



# Hospital Report and Health Care Delivery and Access Act Update

PREPARED BY LFC STAFF  
SEPTEMBER 11, 2025

# Overview

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2024 Hospital Report  
Data



Health Care Delivery  
Access Act (HDAA)



Budget Reconciliation  
Hospital Projections



Budget Reconciliation  
Timeline





# Key Points

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- Hospitals operating at a net loss decreased from 18 hospitals in FY23 to seven hospitals in FY24 (61% decrease)
- Revenues from the Health Care Delivery and Access Act (HDAA) will not be recognized in hospital cost reports until FY25
- As provisions of federal budget reconciliation are enacted over time, it is important to evaluate risk factors, e.g, Medicaid as a percentage of revenue
- Revenue reductions from budget reconciliation and growth in uncompensated care over time may erode hospital revenues as delivery costs increase.





# Hospital Sources and Uses

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## Revenues:

- Patient Service Revenue: delivery of patient care
- Other Operating Revenue: parking, cafeteria, gift shop, medical education, research, etc.
- Non-operating Revenue: peripheral activities including contributions, investment income, and one-time gains/losses
- Government Appropriations: (e.g., HDAA, Rural Health Fund)

## Expenditures:

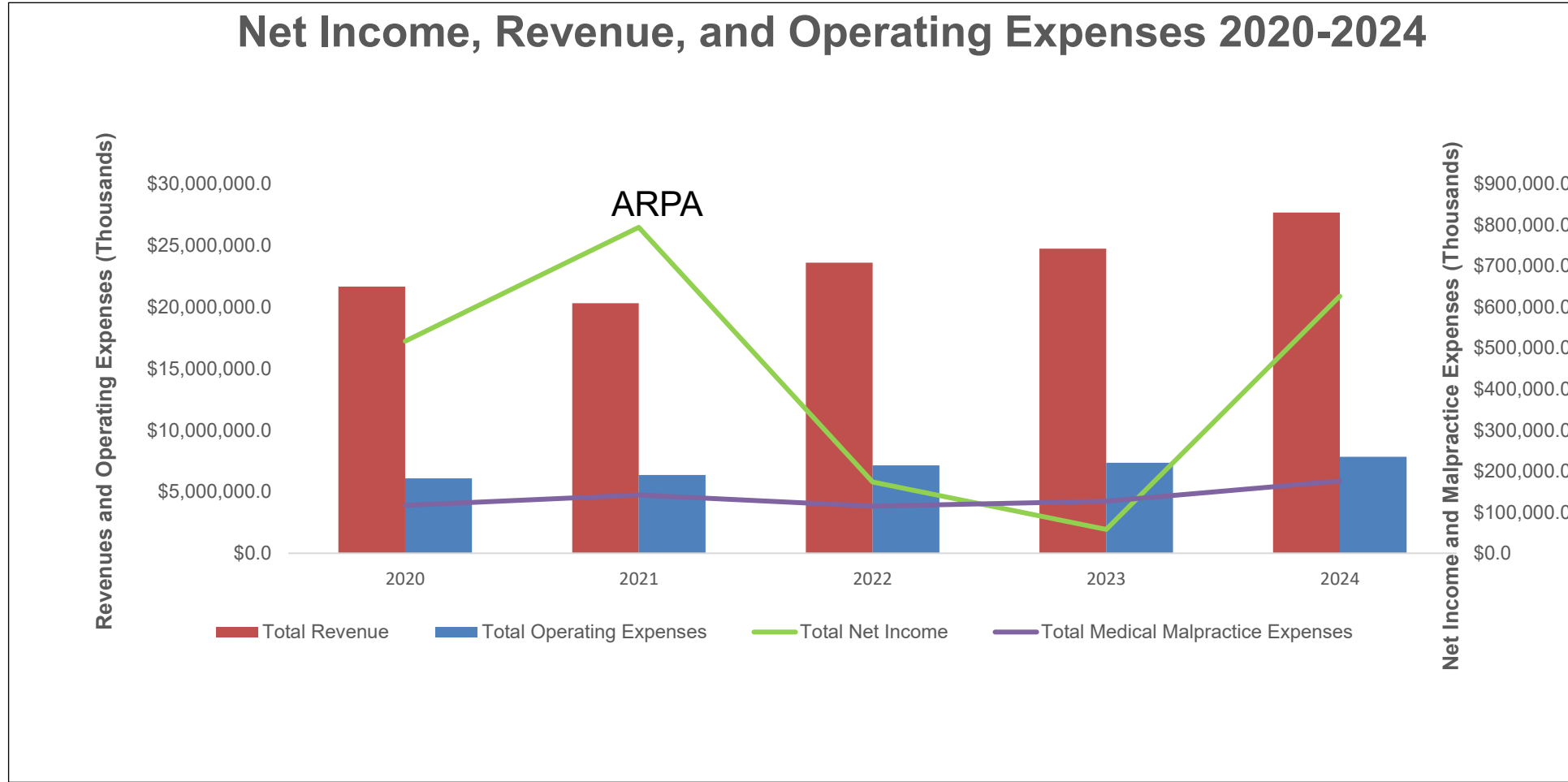
- Personnel Services and Employee Benefits ~ 65%
- Supplies and Pharmaceuticals ~ 20%
- Non-Capital Costs (utilities, insurance, contract labor) ~10%
- Capital Costs (depreciation and amortization)
- Interest / Other non-operating expenses

