

LFC Requester:

Eric Chenier

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

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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 1/19/24

Bill No: SB62

Sponsor: Sen. Campos
Short Medicaid Mileage
Title: Reimbursement

Agency Name and Code HSD-630
Number:
Person Writing Annabelle Martinez
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$0.0	\$2,000.0	Nonrecurring	General Fund
	\$7,380.9	Nonrecurring	Federal Funds
	\$9,380.9		Total

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$0.00	\$0.00	\$0.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$0.0	\$50.0	\$0.0	\$50.0	Nonrecurring	General Fund
	\$0.0	\$50.0	\$0.0	\$50.0	Nonrecurring	Federal Fund
Total	\$0.0	\$100.0	\$0.0	\$100.0	nonrecurring	Total

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act: No known duplicates or related appropriations.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 62 (SB 62) adds a section to the Public Assistance Act to require the Health Care Authority (HCA) to establish mileage reimbursement rates based on average cost of licensure and registration, fuel, maintenance (including repair and tires), insurance, mechanic costs, interest paid, depreciation, replacement costs, and indirect costs for:

1. Ambulance providers for Medicaid patient transport for every mile while transporting a patient.
2. Environmental Modification Services providers and Durable Medical Equipment (DME) installers for travel to a Medicaid patient’s home.
3. SB 62 appropriates \$2 million (GF) to the Health Care Authority Department for use in FY2025 to cover the costs of mileage reimbursement. Any unexpended or unencumbered balance remaining at the end of fiscal year 2025 shall revert to the general fund.

FISCAL IMPLICATIONS

- Medicaid is jointly funded by the state and federal governments. The composite federal financial participation rate for FY25 is 78.68 percent; the proposed \$2,000,000 general fund appropriation would generate \$7,380,863 in federal Medicaid matching funds, a total of \$9,380,863.
- Additionally, HCA will work with a contractor to develop the mileage reimbursement rates at a cost of \$100,000 (\$50,000 general fund).
- DDSD would need monies to obtain a contractor through the Request for Proposal process to conduct a rate study to determine the associated costs with implementing a mileage reimbursement rate for our home and community-based services waivers offering environmental modification services.

- The proposed appropriation will only cover an increased mileage rate for one year, FY25. If a mileage reimbursement rate is recommended there would be an ongoing fiscal impact to sustain an additional rate for environmental modification services.

SIGNIFICANT ISSUES

- MAD covers the base rate and ground mileage per statute mile for ground ambulance as described in the Medicaid Transportation Fee Schedule and NMAC 8.324.7.
- Medicaid environmental modification services (Emods) are provided under several Medicaid programs including the Centennial Care community benefit, developmental disabilities waiver, Mi Via waiver, medically fragile waiver, and supports waiver. Currently under these Medicaid programs, the provider's transportation costs incurred for "Emods" are built into the provider's bid and reimbursed in the total payment to the provider.
- In order to separate a mileage reimbursement rate for environmental modification services, a rate study would need to be completed to determine how the rate should be configured based upon the SB 26 average cost considerations, since this is currently bundled in the existing rate.
- Appropriation is nonrecurring and would need to be recurring to sustain a reimbursement rate for mileage.
- SB 62 does not specify which Medicaid programs offering environmental modification services a mileage reimbursement rate applies to.
- MAD currently covers the delivery of a DME item only when the equipment is initially purchased or rented, and the round-trip delivery is over 75 miles per NMAC 8.324.5.12.C(11).

PERFORMANCE IMPLICATIONS

- SB62 does not impact the current delivery of Medicaid home and community-based services.
- SB62 is not related to the Health Care Authority Department's strategic plan.

ADMINISTRATIVE IMPLICATIONS

Implementation of this bill would require extensive administrative actions to include:

1. If a mileage reimbursement rate would separate from the environmental modification bundled service rate, an amendment to each of the four Medicaid home and community-based services waivers would be required by the Centers for Medicare and Medicaid Services and could not be implemented until these amendments were approved.
2. Claims processing system edits for both state and managed care organizations,
3. May require federal request to amend New Mexico Medicaid State Plan to ensure federal matching.
4. Revisions to New Mexico Administrative Code.
5. Development of guidance to providers and managed care organizations.
6. For Community Benefit Environmental Modifications, a request for an amendment to the

Turquoise Care Waiver would need to be submitted and approved by CMS before any mileage reimbursements can be made.

Information Technology (IT) system changes related to claims processing would not result in additional costs since they would be part of the Medicaid Management Information System (MMIS) maintenance and operations (M & O) contract. The specific requirements would need to be gathered before a timeline for completion could be estimated.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None known.

TECHNICAL ISSUES

- Various average cost considerations proposed in SB 62 do not meet the definition of mileage reimbursement and appear to be outside of the scope of mileage reimbursement. It is unclear if Medicaid can pull down federal matching funding if the proposal does not meet the definition of mileage reimbursement.

OTHER SUBSTANTIVE ISSUES

No known other substantive issue

ALTERNATIVES

- MAD is currently implementing an Ambulance Supplemental Payment Program (ASPP).
- Rate studies for Medicaid home and community-based services waivers occur every two years. The next rate study will occur in FY25. An alternative to SB62 would be to include the mileage reimbursement proposals in the next rate study to accomplish SB 62's intent.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

For Ambulance Providers the consequence is status quo. MAD will continue to cover the base rate and ground mileage per statute mile.

For Environmental Modifications providers if SB62 is not enacted, "Emod" providers cannot bill separately for the cost of transportation to and from a Medicaid recipient's home, and provider transportation costs will continue to be billed as part of the provider bid/cost per project.

For Durable Medical Equipment the consequence is status quo. MAD will continue to cover the delivery of a DME item only when the equipment is initially purchased or rented and the round-trip delivery is over 75 miles per NMAC 8.324.5.12.C(11).

AMENDMENTS

No known amendments