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FISCAL IMPACT REPORT

BILL NUMBER: CS/CS/House Bill 38/HHHCS/HHHCS

SHORT TITLE: Wheelchair Insurance Coverage

SPONSOR: House Health and Human Services Committee

LAST ORIGINAL
UPDATE: 2/16/26 **DATE:** 1/29/2026 **ANALYST:** Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Medicaid	See Fiscal Implications	\$1,340.3	\$2,578.3	\$3,918.6	Recurring	General Fund
Medicaid	See Fiscal Implications	\$3,358.8	\$6,458.8	\$9,817.6	Recurring	Medicaid Federal Funds
Medicaid Admin	See Fiscal Implications	\$12.2	\$12.2	\$24.4	Recurring	General Fund, Federal Funds
State Health Benefits (Member+State)		\$741.0	\$1,603.6	\$2,344.6	Recurring	SHB (Member+State)
Public School Insurance Authority		\$45.0-\$255.0	\$90.0-\$510.0	\$135.0-\$765.0	Recurring	NMPSIA benefits
Retiree Health Care Authority		\$10.0-\$50.0	\$25.0-\$105.0	\$35.0-\$155.0	Recurring	NMRHCA benefits
TOTAL		\$5,507.3-\$5,757.3	\$10,767.9-\$11,267.9	\$16,275.2-\$17,025.2	Recurring	Multiple

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
 Aging and Long-Term Services Department
 Developmental Disabilities Council
 Governor's Commission on Disability
 Health Care Authority
 Office of Superintendent of Insurance
 Public Schools Insurance Authority
 Retiree Health Care Authority

SUMMARY

Synopsis of HHC Substitute for HHC Substitute for House Bill 38

The House Health and Human Services Committee substitute for the House Health and Human Services Committee substitute for House Bill 38 (HB38/HHHCS/HHHCS) amends the Health

Care Purchasing Act and Insurance Code to require coverage for up to two complex rehabilitation technology (CRT) devices and up to three prosthetic or orthotic devices per affected limb in a three-year period based on medical necessity.

A CRT device that is a manual or power wheelchair shall only be covered if the insured undergoes a CRT device evaluation with a licensed physical or occupational therapist who has no financial relationship with the supplier of the CRT device and is provided by a CRT device supplier that employs at least one assistive technology professional certified by the Rehabilitation Engineering and Assistive Technology Society of North America with a specialization in seating, positioning, and mobility. The supplier must make at least one qualified CRT device service technician available in each service area served by the supplier to service and repair devices that are furnished by the supplier.

The bill would cover the most appropriate prosthetic or custom orthotic devices when medically necessary to restore or maintain the ability to complete activities of daily living or essential job-related activities, physical activities including running, biking and swimming, and to maximize the insured's upper limb function.

The bill amends the Insurance Code to make it a violation of the Unfair Trades Practices Act to deny a CRT device to a person with limb absence or mobility limitation.

The effective date of this bill is January 1, 2027.

FISCAL IMPLICATIONS

The Health Care Authority (HCA) reports the bill would have fiscal implications for both the State Health Benefits program and the Medicaid program if it is intended for inclusion under the bill. HCA estimates funding the CRT devices would cost \$2.3 million for the State Health Benefits program in both member and state costs and \$13.7 million in state and federal funds for the Medicaid program, if included.

The Public Schools Insurance Authority estimates a fiscal impact of the bill for its members of up to \$255 thousand per year.

The Retiree Health Care Authority estimates a fiscal impact of the bill for its members of up to approximately \$50 thousand a year.

SIGNIFICANT ISSUES

HCA notes the substitute bill mandates CRT device suppliers employ at least one assistive technology professional with specific certifications and to make at least one qualified CRT device technician available in each service area. Under these provisions, a clear method would be needed for identifying and verifying CRT device suppliers that meet these mandates.

HCA reports the bill does not amend Chapter 27 which pertains to Medicaid, so it is unclear if the bill is intended to apply to Medicaid. Currently, Medicaid covers one wheelchair and activity chair every three years unless there is a change in medical necessity.

ADMINISTRATIVE IMPLICATIONS

Carriers may need to expand contracts with suppliers and specialty providers.

RHCA notes 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.

TECHNICAL ISSUES

The Retiree Health Care Authority reports the bill's reliance on the treating provider's determinations of medical necessity and the bill's 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, introduces cost and administrative uncertainty.

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