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## FISCAL IMPACT REPORT

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

**SPONSOR** Woods **ORIGINAL DATE** 1/31/2025

**BILL**

**SHORT TITLE** Nursing Home Medicaid Reimbursement **NUMBER** Senate Bill 97

**ANALYST** Chenier

### APPROPRIATION\* (dollars in thousands)

| FY25 | FY26       | Recurring or Nonrecurring | Fund Affected |
|------|------------|---------------------------|---------------|
|      | \$19,700.0 | Recurring                 | General Fund  |

Parentheses ( ) indicate expenditure 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 |
|----------------|------------------|-------------|-------------|-------------------|---------------------------|---------------|
| HCA            | No fiscal impact | \$19,700.0  | \$19,700.0  | \$39,400.0        | Recurring                 | General Fund  |
| HCA            |                  | \$49,838.0  | \$49,838.0  | \$99,676.0        | Recurring                 | Federal Funds |
| Total          | No fiscal impact | \$ 69,538.0 | \$ 69,538.0 | \$139,076         | Recurring                 |               |

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)

## SUMMARY

### Synopsis of Senate Bill 97

Senate Bill 97 appropriates \$19.7 million from the general fund to the Health Care Authority (HCA) to increase the Medicaid reimbursement rate for nursing homes.

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 appropriation of \$19.7 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

HCA said that nursing homes are allowable Medicaid services and payments to nursing homes are federally matchable at 71.67 percent in FY26. The general fund appropriation amount of \$19.7 million will be matched with \$49.8 million of federal funds for a total computable of \$69.5 million. This bill provides a nonrecurring appropriation for FY26, but recurring general fund support will be needed to maintain the Medicaid reimbursement rate increase for subsequent years. The cost of future rebasing will increase in subsequent years and will increase the general fund cost in future years. To maintain the rate from the FY26 rebasing, the general fund must be appropriated every year and beyond or the reimbursement rates will be reduced.

## SIGNIFICANT ISSUES

HCA provided the following:

Per NMAC 8.312.3.312A “Cost Related Reimbursement of Nursing Facilities” and the New Mexico State Plan Section 4.0 General Program Administration Attachment 4.19D, Part 1, A, ***“rebasings of the prospective per diem rate will take place every three (3) years.”*** Nursing Facilities (NF) have not been rebased since 2007. Although the NFs have not had a rebase, during the 2019 regular legislative session, the Legislature passed Senate Bill 246, the Health Care Quality Surcharge (HCQS) Act, that generated assessment revenues to allow the HCA to increase NF per diem rates and adjust those rates by market basket index annually starting on July 1, 2019. Then, during the 2023 regular session, the Legislature appropriated recurring general fund to HCA to increase reimbursement rates again. From that appropriation, nursing homes received a \$9.85 rate increase for low-level services and a \$14.19 for high-level services costing \$13,100 thousand in FY24.

For FY26, the projected cost (provided by the nursing home auditor under contract with HCA) to rebase the nursing home is \$88,574 thousand with \$25,093 thousand of general fund dollars. Of the state funds needed to support the rate increases, \$5,459 thousand come from the assessment revenues imposed by the HCQS and the remaining \$19,634 thousand comes from the general fund. Based on the projected cost along with the revenues from HCQS, the appropriation in this bill of \$19,700 thousand from the general fund is sufficient to cover the cost of rebasing nursing homes for FY26, including the administrative contractor costs.