

LFC Requester:

Eric Chenier

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: 1/31/26 **Bill Number:** HB257 **Original** **Amendment** **Substitute**
Short Title: FULL MEDICAID REIMBURSEMENT FOR VAGUS NERVE STIMULATION PROVIDERS

Sponsor: Rep. Pamela Herndon

Name and Code Number: HCA 630

Person Writing: Kresta Opperman

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0.0	\$370.0	Nonrecurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0.0	\$0.0	\$0.0	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$0.0	\$370.0	\$0.0	\$370.0	Nonrecurring	Medicaid Program General Fund
	\$0.0	\$951.4	\$0.0	\$951.4	Nonrecurring	Medicaid Program Federal Fund
Total	\$0.0	\$1,321.4	\$0.0	\$1,321.4		

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB257 makes appropriations in the amount of \$370,000 from general funds to the Health Care Authority for expenditures during the fiscal year 2027 to ensure the providers are fully reimbursed for vagus nerve stimulation (VNS). Any unexpended or unencumbered balance shall revert back to the general funds.

FISCAL IMPLICATIONS

This appropriation would be eligible for federal fund matching with an estimated Federal Medical Assistance Percentage (MAP) of 0.72. This would be estimated at \$951,429.00 additional funds for a total estimated budget of \$1,321,429.00 budget expenditures.

There are three FDA approved uses of vagal nerve stimulation: treatment resistant epilepsy, treatment resistant depression, add-on to rehabilitative therapy post stroke.

New Mexico Medicaid covers a broad range of codes to include neuro-stimulators, implantation, analysis/programming, revisions, and removal at a rate above the Medicare reimbursement rate. Additionally, New Mexico Medicaid will reimburse a provider for routine patient care services, which are those medically necessary services that would be covered if the MAP eligible recipient participating in qualified clinical trials which may include VNS for treatment that may be considered experimental or investigational treatment.

SIGNIFICANT ISSUES

It is not clear what “fully reimbursed for vagus nerve stimulation” means in HB257. Medicaid rates are established in the Fee Schedule. Codes applied for VNS, including 61885, 61886, 61888,

64568 through 64570, are reimbursed at 150% of the Medicare Fee schedule. HB257 does not identify a specific rate or percentage rate increase to be applied.

Per NMAC 8.310.3.11.B General reimbursement: (1) reimbursement to professional service providers is made at the lesser of the following (a) the provider's billed charge; or (b) the MAD fee schedule for the specific service or procedure.

To support ongoing reimbursement the funding appropriation would need to be recurring.

PERFORMANCE IMPLICATIONS

Increases in reimbursement may increase access to vagus nerve stimulation services for New Mexico Medicaid recipients. However, it is unclear whether access to vagus nerve stimulation is currently a challenge in NM (the HCA has no data to access barriers for vagus nerve stimulators)..

ADMINISTRATIVE IMPLICATIONS

Deviation from current reimbursement methodologies described in NMAC 8.310.3.11B would require a Medicaid State Plan Amendment to address the change in payment methodology, significant claims processing system edits, NMAC revisions, and managed care Letters of Direction.

This bill would require a system change in the financial services Information Technology (IT) system. This change will be part of maintenance and operations (M & O) and will be made at no additional cost. The specific requirements would need to be gathered before a timeline for completion could be estimated.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

The language "fully reimbursed" should be clarified.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo.

AMENDMENTS

None.