

LFC Requester:

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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to 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:** 3/06/2025 *Check all that apply:***Bill Number:** SB198 Original Correction
Amendment X Substitute **Agency Name
and Code****Sponsor:** Senator Leo Jaramillo**Number:** ECECD 611**Person Writing****Analysis:** Elizabeth Groginsky**Short Title:** Family Infant Toddler
Funding**Phone:** (505)231-
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ecd.nmgov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$2,200.00	NFI	Nonrecurring	State General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$2,200.00	NFI	NFI	Nonrecurring	State General Fund

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Original:

SB198 proposes to appropriate \$2,200,000 from the general fund to the Early Childhood Education and Care Department for expenditures in fiscal year 2025 to reinstate the Family, Infant, Toddler program (FIT) provider rate increase for quarter 2, quarter 3, and quarter 4 of fiscal year 2025. Any unexpended or unencumbered balance remaining at the end of fiscal year 2025 shall revert to the general fund. This bill would increase the State General Fund budget for the FIT program, to return the service reimbursement rates to the level that was published in the Medicaid State Plan Amendment and the FIT Service Definitions and Standards in July of 2024, but was reduced to FY24 rates when it was discovered by ECECD that the FY25 budget did not support rate increases for FIT providers. If passed, SB198 will become effective immediately.

Amendment:

The Senate Health and Public Affairs Committee amendment to SB198 reduces the quarters in state fiscal year 2025 for which the Family, Infant, Toddler (FIT) program provider rate increase would apply. Specifically, the FIT program rate increase would only apply to the third through fourth quarters of fiscal year 2025.

FISCAL IMPLICATIONS

Amendment:

There are no additional fiscal implications other than those noted above. However, the amendment allocates \$2.2 million from the general fund while reducing the period for which rate increases would apply from three fiscal year quarters to two fiscal year quarters.

SIGNIFICANT ISSUES

Original:

Because CMS rules may prevent the reprocessing of paid claims as far back as October 1, 2024, the appropriation may need to cover not only the increase in rates for children not enrolled in Medicaid, but also for children enrolled in Medicaid whose claims were paid at the current rate, but happened outside of the time window in which CMS allows the reprocessing of claims.

Amendment:

With the amendment, SB198 poses no significant issues.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

Original:

Amendment:

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

Original:

Funding the ECECD's original supplemental request, which aims to address this issue, could be an alternative. That request would come closer to resolving FIT's projected budget shortfall (\$5 million) and reinstituting original FY25 rates for providers.

Another alternative would simply be to increase the total amount proposed in this bill to \$7,200,000.

Amendment:

With the amendment, SB198, there are no additional alternatives.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Original:

If this bill is not enacted, FIT providers will continue to struggle to recruit and retain staff due to an inability to offer competitive pay, which will contribute to members of the current FIT workforce being overburdened and underpaid.

Amendment: With the amendment, there are no additional consequences to enacting SB198.

AMENDMENTS