

LFC Requester:

Joseph Simon

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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 Sponsor: Kathleen Cates

Agency Name

and Code

Dept. of Workforce Solutions-631

Number:

Contract

Person Writing

Sarita Nair

Short Title:

Adjustments UnderPhone: 505-263-3187Email Evan.Sanchez@dws.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
0	0		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
0	0	0		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	0	0	0			

(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:

This bill would require HCA to adjust and request adjustments for payments to contract, Medicaid and Medicare providers who experience cost escalations as a result of state law changes.

#### **FISCAL IMPLICATIONS**

This would not have fiscal implications to DWS.

#### **SIGNIFICANT ISSUES**

#### **PERFORMANCE IMPLICATIONS**

#### **ADMINISTRATIVE IMPLICATIONS**

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

#### **TECHNICAL ISSUES**

DWS suggests changing the language in section 1 to say:

“When a contract with a state agency provides for a contractor to employ persons whose benefits and compensation are subject to adjustment due to changes in state statutes **or regulations**, the contractor may request the state agency to amend the terms of the contract to accommodate any increase to the contractor's expenses due to statutory **or regulatory** adjustments in employee compensation and benefits.”

We recommend the parallel change in Sections 2 and 3.

If Paid Family & Medical leave passes, the rates will be adjusted from 2030 onward based on solvency calculations that the department will do and issue by rule. Since Paid Family & Medical Leave debates have often mentioned this issue, this would remove any question as to whether this type of rate change constituted a change in state statutes.

Either the statute or rules will need to define “compensation and benefits.” Various statutes define these terms differently. Unemployment Insurance is not generally considered an employee benefit. Sick leave is usually considered a benefit, but HCA will need to pass rules to explain how to determine the amount a contractor's expenses are increased. For example, the expenses could be the value of actual sick leave taken or the value of all accruals.

#### **OTHER SUBSTANTIVE ISSUES**

#### **ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL  
AMENDMENTS**