

LFC Requester:

Allegra Hernandez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

HHSC and CEDC amendments makes no significant change in the initial analysis or initial fiscal impact.

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 3/3/25 Check all that apply:
Bill Number: HB 233HCEdamend Original Correction
Amendment xx Substitute

Agency Name
and Code HCA 630

Sponsor: Rep. Joshua Hernandez
Short Diabetic Foot Ulcer Equipment
Title:

Number: _____
Person Writing Kresta Opperman
Phone: (505)231- Email Kresta.opperman@hca

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$0.0	Nonrecurring	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0.0	\$0.0	\$0.0	Nonrecurring	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA MAD	\$0.0	\$48.7	\$48.7	\$97.4	Recurring	GF to HCA

FTE						
HCA MAD FTE	\$0.0	\$48.7	\$48.7	\$97.4	Recurring	FF to HCA
MAD Program	\$0.0	\$3,525.5	\$3,525.5	\$7,051.0	Recurring	FF to HCA
MAD Program	\$0.0	\$701.7	\$701.7	\$1,403.4	Recurring	GF to HCA
MAD Total	\$0.0	\$4,324.6	\$4,324.6	\$8,649.2		
SHB	\$0.0	\$75.0	\$75.0	\$150.0	Recurring	Member out of pocket
SHB	\$0.0	\$498.8	\$498.8	\$997.5	Recurring	Member Premium Cost
SHB	\$0.0	\$926.3	\$926.3	\$1,852.5	Recurring	GF to HCA (SHB Premium Cost)
SHB Total	\$0.0	\$1,500.1	\$1,500.1	\$3,000.2		
GRAND TOTAL	\$0.0	\$5,824.7	\$5,824.7	\$11,649.4	Recurring	-

(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: HB 233 Amending sections of the New Mexico Insurance Code, the Health Maintenance Organization law and the nonprofit health care plan law to require coverage for certain ~~durable medical equipment (DME) for the~~ **medically necessary** treatment of active diabetic foot ulcers (DFU) including topical oxygen therapy (TOT).

Health & Human Services Committee (HHSC) amendment to HB 233 removes references to durable medical equipment, replace with medically necessary treatments and moved to a new location in the bill. Amendment makes no significant change in the initial analysis or initial fiscal impact.

Commerce & Economic Development Committee (HCEDC) amendment to HB 233 removed applicability language in lines 15 through 24 of page 33 and retained an effective date of January 1, 2026. Amendment makes no significant change in the initial analysis or initial fiscal impact.

This bill makes no mention of the Public Assistance Act. Therefore this bill does not directly apply to the Medicaid portion.

FISCAL IMPLICATIONS

Medicaid

This bill does not reference the Public Assistance Act. Therefore, it should not apply to Medicaid. However, if the intent is to include Medicaid, the total computable cost to the HCA/MAD program

for covering ~~DME~~ DFU is estimated to be \$4,227,216. This estimate is based a diagnosed ~~DME~~ DFU population estimate of 2,576 and an inflation-adjusted annual cost of \$1,641 per individual (Agency for Healthcare Research and Quality (AHRQ), Table 21).

HB 233 would cost \$3,525,498 in federal funds and \$701,718 in state funds. This estimate reflects a blended federal match percentage of 83.4%, with 64% of the population receiving a 90% match and 36% receiving 71.66% match.

State Health Benefits

The State Health Benefits (SHB) Bureau estimates that the total annual cost impact of the bill is \$1,500,000. \$926,250 will be incurred as increased state premium contributions, \$498,750 as employee premium contributions, and \$75,000 as member out-of-pocket costs when members use these services. The estimate was developed by considering the prevalence of diabetics within the SHB population that might benefit from the ~~DME~~ **medically necessary treatment** in question and multiplying the projected cost per treatment.

SIGNIFICANT ISSUES

As written, HB233 does not specify or identify specific ~~durable medical equipment~~ **medically necessary treatment(s) to** be covered for the treatment of active diabetic foot ulcers. The estimate used regards ~~DME~~ DFU adjusted for inflation, which may vary from what is actually implemented in the state Medicaid program. The cost of ~~DME~~ for the treatment of active diabetic foot ulcers can vary widely depending on treatment. New Mexico Medicaid currently covers multiple types of treatment for diabetic foot ulcers including therapeutic shoes, custom molded shoes and inserts, and wound care supplies for foot ulcers.

It is also possible that certain costs could decrease with the addition of these treatments. For example, there may be fewer foot amputations and, therefore, fewer hospitalizations and surgical costs. There also may be fewer bone infections and therefore fewer visits, hospitalizations, and need for antibiotics.

PERFORMANCE IMPLICATIONS

HB233 would increase access to ~~durable medical equipment for the~~ **medically necessary treatment** of active diabetic foot ulcers including topical oxygen therapy ~~for Medicaid-eligible~~ New Mexicans.

The American Diabetes Association gives topical oxygen therapy a grade “A” as an adjuvant treatment for chronic, unhealing diabetic foot ulcers.

ADMINISTRATIVE IMPLICATIONS

Medicaid

If this bill is intended to apply to Medicaid, the implementation HB233 would require federal approval of the Medicaid State Plan to receive federal match, NMAC revisions, Managed Care Letter of Direction and/or changes to Managed Care contracts, moderate level of claims processing system edits and development of ongoing monitoring/quality assurance procedures.

~~TOT is not a Medicare covered benefit as the evidence is insufficient in determining the effects of this technology on net health outcomes. (Centers for Medicare & Medicaid Services, Local Coverage Determination (LCD) L37873 "Topical Oxygen Therapy). Due to lack of Medicare coverage of TOT as a benchmark policy, Medicaid development of policy and reimbursement~~

would require significant staff resources and time.

Medicaid would need to obtain federal authority to draw down the federal match. If this authority is not received Medicaid would be required to pay 100% out of state general fund.

The implementation of HB233 would require one full-time HCA/MAD employee and claims processing system edits. One (1) Full Time Employee (FTE) will be needed to implement, monitor and enforce HB233. One (1) FTE at pay band 70 would cost \$97.3 thousands; this includes \$48.7 thousands in state funds and \$48.6 thousands in federal funds.

Any IT system changes needed would be done under contract at no additional cost.

State Health Benefits

SHB does not anticipate any major administrative issues resulting from HB233. The bill does not impose any new cost sharing requirements for the services, instead allowing for members to pay out-of-pocket costs as structured in existing plan designs for diabetes-related care. SHB would direct its administrative services organizations to make the appropriate adjustments in member policy books, which is standard for any changes to benefits and will not impose any additional costs.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NA

TECHNICAL ISSUES

Section 3(C) of the bill removes durable medical equipment as an item but does not replace the item in Section 3(D3), as was amended in all the other sections of the bill.

OTHER SUBSTANTIVE ISSUES

NA

ALTERNATIVES

NA

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo. Medicaid eligible New Mexicans would continue to have access to currently covered durable medical equipment for the medically necessary treatment of active diabetic foot ulcers.

AMENDMENTS

No amendments at this time.

2 amendments: HHSC and HCEDC