

LFC Requester:

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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to billanalysis@dfa.nm.gov*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*Date Prepared: 1/22/25

Check all that apply:

Bill Number: HB119Original Correction Amendment Substitute **SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$0		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0	\$0	\$0		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE**BILL SUMMARY**

Synopsis: House Bill 119 (“the Bill”) would amend the Procurement Code (“the Code”) by adding new sections to the code addressing contract amendments dealing with wage and benefit changes.

Section 1 of the Bill would add a new section to the Code requiring contractors who employ persons whose benefits and compensation are subject to adjustment due to changes in state statutes, to notify state agencies with which they have a contract within forty-five (45) days of the effective date of the statutory changes, if the contractor requests any amendments to the terms of the agreement(s) to compensate for any related increase in expenses.

Section 2 of the Bill would create a new section of the Code requiring state agencies that are responsible for providing payments to Medicaid providers to request the federal centers for Medicare and Medicaid services to amend Medicaid reimbursement rates to accommodate any increase to the Medicaid provider's expenses due to statutory adjustments in employee compensation and benefits, within forty-five (45) days of the effective date of such legislation. This section of the Bill would also add definitions for the terms “authority,” “Medicaid,” “Medicaid provider,” and “Medicaid recipient.”

Section 3 of the Bill would create a new section of the Code requiring state agencies that are responsible for providing payments to Medicare providers to request the federal centers for Medicare and Medicaid services to amend Medicare reimbursement rates to accommodate any increase to the Medicare provider's expenses due to statutory adjustments in employee compensation and benefits, within forty-five (45) days of the effective date of such legislation. This section of the Bill would also add a definition for the term “Medicare health care provider.”

FISCAL IMPLICATIONS

Any fiscal impacts would be related to other legislation that would adjust Medicaid or Medicare related employee compensation. If contractors request amendments to contracts with state agencies, to compensate for increases in expenses due to legislative changes to Medicaid and Medicare compensation, agency contract budgets would be impacted to the degree of any such legislative increases.

SIGNIFICANT ISSUES

The only anticipated issue is if the escalating cost exceed the vendors’ threshold, for continuation of services, which could trigger termination clauses in any affected agreements.

PERFORMANCE IMPLICATIONS

To meet the additional overhead expenses, vendor may target reduction of pay to contract employees and/or selecting lower wage/less qualified candidates to meet target margin expectations.

ADMINISTRATIVE IMPLICATIONS

Existing State-Wide Price Agreements, Sole Source, and/or other procurement documents may require amendment.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS