

LFC Requester:

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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 1/18/24

Bill No: SB89

Sponsor: Sen. Ortiz y Pino
Expand Healthcare Workforce

Agency Name
and Code HSD-630
Number:

Person Writing Melanie Buenviaje, HSD

Short
Title:

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	20,000.0	nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
0	0	0	0	0

(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		73,808.6	0	73,808.6	Nonrecurring	Federal Match Funds

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not known
 Duplicates/Relates to Appropriation in the General Appropriation Act: Not known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 89 (SB 89) makes the following general fund appropriations for FY 2025:

Section 1. \$20,000,000 to the Health Care Authority to increase Medicaid reimbursement for health care services;

Section 2. \$10,000,000 to the health professional loan repayment fund;

Section 3. \$2,000,000 to the children, youth and families department for expenditure in fiscal year 2025 to increase funding for educational stipend programs that receive matching federal funds pursuant to Title IV-E of the federal Social Security Act;

Section 4. the board of regents of the university of New Mexico for expenditure in fiscal year 2025 for the following purposes:

(A)(1). five million dollars (\$5,000,000) to support new physician resident slots at university of New Mexico health sciences center facilities;

(A)(2). \$3,000,000 to compensate preceptors that supervise and train students seeking to become health care professionals;

(A)(3). \$10,000,000 to pay faculty at the university of New Mexico college of population

Health.

Section 5. \$10,000,000 to the higher education department for expenditure in fiscal year 2025 and subsequent fiscal years to support the clinical supervision of social work and counseling students and to provide stipends to social work and counseling students who are working at unpaid internships.

Any unexpended or unencumbered balance remaining at the end of fiscal year 2025 shall revert to the general fund, except the appropriation in Section 5.

FISCAL IMPLICATIONS

Section 1 provides \$20,000,000 to increase Medicaid reimbursement rates for health care services. The Medicaid program is a federal-state partnership program and jointly funded by the state and federal governments. For FY 2025, the federal financial composite rate for health care services is 78.68%. The composite rate is based on the proportion of expenditures with the blended federal financial participation rates at 90%, enhanced federal medical assistance percentage (EFMAP) for Title XIX breast and cervical cancer program and Title XXI Children’s Health Insurance Program (CHIP). Thus, the \$20,000,000 general fund will support up to \$93,808,630 in total Medicaid expenditure of which the federal financial participation is \$73,808,630. The Medicaid program will also incur contract costs when implementing provider rate increases. It is unclear in the bill if some of the \$20,000,000 can be used for administrative costs.

SIGNIFICANT ISSUES

SB 89 makes an appropriation only for FY 2025, a nonrecurring appropriation, with the intent to expand the health care workforce throughout the state. To sustain the expansion of the health care workforce, a recurring appropriation is necessary to continually maintain the increased Medicaid reimbursement rates, unless the Legislature plans to reappropriate this fund every year beyond FY 2025. In addition, this bill lacks direction on health care services that would benefit from the Medicaid reimbursement rate increase.

If the appropriation is not recurring, it could put Medicaid in the position of cutting reimbursement or benefits in subsequent fiscal years in order to meet budget limitations.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

This bill does not specify the health care services that would receive the Medicaid reimbursement rate increase. Medicaid reimbursement rate increases require approval from the Centers for Medicare and Medicaid Services (CMS) through either a State Plan amendment or amending an existing 1115 waiver to receive the federal match.

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None

AMENDMENTS

None