

LFC Requester:

Kelly Klundt

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: 1/30/2025 *Check all that apply:*
Bill Number: SB198 Original Correction
 Amendment Substitute

Sponsor: Senator Leo Jaramillo **Agency Name and Code Number:** ECECD
Person Writing Analysis: Elizabeth Groginsky
Short Title: Family Infant Toddler Funding **Phone:** 505-231-2997 **Email:** Elizabeth.Groginsky@cecd.nm.gov

SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$2,200.00		Nonrecurring	State General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$2,200.00				

(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						

(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

SB198 proposes to appropriate \$2,200,000 from the general fund to the Early Childhood Education and Care Department for expenditures in fiscal year 2025 to reinstate the Family, Infant, Toddler program (FIT) provider rate increase for quarter 2, quarter 3, and quarter 4 of fiscal year 2025. Any unexpended or unencumbered balance remaining at the end of fiscal year 2025 shall revert to the general fund. This bill would increase the State General Fund budget for the FIT program, to return the service reimbursement rates to the level that was published in the Medicaid State Plan Amendment and the FIT Service Definitions and Standards in July of 2024, but was reduced to FY24 rates when it was discovered by ECECD that the FY25 budget did not support rate increases for FIT providers. If passed, SB198 will become effective immediately.

FISCAL IMPLICATIONS

An additional \$2.2 million will be allocated from the general fund in FY2025, representing a direct increase in state spending for that fiscal year. These funds are specifically earmarked to reinstate rate increases for the Family, Infant, Toddler (FIT) program providers, which had been previously adjusted. This reinvestment could enhance the capacity and quality of services offered to families, benefiting early childhood development programs across New Mexico.

SIGNIFICANT ISSUES

Because CMS rules may prevent the reprocessing of paid claims as far back as October 1, 2024, the appropriation may need to cover not only the increase in rates for children not enrolled in Medicaid, but also for children enrolled in Medicaid whose claims were paid at the current rate, but happened outside of the time window in which CMS allows the reprocessing of claims.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

Given the fact that Medicaid may not be able to reprocess claims as far back as October 1, 2024, all processed claims from October 1, 2024 through the passage of SB198 into law will need to be recalculated by hand by the appropriate ECECD staff. This calculation may produce more room for error and may delay payment to providers due to the administrative burden of the recalculation.

Additionally, FIT services are entitled under IDEA Part C to all eligible children and potential delays in payment created by the administrative burden of processing payments may negatively impact ECECD's ability to uphold that entitlement.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

Funding the ECECD's original supplemental request, which aims to address this issue, could be an alternative. That request would come closer to resolving FIT's projected budget shortfall (\$5 million) and reinstating original FY25 rates for providers.

Another alternative would simply be to increase the total amount proposed in this bill to \$7,200,000.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted, FIT providers will continue to struggle to recruit and retain staff due to an inability to offer competitive pay, which will contribute to members of the current FIT workforce being overburdened and underpaid.

AMENDMENTS