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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Campos **ORIGINAL DATE** 2/25/25

BILL

SHORT TITLE Home-Based Healthcare Services **NUMBER** Senate Bill 558/ec

ANALYST Chenier

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$2,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
IT Changes FF		\$2,278.1	\$2,278.1	\$4,556.2	Nonrecurring	Federal Funds
IT Changes GF		\$759.4	\$759.4	\$1,518.8	Nonrecurring	General Funds
Program Costs**		At Least \$20,000.0	At Least \$20,000.0	At Least \$40,000.0	Recurring	Federal Funds and State Match

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

**The amount is likely to be substantially higher. See "Fiscal Implications."

Sources of Information

LFC Files

Agency Analysis Received From

Health Care Authority (HCA)

Aging and Long-Term Services Department (ALTSD)

SUMMARY

Synopsis of Senate Bill 558

Senate Bill 558 (SB558) appropriates \$2 million from the general fund to the Health Care Authority (HCA) to develop a Medicaid waiver application for a home-based health care program for people who are 65 years of age or older and diagnosed with a chronic debilitating disease.

The bill would require the HCA to submit an application to the federal Centers for Medicare and Medicaid Services (CMS) to seek a waiver to develop a home-based healthcare program for persons who are 65 years of age and older and diagnosed with a chronic debilitating disease.

This bill contains an emergency clause and would become effective immediately on signature by the governor.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

This bill does not specify whether the new Medicaid waiver program would include an income limit or exactly what services would be provided. Given the uncertainty of program design, it is impossible to calculate an accurate cost for the program. However, the current Medicaid program spends about \$425 million in general fund revenue on long-term services and supports plus about \$193 million in general fund revenue on the waivers for people with developmental disabilities.

HCA states the bill is not clear on who would qualify for the waiver program or whether there would be an income limit. HCA already covers low-income individuals over age 65 with home- and community-based waiver services (see “Significant Issues”). If this new waiver removed income limits, then program costs would be substantial. At this time, without more detail, the Health Care Authority is not able to determine the exact programmatic fiscal impact.

The bill is not clear about how the additional general fund revenue would be budgeted to support the program; however, assurance of general funds is required in the submission of a waiver to the federal government.

If a new waiver is approved, Medicaid managed-care organization contracts, Medicaid policy, and administrative code would need to be updated and promulgated. A new Medicaid category of eligibility would need to be created and implemented in the ASPEN data system. Additional HCA staff will be needed to process applications and maintain a waiting list (if applicable).

The Aging and Long-Term Services Department (ALTSD) currently assists HCA with home- and community-based waiver applications and questions. ALTSD may need to hire additional staff within the Community and Elder Rights Division if there is an increase in application-related needs.

SIGNIFICANT ISSUES

HCA provided the following:

The HCA already operates the Community Benefit (CB) Program, which is a home- and community-based waiver under the Medicaid Turquoise Care program. The CB serves older adults and disabled New Mexicans who meet a nursing facility level of care (NFLOC). The criteria for NFLOC are met when a person needs assistance with two or more activities of daily living (i.e., bathing, dressing, meal preparation, etc.). Except for palliative care, all the home-based care services listed in SB558 are already covered in the CB. Medicaid members are already eligible for nonemergency medical transportation, and a waiver is not needed for this service. The table below shows the current CB services that are available to members based on need.

Assisted living	Home health aide
Adult day health	Nutritional Counseling
Behavior support consultation	Personal care
Community transition services	Private duty nursing for adults
Emergency response	Respite
Employment supports	Skilled maintenance therapy for adults (PT, OT, SLP)
Environmental modifications	Medically tailored home delivered meals (coming in July 2025)

There are currently approximately 27 thousand Medicaid members receiving services in the CB program. HCA issues over 400 offer letters (allocations) per month to members who may qualify for the program. If a member is already on Medicaid and needs CB services, they can request to be on the CB program through their managed care organization. The purpose of the CB program is to allow eligible members to receive care in their home or community as an alternative to living in a nursing facility.

New Mexico ranks high and above the national average with around 12 percent of all Medicaid long-term care members residing in nursing facilities and 88 percent aging in their homes and communities.

CMS may not approve another waiver as described in SB558 as the HCA already has approval for the CB, which is a similar program. Palliative care is not covered in New Mexico Medicaid currently. The only state that has started to cover this service did so through a state plan amendment, not [a waiver].

ALTSD said that this waiver program would, therefore, provide similar support as is currently provided by New Mexico's other home- and community-based waiver programs, such as the Mi Via, Medically Fragile, and Developmental Disabilities waiver programs. There are approximately 270 thousand informal caregivers in New Mexico. SB558 would provide additional support to many of those caregivers regardless of income.

ADMINISTRATIVE IMPLICATIONS

The bill will require extensive IT system changes for implementation, along with updates to reports, dashboards, and data transfer configurations. The estimated cost for the work is approximately \$6.08 million. The work could not start until after July 1, 2025, and would take approximately two years to complete. SB588 declares an emergency and takes effect immediately. The amount of time required to complete the IT changes will not allow compliance with the immediate timeframe.

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