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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 257

SHORT TITLE: Vagus Nerve Stimulation Reimbursement

SPONSOR: Herndon/Lundstrom/Johnson

LAST ORIGINAL
UPDATE: _____ **DATE:** 02/03/2026 **ANALYST:** Chenier

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$370.0	Recurring	General Fund

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$370.0	\$370.0	\$740.0	Recurring	General Fund
		\$951.4	\$951.4	\$1,902.8	Recurring	Federal Funds
Total		\$1,321.4	\$1,321.4	\$2,642.8	Recurring	

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Health Care Authority

SUMMARY

Synopsis of House Bill 257

House Bill 257 (HB257) appropriates \$370 thousand from the general fund to the Health Care Authority (HCA) to ensure full reimbursement for health care providers who provide vagus nerve stimulation to Medicaid recipients.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$370 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall revert to the general fund.

HCA stated that this appropriation would be eligible for federal fund matching with an estimated Federal Medical Assistance Percentage (MAP) of 72 percent. This would be estimated at \$951,429.00 additional funds for a total estimated budget of \$1,321,429.00 budget expenditures.

There are three FDA approved uses of vagal nerve stimulation: treatment resistant epilepsy, treatment resistant depression, add-on to rehabilitative therapy post stroke.

HCA stated that New Mexico Medicaid covers a broad range of codes to include neuro-stimulators, implantation, analysis/programming, revisions, and removal at a rate above the Medicare reimbursement rate. Additionally, New Mexico Medicaid will reimburse a provider for routine patient care services, which are those medically necessary services that would be covered if the MAP eligible recipient participating in qualified clinical trials which may include VNS for treatment that may be considered experimental or investigational treatment.

SIGNIFICANT ISSUES

HCA provided the following:

It is not clear what “fully reimbursed for vagus nerve stimulation” means in HB257. Medicaid rates are established in the Fee Schedule. Codes applied for VNS, including 61885, 61886, 61888, 64568 through 64570, are reimbursed at 150 percent of the Medicare Fee schedule. HB257 does not identify a specific rate or percentage rate increase to be applied.

Per NMAC 8.310.3.11.B General reimbursement: (1) reimbursement to professional service providers is made at the lesser of the following (a) the provider’s billed charge; or (b) the MAD fee schedule for the specific service or procedure.

To support ongoing reimbursement the funding appropriation would need to be recurring.

ADMINISTRATIVE IMPLICATIONS

HCA stated that deviation from current reimbursement methodologies described in NMAC 8.310.3.11B would require a Medicaid State Plan Amendment to address the change in payment methodology, significant claims processing system edits, NMAC revisions, and managed care Letters of Direction.

This bill would require a system change in the financial services Information Technology (IT) system. This change will be part of maintenance and operations (M & O) and will be made at no additional cost. The specific requirements would need to be gathered before a timeline for completion could be estimated.