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FISCAL IMPACT REPORT

ORIGINAL DATE
SPONSOR Altamirano **LAST UPDATED** 2/08/06 **HB** _____

MEDICAID BEHAVIORAL HEALTH FEE-
SHORT TITLE FOR-SERVICE **SB** 508

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$2,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	\$5,100.0	\$5,100.0	Recurring	Federal Medicaid

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
 Children Youth and Families Department (CYFD)
 Department of Health (DOH)
 Health Policy commission

SUMMARY

Synopsis of Bill

Senate Bill 508 appropriates \$2 million from the general fund to the Human Services Department

for the purpose of increasing Medicaid behavioral health fee-for-service payments.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

SIGNIFICANT ISSUES

The total funding available including the Medicaid match will be \$7.2 million. HSD indicates that specifying the funding can only be used to increase fee-for-service rates may result in inequity in reimbursement for services provided to recipients through a managed care arrangement versus those in fee-for-service. This is in spite of the fact that all reimbursements are made by a single entity contractor under the Behavioral Health Collaborative. Failure to increase the Medicaid rates equally, regardless of the managed care or fee-for service status of the recipient, may cause providers to feel they are being reimbursed unfairly and result in unequal recipient access to services.

The Health Policy Commission contributes:

According the New Mexico Health Resources (NMHR), a private, non-profit agency organized to support efforts to recruit and retain healthcare personnel in New Mexico, Medicaid reimbursement rates have not been adjusted in several years and are the lowest rates in the state for health services. Low reimbursement rates effect behavioral health professionals particularly psychiatrists. NMHR noted that in 2005 there were only 34 licensed psychiatrists practicing in the state and all but four were in the Albuquerque and Santa Fe areas.

The 2002 Health Policy Commission's Physician Survey indicated that one of the top three reasons given for leaving the state is due to the Medicaid reimbursement rate.

New Mexico's prevalence of substance abuse/mental disorders is statewide and behavioral health professionals are needed in rural areas, maybe more so than in urban areas. Medicaid's low reimbursement rates impact professionals statewide.

MW/yr