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FISCAL IMPACT REPORT

ORIGINAL DATE 02/21/13

SPONSOR Beffort LAST UPDATED _____ HB _____

Reimbursement Of Home & Community-Based

SHORT TITLE Services SJM 46

ANALYST Geisler

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minor, see narrative				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
Aging and Long-Term Services Department (ALTSD)

SUMMARY

Synopsis of Bill

Senate Joint Memorial 46 requests that the Legislative Finance Committee be requested to direct its staff to conduct a study to assess the impact on home- and community-based services agencies that are reimbursed on a fixed-rate basis of the federal Patient Protection and Affordable Care Act mandate that large employers provide health insurance.

FISCAL IMPLICATIONS

There would be a small administrative impact on the agencies that would work on the study requested by the memorial.

SIGNIFICANT ISSUES

The memorial requests legislative finance committee staff collaborate with home- and community-based services agencies, the New Mexico Association for Home and Hospice Care, managed care organizations that provide Medicaid services in New Mexico, the Human Services Department and others, as the Legislative Finance Committee staff deem necessary, to analyze the issue.

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Advocates for home- and community-based service providers note personal care option providers are paid a fixed reimbursement rate by the state of approximately \$12.88/hour for services for clients. In their view these reimbursement rates are insufficient since they currently bear the costs of existing unfunded state programmatic mandates and state requirements related to the cost of doing business, including: minimum wage standards that exceed the national requirement, required criminal background screening of employees and disparities in the reimbursement of state gross receipt taxes.

The Affordable Care Act will require large employers provide health insurance coverage to their employees. Combined with the current cost issues, including higher minimum wage requirements, there is concern that many home- and community-based services agencies will not be able to afford the significant costs associated with meeting the health insurance requirement and may go out of business.

Access to home- and community-based services agencies and the chronic care management that they provide is a critical element in the continuum of long-term care services. Shortages of providers in this area may lead to higher costs and less-desirable institutional placements, coupled with increased unemployment among home- and community-based services caregivers.

GG/blm