

LFC Requester:	Laird Graeser
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment**
Correction **Substitute**

Date 1/10/24
Bill No: HB93

Sponsor: Rep. Kathleen Cates
Short MEDICAID HOME
Title: MODIFICATION GROSS

Agency Name and Code HSD/HCA 630
Number: _____
Person Writing Jennifer Rodriguez, DDSD,
Phone: 505-670-2407 **Email** Jennifer.rodriguez@do

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
None	None	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
0	(92.0)	(99.7)	Recurring	General Fund
	(234.7)	(252.4)	Recurring	Federal Funds
	(326.7)	(352.1)	Recurring	TOTAL

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	unknown	unknown	unknown	unknown	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Related HB 26

Duplicates/Relates to Appropriation in the General Appropriation Act: N/A

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Receipts of an eligible provider for environmental modification services reimbursed by the medical assistance division may be deducted from gross receipts.

FISCAL IMPLICATIONS

In FY 2023, there were approximately 1,441 (=140 fee-for-service (FFS) + 1,301 managed care organization (MCO)) Medicaid recipients who benefited from environmental modifications to their homes at a total cost of \$7,213,243.00. Medicaid recipients who utilized agency-based community services and self-directed community services would benefit from the gross receipts tax (GRT) deduction of 7.1741% (the state average gross receipts tax rate for all areas as of January 1, 2024).

On the FFS portion, the Medicaid program does not pay GRT to not-for-profit providers or on services that were exempted from the GRT (e.g., prescribed drugs). For for-profit providers, the GRT is added to the base payment based on service location. In FY 2023, environmental modifications were provided to 140 recipients for a total cost of \$678,837.00, including \$30,748.00 GRT amount which calculated to an effective GRT rate of 4.7444%. The projected cost for FY 2025 is \$719,070.00, including \$32,570.00 GRT amount, a 5.93% increase from FY 2023. The proposed GRT deduction by HB 093 will remove that effective GRT rate and will save the Medicaid program \$32,570.00 (\$9,72.00 General Fund with a composite FMAP of 71.84% for FY 2025). For FY 2026, the reduction is estimated at \$33,536.00 (\$9,497.00 GF) with the FFY 2025 FMAP of 71.68%.

On the MCO line of business, the providers are reimbursed based on negotiated rates with the respective MCO. However, GRT payment is assumed to mirror the practice on the FFS side, i.e., not for-profit providers do not collect GRT and remit no GRT to the state. In FY 2023, the MCOs paid a total of \$5,536,495.00, including an estimated GRT amount of \$250,776.00. Based on the estimated expenditure growth between FY 2023 and FY 2024 of 8.3%, the FY 2025 projected cost is \$6,494,203.00, including a projected GRT amount of \$294,155.00 based on a 4.7444% effective GRT rate. Thus, the proposed GRT deduction by HB 093 will result in \$294,155.00 (\$82,834.00 GF) reduction in Medicaid payment. For FY 2026, the reduction is estimated at \$318,582.00 (\$90,222.00 GF) with the FFY 2025 FMAP of 71.68%.

Overall, the GRT deduction by HB 093 will reduce the Medicaid expenditure for environmental modifications by \$326,725.00, of which \$92,006.00 is General Fund in FY 2025 and \$352,118.00 (\$99,719.00 GF) in FY 2026.

SIGNIFICANT ISSUES

- Medicaid environmental modifications (Emods) services are provided under several Medicaid home and community-based services programs (HCBS): Centennial Care Community Benefit (CB); Developmental Disabilities Waiver; Mi Via Waiver; Medically Fragile Waiver; and Supports Waiver. Program recipients are allowed six thousand (\$6,000) dollars every five years in CB and five thousand (\$5,000) every five years in the waiver programs. Before recipients can access Emods, all requests must undergo utilization review for medical necessity.
- Under the Medicaid program, the provider's GRT costs incurred for the Emods is built into the provider's bid and reimbursed in the total payment to the provider.
- Approximately 36,000 New Mexicans participate in HCBS programs.

PERFORMANCE IMPLICATIONS

- DDS does not have performance measures related to HB 93
- HB 93 is related to goals #1, #2 and #3 of the HCA Strategic Plan

ADMINISTRATIVE IMPLICATIONS

None

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to HB 26 Medicaid Environmental Modifications Services

TECHNICAL ISSUES-

The GRT deduction under HB 093 will expire on June 30, 2034.

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo. The Medicaid program will continue to pay GRT to for-profit providers rendering environmental modifications services.

AMENDMENTS

None