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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Sedillo Lopez/Nibert</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>2/9/23</u>
<b>SHORT TITLE</b> <u>Medicaid as Mandatory Medical Child Support</u>	<b>BILL NUMBER</b> <u>Senate Bill 224</u>
	<b>ANALYST</b> <u>Esquibel</u>

### REVENUE\* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
	(\$280.0)	(\$280.0)	Recurring	Other State Funds in Medicaid

Parentheses ( ) indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>HSD Child Support Enforcement Program's admin cost savings</b>		(\$3,400.0)	(\$3,400.0)	(\$6,800.0)	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Administrative Office of the Courts (AOC)

Attorney General's Office (NMAG)

Children, Youth and Families Department (CYFD)

Early Childhood Education and Care Department (ECECD)

Human Services Department (HSD)

## SUMMARY

### Synopsis of Senate Bill 224

Senate Bill 224 (SB224) would amend portions of the Mandatory Medical Support Act to remove the requirement to establish and enforce a cash medical support order of \$5 per month

for noncustodial parents whose child's or children's health coverage is provided by a public entity, such as Medicaid.

The bill further clarifies healthcare coverage through a public entity (i.e., Medicaid) is considered a health coverage plan for the purpose of a medical support order. Language is added that the obligor is required to maintain the recertification of the healthcare coverage if the medical support obligor meets the eligibility requirements.

## **FISCAL IMPLICATIONS**

The bill does not contain an appropriation.

The Human Services Department (HSD) reports the bill's provisions would result in a loss of up to \$280 thousand in other state funds revenue for the Medicaid program because of the elimination of the \$5 collection for medical support orders. However, HSD projects an administrative cost savings of \$3.4 million from reducing administrative burden and staff time to collect the medical support order fee.

HSD estimated the administrative cost by computing the cost to establish and enforce a \$5 medical support order is \$741, and there are approximately 4,600 cases for medical support, resulting in a \$3.4 million savings to HSD.

## **SIGNIFICANT ISSUES**

The Administrative Office of the Courts notes existing law places a financial duty on the parent or parents when Medicaid is utilized in a scenario falling under the Mandatory Medical Support Act by requiring the obligor to remit cash payments to the department or public entity providing health care coverage. However, this requirement of the obligor to submit payments to the department or public entity diverts resources and funds that may benefit the child. It is doubtful the amount of funds recouped is viable to support the activity and removes manpower and resources from other direct services which could benefit the children more.

## **TECHNICAL ISSUES**

ECECD suggests adding Children's Health Insurance Program (CHIP) to the coverage and clarifying the coverage regards the child, not parent.

The Administrative Office of the Courts notes the bill does not address retroactivity, leaving it unclear if previously owed amounts will still be liable for collection.

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