

**2024 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS**

Section I: General

Chamber: Senate
Number: 25

Category: Bill
Type: Introduced

Date (of THIS analysis): January 18, 2024
Sponsor(s): Mark Moores
Short Title: Fee-For-Service Payment Receipts

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 24	FY 25		
\$0	\$0	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 24	FY 25	FY 26		
\$0	\$0	\$0	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 24	FY 25	FY 26	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$	\$	\$	\$		

The New Mexico Taxation and revenue Department (TRD) would be administering the funds. The Department of Health (DOH) is unable to outline the type of expenses this bill would incur for TRD

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

Senate Bill 25 (SB25) would modify Section 7-9-93 NMSA 1978 (being Laws 2004, Chapter 116, Section 6, to allow receipts of a health care practitioner for medically necessary services paid by an individual to be deducted from gross receipts if the services are within the scope of practice of the health care practitioner.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

The Gross Receipts and Tax is housed under the New Mexico Taxation and Revenue (TRD) and TRD provides an annual publication (<https://www.tax.newmexico.gov/businesses/wp-content/uploads/sites/4/2022/12/FYI-105.pdf>), which includes a description of gross receipts and compensating taxes; exemptions, deductions, and credits available for each tax. For Medical Deductions, a special reporting is required for each subsection (pages 25-26) so it is uncertain if TRD will need to add a subsection to include proposed “Fee-For-Service” payment receipts. This proposal could affect the TRD’s administrative operations.

In 2022, New Mexico had an estimated total population of 2,113,476 in 33 counties. This bill could affect NMDOH stakeholders and customers. Under current healthcare reimbursement systems, communities with a large proportion of low-income residents and rural communities may not generate sufficient paying demand to assure that providers will practice in these locations (2020-2022 New Mexico State Health Improvement Plan, page 11: <https://www.nmhealth.org/publication/view/plan/5311>). The rural to urban migration of health professionals inevitably leaves poor, rural, and remote areas underserved and disadvantaged.

Since the demands for health care services and providers continues to increase, providing incentives to health care providers, associations of healthcare practitioners, and individuals in rural areas may help stabilize and improve health care services (2020-2022 New Mexico State Health Improvement Plan, page 12). One example is NMDOH’s Rural Health Care Practitioner Tax Credit. This Program tracks the total rural health care providers approved for a tax credit, such as in Tax Year 2022, two thousand and fifty-eight (2,058) rural health care providers were approved (retrieved from the NM Rural Health Care Practitioner Tax Credit Program database). SB25 could encourage more health care providers to provide services in rural areas of the state if Fee-For-Service payments and payments from individuals to be allowed for a gross receipts tax deduction for services provided by health care practitioners.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?
 Yes No
- Is this proposal related to the NMDOH Strategic Plan? Yes No

- Goal 1:** We expand equitable access to services for all New Mexicans
- Goal 2:** We ensure safety in New Mexico healthcare environments
- Goal 3:** We improve health status for all New Mexicans
- Goal 4:** We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

SB25 relates to Department of Health Strategic Plan FY 21-23, Goal: Expand Equitable Access to Services for all New Mexicans, page 11: <https://www.nmhealth.org/publication/view/plan/7187/>

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?
 Yes No N/A
- If there is an appropriation, is it included in the LFC Budget Request?
 Yes No N/A
- Does this bill have a fiscal impact on NMDOH? Yes No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

8. DISPARITIES ISSUES

New Mexico's health system poses certain challenges for improving the health status of the population as New Mexico's population is not evenly distributed across the state geographically. Of New Mexico's 33 counties, seven contain predominantly urban areas defined as part of Metropolitan Statistical Areas. The remaining 26 Non-Metropolitan counties are considered rural or frontier in nature ([New Mexico Rural Health Plan](#)), June 2019, page 3).

9. HEALTH IMPACT(S)

Providing health care and public health services in rural areas poses challenges such as the ability to hire and maintain health care providers, and the great distances that many people must travel to get care (New Mexico State Health Improvement Plan, 2020-2022, page 6: <https://www.nmhealth.org/publication/view/plan/5311/>). The proposed Fee-For-Service

payment receipts in SB25 could encourage more rural health care providers to continue to provide needed health care services in New Mexico's rural areas.

10. ALTERNATIVES

None

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If SB25 is not enacted, Section 7-9-93 NMSA 1978 (being Laws 2004, Chapter 116, Section 6, the statute authorizing expanding a gross receipts tax deduction for healthcare practitioners and associations of healthcare practitioners, would not be modified to allow receipts of a health care practitioner for medically necessary services paid by an individual may be deducted from gross receipts if the services are within the scope of practice of the health care practitioner.

12. AMENDMENTS

None