LFC Requestor: Self Assigned

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: House
Category: Bill
Number: 56
Type: Introduced

Date (of **THIS** analysis)**:** 01/22/25
Sponsor(s): Pamelya Herndon
Short Title: Medicaid Reimbursements for Birth Centers

Reviewing Agency: Agency 665 - Department of Health
Analysis Contact Person: Arya Lamb
Phone Number: 505-470-4141
e-Mail: Arya.Lamb@doh.nm.gov

Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
$0	$0		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
$0	$0	$0		

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	$0	$0	$0	$0		

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

House Bill 56 (HB56) proposes that Medicaid reimbursement rates for services provided at birth centers be equivalent to those provided at hospitals. This legislation aims to ensure equitable financial support for birth centers, promoting access to alternative birthing options for Medicaid recipients. The bill mandates the Secretary of the Health Care Authority to adopt rules to facilitate this reimbursement parity.

Is this an amendment or substitution? ☐ Yes ☒ No

Is there an emergency clause? ☐ Yes ☒ No

b) Significant Issues

HB56 aims to ensure that Medicaid reimbursement rates are provided to Birth Centers at the same rate for services received at a hospital.

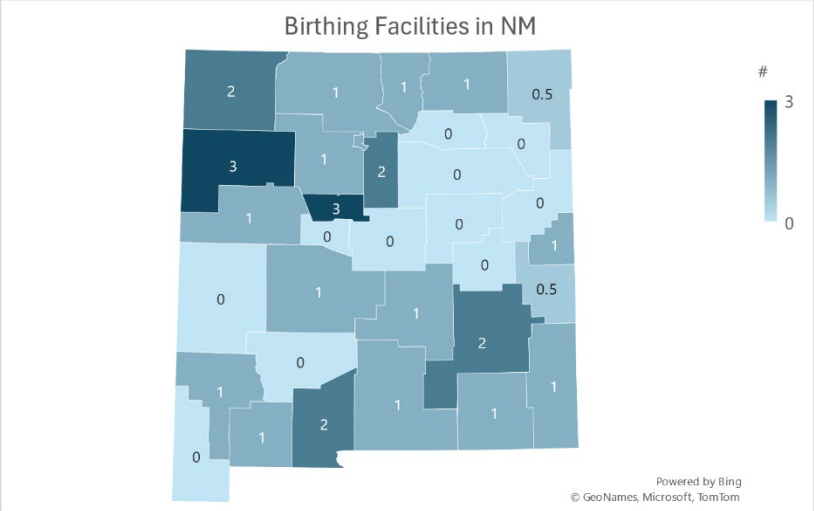
From 2018 to 2023 an estimated 2.6% of NM resident births occurred outside hospitals. Compared to the period 2012-2017, this was an increase of .6 of a percentage point (NM-IBIS, NM Vital Records and Health Statistics).

In New Mexico, as in other states, diagnosis-related groups (DRGs) drive hospital in-patient facility fees. 'Most states have adopted payment methods based on DRGs, a classification system adopted by Medicare in 1983. Under this method, hospitals are paid a fixed amount per discharge, with outlier payments for especially costly cases' (https://www.macpac.gov/wp-content/uploads/2016/03/Medicaid-Inpatient-Hospital-Services-Fee-for-Service-Payment-Policy.pdf).

A freestanding birth center serves women with 'low-risk' pregnancies and deliveries (https://www.birthcenters.org/what-is-a-bc.) In New Mexico, birth center fees are established through a combination of provider and facility fees, so the fees are not totally comparable with hospital facility fees (HCA 2025). Payment models for hospitals and free-standing birth centers vary widely and usually reimburse hospitals at a higher rate

compared to free standing birth centers for care of uncomplicated births (Kozhimannil 2019, Xu et al 2014 https://www.healthaffairs.org/doi/10.1377/hlthaff.2014.1088). Birth Centers are usually paid less than hospitals, and the components of payment, provider or physician fees and facility fees, and one solution is the enactment of site neutral fees (https://www.cms.gov/newsroom/press-releases/cms-empowers-patients-and-ensures-site-neutral-payment-proposed-rule).

