# FISCAL IMPACT REPORT

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|---|---|---|---|
| | | **LAST UPDATED** | |
| **SPONSOR** | Lujan | **ORIGINAL DATE** | 02/18/25 |
| **SHORT TITLE** | Mi Via Waiver PGM. Provider Gross Receipts | **BILL NUMBER** | House Bill 357 |
| | | **ANALYST** | Graeser |

**REVENUE***
**(dollars in thousands)**

| Type | FY25 | FY26 | FY27 | FY28 | FY29 | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|---|---|
| GRT | | $13,100.0 | $13,600.0 | $14,000.0 | $14,500.0 | Recurring | General Fund |
| GRT | | $12,600.0 | $13,000.0 | $13,500.0 | $14,000.0 | Recurring | Local Funds |

Parentheses ( ) indicate revenue decreases.
*Amounts reflect most recent analysis of this legislation.

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

| Agency/Program | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|---|
| **System Changes** | **$0.0** | **$15.6** | **$0.0** | **$15.6** | Nonrecurring | **General Fund** |
| **System Changes** | **$0.0** | **$46.9** | **$0.0** | **$46.9** | Nonrecurring | **Federal Funds** |
| **DDSD Program Budget** | **$0.0** | **$7,267.8** | **$7,524.8** | **$14,792.6** | Recurring | **General Fund** |
| **DDSD Program Budget** | **$0.0** | **$18,386.2** | **$19,027.1** | **$37,460.2** | Recurring | **Federal Funds** |
| **Total** | | **$25,716.5** | **$26,551.9** | **$52,268.4** | Recurring | |

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

## Sources of Information

LFC Files

Agency Analysis Received From
Healthcare Authority (HCA)

Agency Analysis was Solicited but Not Received From
Taxation & Revenue Department (TRD)

## SUMMARY

### Synopsis of House Bill 357

House Bill 357 (HB357) requires the Health Care Authority (HCA) to publish rules to exclude the gross receipts taxes from the Mi Via Waiver recipient's individual budgetary allotment and requires the providers to bill the GRT for their services as a separate line item.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or June 20, 2025, if enacted. Because the provisions of this bill affect Gross receipts tax, a July 1, 2025, or January 1, 2026, effective date should be specified.

## FISCAL IMPLICATIONS

HCA reports on the fiscal implications of the provisions of this bill.

> Based on the FY 2026 budget request for the Mi Via program, to exclude the gross receipts tax from individual budgets in the Mi Via Waiver will add $25.6 thousand in FY 2026 with a federal financial participation (FFP) of $18.4 thousand and general fund (GF) need of $7,267.8. With an assumption of 3.5 percent growth from FY 2026 to FY 2027, the additional cost for FY 2027 is $26.6 thousand with an FFP of $19 thousand and GF need of $7,524.8. This program budget is maintained through the HCA Developmental Disabilities Supports Division (DDSD).
>
> This bill does not include any appropriations to DDSD or MAD for the program budget increase or potential system changes that will be needed to implement the requirements of this bill.

**HB 357 Fiscal Impact on FY 2026 Mi Via Budget Request**

**(in thousands)**

| Description | FY 2026 | FY 2027 | Total |
|---|---|---|---|
| Mi Via Budget Request | 359,299.3 | 371,874.8 | 731,174.1 |
| Weighted Average GRT | 7.14% | 7.14% | |
| Fiscal Impact | 25,654.0 | 26,551.9 | 52,205.8 |
| Blended FMAP | 71.67% | 71.66% | |
| Federal Financial Participation | 18,386.2 | 19,027.1 | 37,413.3 |
| State Fund Need | 7,267.8 | 7,524.8 | 14,792.6 |

The basic requirement of this bill is that providers will add the GRT to their bills, asking for reimbursement from HCA. The total reimbursement, including the GRT, will be paid by HCA. However, the increased amount to be rendered by HCA will be split 71.6 percent from federal medical assistance percentage and 28.4 percent from the general fund. full amount of the bill, less the GRT reimbursement, will be reported by the providers to TRD. TRD will calculate the portion of the reported GRT to be paid to local governments and the portion to be paid to the general fund (shown in the revenue table).

HCA reports small amounts for system modifications to implement the provisions of this bill at a cost of $62.5 thousand.

## SIGNIFICANT ISSUES

The Mi Via Waiver Program is a New Mexico Medicaid program that helps people with intellectual and developmental disabilities (IDD) manage their own services. The program is designed to give participants more control over their supports and services within a set budget allotment.

A recent LFC program evaluation unit report, *Developmental Disabilities and Mi Via Waivers*, noted that the state is serving significantly more individuals through the Mi Via waiver program than in prior years and that, as a result, the state is facing a significant shortage of service providers. The report also noted that the average Mi Via waiver client exceeded their individual budgetary allotment by roughly $1,300 in FY24, leading to an additional $42 million in spending program-wide.

## PERFORMANCE IMPLICATIONS

The LFC tax policy of accountability is not met because this is not a tax expenditure program. The additional GRT remitted pursuant to the provisions of this bill will not be separately reported. TRD will not be able to extract information from tax returns on the effectiveness of the provisions of this bill in generating net additional revenue for the state and local governments. HCA will be able to extract this information but is not required in the bill to report annually to an interim legislative committee regarding the data compiled from the reports from taxpayers.

LG/hj