LFC Requester:	Eric Chenier

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: *2/21/25* *Check all that apply:*
Bill Number: *SB508* Original _x Correction __
Amendment __ Substitute __

Sponsor: Sen Berghmans
Short Title: Coverage for Certain Healthcare

Agency Name and Code Number: HCA-630
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		
$0.0	$0.0	NA	NA

(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

(Parenthesis ( ) indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
MAD	$0.0	$1,497.1	$2,994.3	$4,491.4	Recurring	General Fund
MAD	$0.0	$4,135.5	$8,271.1	$12,406.6	Recurring	Federal Funds
MAD	$0.0	$13.3		$13.3	Nonrecurring	General Funds
MAD	$0.0	$39.7		$39.7	Nonrecurring	Federal Funds
MAD Total	**$0.0**	**$5,685.6**	**$11,265.4**	**$16,951.0**	**Recurring and Nonrecurring**	
SHB	$0.0	$927.0	$1,854.0	$2,781.0	Recurring	Member premiums
SHB	$0.0	$1,426.2	$2,852.3	$4,278.5	Recurring	General Fund (via SHB premiums)
SHB Total	**$0.0**	**$2,353.2**	**$4,706.3**	**$7.059.5**	**Recurring**	**TOTAL SHB**

(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

Synopsis: SB508 amends and enacts sections of the Health Care Purchasing Act, the Public Assistance Act and the New Mexico Insurance Code to require coverage for reproductive health and gender affirming care services. The bill also eliminates cost sharing and prior authorization requirements for specified services.

Several important new requirements for Medicaid include:

- Requirements for abortion services, miscarriage, cervical cancer screening, STI screening and treatment, any contraception method, and “basic” fertility.
- Requires Medicaid to cover any provider the member selects for reproductive health.
- Requires abortion services to be delivered unbundled.
- Requires lactation care provider services and a breast pump.
- Requires contraception to be dispensed at one time for 12 months.

Several important new requirements for State Health Benefits (SHB) include:

- Codifies existing federal requirements that preventive care be covered without cost-sharing.
- Requires coverage of abortion care with no cost-sharing.
- Requires a special enrollment period for pregnancy.
- Requires coverage of gender affirming care.
- Requires contraception to be dispensed at one time for 12 months.

FISCAL IMPLICATIONS

There is no appropriation in the bill.

Medicaid

While fiscal impacts are not quantified for Sections 7(C) and 7(D), a fiscal impact is provided for basic fertility services (Section 7(B)(2)(d)). In FY 2026 (effective 1/1/2026), the net cost is $5,632.6 after adjusting for a 23% Medicaid Drug Rebate. The general fund need is $1,497.1 thousand and the federal fund match is $4,135.5 thousand. These estimates apply a blended FFP of 73.42%. In FY 2027 (effective 7/1/2026), the net cost is $11,265.4 after the drug rebate adjustment. The general fund need is $2,994.3 thousand and the federal fund match is $8,271.1 thousand. The analysis is reviewed below.

Section 7(B)(2)(d) relates to Medicaid coverage of 'basic fertility services' but does not provide a specific definition of services. Consequently, the Medicaid program may not cover the services as listed in Section 7(B)(2)(d). Basic fertility services may include medications that help ovulation, intrauterine insemination (IUI), surgery or tissue preservation. As such, this bill would require the Medicaid program add new fertility services. For the present analysis the cost of 'basic fertility services' is calculated using fertility enhancement and fertility preservation.

Fertility enhancement: The average cost of fertility enhancement is estimated to be $45 applying to ovulation medication costing $15 over 3 cycles in FY 2026 and 6 cycles in FY 2027 (wholesale cost estimate). The analysis assumes 6,692 women between 18 and 45 years of age will use clomiphene medication to enhance ovulation. (Note: as of 12/31/2024, some 155,630 women ages 18 to 45 years old were enrolled in the Medicaid program, with roughly 1 in 10 women receiving ovulation services and 43% using enhanced ovulation medication; thus 6,692 =155,630 x 10% x 43%). Accordingly, the estimated cost of medication is $301.1 thousands in FY 2026 (effective 1/1/2026), with a net cost of $231.9 thousands after applying a 23% Medicaid Drug Rebate. The cost to the general fund would be $61.6 thousand matched by $170.2 thousand in federal funds. These estimates apply a blended FFP of 73.42%. For FY 2027, the total cost is projected to be $602.3 thousand with a net cost of $463.8 thousand after applying drug rebates. Thus, the general fund need is $123.3 thousand, and the federal fund match is $340.5 thousand.

Fertility preservation: The average cost of fertility preservation for women is estimated to be $17,400, including $5,000 for medications associated with egg freezing and $12,400 for the procedure itself. The average cost of fertility preservation for men is estimated to be $950, covering $750 for sperm banking and $200 for storage cost (Alliance for Fertility Preservation). The analysis estimates 628 males and 628 females would qualify for fertility preservation services. These projected service volumes reflect 13,963 individuals with cancer diagnosis (2023), of which 9% are under 45 years old, with prevalence evenly divided across gender.

