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## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_

**SPONSOR** Lopez **ORIGINAL DATE** 2/26/2025

**BILL**

**SHORT TITLE** Health Care Provider Reimbursements **NUMBER** Senate Bill 512

**ANALYST** Chenier

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

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		No fiscal impact	No fiscal impact		Recurring	Choose an item.

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

### Sources of Information

LFC Files

Agency Analysis Received From  
 Health Care Authority (HCA)  
 Office of Superintendent of Insurance (OSI)

## SUMMARY

### Synopsis of Senate Bill 512

Senate Bill 512 (SB512) amends language in the Surprise Billing Protection Act (Section 59A-57A-13 NMSA 1978) by changing the surprise billing reimbursement rate. Currently, rates are calculated using claims data from the 2017 plan year. Under the provisions of SB512, rates would be calculated using claims data that reflects the reimbursement amount for that service in the calendar year that is two years prior to the year in which the service was provided. The bill removes language referencing a benchmarking data base that is “maintained by a nonprofit organization” and unaffiliated with any stakeholder in the health care sector. The bill also adds language requiring that the surprise billing rate shall not be less than 150 percent of the Medicare reimbursement rate provided in the “calendar year prior to the year the service was provided.”

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 Office of the Superintendent of Insurance (OSI) and the Health Care Authority (HCA) reported that SB512 would have no fiscal impact on their agencies.

## SIGNIFICANT ISSUES

OSI provided the following:

New Mexico’s Surprise Billing Protection Act currently requires insurers to reimburse providers for surprise medical bills at: “the sixtieth percentile of the allowed commercial reimbursement rate for the particular health care service performed by a provider in the same or similar specialty in the same geographic area, as reported in a benchmarking database maintained by a nonprofit organization specified by the superintendent after consultation with health care sector stakeholders; provided that no surprise bill reimbursement rate shall be paid at less than one hundred fifty percent of the 2017 Medicare reimbursement rate for the applicable health care service provided.”

These provisions were meant to be temporary until the state could set a reimbursement rate based on data from New Mexico Department of Health’s All Payer Claims Database, (APCD). The NM APCD is now fully operational with mandatory submission requirements in NM.

SB512 will allow OSI to transition into using the APCD. OSI is unable to specify the NM APCD as the current benchmark database because of a statutory conflict. Pursuant to NMSA 1978, §59A-57A-13B, the surprise bill reimbursement rate shall be calculated using dated claims data reflecting the allowed amounts paid for claims paid in the 2017 plan year, which was the most complete data year available at that time. NM APCD has only data from 2020 onward.

SB 512 does not change the overall surprise billing reimbursement formula; it only removes the reference to 2017 and allows surprise billing reimbursement calculations to be based on the most recent complete data year. OSI expects that the number of surprise billing reimbursement cases will be relatively small and not have a significant impact on costs. New Mexico’s Surprise Billing Protection Act does not apply to surprise billing associated with air ambulance services, which incur the highest surprise billing charges.

Utilizing more current reimbursement rates based on data from the NM APCD on a rolling basis will ensure that reimbursement rates reflect current market conditions and payment trends. The NM APCD quality data is ensured through Milliman’s MedInsight Data Confidence Model, through field checks, threshold control, and regular data audits.

## **OTHER SUBSTANTIVE ISSUES**

OSI provided the following:

Section 13 of the Surprise Billing Protection Act, NMSA 1978, §59A-57A is set to be repealed effective July 1, 2028. This repeal date was implemented as a placeholder until the NM APCD is fully functional. Now that the NM APCD is in place and can be used, the anticipated repeal date can be removed. Otherwise, New Mexico would be required to enforce the reimbursement scheme under the federal No Surprises Act after July 1, 2028.

The federal act’s reimbursement scheme for surprise medical bills involves significant negotiation between providers and insurers, including an independent dispute resolution process but the act does not create a simple procedure to execute the reimbursement benchmark. As a result, the federal process is less streamlined and takes longer to resolve

provider/insurer payment disputes than current New Mexico law.

It is essential for maintaining balance in New Mexico's fragile healthcare system that providers be reimbursed based on current market trends and reimbursement rates because it directly impacts their financial stability, allowing them to maintain practice viability, and ultimately deliver quality care to New Mexico patients while adapting to evolving healthcare landscapes and cost pressures within the industry.

New Mexico's Surprise Billing Protection Act (Sections 59A-57A-1 to 59A-57A-13 NMSA 1978) aims to protect healthcare consumers from unexpected bills from out-of-network providers. It limits the patient's financial responsibility to what they would pay if the services were provided by an in-network provider. The act also offers a streamlined process for resolving payment disputes between providers and insurers, which is more favorable to providers than the federal No Surprises Act.

EC/rl/SR