

LFC Requester:	Eric Chenier
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date 1/17/24
Bill No: HB26

Sponsor: Rep. Kathleen Cates
MEDICAID ENVIRONMENTAL
MODIFCATION SVCS.

**Agency Name
and Code** HSD/HCA 630
Number: _____

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
0	\$5,229.9	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue	Recurring	Fund
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FY24	FY25	FY26	or Nonrecurring	Affected
0	0	0	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	0	\$18,043,1	0	\$18,043,1	Recurring	Federal Match Funds (Federal Match)

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not Known

Duplicates/Relates to Appropriation in the General Appropriation Act : Not Known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Appropriates \$5,229,900 (GF non-reverting) to the Health Care Authority Department (HCA) for use in FY 2025 and subsequent fiscal years to increase the recommended limit on environmental modification services for eligible Medicaid recipients to \$15,000 every five years.

FISCAL IMPLICATIONS

- This appropriation is recurring every 5-year. The total per year \$1,046.0 with a total 3-year cost of \$3,138.0
- Using the FY2025 Federal Medical Assistance Percentage (FMAP) of 28.32%, the \$5.2 million general fund appropriation would generate \$18.0 million in federal match dollars for a total expenditure of \$23.3 million annually.
- There are approximately 28,500 members in the Community Benefit (CB) Program who would be able to access the proposed \$9,000 increase in their 5-year environmental modification allowance. There is a potential \$256,500,000.00 increase in costs for 5 years. It should be noted that HCA has received CMS approval to increase CB slots, which could result in 2,000 additional members entering the program over the next 5 years.
- There are 7,648 participants in the 1915c Home and Community Based Services (HCBS) Developmental Disabilities Waiver (DDW) program who would be able to access the proposed \$10,000 increase in their 5-year environmental modification allowance. There is a potential \$68,832,000.00 increase in costs for 5 years. Under the 1915c HCBS DDW programs, it is expected that at a minimum, 5,000 additional participants will enter the program over the next 5 years.

SIGNIFICANT ISSUES

- No data has been provided to support the need for a \$10,000.00 increase every five (5) years. For the CB, it would be an increase of \$9,000 every five (5) years.
- DDS D utilizes contractors for rate re-basing studies to determine the need for rate changes based on data and methodologies for increasing rates.
- For the CB Program, the current limit is \$6,000 every five years, and the benefit is approved, paid for, and monitored by the Medicaid Managed Care Organizations.
- HB 26 does not specify which waivers this increase would impact. There are four (4) waivers that offer this service, including the Centennial Care Community Benefit.
- Limited provider capacity for therapists and contractors, both who play a role in completing environmental modification services, may be a barrier to providing environmental modification services even with a larger reimbursement amount.
- The Centers for Medicare and Medicaid Services (CMS) must approve requests for rate increases. Due to existing waiver amendments, it may not be possible to submit this amendment request by July 1, 2024. Therefore, the two subsequent report dates of August 2024 and February 2025 may need to be adjusted.
- For the CB, HCA would need to submit a Turquoise Care 1115 waiver amendment to CMS for approval prior to implementing any increase in the service limit.
- Over 700 individuals are still in the process of entering the waiver programs based on ending the waiting list. The appropriation would not support the total population once all 700 plus individuals are in the program and receiving services.
- With new people entering the DDS D and Medicaid waiver programs annually, the appropriation will need to increase annually to support the growing population and potential use of the environmental modification service.

PERFORMANCE IMPLICATIONS

- DDS D does not have performance measures related to HB 26
- HB26 impacts the following two HCA goals:
 - Leverage purchasing power and partnerships* to create innovative models of comprehensive health care coverage that improve the health and well-being of New Mexicans and the workforce.
 - Achieve health equity* by addressing poverty, discrimination, and lack of resources, building a New Mexico where everyone thrives.

ADMINISTRATIVE IMPLICATIONS

- DDS D staff will need to write two reports related to this bill. Medicaid staff will need to write reports for the CB Program.
- Additional rate increases would require approval from the federal Centers for Medicare and Medicaid Services (CMS) before they could be implemented. This process may take up to six months to complete for programs under the 1915 waiver authority and up to a year for programs under the 1115 waiver authority.
- IT impact: FocosOnLine, the Financial Management Agency (FMA) budget management online system, must be updated to accommodate the increased benefit amount. Costs associated with this change will not be known until requirements can be gathered.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

None known.

OTHER SUBSTANTIVE ISSUES

None known.

ALTERNATIVES

Include Environmental Modification services in the next rate study FY 25 to determine the need to increase the rate and a methodology that supports the increase.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

For the Community Benefit, the benefit amount of \$6,000 per 5-year cycle will remain the same.
For 1915c HCBS Waivers, the benefit amount of \$5,000 per 5-year cycle will remain the same.

AMENDMENTS

None