

1 SENATE BILL 295

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Jeff Steinborn and Carrie Hamblen and William E. Sharer
5 and Craig W. Brandt
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10 AN ACT

11 RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX DEDUCTION
12 FOR THE SALE OF MEDICAL EQUIPMENT, SUPPLIES AND DRUGS;
13 PROVIDING A GROSS RECEIPTS TAX DEDUCTION TO RECEIPTS FOR
14 CERTAIN HEALTH CARE SERVICES, EXCEPT FOR THOSE FOR MEDICAID
15 PATIENTS; REMOVING THE SUNSET DATE OF A GROSS RECEIPTS TAX
16 DEDUCTION FOR RECEIPTS FROM COPAYMENTS OR DEDUCTIBLES PAID BY
17 AN INSURED OR ENROLLEE TO A HEALTH CARE PRACTITIONER OR AN
18 ASSOCIATION OF HEALTH CARE PRACTITIONERS; EXTENDING A GROSS
19 RECEIPTS TAX DEDUCTION TO RECEIPTS FROM A PATIENT PAID TO A
20 HEALTH CARE PRACTITIONER OR AN ASSOCIATION OF HEALTH CARE
21 PRACTITIONERS FOR HEALTH CARE SERVICES THAT ARE NOT PERFORMED
22 PURSUANT TO A CONTRACT WITH A MANAGED CARE ORGANIZATION OR
23 HEALTH CARE INSURER; PROVIDING THAT A HEALTH CARE PROVIDER
24 RECEIVING MEDICAID REIMBURSEMENT SHALL BE REIMBURSED FOR ALL
25 APPLICABLE GROSS RECEIPTS TAXES THAT THE PROVIDER IS REQUIRED

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1 TO PAY.

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3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

4 SECTION 1. Section 7-9-93 NMSA 1978 (being Laws 2004,
5 Chapter 116, Section 6, as amended) is amended to read:

6 "7-9-93. DEDUCTION--GROSS RECEIPTS--CERTAIN RECEIPTS FOR
7 SERVICES PROVIDED BY HEALTH CARE PRACTITIONER OR ASSOCIATION OF
8 HEALTH CARE PRACTITIONERS.--

9 A. Receipts of a health care practitioner or an
10 association of health care practitioners for commercial
11 contract services or medicare part C services paid by a managed
12 care organization or health care insurer may be deducted from
13 gross receipts if the services are within the scope of practice
14 of the health care practitioner providing the service.

15 [~~Receipts from fee-for-service payments by a health care
16 insurer may not be deducted from gross receipts.~~]

17 B. [~~Prior to July 1, 2028~~] Receipts from a
18 copayment or deductible paid by an insured or enrollee to a
19 health care practitioner or an association of health care
20 practitioners for commercial contract services pursuant to the
21 terms of the insured's health insurance plan or enrollee's
22 managed care health plan may be deducted from gross receipts if
23 the services are within the scope of practice of the health
24 care practitioner providing the service.

25 C. Receipts from a patient to a health care

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1 practitioner or an association of health care practitioners for
2 health care services that are not performed pursuant to a
3 contract with a managed care organization or health care
4 insurer may be deducted from gross receipts if the services are
5 within the scope of practice of the health care practitioner
6 providing the service.

7 ~~[G.]~~ D. The deductions provided by this section
8 shall be applied only to gross receipts remaining after all
9 other allowable deductions available under the Gross Receipts
10 and Compensating Tax Act have been taken, except for deductions
11 pursuant to Section 7-9-93.1 NMSA 1978.

12 ~~[D.]~~ E. A taxpayer allowed a deduction pursuant to
13 this section shall report the amount of the deduction
14 separately in a manner required by the department.

15 ~~[E. The department shall compile an annual report~~
16 ~~on the deductions provided by this section that shall include~~
17 ~~the number of taxpayers that claimed the deductions, the~~
18 ~~aggregate amount of deductions claimed and any other~~
19 ~~information necessary to evaluate the effectiveness of the~~
20 ~~deductions. The department shall present the report to the~~
21 ~~revenue stabilization and tax policy committee and the~~
22 ~~legislative finance committee with an analysis of the cost of~~
23 ~~the deductions.]~~

24 F. The deductions provided by this section shall be
25 included in the tax expenditure budget pursuant to Section

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1 7-1-84 NMSA 1978, including the number of taxpayers that
2 claimed each deduction, the aggregate amount of deductions
3 claimed and any other information necessary to evaluate the
4 cost and effectiveness of the deductions.

