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FISCAL IMPACT REPORT

SPONSOR: Picraux DATE TYPED: 3/6/03 HB 625

SHORT TITLE: Health Agency Medicare Gross Receipts SB _____

ANALYST: Smith

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|---------|----------------------------|-------------------------|-------------------|
| FY03 | FY04 | | | |
| | (460.0) | (500.0) | Recurring | General Fund |
| | (320.0) | (350.0) | Recurring | Local Governments |
| | | | | |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From

TRD

SUMMARY

Synopsis of Bill

House Bill 625 amends Section 7-9-77.1 NMSA 1978 to provide a gross receipts tax deduction to home health agencies for receipts derived from Medicare payments. To qualify for the deduction, agencies must be licensed by the Department of Health and be certified by the federal Centers for Medicare and Medicaid Services (CMMS) as a home health agency.

The section is further amended to clarify that medical doctors licensed pursuant to Section 66-6-13 (Licensure by Endorsement) and osteopaths licensed pursuant to Section 66-10-12 (Licensure without Examination) qualify for the current Medicare deduction.

This bill also makes a minor change in terminology from “osteopaths” to “osteopathic physicians”.

FISCAL IMPLICATIONS

TRD originally relied on data from the CMMS that shows that Medicare payments to New Mexico home health agencies are somewhat volatile. In 1997, total payments reached \$82 million, but fell to less than \$33 million in 1999. The latest numbers show that Medicare payments to home health agencies totaled \$40 million in 2001. Industry sources report that roughly 35% of Medicare reimbursements are received by for-profit agencies. Hence, the fiscal impact is based on \$14 million (\$40 million multiplied by 35%) of Medicare reimbursements that would no longer be subject to tax.

SS/njw