

LFC Requester:

Rachel Mercer-Garcia

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: 2/14/25

Check all that apply:

Bill Number: HB408

Original Correction

Amendment Substitute

Agency Name

and Code HCA 630

Number:

Sponsor: Rep. Nicole Chavez

Short CYFD Community-Based

Title: Foster Care Studies

Person Writing Kresta Opperman

Phone: 505-231-8752 **Email** Kresta.opperman@hca

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$100.0	NR	CYFD

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
	\$100.0			

(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	TBD	TBD	TBD	R	MAD GF/FF

(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

HB408 requires the Children Youth and Family Department (CYFD) conduct cost studies every five years to study the costs and reimbursement for community-based foster care placements and treatments. The initial cost study would be submitted to the legislative finance committee no later than December 1, 2025.

FISCAL IMPLICATIONS

HB 408 appropriates \$100.0 thousands to CYFD to conduct a rate study in fiscal year 2026. A study of community-based foster care placements and foster care treatments would include Treatment Foster Care (TFC). TFC is a Medicaid reimbursable service, and it could have a fiscal impact to the Medicaid program. However, the impact is unquantifiable at present.

SIGNIFICANT ISSUES

HB408 requires a cost study be completed every 5 years but does not identify how cost study data will be applied to reimbursement rates. Additionally, this bill does not include appropriation to support rate increases. Such an allocation would need to be recurring.

This bill identifies community-based foster care placements which would include Treatment Foster Care (TFC). TFC is a Medicaid reimbursable service. While most rates are established based on their Medicare equivalents, many codes within behavioral health do not have a Medicare equivalent and therefore the rate evaluation must include different factors, including but not limited to other state Medicaid rates, cost of service factors, and others. Medicaid TFC rates for two different billing codes were each increased by 85% in 2025. The requirement of this bill would be a new reimbursement rate setting methodology for the TFC service. This new reimbursement methodology will also require a revision to the State Plan and NMAC. The state plan amendment approval process takes at least six (6) months to obtain approval from the Centers for Medicare and Medicaid Services (CMS).

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

Rate increases would 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

Specifically, for TFC, HB408 would be similar to the Medicaid cost study requirements in HB400.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo, HCA will continue to review reimbursement for TFC using benchmarking data to support future rate adjustments.

AMENDMENTS

None