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SENATE BILL 205

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

INTRODUCED BY

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AN ACT

RELATING TO HEALTH CARE; ESTABLISHING REIMBURSEMENT  
REQUIREMENTS FOR TOXICOLOGY SERVICES PROVIDED BY INDEPENDENT  
REFERENCE LABORATORIES; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Public Assistance Act is  
enacted to read:

"[NEW MATERIAL] MEDICAID REIMBURSEMENT FOR TOXICOLOGY  
SERVICES.--

A. The authority shall establish medicaid  
reimbursement codes for toxicology services provided by an  
independent reference laboratory that are consistent with the  
provisions of this section.

B. Medicaid reimbursement for toxicology services  
provided by an independent reference laboratory shall be equal

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1 to the average medicaid fee-for-service rate schedule for the  
2 healthcare common procedure coding system codes used for  
3 billing of definitive drug testing.

4 C. Toxicology services shall be reimbursed pursuant  
5 to this section if the toxicology services are medically  
6 necessary, as determined by a treating health care provider,  
7 and performed in accordance with evidence-based clinical  
8 protocols adopted by the authority that are consistent with  
9 applicable behavioral health or substance use disorder  
10 treatment standards.

11 D. The authority shall promulgate rules to  
12 establish protocols for medicaid reimbursement of toxicology  
13 services. While developing the rules, the authority shall  
14 consider nationally accepted clinical guidance, such as  
15 recommendations of the American society of addiction medicine  
16 that provide for:

17 (1) weekly toxicology services for persons who  
18 are beginning treatment for a substance use disorder, unless  
19 clinical documentation supports a different frequency;

20 (2) monthly toxicology services for persons in  
21 stable recovery from a substance use disorder, unless clinical  
22 assessment and medical necessity indicate otherwise, as  
23 specified by a treating health care provider; and

24 (3) randomized toxicology services when  
25 feasible and clinically appropriate.

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1           E. The authority may request an independent  
2 reference laboratory to provide tax filings and certificates of  
3 good standing with the taxation and revenue department to  
4 establish that the independent reference laboratory is eligible  
5 for medicaid reimbursement pursuant to this section.

6           F. Nothing in this section shall be construed to:

7                 (1) establish a mandatory minimum or maximum  
8 frequency for reimbursement of toxicology services; or

9                 (2) restrict a provider's ability to order  
10 toxicology services at a frequency supported by documented  
11 clinical necessity.

12          G. As used in this section:

13                 (1) "financially affiliated" means a business  
14 arrangement in which one person, directly or indirectly, is  
15 controlled by, is under common control with or controls another  
16 person;

17                 (2) "independent reference laboratory" means a  
18 laboratory that:

19                         (a) maintains a facility that is  
20 physically located in the state and is staffed by laboratory  
21 personnel who regularly and routinely report to the facility in  
22 the ordinary course of business for the receipt, handling and  
23 testing of human clinical specimens;

24                         (b) is certified pursuant to the federal  
25 Clinical Laboratory Improvement Amendments of 1988, accredited

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1 by the college of American pathologists and licensed by the  
2 authority;

3 (c) is enrolled as a medicaid provider  
4 under the medicaid program administered by the authority;

5 (d) is not owned by, controlled by or  
6 financially affiliated with a hospital, a physician practice or  
7 physician group, a managed care organization or an insurer;

8 (e) performs or contracts for the  
9 performance of medicaid billing, coding, claim submission and  
10 related revenue cycle management activities that occur  
11 physically within the state; and

12 (f) follows all applicable New Mexico  
13 gross receipts tax laws and regulations;

14 (3) "medicaid" means the joint federal-state  
15 health coverage program pursuant to Title 19 or Title 21 of the  
16 federal Social Security Act and rules promulgated pursuant to  
17 that act; and

18 (4) "toxicology services" means laboratory  
19 testing of biological specimens, including urine, blood, saliva  
20 and hair, for the presence of drugs or alcohol."

21 SECTION 2. APPROPRIATION.--One hundred thousand dollars  
22 (\$100,000) is appropriated from the general fund to the health  
23 care authority for expenditure in fiscal year 2027 to  
24 administer medicaid reimbursement for toxicology services  
25 provided by independent reference laboratories. Any unexpended

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1 balance remaining at the end of fiscal year 2027 shall revert  
2 to the general fund.

3 SECTION 3. EFFECTIVE DATE.--The effective date of the  
4 provisions of this act is July 1, 2026.

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