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FISCAL IMPACT REPORT

SPONSOR Foley DATE TYPED 2/7/04 HB 441

SHORT TITLE Minimum Medicaid Reimbursements SB _____

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			\$304.0	Recurring	General Fund
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	\$912.0		Recurring	Medicaid Federal Funds

(Parenthesis () Indicate Revenue Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
Human Services Department

SUMMARY

Synopsis of Bill

Senate Bill 441 establishes the Medicaid reimbursement rate for each visit by a Medicaid patient to a health care practitioner, including those rates paid under contracts with managed care systems, shall not be less than:

- Seventy-five dollars for Fiscal Year 2005;
- For Fiscal Year 2006 and each subsequent fiscal year, a rate equal to the rate for the previous fiscal year multiplied by the percentage increase to the consumer price index for

medical care costs in the preceding calendar year as published by the United States Department of Labor.

- Health Care Practitioner is defined as anyone licensed or certified to provide health care services in this state and includes nurses, physicians, dentists, osteopathic physicians, chiropractors, optometrists, podiatrists, acupuncturists, psychiatrists, psychologists, and physical therapists.

Significant Issues

The Human Services Department reports:

If a minimum reimbursement fee of \$75 is adopted, some reimbursements will increase as much as \$32 per visit. This is a significant increase to the Medicaid budget. In addition, the language might be construed to mean that post operative surgeon visits would require payment at the minimum fee. Currently, these visits are included in the post-operative global fee and not reimbursed separately.

The Medicaid program pays a flat rate to cover all costs under the managed care contracts. Each managed care organization determines the reimbursement rate that the health care practitioner receives.

FISCAL IMPLICATIONS

As indicated by the HSD comments, the bill will increase Medicaid spending. In addition, it limits the ability of the managed care organizations to control costs.

TECHNICAL ISSUES

For Fiscal Years 2006 and beyond, the minimum rate is to be the rate of the previous year multiplied by an inflator determined by the consumer price medical index. If the index increase is 4 percent in 2005, then the floor rate will be 4 percent of \$75, or \$3, not 4 percent plus \$75, or \$78, which is probably the intention.

MW/dm