

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://www.legis.nm.gov/AgencyAnalysis) 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: 2/6/25

Check all that apply:

Bill Number: SB295Original  Correction Amendment  Substitute Sponsor: Sen SteinbornShort Title: Practitioners Fees for Services

Deductible

Agency Name  
and Code HCA-630

Number:

Person Writing Paoze HerPhone: 709-7656 Email Paozez.her@hca.nm.g**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$0.0	NA	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	NA	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
<b>Total</b>	\$0.0	\$0.0	\$0.0	\$0.0	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Relate to Senate Bill 249.

Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Synopsis: Senate Bill (SB) 295 adds receipts from a patient to practitioner or an association of health care practitioners for health care services to the gross receipts tax deduction (Sect 1(c)) for health care practitioners as defined in Section 1(G)(6). Section 2 allows gross receipts tax deductions from receipts of sale of medical equipment and medical supplies and medical drugs to a health care practitioner or an association of health care practitioners, and for receipts of a health care practitioner or an association of health care practitioners for health care services, except Medicaid payments. And Section 3 requires the Medicaid program to reimburse health providers for all applicable gross receipts taxes. This bill is effective on July 1, 2025.

#### **FISCAL IMPLICATIONS**

The New Mexico Medicaid program currently pays gross receipts taxes to health care providers who are subject to the gross receipts tax. This bill has no fiscal impact to the Medicaid program. While allowing providers to deduct more services and supplies from gross receipts taxes could in theory result in reduced medical claims costs for the State Health Benefits (SHB) plan, it is unlikely that any of these savings would accrue to the plan, as providers would recoup the tax savings directly and not pass them back as savings to payers or patients. As such, there is no expected impact on SHB.

#### **SIGNIFICANT ISSUES**

~~None for Medicaid.~~

HCA does not believe the bill would create a health care-related tax for federal Medicaid law purposes. To be considered a health care-related tax (commonly referred to as “provider tax”) under federal Medicaid law, the tax must:

- 1)levy at least 85% of the tax burden on health care providers, or
- 2) treat entities providing or paying for health care items or services differently than other individuals or entities.

Enactment of this bill would not result in 85% of the GRT tax burden being placed on providers. Also, health care providers or payers for health care services would not be treated differently. The GRT tax structure, including rate methodologies and definitions would apply the same to providers as others. Deductions, exemptions, and credits are a common feature of New Mexico’s GRT system that span across a wide array of businesses and industries. Therefore, differential treatment of providers is not indicated for purposes of a federal health care-related tax analysis

Under current federal requirements, even if the bill creates a health care-related tax, the arrangement is eligible for drawing down federal match as it is broad-based and does not violate the “hold harmless” rule.

#### **PERFORMANCE IMPLICATIONS**

None for Medicaid or State Health Benefits.

#### **ADMINISTRATIVE IMPLICATIONS**

None

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

**TECHNICAL ISSUES**

None.

**OTHER SUBSTANTIVE ISSUES**

None.

**ALTERNATIVES**

None.

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

None.

**AMENDMENTS**

None.