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FISCAL IMPACT REPORT

SPONSOR Berghmans/Hamblen/Charley/O'Malley/ Stewart **LAST UPDATED** _____
ORIGINAL DATE 03/07/2025
BILL
SHORT TITLE Coverage for Certain Health Care **NUMBER** Senate Bill 508
ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

| | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|------------------|------------------|------------------|-------------------|-------------------|-----------------------------------|---------------------------------|
| MAD | \$0.0 | \$1,497.1 | \$2,994.3 | \$4,491.4 | Recurring | General Fund |
| MAD | \$0.0 | \$4,135.5 | \$8,271.1 | \$12,406.6 | Recurring | Federal Funds |
| MAD | \$0.0 | \$13.3 | | \$13.3 | Nonrecurring | General Fund |
| MAD | \$0.0 | \$39.7 | | \$39.7 | Nonrecurring | Federal Funds |
| MAD Total | \$0.0 | \$5,685.6 | \$11,265.4 | \$16,951.0 | Recurring and Nonrecurring | |
| SHB | \$0.0 | \$927.0 | \$1,854.0 | \$2,781 | Recurring | Member premiums |
| SHB | \$0.0 | \$1,426.2 | \$2,852.3 | \$4278.5 | Recurring | General Fund (via SHB premiums) |
| SHB Total | \$0.0 | \$2,353.2 | \$4,706.3 | \$7,059.5 | Recurring | TOTAL SHB |
| OSI | No fiscal impact | Up to \$150.0 | Up to \$300.0 | Up to \$450.0 | Recurring | Other State Funds |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Office of the Superintendent of Insurance (OSI)

Health Care Authority (HCA)

Retiree Health Care Authority (RHCA)

Agency Analysis was Solicited but Not Received From

Public School Insurance Authority (PSIA)

SUMMARY

Synopsis of Senate Bill 508

Sections 1 to 5 of Senate Bill 508 (SB508) apply to **group health coverage** and amends Section 13-7 NMSA 1978, the Health Care Purchasing Act. In Section 2, abortion care without cost-sharing is to be provided by all group health plans. Section 3 mandates a special enrollment period for pregnant persons. Section 4 requires gender-affirming care be covered for all who wish it. Section 5 amends existing statute and requires coverage for up to 12 months of contraceptives and related medical costs. Cost-sharing is permitted where generic or therapeutically equivalent contraceptives are available, but a brand-name product is chosen.

Section 6 to 9 apply to **Medicaid**, amending the Public Assistance Act, Section 27-2, requiring twelve-months of contraception availability, and specifying that family-planning-related services, including abortion care, spontaneous abortion management, preventive services, cervical cancer screening, prevention and treatment of sexually transmitted infections, mental health care and prevention of pregnancy by any approved means are authorized for reimbursement without quantity limitation, utilization controls, or prior authorization. Payment for treatment from any licensed health care provider is mandated. Section 8 would require Medicaid and Medicaid managed care organizations to pay for lactation support and, in Section 9, for gender-affirming care.

Sections 10 to 13 apply to **individual or group health insurance policies**, adding to Section 59A-22. Section 10 deals with abortion coverage, Section 11 with contraceptives and contraceptive devices, including the 12-month prescription coverage requirement, and Section 12 provides for special enrollment periods during pregnancy. Section 13 requires coverage for gender-affirming care.

Sections 14 to 17 apply to group or **blanket insurance policies and certificates of insurance**, in Section 59A-23, and make the same requirements as those applying to individual and group health insurance policies.

Sections 18 to 21 apply to **individual or group health maintenance plans**, making the same coverage requirements. Section 19K allows religious entities purchasing group or individual care to decline to provide contraceptive devices or drugs.

Section 22 to 25 apply similar requirements to **non-profit health plans**.

The effective date of this bill is July 1, 2026.

FISCAL IMPLICATIONS

There is no appropriation in Senate Bill 508.

The Health Care Authority (HCA) calculates possible effects on the budgets of the Medicaid program and on the state health benefits program; they are included in the table above. Among its comments on the provisions in this bill, HCA states the following regarding two of the categories of benefits to Medicaid recipients included in the bill:

Section 7(C) permits beneficiaries to receive family planning or family planning related services from any licensed health care providers without restriction to managed care network providers. Managed care organizations (MCOs) must reimburse providers for rendered services. One of the basic tenants of managed care is to control healthcare costs while maintaining quality by coordinating and managing the delivery of healthcare services through a network of providers. Section 7(C) would preclude the MCOs from effectively managing and controlling health care costs, possibly resulting in a non-quantifiable efficiency loss.

Section 7(D) unbundles the global reimbursement rates for abortion services currently used by the Medicaid program. The section requires reimbursing distinct and non-bundled procedural services, using a modifier to reflect the increased time and training required to perform such services. Medicaid's bundled rates for abortion codes are set higher than the distinct procedural services they replaced. Thus, unbundling would result in fewer payments for those services, which would negatively affect abortion providers. Note: the Medicaid program implemented global rates for abortion codes for delivering medical, counseling and pharmacy services on July 1, 2022, with Supplement #23-07 following a year of stakeholder communication and development with community reproductive health providers.

Office of the Superintendent of Insurance (OSI) predicts “significant” costs to that agency if this bill is enacted: “The requirements of this bill will have a significant impact on OSI’s operating budget. There is no appropriation for the implementation. This is an unfunded mandate.” This analysis estimates that OSI may need as many as three FTEs at an average total cost of \$100 thousand each per full year to implement SB508’s provisions.

SIGNIFICANT ISSUES

RHCA believes that this bill would have minimal impact on its budget or its members, given that its members are mostly older, though its premiums may be increased due to the additional services provided without copay for other New Mexicans.

The requirement that health insurance plans pay for all CDC-recommended immunizations applies to those over 18 years of age; all vaccines for all individuals younger than that are paid for through the Vaccine Purchase Act, 2015 Senate Bill 121.

ADMINISTRATIVE IMPLICATIONS

Regarding Medicaid, HCA states that:

[HCA] would likely have to submit for a state plan amendment to add fertility services. This means that the entire reproductive health page of our state plan would be open to negotiation with the federal government and CMS. Unbundling abortions services would require MCO policy manual changes. The required financial services IT system changes would not start until FY26 and would cost approximately \$53 thousand to complete with 75% to 25% federal funds to state funds split, or \$39.8 thousand to \$13.3 thousand, respectively.

TECHNICAL ISSUES

As noted by HCA:

In section 6(B) the federal requirement for coverage would include one medication covered from each class. It is common practice to only cover one agent instead of every agent in the class as it can help lower costs for the insurer (and patient if cost sharing exists) and also makes it easier for pharmacies to stock the medication.

HCA also noted that “basic fertility services” need to be defined.

OSI makes the following points:

Cost-sharing elimination provisions are exempt from high deductible health benefit plans until eligible insured's deductible has been met. This does not take into account catastrophic and high deductible plans that are HSA eligible.

There is no language in this legislation outlining enforcement expectations for Office of the Superintendent of Insurance staff, such as audits of insurance claims or internal policy reviews. As a result, OSI is assuming that its main enforcement will be through complaints. Without any expectations on enforcement, OSI’s main obligation for this legislation will be to ensure that insurance policies comply with the requirements of SB508.

LAC/hj/SL2