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FISCAL IMPACT REPORT

SPONSOR Thomson **ORIGINAL DATE** 01/31/14
LAST UPDATED _____ **HB** 8

SHORT TITLE Medicaid Reimbursement Rate Increase **SB** _____

ANALYST Geisler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$13,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY14	FY15	FY16		
	\$29,700.0	\$29,700.0 (See Fiscal Impact)	Recurring	Federal Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 8 would appropriate \$13 million from the general fund in FY15 to the Human Services Department to fund reimbursement rate increases for Medicaid nursing facilities and provide safety net care pool funding for uncompensated hospital care and hospital quality care improvements in FY 15. Any unexpended balance remaining at the end of FY15 will revert to the general fund.

FISCAL IMPLICATIONS

The \$13 million appropriation would generate a federal match of \$29.7 million for a total of \$42.7 million in Medicaid payments. This funding would be recurring, but the federal funds may change based on yearly changes in the federal medical assistance matching percentages (FMAP).

HSD notes that while this appropriation is meant to increase rates for Medicaid nursing facilities and to provide safety net care pool funding for uncompensated hospital care and hospital quality care improvements, the bill does not specify the amounts intended for these different providers.

The executive budget recommendation includes \$9 million from the general fund and the LFC included \$10 million for a Medicaid rate increase for safety net care pool hospitals (also known as sole community provider hospitals), contingent upon the financial participation from the counties. The executive recommendation also includes \$5 million in general fund for rate increases for long-term care providers, which includes nursing facilities and personal care option (PCO) agencies. A separate executive recommendation includes \$7.8 million for behavioral health providers.

SIGNIFICANT ISSUES

The sole community provider program is being phased out and replaced with a safety net care pool consists of a hospital base rate increase to qualifying hospitals and an uncompensated care pool. The total state matching funds necessary for the safety net care pool payments is approximately \$46 million. County governments have historically provided the funding for similar hospital payments.

The appropriation of \$13 million will only cover a portion of the increase to the nursing facilities, the safety net care pool for uncompensated care and hospital quality care improvements. The bill also does not provide for rate increases for community-based long-term care providers, like personal care option agencies.

RELATIONSHIP

As noted above, the executive FY15 budget recommendation includes a total of \$21.8 million in funding for Medicaid provider rate increases, including \$9 million for the hospital rate increase, \$5 million for long-term care providers (nursing homes and personal care option providers) and \$7.8 million for behavioral health provider rate increases. The LFC budget recommendation included funding for a \$10 million rate increase for hospitals.

GG/svb