Source: The Access Project,  
Johnson/Kasey Foundations





# New Mexico Hospital System Fiscal History





# Hospital Fiscal Health - Key Metrics

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- Operating Margin (Income / Revenue)
- Average Days Operating Cash on Hand
- Average Daily Census - Filled/Licensed Beds,
- Physician Full Time Staff vs. Contractor (Locum Tenens) Ratio
- Nurse Full Time Staff vs. Contractor Ratio
- Percent Medicaid Billed (charges by payer)

## Informational:

- Rural, Urban, Frontier per HRSA definition
- For Profit, Non Profit, Government
- OB/GYN Services





# Hospital Fiscal Health - Key Metrics

Hospital	Operating (EBIT) Margin % (Op Income / Revenue) include depreciation as an expense	Days Cash on Hand	Average Daily Census	Employed Physician FTE	Contracted & Locum Physician FTE	Employed Nurse FTE Staff	Contracted/Traveler Nurse FTE	Percent Medicaid Payor Mix (charges by payer)
A	-10.9%	Not tracked	11.7	9.0	2.0	51.0	14.0	35.8%
B	-1.2%	253.0	128.0	129.7	51.1	64.0	57.1	34.0%
C	3.1%	64.0	47.0	44.6	14.0	119.0	57.0	20.0%
D	-44.0%	Not tracked	9.0	7.0	4.0	74.0	17.0	38.0%
E	26.2%	99.0	3.0	0.9	0.8	29.2	0.8	23.0%
F	1.1%	480.0				3.0	10.0	28.0%
G	-29.8%	29.0	3.3	17.0	1.0	62.0	12.0	31.0%
H	20.9%	Not tracked	27.3	21.0	20.9	100.0	31.0	26.7%
I	-4.3%	63.0	8.1	27.0	7.0	43.0	8.0	35.0%
J	10.9%	25.0	50.3	27.3	35.5	137.7	52.0	34.2%
K	-4.2%	9.0	4.5	1.0	8.0	23.0	11.0	21.8%
L	3.0%	140.0	3.9	15.0	4.0	32.0	9.0	21.0%
M	21.8%	131.0	5.1	10.0	27.0	44.0	13.0	31.0%
N	20.3%	420.0	75.7		5.0	25.0		75.0%
O	-9.0%	60.0	4.0	4.0	4.0	12.0	15.0	25.0%
P	-6.6%	78.0	477.0			2,225.0	431.0	31.5%
Q	15.3%	Not tracked	42.9		4.5	45.0		58.1%
R	8.1%	396.1	9.2	49.4	5.8	57.1	4.4	26.8%
S	-16.1%	1.0	21.5	21.0	17.3	141.0	13.0	16.6%
T	-0.1%	N/A	25.0	26.2	0.3	150.3	5.9	29.8%
U	5.1%	N/A	3.0	14.8	3.1	42.6	8.9	35.1%
V	-12.7%	N/A	19.0	33.5	0.5	121.8	18.3	22.4%
W	15.4%	N/A	12.0	31.9	1.4	74.3	3.7	29.2%
X	15.2%	11.0	9.0			54.8	5.0	31.9%
Y	3.8%	N/A	17.0	41.2	2.4	101.6	30.1	31.3%
Z	1.9%	N/A	37.0	16.7	0.7	75.3	3.7	30.3%
AA	11.1%		11.8	11.1	7.6	50.3	10.0	43.3%
BB	6.3%	N/A	1.0	3.6	1.0	19.8	3.4	31.8%
CC	13.5%	242.0	145.0	107.0	11.0	285.0	49.0	14.0%
DD	16.0%	Not tracked	104.2	55.8	3.0	324.3	13.9	33.0%
EE	16.5%	40.7	96.8	100.3	35.0	334.2	19.3	30.9%
FF	29.0%	Not tracked	87.3	4.0	4.0	64.0		76.0%
GG	14.4%	Not tracked	58.0	6.6	1.0	75.0		52.0%
HH	4.3%	N/A	422.0	117.1	27.0	1,272.7	130.9	26.2%
II	26.6%	11.0	70.0			235.7	25.0	36.2%
JJ	9.9%	11.0	21.0			82.7	5.0	27.3%
KK	-3.3%	11.0	178.0	1.3	0.1	362.1	141.0	17.1%
LL	9.8%	N/A	178.0	2.5		475.6	29.4	19.4%
MM	2.9%	N/A	5.6	6.2	4.8	48.0	10.1	9.1%
NN	-2.8%	58.0	14.0	22.0	5.0	113.0	19.0	24.0%
OO	26.0%	77.0	46.0			35.4	3.0	17.4%
PP	16.0%	Not tracked	35.2			42.0	5.0	13.0%
QQ	-0.4%	Not tracked	12.8			23.3	13.4	40.0%
RR	7.5%	Not tracked	58.3		1.0	66.6	7.1	12.0%
SS			41.0	1.0	-	20.0	-	62.0%
TT	1.4%	159.4	10.3	17.4	20.0	101.0	18.0	23.0%

