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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Campos</u>	<b>LAST UPDATED</b> <u>02/07/24</u>	<b>ORIGINAL DATE</b> <u>02/01/24</u>
<b>SHORT TITLE</b> <u>Health Care Authority Mileage Reimbursement</u>	<b>BILL NUMBER</b> <u>Senate Bill 62</u>	<b>ANALYST</b> <u>Esquibel/Chilton</u>

### APPROPRIATION\* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$2,000.0	Recurring	General Fund

†Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

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

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$50.0		\$50.0	Nonrecurring	General Fund
		\$50.0		\$50.0	Nonrecurring	Federal Funds for Medicaid
<b>Total</b>		\$100.0		\$100.0		

†Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Duplicates House Bill 203

### Sources of Information

LFC Files

#### Agency Analysis Received From

Health Care Authority (HCA)

Department of Health (DOH)

#### Agency Analysis was Solicited but Not Received From

Department of Finance and Administration (DFA)

New Mexico Counties

## SUMMARY

### Synopsis of Senate Bill 62

Senate Bill 62 appropriates \$2 million from the general fund to the Health Care Authority (HCA) to establish a mileage reimbursement rate for providers of ambulance services, environmental modification services, and durable medical equipment for Medicaid patients and paying the state share of these Medicaid services.

For each category of provider, the mileage reimbursement rate would take into account the following items:

1. Licensure and registration of an ambulance;
2. Fuel;
3. Ambulance maintenance;
4. Repair;
5. Tires;
6. Insurance;
7. Mechanic wages, benefits and payroll taxes;
8. Loan interest related to the ambulances;
9. The cost of the weighted allocation of overhead;
10. The cost of depreciation; and
11. Reserves for replacement ambulance vehicles and equipment.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

## **FISCAL IMPLICATIONS**

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund.

The Medicaid program could leverage the \$2 million appropriation contained in the bill and generate \$7.4 million in federal matching Medicaid dollars, for a total of \$9,380.9.

The Health Care Authority (HCA) reports it would need to engage a contractor to develop the mileage reimbursement rates for ambulance services at a total cost of \$100,000, \$50 thousand in general fund revenue and \$50 thousand in federal Medicaid matching funds.

HCA notes it would need to separately develop the mileage reimbursement rates for environmental modification services under the Developmental Disabilities Medicaid waiver's home- and community-based services. However, the agency did not include an estimate.

The Health Care Authority notes 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 maintenance and operations contract.

## **SIGNIFICANT ISSUES**

The Medicaid program currently reimburses for mileage for ground ambulance services using a base rate per mile public in the Medicaid Transportation Fee Schedule. These rates were increased in FY24 based on the Medicaid rate increases enacted in 2023.

Environmental modifications are provided under several different Medicaid programs in New Mexico including the Centennial Care community benefit, developmental disabilities waiver, Mi Via waiver, medically fragile waiver, and the supports waiver. The Medicaid programs currently reimburse the providers' transportation costs bundled into a total rate that includes

transportation. The overall rate is based on the provider's bid. HCA notes to separate out a mileage reimbursement rate for environmental modification services, a rate study would be needed since this reimbursement is currently bundled in the existing rate. SB62 does not include funding to conduct an environmental modification rate study.

The cost of delivery of durable medical equipment that is purchased or rented is currently paid for by Medicaid only if round-trip delivery is more than 75 miles. The reimbursement rate is included in the Medicaid transportation fee schedule.

According to DOH:

New Mexico ambulance agencies frequently report that current mileage reimbursement from Medicaid [are] very low and do not cover costs. New Mexico Medicaid mileage reimbursement is \$10.45 per mile but only billable after the first 15 miles. The Medicare rate is \$8.71 per mile but allows billing at the first mile. The state ambulance tariff administered by the Public Regulation Commission also allows billing from the first mile at a rate of \$12.75.

## **ADMINISTRATIVE IMPLICATIONS**

HCA indicates the following administrative effects of this bill:

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 federal Centers for Medicare and Medicaid Services (CMS) and could not be implemented until these amendments were approved.
2. Claims processing IT system edits for both state and managed care organizations would be required,
3. Revisions to New Mexico Administrative Code.
4. Development of guidance to providers and managed care organizations.
5. 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.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 62 duplicates House Bill 203.

## **TECHNICAL ISSUES**

The Health Care Authority (HCA) notes SB62 does not specify which Medicaid programs offering environmental modification services a mileage reimbursement rate applies to.

According to HCA, "Various average cost considerations proposed in SB62 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."

## **ALTERNATIVES**

HCA suggests, “An alternative to SB62 would be to include the mileage reimbursement proposals in the next rate study to accomplish the bill’s intent.” Medicaid conducts these rate studies every two years, with the next study slated to occur in FY25.

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