

LFC Requester:	
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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) 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:** 2/5/26 **Bill Number:** HB338 **Original**  **Amendment**  **Substitute**   
**Short Title:** EXTENDS HEALTH CARE PRACTITIONER SERVICES TAX DEDUCTION  
**Sponsor:** Rep. Doreen Gallegos  
**Name and Code Number:** HCA 630  
**Person Writing:** Mario Portillo  
**Phone:** 505-699-7526 **Email:** mario.portillo@hca.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0.0	\$0	NA	NA

(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)**

	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	\$0.0	\$0.0	\$0.0	\$0.0	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

**SECTION III: NARRATIVE**

**BILL SUMMARY**

House Bill 338 extends the sunset date of an existing gross receipts tax deduction for certain health care services and expands the deduction to include receipts from coinsurance, copayments, and deductibles. The deduction applies only to receipts associated with commercial contract services and Medicare Part C services.

**FISCAL IMPLICATIONS**

Services provided to Medicaid recipients under Title XIX or Title XXI of the federal Social Security Act are expressly excluded from the definition of commercial contract services. As a result, Medicaid provider payments, member cost-sharing, reimbursement methodologies, and managed care arrangements administered by the Medical Assistance Division are not affected.

The bill does not modify Medicaid eligibility, covered benefits, provider rates, or administrative responsibilities of the Health Care Authority therefore there is no fiscal impact to MAD.

**SHB** - HB 338 is a provider-side tax policy. It does not change covered benefits, member cost sharing, network rules, or claims administration requirements for SHB. If providers are no longer paying GRT on member-paid coinsurance (and with the extension through 2031), this reduces the tax burden on a portion of their revenue stream. In theory, reduced overhead could modestly reduce upward pressure in contract negotiations. In practice, pass-through to payers is uncertain, but may be helpful in rate discussions.

**SIGNIFICANT ISSUES**

None

**PERFORMANCE IMPLICATIONS**

None

**ADMINISTRATIVE IMPLICATIONS**

None

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None

**TECHNICAL ISSUES**

None

**OTHER SUBSTANTIVE ISSUES**

None

**ALTERNATIVES**

None

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

Status quo

**AMENDMENTS**

None