



*Presentation to
New Mexico Finance Authority
Oversight Committee*

**Overview of
Primary Care Capital Fund and
Behavioral Health Capital Fund**

Review of Draft Legislation

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November 8, 2018



Primary Care Capital Funding Act (24-1C-1 through 24-1C-10)

Established in 1994, the PCCF provides funds for loans to rural primary care health clinics owned and operated by non-profits for construction and capital equipment projects recommended by the Department of Health

The PCCF is a created in the State Treasury and was capitalized by a \$5 million general fund appropriation; to date, NMFA has made 19 loans totaling approximately \$11.5 million:

- ❖ 3 loans have been repaid in full
- ❖ 6 loans are current and paying as agreed
- ❖ Current unobligated balance is approximately \$3.4 million



Loan Closing Date	Borrower	Project	County	Original Loan	Balance as of 6-30-2018
08/01/1997	El Centro	Penasco Dental Clinic	Taos	\$ 498,500	\$ -
10/16/1997	La Clinica del Pueblo de Rio Arriba	Clinic Expansion and Dental Clinic	Rio Arriba	\$ 440,000	\$ -
12/16/1997	La Clinica del Familia, Inc.	New Medical Clinic in Anthony	Dona Ana	\$ 450,000	\$ -
05/28/1998	Pecos Valley Medical Center	Expansion of Pecos Medical Facility	San Miguel	\$ 120,000	\$ -
08/27/1998	Las Clinicas del Norte	New Out Patient Clinic in El Rito	Rio Arriba	\$ 265,000	\$ -
10/20/1998	First Choice Health	Albuquerque Medical Clinic Renovations	Bernalillo	\$ 131,855	\$ -
04/29/1999	Pecos Valley Medical Center	Expansion Facility to Include Dental Facilities	San Miguel	\$ 80,000	\$ -
08/19/1999	La Familia Medical Center	Construction of New Clinic	Santa Fe	\$ 145,000	\$ -
12/16/1999	Las Clinicas del Norte	Construction of Ojo Caliente Medical Clinic	Taos	\$ 395,000	\$ -
07/27/2000	El Pueblo Health Services	Construction of Out Patient Clinic in Bernalillo	Sandoval	\$ 755,000	\$ -
12/14/2000	Las Clinicas del Norte	Clinic Expansion to Include Dental Facilities	Taos	\$ 250,000	\$ -
06/28/2001	Hidalgo Medical Services	Lordsburg Medical Clinic Expansion	Hildago	\$ 2,194,304	\$ -
08/27/2003	Hidalgo Medical Services	Silver City Medical Clinic Renovation	Grant	\$ 1,100,000	\$ 183,291
10/13/2006	Hidalgo Medical Services	Silver City Medical Clinic Expansion	Grant	\$ 300,000	\$ 114,513
03/21/2008	Mesilla Valley Hospice	Hospice Expansion in Las Cruces	Dona Ana	\$ 2,000,000	\$ -
06/06/2008	La Clinica de Familia	Women's Health Clinic Expansion in Las Cruces	Dona Ana	\$ 800,000	\$ 391,068
06/06/2008	La Clinica de Familia	Women's Health Clinic Expansion in Las Cruces	Dona Ana	\$ 400,000	\$ 195,534
04/03/2012	Hidalgo Medical Services	Southwest Family Medicine Facility Acquisition	Grant	\$ 600,000	\$ 369,910
08/13/2014	Las Clinicas del Norte	New Out Patient Clinic in Abiquiu	Rio Arriba	\$ 600,000	\$ 514,548
Total Primary Care Capital Fund Loans				\$11,524,659	\$ 1,768,864



Primary Care Capital Funding Act (24-1C-1 through 24-1C-10)

The Act has been amended twice to expand the use of the funds:

- ❖ in 2000 to include capital equipment as an eligible use of funds. This allowed several primary care clinics to expand its services to include dental care
- ❖ in 2005 to broaden the eligible borrowers:
 - ❖ to include school based health center, and
 - ❖ to eliminate the \$10 million asset limitation on non-profits

The Act does not allow administrative costs of the NMFA to be paid from the Fund



Proposed Changes to PCCF Act to Broaden Eligible Entities

Amend Section 24-1C-3 (Definitions):

(1) a community-based nonprofit primary care clinic or hospice that operates in a rural or other health care underserved area of the state, is a 501(c)(3) nonprofit corporation for federal income tax purposes and is eligible for funding pursuant to the Rural Primary Health Care Act;

(2) a school-based health center that operates in a public school district and that meets department requirements or that is funded by the federal department of health and human services; ~~or~~

(3) a telehealth site that is operated by an eligible entity pursuant to Paragraphs (1) and (2) of this subsection; or

(4) a primary care clinic that operates in a rural or other health care underserved area of the state that is owned by a county or municipality and meets department requirements



Proposed Changes to PCCF Act

Amend Section 24-1C-4. Primary care capital fund; creation.