5 [F-] G. As used in this section:

6 (1) "association of health care practitioners"
7 means a corporation, an unincorporated business entity or other
8 legal entity organized by, owned by or employing one or more
9 health care practitioners; provided that the entity is not:

10 (a) an organization granted exemption
11 from the federal income tax by the United States commissioner
12 of internal revenue as organizations described in Section
13 501(c)(3) of the United States Internal Revenue Code of 1986,
14 as that section may be amended or renumbered; or

15 (b) a health maintenance organization or
16 a hospital, hospice, nursing home or an entity that is solely
17 an outpatient facility or intermediate care facility licensed
18 [~~pursuant to the Public Health Act~~] by the health care
19 authority;

20 (2) "commercial contract services" means
21 health care services performed by a health care practitioner
22 pursuant to a contract with a managed care organization or
23 health care insurer other than those health care services
24 provided for medicare patients pursuant to Title 18 of the
25 federal Social Security Act or for medicaid patients pursuant

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1 to Title 19 or Title 21 of the federal Social Security Act;

2 (3) "copayment" means a fixed dollar amount
3 that a health care insurer or managed care health plan requires
4 an insured or enrollee to pay upon incurring an expense for
5 receiving medical services;

6 (4) "deductible" means the amount of covered
7 charges an insured or enrollee is required to pay in a plan
8 year for commercial contract services before the insured's
9 health insurance plan or enrollee's managed care health plan
10 begins to pay for applicable covered charges;

11 [~~(5)~~] "~~fee-for-service~~" means ~~payment for~~
12 ~~health care services by a health care insurer for covered~~
13 ~~charges under an indemnity insurance plan;~~

14 ~~(6)]~~ (5) "health care insurer" means a person
15 that:

16 (a) has a valid certificate of authority
17 in good standing pursuant to the New Mexico Insurance Code to
18 act as an insurer, health maintenance organization or nonprofit
19 health care plan or prepaid dental plan; and

20 (b) contracts to reimburse licensed
21 health care practitioners for providing basic health services
22 to enrollees at negotiated fee rates;

23 [~~(7)]~~ (6) "health care practitioner" means:

24 (a) a chiropractic physician licensed
25 pursuant to the provisions of the Chiropractic Physician

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1 Practice Act;

2 (b) a dentist or dental hygienist
3 licensed pursuant to the Dental Health Care Act;

4 (c) a doctor of oriental medicine
5 licensed pursuant to the provisions of the Acupuncture and
6 Oriental Medicine Practice Act;

7 (d) an optometrist licensed pursuant to
8 the provisions of the Optometry Act;

9 (e) an osteopathic physician licensed
10 pursuant to the provisions of the Medical Practice Act;

11 (f) a physical therapist licensed
12 pursuant to the provisions of the Physical Therapy Act;

13 (g) a physician or physician assistant
14 licensed pursuant to the provisions of the Medical Practice
15 Act;

16 (h) a podiatric physician licensed
17 pursuant to the provisions of the Podiatry Act;

18 (i) a psychologist licensed pursuant to
19 the provisions of the Professional Psychologist Act;

20 (j) a registered lay midwife registered
21 by the department of health;

22 (k) a registered nurse or licensed
23 practical nurse licensed pursuant to the provisions of the
24 Nursing Practice Act;

25 (l) a registered occupational therapist

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1 licensed pursuant to the provisions of the Occupational Therapy
2 Act;

3 (m) a respiratory care practitioner
4 licensed pursuant to the provisions of the Respiratory Care
5 Act;

6 (n) a speech-language pathologist or
7 audiologist licensed pursuant to the Speech-Language Pathology,
8 Audiology and Hearing Aid Dispensing Practices Act;

9 (o) a professional clinical mental
10 health counselor, marriage and family therapist or professional
11 art therapist licensed pursuant to the provisions of the
12 Counseling and Therapy Practice Act who has obtained a master's
13 degree or a doctorate;

14 (p) an independent social worker
15 licensed pursuant to the provisions of the Social Work Practice
16 Act; and

17 (q) a clinical laboratory that is
18 accredited pursuant to 42 U.S.C. Section 263a but that is not a
19 laboratory in a physician's office or in a hospital defined
20 pursuant to 42 U.S.C. Section 1395x;

21 ~~[(8)]~~ (7) "managed care health plan" means a
22 health care plan offered by a managed care organization that
23 provides for the delivery of comprehensive basic health care
24 services and medically necessary services to individuals
25 enrolled in the plan other than those services provided to

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1 medicare patients pursuant to Title 18 of the federal Social
2 Security Act [~~or to medicaid patients pursuant to Title 19 or~~
3 ~~Title 21 of the federal Social Security Act~~];

