

1 SENATE BILL 205

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

3 INTRODUCED BY

4 Leo Jaramillo

10 AN ACT

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

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

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

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

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

24 B. Medicaid reimbursement for toxicology services
25 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.

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

F. Nothing in this section shall be construed to:

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

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

G. As used in this section:

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

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

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

(b) is certified pursuant to the federal 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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balance remaining at the end of fiscal year 2027 shall revert to the general fund.

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

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