New Mexico Licensed Midwives (in 2025) and Certified Nurse Midwives are reimbursed for non-complicated deliveries at the same rate as physicians (https://www.hsd.state.nm.us/wp-content/uploads/Supplement-19-02-Birthing-Options-Program-Billing-Procedures-Reimbursement.pdf). Better maternal and neonatal outcomes, particularly in rural areas, may be advanced by more access to birth center/midwifery care (Wallace et al 2024, https://onlinelibrary.wiley.com/doi/10.1111/1475-6773.14222 Scarf et al 2018, https://www.sciencedirect.com/science/article/pii/S0266613818300974?via%3Dihub The Milbank Quarterly, Vol. 98, No. 4, 2020 (pp. 1091-1113)). Understanding the challenges rural Birth Centers may face when providing services, retaining providers, and associated with their remote locations is important. Additionally, there are significant shortages of birthing facilities in NM. Providing equitable reimbursement rates to Birth Centers may encourage more birthing facilities to be established in less populated areas of the state.



*Counties identified as "0.5" (Roosevelt and Union) provide emergency deliveries only.
Source: NM Maternal Health Task Force, 2024

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

  ☐ Yes ☒ No

- Is this proposal related to the NMDOH Strategic Plan? ☒ Yes ☐ No

  ☒ **Goal 1**: We expand equitable access to services for all New Mexicans

  ☐ **Goal 2**: We ensure safety in New Mexico healthcare environments

  ☒ **Goal 3**: We improve health status for all New Mexicans

☐ **Goal 4**: We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?

  ☐ Yes ☐ No ☒ N/A

- If there is an appropriation, is it included in the LFC Budget Request?

  ☐ Yes ☐ No ☒ N/A

- Does this bill have a fiscal impact on NMDOH? ☐ Yes ☒ No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? ☐ Yes ☒ No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None

6. TECHNICAL ISSUES

Are there technical issues with the bill? ☐ Yes ☒ No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? ☐ Yes ☐ No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? ☐ Yes ☒ No
- Does this bill conflict with federal grant requirements or associated regulations? ☐ Yes ☒ No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? ☐ Yes ☒ No

8. DISPARITIES ISSUES

HB56 aims to ensure that Medicaid reimbursement for services provided at Birth Centers is the same rate for services provided at hospitals. This could address maternal health disparities by improving access to birth centers for Medicaid recipients.

Noted disparities for Indigenous women:

Pregnancy associated deaths are those occurring during pregnancy or within 365 days, irrespective of cause.

- Native American maternal deaths in New Mexico, a ratio of 129.3 deaths per 100,000 live births.
- Indigenous women are approximately three times as likely as non-Hispanic white (white) women to die of pregnancy-associated causes. Source: Kozhimannil KB, Interrante JD, Tofte AN, Admon LK. Severe Maternal Morbidity and Mortality Among Indigenous Women in the United States, Obstet Gynecol. 2020 Feb

Key equity considerations include:

- **Geographic Access:** Many rural and underserved communities lack hospital maternity services; birth centers could fill this gap.
- **Cultural Preferences:** Birth centers may better align with cultural birthing traditions for certain populations.
- **Cost Barriers:** Equal reimbursement could make birth centers a more financially viable option for low-income individuals.

9. HEALTH IMPACT(S)

The NM maternity and birth population may be favorably impacted with improved birth center access (Wallace 2024, Scarf 2018). This could lead to lower rates of unnecessary medical interventions and improved maternal satisfaction.

10. ALTERNATIVES

Medicaid may utilize a state plan amendment or 1115 waiver to enact some changes.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HB56 is not enacted, the Secretary of HCA would not be directed to promulgate rules which would ensure fee equity for free standing birth centers and hospitals. Medicaid recipients may continue facing financial barriers to choosing birth centers, leading to fewer birthing options and potential disparities in maternal care outcomes.

12. AMENDMENTS

The definition of a birth center would benefit from clarifying language regarding the sentence; "attached to a hospital". As the bill is currently written, it is unclear if this is to mean physically attached or more broadly applied to a collaborative "attachment" with a hospital partnership.