

LFC Requester: \_\_\_\_\_

**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:** 1/28/26

*Check all that apply:*

**Bill Number:** HB 38

Original  Correction

Amendment  Substitute

**Sponsor:** Kathleen Cates  
**Short Title:** WHEELCHAIR INSURANCE COVERAGE

**Agency Name and Code Number:** New Mexico Retiree Health Care Authority 34300  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0	\$0	\$0	

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0	\$0	\$0	\$0	

(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	\$10,000-\$50,000	\$25,000 - \$105,000	\$35,000 - \$155,00	Recurring	RHCA 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**

##### **Synopsis:**

This legislation expands health insurance coverage requirements in New Mexico by explicitly requiring coverage for prosthetic devices, custom orthotic devices, wheelchairs and activity chairs under the Health Care Purchasing Act and the New Mexico Insurance Code. The bill requires coverage for individuals with permanent physical disabilities to be provided on a nondiscriminatory basis, with benefits that are no less favorable than those provided for medical and surgical services and at least equivalent to Medicare coverage standards.

HB38 further requires coverage of the most appropriate device determined to be medically necessary by a treating physician and associated providers, including devices that support activities of daily living, employment-related functions, and physical activity that promotes whole-body health. The bill includes provisions addressing replacement, repair, and access to in-state and out-of-network providers, and establishes notice and appeals requirements related to coverage determinations.

#### **FISCAL IMPLICATIONS**

House Bill 38 is expected to have an increased fiscal impact on the New Mexico Retiree Health Care Authority (NMRHCA) benefit program, particularly for the non-Medicare eligible population for which NMRHCA is the primary payer. While NMRHCA currently provides coverage for medically necessary wheelchairs, HB38 expands both the scope and standards of coverage, including the addition of activity chairs and broader medical-necessity and replacement requirements.

The magnitude of the fiscal impact depends on utilization patterns, member eligibility, device pricing, maintenance costs, and vendor variability. National prevalence data was used to estimate potential utilization due to the absence of New Mexico-specific prevalence data for NMRHCA's non-Medicare population. Costs were modeled using estimated acquisition costs for wheelchairs and activity chairs, ongoing maintenance expenses, and assumed plan cost-sharing.

Wheelchair costs vary widely depending on medical need, ranging from several hundred dollars for basic manual chairs to tens of thousands of dollars for advanced power mobility devices. Based on available market data, activity chairs typically range from approximately \$1,500 to \$6,000 per device, exclusive of maintenance, repairs, and replacement costs. For individuals with degenerative or progressive conditions, utilization and replacement frequency may increase over time.

Based on actuarial modeling, the estimated plan-paid cost impact to NMRHCA is projected to range from approximately \$10,000 to \$50,000 in FY27 and \$25,000 to \$105,000 in FY28, with an estimated three-year total impact of \$35,000 to \$155,000. Actual experience may vary significantly depending on uptake rates, clinical determinations of medical necessity, and access to contracted providers.

## **SIGNIFICANT ISSUES**

NMRHCA notes significant uncertainty related to the implementation of HB38. While current plan designs already cover medically necessary wheelchairs, the bill introduces several new coverage standards that may increase utilization and administrative complexity. These include coverage for activity chairs used to support physical activity and whole-body health, expanded replacement provisions that limit the application of useful lifetime standards, and requirements to provide access to multiple in-state providers or out-of-network referrals when necessary.

The bill's reliance on treating-provider determinations of medical necessity and its requirement that coverage be at least equivalent to Medicare standards may increase appeals and disputes where plan utilization-management criteria differ from provider recommendations. Additionally, the requirement to reimburse out-of-network providers at mutually agreed-upon rates when adequate in-network access is unavailable, introducing cost and administrative uncertainty.

## **PERFORMANCE IMPLICATIONS**

NMRHCA and its contracted carriers will need to ensure sufficient supplier and provider capacity to support the expanded benefit, including access to vendors capable of furnishing activity chairs and specialized mobility equipment. Compliance with network adequacy standards, medical-necessity determinations, and replacement criteria will require ongoing monitoring to ensure consistent application and to mitigate member appeals and grievances.

## **ADMINISTRATIVE IMPLICATIONS**

Implementation of HB38 will require updates to benefit plan documents, evidence of coverage materials, prior authorization criteria, medical-necessity guidelines, and claims processing systems. Carriers may need to revise fee schedules, credential additional durable medical equipment suppliers, and update member and provider communications to reflect the expanded coverage requirements.

The bill also requires that benefit denials include specific notice of appeal rights, which may necessitate revisions to standard denial templates and internal review processes. Administrative oversight will be necessary to ensure consistent interpretation across carriers and to minimize the risk of external reviews and litigation.

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

None identified

## **TECHNICAL ISSUES**

Carriers will be required to reconfigure claims adjudication systems and internal policies to reflect the expanded statutory coverage requirements. This may include mapping new billing codes, aligning coverage criteria with Medicare-equivalent standards, and managing replacement and repair thresholds. Additional coordination may be needed to support out-of-network reimbursement arrangements when in-state provider capacity is insufficient.

## **OTHER SUBSTANTIVE ISSUES**

NMRHCA will continue its ongoing evaluation of benefit plan design to mitigate potential increases in premiums or claims costs associated with expanded coverage mandates. Ongoing actuarial monitoring will be necessary to assess utilization trends and fiscal impact if this benefit is implemented.

## **ALTERNATIVES**

Continue reliance on existing medically necessary durable medical equipment coverage consistent with Medicare standards. Clarify that coverage is limited to devices required for functional mobility and activities of daily living. Establish clearer statutory guidance regarding replacement frequency, documentation standards, and the distinction between repair and replacement.

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

NMRHCA will continue to provide coverage using industry standard definition for administration of benefit plans.

## **AMENDMENTS**

Establish reasonable limits and clearer standards for replacement frequency of activity chairs and custom orthotic devices while preserving clinical exceptions. Clarify network adequacy and out-of-network reimbursement requirements to reduce administrative burden and cost uncertainty. Further define “activity chair” to support consistent interpretation and claims administration.