

LFC Requester:

Eric Chenier

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

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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: 1/23/26 **Bill Number:** SM0002 **Original** **Amendment** **Substitute**

Short Title: PEDIATRIC PALLIATIVE CARE BENEFIT

Sponsor: Sen. Stefanics, Sen. Brandt

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	\$0.0	NA	NA
		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
			NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	2 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Admin	\$0.0	\$60.2	\$60.2	\$120.4	Recurring	State GF
Admin	\$0.0	\$60.2	\$60.2	\$120.4	Recurring	Federal Fund
Admin	\$0.0	\$120.4	\$120.4	\$240.8	Recurring	Admin Total
Program	\$0.0	\$223.1	\$446.2	\$669.3	Recurring	State GF
Program	\$0.0	\$558.8	\$1,117.6	\$1,676.4	Recurring	Federal Fund
Program	\$0.0	\$781.9	\$1,563.8	\$2,345.7	Recurring	Program Total
Total	\$0.0	\$902.3	\$1,684.2	\$2,586.5	Recurring	Total Funding

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: SM002 proposes that the Health Care Authority submit a Medicaid State Plan amendment to add a pediatric palliative care benefit for children to support quality of life for children with complex or life-limiting medical conditions requiring pain and symptom management. Current Medicaid rules limit hospice care for children to individuals who have received a terminal prognosis of six months or fewer. This memorial proposes a new benefit allowing concurrent curative and palliative treatments and does not require hospice election.

FISCAL IMPLICATIONS

The fiscal impact of SM002 would include administrative and programmatic expenses. The estimated administrative cost is \$120.4 thousand/year, providing for 1 FTE position to implement the palliative care benefit for children. The administrative cost would be supported by \$60.2 thousand in federal funds and \$60.2 thousand in state funds. The estimated operating costs are \$781.9 thousand in the first year, supported by \$558.8 thousand in federal funds and \$223.1 thousand in state funds. The estimate recognizes 60 pediatric patients identified by diagnoses and having 3 or more hospitalizations. HCA estimates utilization will double in the second year to 120 patients. This represents an estimated operating cost of \$1,563.8 thousand in the second year, supported by \$1,117.6 thousand in federal funds and \$446.2 thousand in state funds. ('Medicaid Community-Based Palliative Care Benefit Proposal' (Alanna Dancis, New Mexico Medicaid Director).

SM002 does not include an appropriation. Additionally, SM0002 identifies that pediatric palliative care in other states has generated a net savings for Medicaid programs due to a decrease in

hospitalizations. The National Academy for State Health Policy issued an actuarial analysis policy brief in 2022 which identifies that palliative care is shown both to improve the quality of life for both the patient and family but also consistently shows cost savings (although savings may vary based on population ([Palliative Care in Medicaid Costing Out the Benefit: Actuarial Analysis of Medicaid Experience - NASHP](#)). To understand the full fiscal impact HCA would need to evaluate any cost-savings after implementation of the program.

SIGNIFICANT ISSUES

While this Senate Memorial, if passed, will serve as a formal expression of the New Mexico Senate's desires, it will not have the force of law, is not policy making, and does not include an appropriation to cover any of the administrative or programmatic costs associated with the creation of the desired Medicaid benefit. Additionally, HCA lacks control over the timing of CMS review, negotiation, and final approval of proposed state plan amendments. New Mexico would be the second state to propose such a benefit and years of negotiation will likely ensue prior to approval. Additionally, it is unclear whether the assignment of an October 1, 2026, update on progress toward the submission of a state plan amendment will compete with the current administrative burdens associated with other federal mandates, including HR1 implementation throughout FY26 and FY27.

Currently palliative services for children are limited to the hospice benefit, which requires the terminal prognosis and the election of hospice care by the family. Many children with complex or life-limiting medical conditions are not at the point for end-of-life care provided by the hospice benefit. Children that may benefit from symptom management, psychosocial support, and care coordination go without these services until late in the disease course. NM Medicaid does not currently offer a comprehensive benefit for patients who are seriously ill, but not terminal.

HCA would need to work with Hospice and Pediatric providers as well as Hospice agencies to establish a workgroup with timelines aligned to the SM002 request to define the benefit. Once established, HCA would submit a State Plan Amendment to the Centers for Medicare and Medicaid Services (CMS) to align state policy with federal guidelines as well as updating the New Mexico Administrative Code (NMAC).

PERFORMANCE IMPLICATIONS

SM002 supports HCA's core mission and clinical goals. The proposal advances goals related to quality improvement and care coordination for a high-need group, and it expands access for health equity.

ADMINISTRATIVE IMPLICATIONS

SM002 requires HCA/MAD to establish and operationalize a new Medicaid benefit this includes developing and submitting a Medicaid State Plan Amendment to the Centers for Medicare and Medicaid services, NMAC promulgation, development of provider and MCO guidance, rate development and adjustment to claim system logic.

ITD will provide support to MAD to manage the process of adjusting claim system logic as needed to support the change in SM002.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None for HCA.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

SM002 broadly refers to “children” but does not clearly define the age range or how it aligns with the Medicaid Categories of Eligibility (COE). SM002 does not define when or how children should transition from the proposed benefit to hospice care. SM002 does not provide a cost for implementing the additional service.

ALTERNATIVES

Potentially using the EPSDT authority instead of creating a new benefit under Hospice. Another alternative would be to carve palliative care into existing case management or care coordination.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None.