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FISCAL IMPACT REPORT

SPONSOR Duhigg LAST UPDATED _____
ORIGINAL DATE 3/5/2025
BILL
SHORT TITLE Health Services Reimbursement NUMBER Senate Bill 390
ANALYST Hernandez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMPSIA	Indeterminate but substantial	Indeterminate but substantial	Indeterminate but substantial		Recurring	Other state funds
RHCA	Indeterminate but substantial	Indeterminate but substantial	Indeterminate but substantial		Recurring	Other state funds

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

New Mexico Public Schools Insurance Authority (NMPSIA)

Retiree Health Care Authority (RHCA)

Office of the Superintendent of Insurance (OSI)

Health Care Authority (HCA)

SUMMARY

Synopsis of Senate Bill 390

Senate Bill 390 (SB390) amends the Health Care Purchasing Act and the Insurance Code to require that mental and behavioral health services must be reimbursed by insurance companies at the same level that they would reimburse other health providers for other health conditions for all services determined to be medically necessary.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The Retiree Health Care Authority (RHCA) states that the agency:

Will be financially impacted because more services would become reimbursable, which would lead to hire utilization and increased claim costs. Depending on how broad the interpretation of “Medically Necessary Services” is, it could include services that were previously denied or paid at lower contracted rates. The premium increases or

adjustments to cost-sharing would need to be made if the plan expenses increased, adding additional financial hardship to retirees who are on fixed incomes.” However, their costs are indeterminate.

NMPSIA states that the bills “broad and somewhat ambiguous terminology used may inadvertently broaden the spectrum of services and providers eligible for reimbursement beyond traditional parameters” and that, subsequently, SB390’s impact to their budget remains indeterminate but likely substantial.

SIGNIFICANT ISSUES

NMPSIA, RHCA, the Office of the Superintendent of Insurance (OSI), and the Health Care Authority note that “the phrase ‘regardless of the health care provider’s designation as a behavioral or mental health care provider’ suggests that even if a provider isn’t traditionally classified as a mental health provider, they could still get reimbursed if the service is within their license. This could broaden the pool of reimbursable providers, [diminishing] the attractiveness of providers contracting with insurance companies and being part of the network (discounted rates).”

TECHNICAL ISSUES

OSI notes that the agency was:

Notified of another issue where insurers have denied care for services such as nutritional counseling performed by a registered dietician for the treatment of an eating disorder diagnosis, or speech language therapy for the treatment of autism. Insurers have justified such denials by stating that although such service are within the scope of practice for the non-behavioral health providers, they cannot bill for claim with behavioral health diagnosis. The Federal MHPAEA law specifically states that services such as nutritional counseling and speech language therapy for the treatment of a mental health or substance use diagnosis are also subject to mental health parity and must be covered. To clarify that this practice is prohibited, OSI recommends an additional subsection to include address these type of situations.

OSI proposes the following amendments:

Pg.2 Line 14, Pg.4 Line 4, Pg.5 Line 9 and Pg.6 Line 14:

D. An insurer shall pay or reimburse ~~a behavioral or mental health care provider~~ for all medically necessary services prescribed or performed by a behavioral or mental health provider for the treatment or diagnosis of a mental health or substance use disorder condition, including medical tests and services that the health care provider performs, regardless of the health care provider’s designation as a behavioral or mental health care provider; provided that the service is within the scope and limitations of the provider’s license and is a covered benefit under the insured’s health plan.

E. An insurer shall pay or reimburse for all medically necessary services, prescribed or performed in relation to a mental health or substance use disorder diagnosis when provided by a non-behavioral or mental health provider, regardless of the health care provider’s designation; provided that the service is within the scope and limitations of the provider’s license and is a covered benefit under the insured’s health plan.

Pg.2 Line 22:

A. An insurer shall pay or reimburse a behavioral or mental health care provider for all medically necessary services prescribed or performed by a behavioral or mental health provider for the treatment or diagnosis of a mental health or substance use disorder condition, including medical tests and services that the health care provider performs, regardless of the health care provider's designation as a behavioral or mental health care provider; provided that the service is within the scope and limitations of the provider's license and is a covered benefit under the insured's health plan.

B. An insurer shall pay or reimburse for all medically necessary services, prescribed or performed in relation to a mental health or substance use disorder diagnosis when provided by a non-behavioral or mental health provider, regardless of the health care provider's designation; provided that the service is within the scope and limitations of the provider's license and is a covered benefit under the insured's health plan.

AEH/hj/SL2