

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION
WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(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: 2/14/25 *Check all that apply:*
Bill Number: HB357 Original Correction
 Amendment Substitute

Sponsor: Rep. Tara Lujan **Agency Name and Code** HCA 630
Short Title: Mi Via Waiver Pgm. Provider Gross Receipts **Number:** _____
Person Writing Christie Guinn
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|-------|---------------------------|---------------|
| FY25 | FY26 | | |
| \$0.0 | \$0.0 | N/A | N/A |
| | | | |

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|-------|-------|---------------------------|---------------|
| FY25 | FY26 | FY27 | | |
| \$0.0 | \$0.0 | \$0.0 | N/A | N/A |
| | | | | |

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|-----------------------|-------|--------|-------|-------------------|---------------------------|---------------|
| System Changes | \$0.0 | \$15.6 | \$0.0 | \$15.6 | Nonrecurring | SGF |

| | | | | | | |
|----------------------------|--------------|-------------------|-------------------|-------------------|------------------|------------|
| System Changes | \$0.0 | \$46.9 | \$0.0 | \$46.9 | Nonrecurring | FF |
| DDSD Program Budget | \$0.0 | \$7,267.8 | \$7,524.8 | \$14,792.6 | Recurring | SGF |
| DDSD Program Budget | \$0.0 | \$18,386.2 | \$19,027.1 | \$37,460.2 | Recurring | FF |
| Total SGF | \$0.0 | \$7,283.4 | \$7,524.8 | \$14,808.2 | Recurring | SGF |
| Total FF | \$0.0 | \$18,433.1 | \$19,027.1 | \$37,460.2 | Recurring | FF |
| Total | | \$25,716.5 | \$26,551.9 | \$52,268.4 | 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: House Bill (HB) 357 requires the Health Care Authority (HCA) to publish rules to exclude the gross receipts taxes (GRT) from the Mi Via Waiver recipient's individual budgetary allotment and requires the providers to bill the GRT for their services as a separate line item.

FISCAL IMPLICATIONS

Based on the FY 2026 budget request for the Mi Via program, to exclude the gross receipts tax from individual budgets in the Mi Via Waiver will add \$25,654.0 thousands in FY 2026 with a federal financial participation (FFP) of \$18,386.2 thousands and general fund (GF) need of \$7,267.8 thousands. With an assumption of 3.5% growth from FY 2026 to FY 2027, the additional cost for FY 2027 is \$26,551.9 thousands with an FFP of \$19,027.1 thousands and GF need of \$7,524.8 thousands (See table below). This program budget is maintained through the HCA Developmental Disabilities Supports Division (DDSD).

This bill does not include any appropriations to DDSD or MAD for the program budget increase or potential system changes that will be needed to implement the requirements of this bill.

HB 357 Fiscal Impact on FY 2026 Mi Via Budget Request

| Description | FY 2026 (\$000s) | FY 2027 (\$000s) | Total (\$000s) |
|---------------------------------|-------------------------|-------------------------|-----------------------|
| Mi Via Budget Request | 359,299.3 | 371,874.8 | 731,174.1 |
| Weighted Average GRT | 7.14% | 7.14% | |
| Fiscal Impact | 25,654.0 | 26,551.9 | 52,205.8 |
| Blended FMAP | 71.67% | 71.66% | |
| Federal Financial Participation | 18,386.2 | 19,027.1 | 37,413.3 |
| State Fund Need | 7,267.8 | 7,524.8 | 14,792.6 |

SIGNIFICANT ISSUES

The HCA is currently assessing the cost and action steps to implement the requirements of this bill.

GRT is billed within the individual budgetary allotment in the Mi Via Waiver. This means the cost of the GRT is funded and then paid out of the individual's budget.

This does not happen in the Developmental Disabilities (DD) Waiver. DD Waiver recipients are not funded and then paying the GRT out of their individual budgets.

This creates inequity across waivers, can incentivize/disincentivize profit and non-profit agencies and puts a heavy and complicated tax burden on waiver recipients, people with intellectual and developmental disabilities and their families.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

The FOCoSonline IT system will need to be updated to accommodate appropriate entry of GRT costs separate from each service. Cost to make changes to the FOCoSonline system are estimated at \$62.5 thousands in FY 2026 with a federal match of 75%; the GF cost is \$15.6 thousands and the FFP is \$46.9 thousands. Changes to the FOCoSonline system would be coordinated through the HCA Medical Assistance Division (MAD).

The Mi Via Service and Support Plan and budget will need to be revised to accommodate separate calculations for GRT.

HCA staff would also be required to amend the current Mi Via NMAC for this proposed change. It would be recommended that these changes be made effective October 1, 2025 to allow for the rule promulgation process and to coincide with the start date of the waiver year.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Inequity across waivers will continue, for-profit and non-profit agencies can inadvertently be incentivized/disincentivized, and the heavy and complicated tax burden will continue to fall on waiver recipients, people with intellectual and developmental disabilities and their families. Mi Via Waiver recipients will continue to have the cost of the GRT come out of their individual budgetary allotment.

AMENDMENTS

N/A