

**NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.**

**Only the most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC's office in Suite 101 of the State Capitol Building North.**

## FISCAL IMPACT REPORT



SPONSOR: Robinson DATE TYPED: 01/25/02 HB \_\_\_\_\_

SHORT TITLE: Increase Medicaid Physician Payments SB 9

ANALYST: Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$50,000.0			Recurring	General Fund
	*(\$193,650.0)			Recurring	Federal Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

\*See narrative

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	\$193,000.0		Recurring	Federal Funds

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

#### Responses Received

Human Services Department (HSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 9 appropriates \$50,000.0 from the general fund to the Human Services Department (HSD) Medical Assistance (MAD) for an increase in health services (\$46,000.0) to eligible Medicaid recipients and for increasing physician reimbursement rates(\$4,000.0).

HSD reports that the New Mexico Medical Society has contacted MAD regarding a physician fee rate increase. This rate would equal the rate of ninety-five percent of the Medicare Part B fee schedule. Because the Medical Society proposes that this increase become effective July 1, 2004, the intent of SB 9 does not appear to correspond with the recommendations.

HSD observes that the fee-for-service physician reimbursement rates would need to be adjusted, but the MCO contracts would not require amending, because of 27-2-12.3 NMSA 1978, which excludes managed care from HSD's reimbursement rates.

### Significant Issues

HSD reports that the New Mexico Medical Society has contacted MAD regarding a physician fee rate increase. This rate would equal the rate of ninety-five percent of the Medicare Part B fee schedule. Because the Medical Society proposes that this increase become effective July 1, 2004, the intent of SB 9 does not appear to correspond with the recommendations.

HSD observes that the fee-for-service physician reimbursement rates would need to be adjusted, but the MCO contracts would not require amending, because of 27-2-12.3 NMSA 1978, which excludes managed care from HSD's reimbursement rates.

### **PERFORMANCE IMPLICATIONS**

By increasing the physicians and doctors of osteopathy index to the Medicare Part B fee schedule, there would be an increase in retention of these providers for the State of New Mexico. MAD has been informed that the Medical Society is proposing a bill to be indexed into the Medicare Part B fee schedule that would go into effect 2004. This would impact the performance measures relating to provision of Early Periodic Screening and Diagnostic Treatment (EPSDT) services and breast and cervical cancer screenings because access to care would increase.

### **FISCAL IMPLICATIONS**

The appropriation of \$50,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 03 shall revert to the general fund. The federal Medicaid match for this appropriation would generate \$193,650.0.

HSD did not provide information on the amount of funds necessary to increase the Medicaid physician payments to 100% of the Medicare rate effective July 1, 2002.

### **TECHNICAL ISSUES**

The sponsor of the bill may wish to define "health services" in the bill.

### **POSSIBLE QUESTIONS**

What is the cost of increasing the physician's payments to 100% of the Medicare rate effective July 1, 2002?

BD/ar