A. The "primary care capital fund" is created as a revolving fund in the state treasury. The fund shall consist of appropriations, loan repayments, gifts, grants, donations and interest earned on investment of the fund. A separate account shall be maintained for appropriations, loan repayments, gifts, grants, donations and interest earned on investment of the account for loans to school-based health centers and telehealth sites. Money in the fund shall not revert at the end of a fiscal year.

B. The fund shall be administered by the authority.

Administrative costs of the authority ~~or department shall not be~~ may be paid from the fund. Money in the fund shall be expended only on warrants drawn by the secretary of finance and administration pursuant to vouchers signed by the director of the authority or his authorized representative.



Behavioral Health Capital Funding Act (Section 6-26-4)

Established in 2004, the BHCF provides funds for loans to behavioral health clinics owned and operated by non-profits with assets of less than \$10 million for construction and capital equipment projects recommended by the Human Services Department

The BHCF is a created in the NMFA and was capitalized by a \$2.5 million bond cigarette tax bonds issued by NMFA; to date, NMFA has made 4 loans totaling \$2.8 million:

Loan Closing Date	Borrower	Project	County	Original Loan	Balance as of 10-30-2018
01/27/2009	Solace Crisis & Treatment Center, Inc.	Santa Fe Rape Crisis & Treatment Facility Construction	Santa Fe	\$ 480,000	\$ 195,818
07/31/2009	La Clinica de Familia, Inc.	Expansion of Chaparral Behavioral Health Clinic	Dona Ana	\$ 100,000	\$ 46,249
11/27/2013	Tri-County Community Services, Inc.	Facility Acquisition and renovation	Taos	\$ 620,000	\$ 526,058
08/10/2018	La Clinica de Familia, Inc.	Expansion of the Sunland Park Health Clinic	Dona Ana	\$ 1,600,000	\$ 1,600,000
Total Behavioral Health Capital Loans				\$ 2,800,000	\$ 768,126



Proposed Changes to BHCF to Broaden Eligible Entities

Amend Section 6-26-3 D (Definitions)

D. "eligible entity" means:

(1) a nonprofit behavioral health facility ~~that has assets totaling less than ten million dollars (\$10,000,000)~~, is a 501(c)(3) nonprofit corporation for federal income tax purposes and serves primarily sick and indigent patients; ~~and~~ or

(2) a behavioral health care clinic that operates in a rural or other health care underserved area of the state that is owned by a county or municipality and meets department requirements; and



Proposed Changes to BHCF Act

Amend Section 6-26-4. Behavioral health capital fund (creation)

A. The "behavioral health capital fund" is created as a revolving fund in the authority. The fund shall consist of appropriations, loan repayments, gifts, grants, donations and interest earned on investment of the fund. Money in the fund shall not revert at the end of a fiscal year.

B. Money in the fund is appropriated to the authority for the purpose of making loans to eligible entities for capital projects pursuant to the Behavioral Health Capital Funding Act.

C. The fund shall be administered by the authority. Administrative costs of the authority ~~or department shall not~~ may be paid from the fund.



Extension of Statewide Economic Development Finance Act Authorization Sunset (Sections 6-25-1 through 6-25-29)

Statewide Economic Development Finance Act (SWEDFA) describes two types of project financing that eligible entities are able to receive from the Economic Development Revolving Fund

- ❖ Standard Projects – financial assistance that does not constitute a “donation” for anti-donation purposes. The loans made by NMFA fall into this category and the proposed sunset extension applies to these project types
- ❖ State Projects – financial assistance that constitutes a “donation” but is permissible under provisions of SWEDFA that mirror the Local Economic Development Act. This financial assistance requires explicit legislative approval. The proposed sunset extension would not impact this requirement



Extension of Statewide Economic Development Finance Act Authorization Sunset (Sections 6-25-1 through 6-25-29)

Proposed sunset extension legislation would mirror HB 33 from 2016 Legislative Session (Endorsed by New Mexico Finance Authority Oversight Committee and carried by Rep. David Adkins) by changing the effective date requiring authorization:

AN ACT RELATING TO THE NEW MEXICO FINANCE AUTHORITY; PROVIDING FOR STANDARD PROJECTS THAT RECEIVE ECONOMIC DEVELOPMENT REVOLVING FUND FUNDING TO BE APPROVED FIRST BY LAW STARTING JULY 1, ~~2019~~ 2023;



6-25-6. NEW MEXICO FINANCE AUTHORITY-- ADDITIONAL POWERS AND DUTIES.-- A. To implement a program to assist eligible entities in financing projects, the authority has the powers specified in this section.

B. State projects receiving financing assistance with money in the fund shall first be approved by law. To protect public money in the fund or other public resources, rules of the authority relating to state projects shall include provisions to ensure achievement of the economic development goals of the state project and shall describe the means of recovering public money or other public resources if an eligible entity defaults on its obligations to the authority.

C. Standard projects receiving financing assistance with money in the fund shall be approved by the authority pursuant to rules approved by the New Mexico finance authority oversight committee. Beginning July 1, ~~2019~~2023, standard projects shall first be approved by law.