4 [~~(9)~~] (8) "managed care organization" means a
5 person that provides for the delivery of comprehensive basic
6 health care services and medically necessary services to
7 individuals enrolled in a plan through its own employed health
8 care providers or by contracting with selected or participating
9 health care providers. "Managed care organization" includes
10 only those persons that provide comprehensive basic health care
11 services to enrollees on a contract basis, including the
12 following:

- 13 (a) health maintenance organizations;
- 14 (b) preferred provider organizations;
- 15 (c) individual practice associations;
- 16 (d) competitive medical plans;
- 17 (e) exclusive provider organizations;
- 18 (f) integrated delivery systems;
- 19 (g) independent physician-provider
20 organizations;
- 21 (h) physician hospital-provider
22 organizations; and
- 23 (i) managed care services organizations;

24 and

25 [~~(10)~~] (9) "medicare part C services" means

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1 services performed pursuant to a contract with a managed health
2 care provider for medicare patients pursuant to Title 18 of the
3 federal Social Security Act."

4 SECTION 2. A new section of the Gross Receipts and
5 Compensating Tax Act, Section 7-9-93.1 NMSA 1978, is enacted to
6 read:

7 "7-9-93.1. [NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--
8 CERTAIN RECEIPTS FOR SERVICES PROVIDED BY HEALTH CARE
9 PRACTITIONER OR ASSOCIATION OF HEALTH CARE PRACTITIONERS EXCEPT
10 FOR MEDICAID PATIENTS--MEDICAL EQUIPMENT, SUPPLIES AND DRUGS.--

11 A. Except for those receipts that may be deducted
12 from gross receipts pursuant to Section 7-9-93 NMSA 1978,
13 receipts of a health care practitioner or an association of
14 health care practitioners for health care services, other than
15 services provided for medicaid patients pursuant to Title 19 or
16 Title 21 of the federal Social Security Act, performed by a
17 health care practitioner may be deducted from gross receipts if
18 the services are within the scope of practice of the health
19 care practitioner providing the service.

20 B. Receipts from the sale of medical equipment and
21 medical supplies to a health care practitioner or an
22 association of health care practitioners may be deducted from
23 gross receipts if the medical equipment and medical supplies
24 are regularly used within the practice of the health care
25 practitioner or association of health care practitioners.

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1 C. Receipts from the sale of medical drugs to a
2 health care practitioner or an association of health care
3 practitioners may be deducted from gross receipts if the
4 medical drugs are regularly used for the treatment of patients
5 within the practice of the health care practitioner or
6 association of health care practitioners.

7 D. The deductions provided by this section shall be
8 applied only to gross receipts remaining after all other
9 allowable deductions available under the Gross Receipts and
10 Compensating Tax Act have been taken.

11 E. A taxpayer allowed a deduction pursuant to this
12 section shall report the amount of the deduction separately in
13 a manner required by the department.

14 F. The deduction provided by this section shall be
15 included in the tax expenditure budget pursuant to Section
16 7-1-84 NMSA 1978, including the number of taxpayers that
17 claimed each deduction, the aggregate amount of deductions
18 claimed and any other information necessary to evaluate the
19 cost and effectiveness of the deductions.

20 G. As used in this section:

21 (1) "association of health care practitioners"
22 means a corporation, unincorporated business entity or other
23 legal entity organized by, owned by or employing one or more
24 health care practitioners; provided that the entity is not:

25 (a) an organization granted exemption

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1 from the federal income tax by the United States commissioner
2 of internal revenue as organizations described in Section
3 501(c)(3) of the United States Internal Revenue Code of 1986,
4 as that section may be amended or renumbered; or

5 (b) a health maintenance organization or
6 a hospital, hospice, nursing home or an entity that is solely
7 an outpatient facility or intermediate care facility licensed
8 by the health care authority;

9 (2) "copayment" means a fixed dollar amount
10 that a health care insurer or managed care health plan requires
11 an insured or enrollee to pay upon incurring an expense for
12 receiving medical services;

13 (3) "deductible" means the amount of covered
14 charges an insured or enrollee is required to pay in a plan
15 year for commercial contract services before the insured's
16 health insurance plan or enrollee's managed care health plan
17 begins to pay for applicable covered charges;

18 (4) "health care insurer" means a person that:

19 (a) has a valid certificate of authority
20 in good standing pursuant to the New Mexico Insurance Code to
21 act as an insurer, health maintenance organization or nonprofit
22 health care plan or prepaid dental plan; and

23 (b) contracts to reimburse licensed
24 health care practitioners for providing basic health services
25 to enrollees at negotiated fee rates;

