

LFC Requester:

Eric Chenier

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.nmlegis.gov/AgencyAnalysis) 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: 2/13/25

Check all that apply:

Bill Number: HB399Original Correction Amendment Substitute Sponsor: Rep. DuncanShort Title: Nursing Home MedicaidTitle: Reimbursement

Agency Name

and Code HCA-630

Number: _____

Person Writing Rayna Fagus, BC FMBPhone: 505-699-5566 Email Rayna.fagus@hca.nm.**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$19,700.0	Recurring	GF

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0.0	\$19,70.0	\$0.0	Recurring	GF

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected

HCA	\$0.0	\$19,700.0	\$ 19,700.0	\$39,400.0	Recurring	General Fund
HCA	\$0.0	\$49,838.0	\$ 49,838.0	\$99,676.0	Recurring	Federal Funds
Total	\$0.0	\$69,538.0	\$ 69,538.0	\$139,076.0	Recurring	TOTAL

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

HB399 is a duplicate bill to SB97

SECTION III: NARRATIVE
BILL SUMMARY

Synopsis:

HB399 appropriates \$19,700.0 thousands from the General Fund (GF) to the Health Care Authority (HCA) to increase Medicaid reimbursement rates for nursing homes in FY 2026.

FISCAL IMPLICATIONS

House Bill 399 appropriates \$19,700.0 thousands from the general fund to the HCA to increase reimbursement rates to nursing homes for FY 2026. Nursing homes are allowable Medicaid services and payments to nursing homes are federally matchable at 71.67% in FY 2026. The general fund appropriation amount of \$19,700.0 thousands will be matched with \$49,838.0 thousands of federal funds for a total computable of \$69,538.0 thousands. This bill provides a nonrecurring appropriation for FY 2026, but recurring general fund support will continue to be needed to maintain the Medicaid reimbursement rate increase for subsequent years. The cost of future rebasing will increase in subsequent years and will increase the general fund cost in future years. To maintain the rate from the FY2026 rebasing the general fund must be appropriated every year and beyond or the reimbursement rates will be reduced.

SIGNIFICANT ISSUES

Per NMAC 8.312.3.312A “Cost Related Reimbursement of Nursing Facilities” and the New Mexico State Plan Section 4.0 General Program Administration Attachment 4.19D, Part 1, A, *“rebasings of the prospective per diem rate will take place every three (3) years.”* Nursing Facilities (NF) have not been rebased since 2007. Although the NFs have not had a rebase, during the 2019 regular legislative session, the legislature passed Senate Bill 246, the Health Care Quality Surcharge (HCQS) Act, that generated assessment revenues to allow the HCA (formerly Human Services Department (HSD)) to increase NF per diem rates and adjust those rates by Market Basket Index annually starting on July 1, 2019. Then, during the 2023 regular session, the legislature appropriated recurring general fund to HCA to increase reimbursement rates again. From that appropriation, nursing homes received a \$9.85 rate increase for low level services and a \$14.19 for high level services costing \$13,100.0 thousands in FY 2024.

For FY 2026, the projected cost (provided by the nursing home auditor under contract with HCA)

to rebase the nursing home is \$88,574.0 thousands with \$25,093.0 thousands of general fund dollars. Of the state fund needs to support the rate increases, \$5,459.0 thousands come from the assessment revenues imposed by the HCQS and the remaining \$19,634.0 thousands will require general fund. Based on the projected cost above along with the revenues from HCQS, the appropriation in this bill of \$ 19,700.0 thousands of general fund is sufficient to cover the cost of rebasing nursing homes for FY 2026, including the administrative contractor costs.

Total State Fund for Reimbursement Rate Increase (not including admin costs)	\$ 25,093.0
Minus: State Fund from HCQS Surcharge for Rate Increase	\$ 5,459.0
Equal: Total General Fund for Rebase Rate Increase	\$ 19,634.0
Federal Share	\$ 63,481.0
Total Computable Cost of Rate Increase for Nursing Homes	\$ 88,574.0

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

HCA will pay our NF contractor to perform the rebasing work.

Any IT system changes necessary for this change will be handled at no additional cost.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

The appropriation of \$19,700.0 thousands by House Bill 399 is needed to rebase the nursing homes and to bring the nursing rates to be in compliance with the NMAC 8.312.3.312A and the State Plan Amendment (SPA) attachment 4.19D requirements stated in the Significant Issues section.

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

See Other Substantive Issues section

AMENDMENTS

None