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FISCAL IMPACT REPORT

LAST UPDATED 2/6/25

SPONSOR Steinborn/Stefanics ORIGINAL DATE 1/30/25

BILL

SHORT TITLE County Health Care Assistance Fund Use NUMBER Senate Bill 45

ANALYST Graeser

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
County Health Care		Indeterminate but minimal	Indeterminate but minimal		Recurring	Other state funds

Parentheses () indicate expenditure decreases.

Sources of Information

LFC Files

Agency Analysis Received From

UNM Hospital (UNMH)
Health Care Authority (HCA)

Agency Analysis was Solicited but Not Received From

Taxation and Revenue Department (TRD)
Office of the Superintendent of Insurance (OSI)
Department of Finance and Administration (DFA)
New Mexico Counties (NMC)

SUMMARY

Synopsis of Senate Bill 45

Senate Bill 45 (SB45) amends the Indigent Hospital and County Health Care Act to allow additional authorized uses of county health care assistance funds, including coverage of premium and out-of-pocket costs for medically indigent county residents.

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.

FISCAL IMPLICATIONS

County indigent support is provided by up to 0.1875 percent of each county's taxable gross receipts. The exception is Bernalillo County, which has provided a voter-approved mill levy directly to UNM Hospital and is exempt from the gross receipts tax mandate.

The provisions of this bill would not affect the amount of money flowing to each county's indigent funds but could render the funds expended earlier in any month or year than with current practice. Each county would have the option of adopting the expansion and increasing financial support to meet the new needs. Because this expansion is optional, the fiscal impacts are highly uncertain.

SIGNIFICANT ISSUES

The Health Care Authority (HCA) notes a possible indirect impact in counties that would adopt the expansion:

Medicaid. New Mexico Medicaid does not require monthly premiums, copayments, or deductibles. Out-of-pocket expenses would be outside of the scope of covered Medicaid benefits.

Healthcare Affordability Fund Programs. The health care affordability fund (HCAF) provides several premium and out-of-pocket assistance programs. Providing county indigent funds for these purposes could complement HCAF programs by reaching populations that struggle with affordability challenges even with the resources available through the fund. For example, some lower-income populations on BeWell, New Mexico's health insurance marketplace, may be able to find several affordable options, but plans with their preferred healthcare providers in-network may be priced higher than they can afford. With the potential sunset of enhanced federal premium subsidies at the end of 2025, county indigent funds could provide a critical backstop for individuals who would become uninsured without additional support.

The BeWell Board of Directors has existing authority in state statute to accept third-party payments as described in SB45. Under 59A-23F-6.1B, the board must, in consultation with the Superintendent of Insurance, "establish policies and procedures that allow city, county and state governments, Indian nations, tribes and pueblos, tribal organizations, urban Native American organizations, private foundations and other entities to pay premiums and cost-sharing on behalf of qualified individuals consistent with federal requirements." This is further supported under the federal Affordable Care Act by [45 CFR 156.1250](#), which states:

Issuers offering individual market QHPs . . . must accept premiums and cost-sharing payments for the QHPs from the following third-party entities from plan enrollees (c) A local, State, or Federal government program, including a grantee directed by a government program to make payments on its behalf.

Regarding out-of-pocket costs, county indigent funds could be used to support consumers in two possible ways. First, consumers could submit invoices for these costs directly to their county for payment or repayment. Second, counties could provide debit cards similar to those used with flexible spending accounts (FSAs) to cover a specified amount of costs.

The HCA's Coverage Expansion Program (CEP) for low-income individuals who do not qualify for other coverage programs is scheduled to launch on July 1, 2025. Affordable coverage will be offered through the New Mexico medical insurance pool, but a cap will be placed on enrollment due to limited program funding. Counties could establish arrangements with the HCA and the pool to expand the number of slots available if the enrollment cap is hit. Alternatively, the county could purchase coverage directly through the Pool through its existing plans.

Coverage of premiums for employer-sponsored insurance also appears to be supported under SB45. It is unclear whether the arrangement would occur between the employer and the county or directly with the employee.

HCA also administers the healthcare affordability fund (HCAF) which subsidizes insurance costs for those between 138 percent and 400 percent of the federal poverty level. This bill may be duplicative in nature with the HCAF.

TECHNICAL ISSUES

HCA notes an administrative issue that could be solved in this draft:

SB45 authorizes counties to cover premium costs, but given the wide variety of programs already available, the question of which program is responsible for which portion of the costs is likely to arise. Because county funding is typically more limited, it may be prudent to specify that the county may cover the premium net of any other federal or state premium affordability programs or employer contributions.

OTHER SUBSTANTIVE ISSUES

HCA points out this is a local option program, and processes would need to be established by each county to determine eligibility criteria, the types of coverage that qualify for premium support, and the arrangements necessary to effectuate, maintain, and renew coverage.

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