- If there is an appropriation, is it included in the LFC Budget Request?

Yes No N/A

- Does this bill have a fiscal impact on NMDOH? Yes No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

- HB344 relates to SB249 Health Care Provider Gross Receipts, which proposes to add a new section of the Public Assistance Act requiring health care providers to be reimbursed for gross receipts taxes.
- HB344 duplicates SB295 Gross Receipts Tax Changes

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

8. DISPARITIES ISSUES

Rural areas struggle with a shortage of healthcare professionals. There is also a dearth of facilities operating in these areas offering quality inpatient care. Attracting and retaining healthcare providers in rural communities can be challenging due to factors such as lower reimbursement rates and a lack of infrastructure. Consequently, programs to deal broadly with issues must first assess the abilities at each level – state, county and local – to overcome them. (<https://pubmed.ncbi.nlm.nih.gov/37214231/>).

HB344 could encourage health care facilities to do business in rural and underserved areas of the state if health care associations would be able to deduct services and taxes on equipment purchases and be reimbursed for all applicable gross receipts taxes for services provided to Medicaid patients.

9. HEALTH IMPACT(S)

There are many different payment methods currently or historically used by the U.S. healthcare system. The health impact of healthcare providers being fully reimbursed for gross receipts taxes is multifaceted. In the short term, it could provide significant financial relief, leading to better healthcare service access and improved provider stability. For providers, this could reduce burnout and stress, but long-term sustainability and efficiency will remain critical for maximizing the benefit of such reimbursements.

For health care businesses operating in New Mexico, the health impacts of allowing them to deduct services and equipment purchases from their gross receipts taxes could also improve access to care for rural and frontier areas. Equipment purchase deductions may be especially impactful for smaller hospitals in rural and frontier areas since smaller entities may have diminished capacity for capital improvements, gross receipts deductions on equipment purchases may help improve infrastructure.

10. ALTERNATIVES

None.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HB344 is not enacted, the New Mexico Gross Receipts and Compensating Tax and Public Assistance Acts will not be amended to provide tax deductions for certain services provided by healthcare practitioners, deductions for the purchase of medical equipment, supplies, and drugs, and full reimbursements for applicable gross receipts taxes that health care providers are required to pay for services provided to Medicaid patients.

12. AMENDMENTS

None.