

LFC Requester:

Eric Chenier

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) and email to [billanalysis@dfa.nm.gov](mailto: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:** 2/3/26 **Bill Number:** HB278 **Original**  **Amendment**  **Substitute**

**Short Title:** MEDICAID REIMBURSEMENT FOR TOXICOLOGY SERVICES

**Sponsor:** Rep. Tara Lujan

**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	\$100.0	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	\$100.0	\$0.0	\$100.0	Nonrecurring	Medicaid Admin

						<b>General Fund</b>
	\$0.0	\$100.0	\$0.0	\$100.0	<b>Nonrecurring</b>	<b>Medicaid Admin Federal Fund</b>
<b>Total</b>	\$0.0	\$200.0	\$0.0	\$200.0		

(Parenthesis ( ) Indicate Expenditure Decreases)

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Senate Bill 205 requires the Health Care Authority to establish Medicaid reimbursement codes and standards for toxicology services provided by independent reference laboratories. The bill mandates that reimbursement for these services be set at the average Medicaid fee-for-service rate for definitive drug testing and limits reimbursement to services that are medically necessary and performed in accordance with evidence-based clinical protocols adopted by the HCA.

The bill directs the Health Care Authority to promulgate rules governing reimbursement, including consideration of nationally recognized clinical guidance related to the appropriate frequency of toxicology testing for individuals receiving substance use disorder treatment. It also authorizes the authority to verify laboratory eligibility through tax and licensure documentation and defines eligibility criteria for independent reference laboratories.

#### **FISCAL IMPLICATIONS**

An appropriation of \$100,000 from the general fund is provided to the HCA for fiscal year 2027 to administer the Medicaid reimbursement requirements. Any unexpended funds will revert at the end of fiscal year 2027. This appropriation would be eligible for Administrative federal fund matching with an estimated Federal Medical Assistance Percentage of 50%. This would be estimated at \$100,000.00 additional funds for a total estimated budget of \$200,00.00.

#### **SIGNIFICANT ISSUES**

HB205 appropriates \$100,000 in non-reoccurring funding to administer Medicaid reimbursement for toxicology services. No funds are appropriated as the state match for Medicaid reimbursement of these services.

#### **PERFORMANCE IMPLICATIONS**

MAD covers laboratory services, including CPT codes associated with medically necessary toxicology testing, as described in [8.310.3 NMAC](#). Fee schedule rates for laboratory codes are available on the HCA website: [Fee Schedules – New Mexico Health Care Authority](#)

Reimbursement for laboratory services may not exceed the amount allowed by Medicare for any

laboratory service. Medicare notifies MAD on an annual basis of its fee schedule for clinical laboratory services. These new fees become the maximums for reimbursement upon implementation by MAD.

MAD will evaluate existing coverage of medically necessary toxicology services to identify any gaps. Changes to existing service and reimbursement require a Medicaid State Plan Amendment, NMAC revisions, managed care Letters of Direction, and system edits. The timeline for fully implementing such a change is approximately one year. MAD would collaborate with HCA Behavioral Health Services Division on the services related to Substance Use Disorder (SUD).

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.

While Fee-for-Service Medicaid allows any provider that is registered with the state to bill Medicaid, Medicaid managed care organizations (MCOs) are allowed to maintain their own provider network, so long as it meets the State's criteria for adequacy and access. This legislation would remove the MCOs' ability to choose its own network toxicology testing providers.

#### **ADMINISTRATIVE IMPLICATIONS**

None for HCA

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

Duplicate of SB0205

#### **TECHNICAL ISSUES**

None for HCA

#### **OTHER SUBSTANTIVE ISSUES**

None for HCA

#### **ALTERNATIVES**

None for HCA

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

Status quo

#### **AMENDMENTS**

None