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FISCAL IMPACT REPORT

ORIGINAL DATE 01/24/09

SPONSOR Rehm LAST UPDATED _____ HB 48

SHORT TITLE UNM Health Care Reimbursement from Counties SB _____

ANALYST Hanika-Ortiz

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	(0.1) see narrative		Recurring	County Indigent Hospital Claims Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 27 and HB 55

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Counties

Higher Education Department (HED)

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

HB 48 amends the Indigent Hospital and County Health Care Act to require counties to reimburse the University of New Mexico Hospital (UNMH) for ambulance services, hospital care or health care costs not otherwise compensated but provided to indigent patients domiciled in that county for at least three months.

HB 48 also amends Section 4-48B-15 NMSA 1978, Election On Special Levy, to allow county commissioners in a class A county with a population greater than five hundred thousand, to decrease the mill levy by at least twenty percent upon certification by a county hospital operated by a state educational institution that the hospital has received full reimbursement for costs not

otherwise compensated.

FISCAL IMPLICATIONS

HED reports that the total cost of uncompensated patient care at UNMH increased from \$137.7 million in FY06 to \$161.7 million in FY08. Indigent care costs from Bernalillo County residents remained relatively flat at \$81.3 million in FY06 to \$81.1 million in FY08. Indigent care costs outside Bernalillo County increased from \$12.1 million in FY06 to \$14 million in FY08.

HED further reports that from FY06 to FY08, revenues to offset uncompensated care costs increased from \$97 million to \$126 million. These revenues were from a mill levy (\$83.8 million in FY08), Medicaid (\$28 million in FY08), charity (\$2 million in FY08), an out-of-county indigent fund (\$1.2 million in FY08), among other sources.

The bill will also allow the special mill levy enacted by Bernalillo County for UNMH be decreased by at least 20 percent upon certification that the hospital has received full reimbursement from other counties for costs not otherwise compensated for indigent care.

The bill may override existing contractual amounts that each county may have with UNMH.

The bill may impact Sole Community Provider funds for other hospital statewide.

SIGNIFICANT ISSUES

In FY08 UNMH reported that uncompensated care costs at the hospital were generated by residents of all 33 New Mexico counties ranging from \$230 from Harding County to \$122 million from Bernalillo County. Twelve New Mexico counties generated more than \$1 million in uncompensated costs each (Bernalillo, Cibola, Dona Ana, McKinley, Rio Arriba, San Juan, Sandoval, Santa Fe, Socorro, Taos, Tarrant, and Valencia). Out-of-state residents generated four million in uncompensated costs.

PERFORMANCE IMPLICATIONS

The bill amends the Indigent Hospital and County Health Care Act to make UNMH Indigent Claims take priority over all other authorized expenditures. The balance of the County Indigent Hospital Claims Fund will be used as statutorily intended to meet the county's contribution of sole provider payments, to pay for indigent cremation or burial, or to pay claims approved by the County Indigent Hospital and County Health Care Board that are not matched with federal funds under the state Medicaid program. It is unclear if the remaining fund balance will be enough to cover other statutory purposes, including the counties' own indigent hospital claims payments.

The effective date for the provisions of the act is January 1, 2010.

ADMINISTRATIVE IMPLICATIONS

UNMH will need to develop a process for determining "residency" for indigent patients and for billing individual counties for "costs not otherwise compensated" for indigent care.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to HB 27; UNM Hospitals Health Care Surtax
Related to HB 55; Hospital Gross Receipts Time & Uses

TECHNICAL ISSUES

New Mexico counties report that counties already cover costs of indigent care incurred by UNMH for their respective county resident indigents.

“Costs not otherwise compensated” could be further clarified.

The term “indigent” resident would need to be defined and universal in its use.

ALTERNATIVES

HED reports that the 2005 Governor’s Healthcare Summit offered three additional alternatives to address uncompensated healthcare at UNMH: 1) a statewide gross receipts tax; 2) increase the number of people on Medicaid; and 3) earmark a portion of state gaming compact revenues for urban Indian healthcare, and county mill levies.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Uncompensated care will continue to put a strain on the UNMH budget planning process.

POSSIBLE QUESTIONS

When an “indigent” patient presents at UNMH without healthcare coverage, is he/she screened by hospital staff for Medicaid eligibility?

What process (if any) is in place to recover uncompensated care for out-of-state residents?

AHO/sec