

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:** 2/13/25 *Check all that apply:*  
**Bill Number:** SB370 Original  Correction   
 Amendment  Substitute

**Sponsor:** Sen Duhigg **Agency Name and Code** HCA-630  
**Short Title:** Obstetrics and Gynecology Appropriation **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	\$12,000.0	Nonrecurring	General Fund

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

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

(Parenthesis ( ) indicate revenue decreases)

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

FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
\$0.0	\$12,000.0	\$12,000.0	\$24,000.0	Recurring	General Fund
\$0.0	\$30,358.0	\$30,358.0	\$60,716.0	Recurring	Federal Funds

\$0.0	\$42,358.0	\$42,358.0	\$84,716.0	Recurring	Total
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(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not known  
 Duplicates/Relates to Appropriation in the General Appropriation Act: Not known

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: SB 370 aims to increase the Medicaid reimbursement rate for obstetrics and gynecology health care services to 250% of the Medicare reimbursement rate for equivalent services using Medicaid reimbursement rates for each obstetrics or gynecology health care service as of July 1, 2024 as a baseline for comparison. Obstetrics or gynecology health care services covered by Medicaid, but not covered by Medicare, shall receive an increase in the Medicaid reimbursement rate proportional to the average percentage increase in reimbursement that obstetrics or gynecology health care services receive.

SB 370 also includes provisions for all health care entities that receive increases in Medicaid reimbursement to ensure that at least 75% of the increased reimbursement revenue is used to provide increased compensation to health care workers and hire additional health care workers who interact directly with patients.

**FISCAL IMPLICATIONS**

SB 370 appropriates \$12 million dollars (\$12,000,000), nonrecurring, from the general fund to the health care authority for expenditure in fiscal year 2026 to provide increased Medicaid reimbursement for obstetrics or gynecology health care services. Any unexpended or unencumbered balance remaining at the end of fiscal year 2026 shall revert to the general fund.

**Appropriations to support rate increases need to be recurring, as there would be a recurring general fund impact to the Medicaid budget.**

At this time the Health Care Authority (HCA) cannot calculate if \$12 million general fund is sufficient to provide an increase to 250% of Medicare for obstetrics or gynecology health care services. For context, in FY25, the general fund cost to pay for increases in Medicaid reimbursement for maternal, behavioral health, and primary care rates from 120% to 150% percent of Medicare and to maintain other rates at 100% of Medicare is \$100 million in general fund. The potential additional cost of raising all rates to 200% of Medicare is a minimum \$2.83 billion or \$617 million general fund using a projected financial participation rate of 77.62% from FY26 and a medical cost inflation of 2.6%.

**SIGNIFICANT ISSUES**

SB370 includes provisions for all health care entities that receive increases in Medicaid reimbursement to ensure that at least 75% of the increased reimbursement revenue is used to provide increased compensation to health care workers and hire additional health care workers who interact directly with patients. HCA has implemented provider attestations in the past. However, provider use of funds has not been auditable, thereby making this portion of SB370 very difficult to enforce.

SB370 aims to increase the Medicaid reimbursement rate for direct obstetrics and gynecology health care services. These services can vary between Routine Obstetric Care (prenatal, delivery

and postpartum care), Gynecological Procedures (such as biopsies, insertion of intrauterine device, colposcopies) and Ultrasounds and Imaging.

#### **PERFORMANCE IMPLICATIONS**

Increased reimbursement rates can attract more health care providers to offer obstetrics and gynecology services to Medicaid patients, improving access to care.

#### **ADMINISTRATIVE IMPLICATIONS**

OBGYN services include routine evaluation and management clinical visits distinguished only by diagnosis codes. Therefore, the bill would require significant claim processing edits to assure compliance with the requirements.

This bill would require a system change in the financial services IT system. This change would be part of maintenance and operations (M &O) at no additional cost.

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

None known

#### **TECHNICAL ISSUES**

None

#### **OTHER SUBSTANTIVE ISSUES**

The 2023 HB2 appropriated money for multiple levels of care including obstetrics or gynecology health care services. Many Medicaid obstetrics and gynecology health care services are at 150% of the Medicare fee schedule starting January 1, 2025.

#### **ALTERNATIVES**

None

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

Status quo.

#### **AMENDMENTS**

None