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- 1 (5) "health care practitioner" means:
- 2 (a) a chiropractic physician licensed
- 3 pursuant to the provisions of the Chiropractic Physician
- 4 Practice Act;
- 5 (b) a dentist or dental hygienist
- 6 licensed pursuant to the Dental Health Care Act;
- 7 (c) a doctor of oriental medicine
- 8 licensed pursuant to the provisions of the Acupuncture and
- 9 Oriental Medicine Practice Act;
- 10 (d) an optometrist licensed pursuant to
- 11 the provisions of the Optometry Act;
- 12 (e) an osteopathic physician licensed
- 13 pursuant to the provisions of the Medical Practice Act;
- 14 (f) a physical therapist licensed
- 15 pursuant to the provisions of the Physical Therapy Act;
- 16 (g) a physician or physician assistant
- 17 licensed pursuant to the provisions of the Medical Practice
- 18 Act;
- 19 (h) a podiatric physician licensed
- 20 pursuant to the provisions of the Podiatry Act;
- 21 (i) a psychologist licensed pursuant to
- 22 the provisions of the Professional Psychologist Act;
- 23 (j) a registered lay midwife registered
- 24 by the department of health;
- 25 (k) a registered nurse or licensed

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1 practical nurse licensed pursuant to the provisions of the
2 Nursing Practice Act;

3 (l) a registered occupational therapist
4 licensed pursuant to the provisions of the Occupational Therapy
5 Act;

6 (m) a respiratory care practitioner
7 licensed pursuant to the provisions of the Respiratory Care
8 Act;

9 (n) a speech-language pathologist or
10 audiologist licensed pursuant to the Speech-Language Pathology,
11 Audiology and Hearing Aid Dispensing Practices Act;

12 (o) a professional clinical mental
13 health counselor, marriage and family therapist or professional
14 art therapist licensed pursuant to the provisions of the
15 Counseling and Therapy Practice Act who has obtained a master's
16 degree or a doctorate;

17 (p) an independent social worker
18 licensed pursuant to the provisions of the Social Work Practice
19 Act;

20 (q) a clinical laboratory that is
21 accredited pursuant to 42 U.S.C. Section 263a but that is not a
22 laboratory in a physician's office or in a hospital defined
23 pursuant to 42 U.S.C. Section 1395x; and

24 (r) a naturopathic doctor licensed
25 pursuant to the provisions of the Naturopathic Doctors'

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1 Practice Act;

2 (6) "managed care health plan" means a health
3 care plan offered by a managed care organization that provides
4 for the delivery of comprehensive basic health care services
5 and medically necessary services to individuals enrolled in the
6 plan other than those services provided to medicare patients
7 pursuant to Title 18 of the federal Social Security Act or to
8 medicaid patients pursuant to Title 19 or Title 21 of the
9 federal Social Security Act;

10 (7) "managed care organization" means a person
11 that provides for the delivery of comprehensive basic health
12 care services and medically necessary services to individuals
13 enrolled in a plan through its own employed health care
14 providers or by contracting with selected or participating
15 health care providers. "Managed care organization" includes
16 only those persons that provide comprehensive basic health care
17 services to enrollees on a contract basis, including the
18 following:

- 19 (a) health maintenance organizations;
20 (b) preferred provider organizations;
21 (c) individual practice associations;
22 (d) competitive medical plans;
23 (e) exclusive provider organizations;
24 (f) integrated delivery systems;
25 (g) independent physician-provider

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1 organizations;

2 (h) physician hospital-provider

3 organizations; and

4 (i) managed care services organizations;

5 (8) "medical equipment and supplies" means
6 items or devices that are primarily and customarily used to
7 serve a medical purpose for a course of medical treatment; and

8 (9) "medicare part C services" means services
9 performed pursuant to a contract with a managed health care
10 provider for medicare patients pursuant to Title 18 of the
11 federal Social Security Act."

12 SECTION 3. A new section of the Public Assistance Act is
13 enacted to read:

14 "[NEW MATERIAL] REIMBURSEMENT FOR GROSS RECEIPTS
15 TAXES.--When a health care provider receives medicaid
16 reimbursement for providing health care services to a
17 recipient, the health care provider shall be reimbursed for all
18 applicable gross receipts taxes that the health care provider
19 is required to pay. As used in this section, "medicaid" means
20 the federal-state program administered by the authority
21 pursuant to Title 19 or Title 21 of the federal Social Security
22 Act."

23 SECTION 4. EFFECTIVE DATE.--The effective date of the
24 provisions of this act is July 1, 2025.

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