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## FISCAL IMPACT REPORT

SPONSOR: Gorham DATE TYPED: 02/10/01 HB \_\_\_\_\_  
 SHORT TITLE: Home Health Agency Gross Receipts Deduction SB 347  
 ANALYST: Eaton

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (92.0)	\$ (100.0)	Recurring	General Fund
	\$ (72.0)	\$ (79.0)	Recurring	Local Govt.

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates House Bill 492

### SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)  
 Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

This bill adds "home health agency" to the GRT deduction when the payment is received from the U.S. Government under the Medicare B program. This proposal joins last year's expansion to hospice receipts from Medicare. A home health agency must be licensed by the Department of Health and certified by the federal Health Care Financing Administration (HCFA).

### FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) estimate the full year impact will decrease general fund revenue by \$100.0. Local Government revenues are anticipated to decrease by \$79.0.

These impacts are primarily based on 1997 Economic Census of New Mexico, combined with a detailed analysis of gross receipts tax returns. The census reports 125 taxable establishments, with 3,469 employees and \$116.8M in sales. An additional 31 establishments, with 1,668 employees and (possibly) \$74.2M in sales are listed in the not-for-profit sector. Many ancillary services, including home health and nursing homes reported a decline in Medicare reimbursements from 1997 through 1999. This was a result of a deal cut in 1997's federal Balanced Budget Act of 1997 (BBA). Subsequent legislation has relaxed the provisions of BBA and testimony indicates a return to traditional

levels of funding for nursing homes and home health agencies is likely. Accordingly, this estimate uses \$116.8M for the base and 41.7% as the Medicare portion.

**ADMINISTRATIVE IMPLICATIONS**

Minimal.

JBE/njw:ar