

LFC Requester:	Eric Chenier
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: 2/22/2025 *Check all that apply:*
Bill Number: SB512 Original Correction
 Amendment Substitute

Sponsor: Senator Linda Lopez **Agency Name and Code Number:** Office of Superintendent of Insurance - 440
Short Title: Health Care Provider Reimbursements **Person Writing:** Viara Ianakieva
Title: Reimbursements **Phone:** 505-508-9073 **Email:** Viara.ianakieva@osi.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	N/A	N/A

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 512 (SB512) amends Section 59A-57A-13 of the Surprise Billing Protection Act in the Insurance Code. The bill provides that the surprise bill reimbursement rate for calculating health care provider insurance reimbursement related to a specified service shall be determined based upon claims data that reflects the reimbursement amount for that service in the calendar year two years prior to the year in which the service was provided.

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

None known at this time.

ADMINISTRATIVE IMPLICATIONS

None known at this time.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

Section 13 of the Surprise Billing Protection Act, NMSA 1978, §59A-57A is set to be repealed effective July 1, 2028. This repeal date was implemented as a place holder until the NM APCD is fully functional. Now that the NM APCD is in place and can be used, the anticipated repeal date can be removed. Otherwise, New Mexico would be required to enforce the reimbursement scheme under the federal No Surprises Act after July 1, 2028.

The federal act's reimbursement scheme for surprise medical bills involves significant negotiation between providers and insurers, including an independent dispute resolution process but the act does not create a simple procedure to execute the reimbursement benchmark. As a result, the federal process is less streamlined and takes longer to resolve provider/insurer payment disputes than current New Mexico law.

It is essential for maintaining balance in New Mexico's fragile healthcare system that providers be reimbursed based on current market trends and reimbursement rates because it directly impacts their financial stability, allowing them to maintain practice viability, and ultimately deliver quality care to New Mexico patients while adapting to evolving healthcare landscapes and cost pressures within the industry.

New Mexico's Surprise Billing Protection Act (Sections 59A-57A-1 to 59A-57A-13 NMSA 1978) aims to protect healthcare consumers from unexpected bills from out-of-network providers. It limits the patient's financial responsibility to what they would pay if the services were provided by an in-network provider. The act also offers a streamlined process for resolving payment disputes

between providers and insurers, which is more favorable to providers than the federal No Surprises Act.

New Mexico's Surprise Billing Protection Act currently requires insurers to reimburse providers for surprise medical bills at: "the sixtieth percentile of the allowed commercial reimbursement rate for the particular health care service performed by a provider in the same or similar specialty in the same geographic area, as reported in a benchmarking database maintained by a nonprofit organization specified by the superintendent after consultation with health care sector stakeholders; provided that no surprise bill reimbursement rate shall be paid at less than one hundred fifty percent of the 2017 Medicare reimbursement rate for the applicable health care service provided."

These provisions were meant to be temporary until the state could set a reimbursement rate based on data from New Mexico Department of Health's All Payer Claims Database, "APCD." The NM APCD is now fully operational with mandatory submission requirements in NM.

SB 512 will allow OSI to transition into using the APCD. OSI is unable to specify the NM APCD as the current benchmark database because of a statutory conflict. Pursuant to NMSA 1978, §59A-57A-13B, the surprise bill reimbursement rate shall be calculated using dated claims data reflecting the allowed amounts paid for claims paid in the 2017 plan year, which was the most complete data year available at that time. NM APCD has only data from 2020 onward.

SB 512 does not change the overall surprise billing reimbursement formula; it only removes the reference to 2017 and allows surprise billing reimbursement calculations to be based on the most recent complete data year. OSI expects that the number of surprise billing reimbursement cases will be relatively small and not have a significant impact on costs. New Mexico's Surprise Billing Protection Act does not apply to surprise billing associated with air ambulance services, which incur the highest surprise billing charges.

Utilizing more current reimbursement rates based on data from the NM APCD on a rolling basis will ensure that reimbursement rates reflect current market conditions and payment trends. The NM APCD quality data is ensured through Milliman's MedInsight Data Confidence Model, through field checks, threshold control, and regular data audits.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without this modification to NMSA, 1978, Section 59A-57A-13 the current language would allow the sunset clause to take effect leaving providers subject to the federal No Surprises Act dispute process. In addition, NM will not be able to use the NM APCD database for surprise billing reimbursements.

AMENDMENTS

None.