

LFC Requester:	Eric Chenier
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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)

SECTION I: GENERAL INFORMATION

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

Date Prepared: 2/19/2025 *Check all that apply:*
Bill Number: HB461 Original Correction
 Amendment Substitute

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Short Title:	<u>Prior Authorization Process Exemptions</u>	Person Writing	<u>Kaylynn Roybal</u>
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(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

The "Prior Authorization Act" is codified as Chapter 59A, Article 22B NMSA 1978.

New Material:

A new section is added to the Prior Authorization Act, establishing a process for granting exemptions from prior authorization requirements for health care professionals.

This section defines

- "abuse" as health care professional practices inconsistent with sound fiscal, business, or medical practices, resulting in unnecessary costs or reimbursement for services that are not medically necessary or fail to meet professionally recognized standards.
- "evaluation period" is defined as a six-month period beginning each January and each June.
- "Fraud" is defined as intentional deception or misrepresentation made with the knowledge that it could result in unauthorized benefits.

Participating health care professionals may apply for an exemption from prior authorization for outpatient services no sooner than thirty days after the end of each evaluation period. Eligibility requires that, in the preceding evaluation period, at least ninety percent of the professional's ten or more prior authorization requests for the specific service were approved upon initial submission or after appeal. Health insurers must provide a written approval or denial within ten business days of receiving the exemption request. Denials must include an explanation with data demonstrating how the request failed to meet the criteria. Approved exemptions come with information regarding the rights and obligations of the parties, including the effective date.

Health insurers may evaluate the continuation of an exemption once during each evaluation period. Rescission is permissible if less than ninety percent of the claims submitted during the previous evaluation period met medical necessity criteria, based on a retrospective review of a random sample of five to twenty claims. Health insurers must provide at least twenty-five days' written notice before rescission, including an explanation and the sample information used. Immediate and retroactive rescission is allowed if fraudulent or abusive use of the exemption is determined.

FISCAL IMPLICATIONS

NMPSIA is currently assessing the number of providers who may be eligible for exemption under the criteria specified in the bill and evaluating potential risks related to increased utilization resulting from these exemptions. Provider exemptions, if not effectively monitored, may contribute to higher healthcare expenditures due to the removal of prior authorization controls.

NMPSIA healthcare carriers have an existing exemption process known as “gold carding” which rewards providers into this status when they meet criteria based on a consistent claim approval rating. Additionally, these “gold carding” programs have safeguards to ensure compliance to maintain gold card status and are subject to audit and revocation of their status in the program. NMPSIA is working to evaluate how HB461 would align with these current procedures.

Due to time constraints, the full impact of the bill remains undetermined; however, a comprehensive evaluation is underway. A revised bill analysis will be submitted upon completion of this assessment.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS