



Ambercare supports the position of the New Mexico Association for Home and Hospice Care (NMAHHC) in opposition to the proposed change in methodology for the calculation of Gross Receipts Tax (GRT) being considered by the New Mexico Taxation and Revenue Department (NMTRD) in this rulemaking proceeding. This change in methodology would calculate the GRT based on the location of the residence of the consumers we serve.

The effect of this proposed change will be the administrative and associated cost burden that will be required to capture service level data and apply local tax rates for thousands of consumers and across hundreds of jurisdictions versus the much more manageable number of locations and jurisdictions under the current methodology.

Medicaid home care providers have limited resources with which to meet the needs of a critical segment of the population. This is particularly true in a state like New Mexico which is largely rural and has relatively large segment of the population requiring our services. Recruiting and training qualified employees is a priority of ours which requires a significant commitment of our resources. We must also focus our efforts on maximizing compensation to direct care employees and ensuring proper supervision of care being provided to the fragile elderly and disabled individuals we serve, while maintaining compliance with program regulations. We do not believe it is justifiable to expend limited resources, beyond what we are expending now, on manual processes and calculation of taxes at an unnecessary granular level. We estimate that our administrative personnel cost will increase four fold in order to comply with this proposed change.

The complexity and manual nature of the proposed change prevents us from doing a specific analysis as to the potential cost of changing the methodology on our aggregate tax payments. However, we believe the change would result in a smaller tax liability given that so many of our consumers live in rural areas of the state. Despite the potential lowering of our tax liability, we remain opposed to this change as we believe this administrative change will have a negative impact on the quality of our services which is our most important objective.

Finally, as you know Medicaid providers are rate takers, not rate makers. Our rates currently reimburse us, essentially, for the cost of gross receipts tax. However, any change to the methodology could change that reimbursement leaving us with less resources to dedicate to the care of consumers and supervision of our direct care staff. For the foregoing reasons we respectfully request that the NMTRD reject the proposed change that is under consideration.

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