

<b>LFC Requester:</b>	<b>Rommel</b>
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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

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*(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:** 1/16/2026 *Check all that apply:*  
**Bill Number:** HB 38 Original  Correction   
 Amendment  Substitute

**Sponsor:** Kathleen Cates **Agency Name and Code:** New Mexico Public Schools Insurance Authority 34200  
**Short Title:** Wheel Chair Insurance Coverage **Person Writing:** Kaylynn Roybal  
**Phone:** 505-479-1672 **Email:** Kaylynn.Roybal@psia.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis ( ) indicate revenue decreases)

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

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	0	\$45-\$255	\$90-\$545	\$135-\$800	recurring	NMPSIA Benefits Fund

(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**

Amends Section 13-7-46 NMSA 1978 within the Health Care Purchasing Act to require health insurance plans to cover wheelchairs and activity chairs. HB 38 clarifies that coverage for these devices must be at least equivalent to federal Medicare standards and no less favorable than coverage for other medical and surgical benefits. It introduces a definition of activity chair as a mobility device designed to enable participation in physical activities with improved speed, stability, and maneuverability compared to standard wheelchairs. HB 38 also strengthens protections against denials by making it an unfair and deceptive practice for insurers to deny coverage for these devices for otherwise covered conditions. Additionally, HB 38 updates language to require that plans cover the most appropriate medically necessary device, including all associated services like fittings, adjustments, and training, and ensures insurers use evidence-based criteria and provide access to multiple in-network providers where available. These changes clarify coverage obligations, expand protections for beneficiaries, and update terminology to reflect current mobility device standards. Changes apply to policies, plans, contracts and certificates delivered or issued for delivery or renewed, extended or amended in this state on or after January 1, 2027.

The following summary applies to the version of HB 38 substituted by the House Health and Human Services Committee. Amends Section 13-7-46 NMSA 1978 within the Health Care Purchasing Act to require health insurance plans to cover “complex rehabilitation technology [CRT] devices.” The original version of HB 38 was restricted to wheelchairs and activity chairs, as well as prosthetics and custom orthotics, which were already included in existing legislation. These CRT devices include “manual and power wheelchairs and mobility devices, including specialized seating and positioning items, options and accessories.” Whereas the original version of HB 38 allowed for wheelchairs and activity chairs to treat a range of neuromuscular disorders and paralysis, the committee substitute is limited to people with limb loss, limb difference, or mobility difficulties. Finally, the committee substitute introduces several quantity limits on CRT devices. Plan participants would be limited to three prosthetic or custom orthotic devices per limb per person within a three-year period. There would also be a limit of two CRT devices (including wheelchairs) within a three-year period.

#### **FISCAL IMPLICATIONS**

The Committee’s definition of “complex rehabilitation technology” (CRT) includes wheelchairs and activity chairs, as specified in the original version of HB 38 but may also include other technologies that similarly assist with daily activities but are not directly specified by the Bill. Wheelchairs are already covered under existing durable medical equipment (DME) benefits and are subject to established utilization controls, including medical necessity requirements and prior authorization for items with total charges of \$1,000 or more. One vendor analysis identified approximately 70 claimants, with an average allowed amount of \$596.60 per claimant, prior to application of deductibles, coinsurance, or copayments. Repairs and replacements are limited to medically necessary circumstances, such as wear, changes in condition, or end-of-life replacement. Based on current utilization patterns and controls, the fiscal impact associated with wheelchair

coverage is expected to be limited and manageable.

The fiscal impact of covering activity chairs is more difficult to quantify. Vendors report that activity chair coverage is a new mandate with no clear precedent in other jurisdictions, no established CPT or billing codes, and no reliable claims history. In addition, subject matter experts in DME have indicated limited awareness of established supplier networks for activity chairs within traditional medical equipment markets. Implementation would require insurers to develop provider networks, establish billing and reimbursement parameters, and implement utilization management oversight, which may result in administrative and operational costs.

Available market information suggests that CRT devices, including wheelchairs and activity chairs, may range widely in cost, from approximately \$1,300 to \$30,000, depending on functionality. The Committee version of HB 38 introduces quantity limits on the number of CRT devices to be covered within a certain period but does not include dollar limits or specify other parameters for managing device selection, provided that a patient has been evaluated for a device by a qualified physical or occupational therapist with no financial interest in the company supplying the device.

The Committee version of HB 38 also refines the medical diagnoses that could result in CRT device coverage. The qualifying diagnoses are now limited to “limb loss, limb absence or mobility limitation,” removing earlier references to paralysis and neuromuscular conditions.

HB 38 is now based on CRT devices rather than wheelchairs and activity chairs alone. CRT is an umbrella term that includes wheelchairs and activity chairs but also likely encompasses other devices that are not specified by the Bill. HB 38 also now specifically mentions “power wheelchairs,” which could cost much more than other devices and may also incur additional maintenance costs. Additionally, the Committee version of HB 38 institutes quantity limits on CRT devices. The analysis includes an assumption that a subset of members may require complete device replacement within the period and that this will be permissible under HB 38.

Potential fiscal impacts to NMPSIA are estimated by applying a prevalence rate to our trended population and projected utilization under varying uptake scenarios. The model assumed per-patient costs ranging from \$6,500 (low) to \$13,600 (high), spread over three fiscal years, with an assumed 7% annual cost increase. The low-end estimate reflects 20% uptake among eligible members, while the high-end estimate reflects 60% uptake. Because HB 38 would take effect on January 1, 2027, the analysis assumes no fiscal impact in FY 2026 and a half-year impact in FY 2027.

While this modeling provides a potential range of impacts, we caution that the assumptions are not supported by historical utilization data or established billing standards for activity chairs. Actual costs may differ depending on final implementation standards, utilization management criteria, and provider network development.

## **SIGNIFICANT ISSUES**

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

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

## **TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**