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AN ACT

RELATING TO RURAL HEALTH CARE PROVIDERS; CREATING THE
RURAL HEALTH CARE DELIVERY FUND TO PROVIDE GRANTS TO DEFRAY
OPERATING LOSSES AND START-UP COSTS OF RURAL HEALTH CARE
PROVIDERS AND FACILITIES THAT PROVIDE NEW OR EXPANDED HEALTH
CARE SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. RURAL HEALTH CARE DELIVERY FUND.--

A. The "rural health care delivery fund" is
created as a nonreverting fund in the state treasury. The
fund consists of appropriations, gifts, grants, donations,
income from investment of the fund and any other revenue
credited to the fund. The department shall administer the
fund, and money in the fund is appropriated to the department
to carry out the provisions of this section. Expenditures
shall be by warrant of the secretary of finance and
administration pursuant to vouchers signed by the secretary
of human services or the secretary's authorized
representative.

B. A rural health care provider or rural health
care facility may apply to the department for a grant to
defray operating losses, including rural health care provider
or rural health care facility start-up costs, incurred in
providing inpatient, outpatient, primary, specialty or

1 behavioral health services to New Mexico residents. The
2 department may award a grant from the rural health care
3 delivery fund to a rural health care provider or rural health
4 care facility that is providing a new or expanded health care
5 service as approved by the department that covers operating
6 losses for the new or expanded health care service, subject
7 to the following conditions and limitations:

8 (1) the rural health care provider or rural
9 health care facility meets state licensing requirements to
10 provide health care services and is an enrolled medicaid
11 provider that actively serves medicaid recipients;

12 (2) grants are for one year and for no more
13 than the first five years of operation as a newly constructed
14 rural health care facility or the operation of a new or
15 expanded health care service;

16 (3) grants are limited to covering operating
17 losses for which recognized revenue is not sufficient;

18 (4) the rural health care provider or rural
19 health care facility provides adequate cost data, as defined
20 by rule of the department, based on financial and statistical
21 records that can be verified by qualified auditors and which
22 data are based on an approved method of cost finding and the
23 accrual basis of accounting and can be confirmed as having
24 been delivered through review of claims;

25 (5) grant award amounts shall be reconciled

1 by the department to audited operating losses after the close
2 of the grant period;

3 (6) in the case of a rural health care
4 provider, the provider commits to:

5 (a) a period of operation equivalent to
6 the number of years grants are awarded; and

7 (b) actively serve medicaid recipients
8 throughout the duration of the grant period; and

9 (7) in prioritizing grant awards, the
10 department shall consider the health needs of the state and
11 the locality and the long-term sustainability of the new or
12 expanded service.

13 C. As used in this section:

14 (1) "allowable costs" means necessary and
15 proper costs defined by rule of the department based on
16 medicare reimbursement principles, including reasonable
17 direct expenses, but not including general overhead and
18 management fees paid to a parent corporation;

19 (2) "department" means the human services
20 department;

21 (3) "health care services" means services
22 for the diagnosis, prevention, treatment, cure or relief of a
23 physical, dental, behavioral or mental health condition,
24 substance use disorder, illness, injury or disease and for
25 medical or behavioral health ground transportation;

1 (4) "medicaid" means the medical assistance
2 program established pursuant to Title 19 of the federal
3 Social Security Act and regulations issued pursuant to that
4 act;

5 (5) "medicaid provider" means a person that
6 provides medicaid-related services to medicaid recipients;

7 (6) "medicaid recipient" means a person whom
8 the department has determined to be eligible to receive
9 medicaid-related services in the state;

10 (7) "operating losses" means the projected
11 difference between recognized revenue and allowable costs for
12 a grant request period;

13 (8) "recognized revenue" means operating
14 revenue, including revenue directly related to the rendering
15 of patient care services and revenue from nonpatient care
16 services to patients and persons other than patients; the
17 value of donated commodities; supplemental payments;
18 distributions from the safety net care pool fund; and
19 distributions of federal funds;

20 (9) "rural health care facility" means a
21 health care facility licensed in the state that provides
22 inpatient or outpatient physical or behavioral health
23 services or programmatic services in a county that has a
24 population of one hundred thousand or fewer according to the
25 most recent federal decennial census;