State Health Benefits

The no cost-sharing preventive service requirements in Section 1 are already in practice in federal law and no cost increase would result from including them in state law. Services under Section 2 are already covered by SHB plans. If these services were provided without cost sharing, member cost-sharing would decrease by $133,950.00 annually and plan costs would increase commensurately. Section 3 requires a special enrollment period for individuals who become pregnant. Approximately 5,000 employees who are eligible for SHB are not enrolled in the plan

and 1,000 of these individuals are in the demographic group that is most likely to be eligible for this new special enrollment period. New Mexico's birth rate is 51.5 per 1,000 women. SHB estimates that about 50 maternity cases and coverage for pre-and-post natal care and delivery will be accessed under this new special enrollment period. SHB estimates this will cost up to $1,520,418.00 per year.

Section 4 requires SHB to cover gender affirming care services. SHB estimates that 0.15% of members would seek gender-affirming care if it was covered. Due to the small portion of the population utilizing these services, the annual cost of covering these services is projected to be up to $327,738.00. Section 5 requires contraception to be dispensed at one time for 12 months. According to internal SHB data, if all members who filled a contraception prescription last year obtained a one-year supply under this bill, the additional cost would be $870,180.00.

Together, these reforms would cost SHB $2,852,286.00. Employee contributions would absorb $998,300.10 and the GF would absorb $1,853,985.90. FY26 costs are halved due to the effective date of the law being halfway through the FY.

SIGNIFICANT ISSUES

Medicaid

The New Mexico Medicaid program does not require cost sharing for Medicaid covered and approved services, including preventive benefits, abortion care, gender affirming care, lactation services and contraception. Thus, there is no fiscal impact from the bill's provision of eliminating cost sharing.

Section 7(C) permits beneficiaries to receive family planning or family planning related services from any licensed health care providers without restriction to managed care network providers. Managed care organizations (MCOs) must reimburse providers for rendered services. One of the basic tenants of managed care is to control healthcare costs while maintaining quality by coordinating and managing the delivery of healthcare services through a network of providers. Section 7(C) would preclude the MCOs from effectively managing and controlling health care costs, possibly resulting in a non-quantifiable efficiency loss.

Section 7(D) unbundles the global reimbursement rates for abortion services currently used by the Medicaid program. The section requires reimbursing distinct and non-bundled procedural services, using a modifier to reflect the increased time and training required to perform such services. Medicaid's bundled rates for abortion codes are set higher than the distinct procedural services they replaced. Thus, unbundling would result in less payments for those services, which would negatively affect abortion providers. Note: the Medicaid program implemented global rates for abortion codes for delivering medical, counseling and pharmacy services on July 1, 2022, with Supplement #23-07 following a year of stakeholder communication and development with community reproductive health providers.

State Health Benefits
None.

PERFORMANCE IMPLICATIONS

None for the HCA.

ADMINISTRATIVE IMPLICATIONS
Medicaid

HCA would likely have to submit for a state plan amendment to add fertility services. This means that the entire reproductive health page of our state plan would be open to negotiation with the federal government and CMS. Unbundling abortions services would require MCO policy manual changes. The required financial services IT system changes would not start until FY26 and would cost approximately $53,000.00 to complete with 75% to 25% federal funds to state funds split, or $39,750.00 to $13,250.00, respectively.

State Health Benefits
SHB's administrative service organizations and pharmacy benefit manager would need to make changes to existing processes to ensure the law is implemented.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
None

TECHNICAL ISSUES
Medicaid
Section 6(A) of SB508 does indicate that 12 months of medication is dispensed for a "covered, self-administered contraceptive." This may conflict with the freedom of choice provision that follows. In section 6(B) the federal requirement for coverage would include one medication covered from each class. It is common practice to only cover one agent instead of every agent in the class as it can help lower costs for the insurer (and patient if cost sharing exists) and also makes it easier for pharmacies to stock the medication.

Section 7(B)(2)(d) includes basic fertility services in family planning services, but basic fertility services are not defined in the bill. For our analysis, basic fertility services include medications and procedures like intrauterine insemination (IUI) and minimally invasive surgery. However, the bill should provide a clear definition for these services.

State Health Benefits
The United States Supreme Court is considering a case has the potential to impact coverage of preventive care benefits. SB 508 codifies the federal benefits and cost sharing requirements in state law but still relies upon the "current recommendations of the United States Preventive Services Task Force" for certain benefits. The constitutionality of this Task Force is a major issue in the pending lawsuit. It may be beneficial to specify a date at which the Task Force adopted recommendations.

OTHER SUBSTANTIVE ISSUES
Currently Medicaid has no cost sharing or copay on Medicaid covered services, including medications. Oral contraceptives over the counter are available to Medicaid recipients, but it requires that the pharmacy dispenses them as prescriptions using the Department of Health standing order so that the Medicaid recipients do not have to pay out of pocket. The Medicaid program is not informed when members pay contraceptives with cash and do not follow the standing order.

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL
Status Quo

AMENDMENTS
None