Details of hospital system financials differ by hospital type. Sources include:

- Hospital Cost Reports
- Audited Financial Statements
- IRS Form 990

Privately-owned systems may aggregate financial reporting across hospitals, making key metrics such as days cash on hand unavailable.

Source: NM Hospital Association





# Hospital Fiscal Health - Key Metrics

Hospital	Operating (EBIT) Margin % (Op Income / Revenue)	Days Cash on Hand	Ratio: FT / Locum Tenens Physicians (Average = 9.9)	Ratio: FT / Contract Nurse (Average = 8.7)	Percent Medicaid Payer Mix (charges by payer)
A	-10.9%	N/A	4.5	3.6	35.8%
B	-1.2%	253	2.5	1.1	34.0%
C	3.1%	64	3.2	2.1	20.0%
D	-44.0%	N/A	1.8	4.4	38.0%
E	26.2%	99	1.2	36.6	23.0%
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L	3.0%	140	3.8	3.6	21.0%
M	21.8%	131	0.4	3.4	31.0%
N	20.3%	420	0.0	NA	75.0%
O	-9.0%	60	1.0	0.8	25.0%
P	-6.6%	78	NA	5.2	31.5%
Q	15.3%	N/A	0.0	NA	58.1%
R	8.1%	396	8.5	13.0	26.8%
S	-16.1%	1	1.2	10.8	16.6%
T	-0.1%	N/A	87.3	25.5	29.8%
U	5.1%	N/A	4.8	4.8	35.1%
V	-12.7%	N/A	67.0	6.7	22.4%
W	15.4%	N/A	22.8	20.1	29.2%
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GG	14.4%	N/A	6.6	NA	52.0%
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LL	9.8%	N/A	NA	16.2	19.4%
MM	2.9%	N/A	1.3	4.7	9.1%
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Source: NM Hospital Association







# Hospital Net Income (Loss) 2019-2024

Hospital Name	2020	2021	2022	2023	2024
ADVANCED CARE HOSPITAL OF SOUTHERN N	(\$350,156)	\$1,510,591	\$2,808,901	\$351,461	(\$211,107)
ALBUQUERQUE - AMG SPECIALTY HOSPITAL	\$1,897,040	\$4,646,011			
ALTA VISTA REGIONAL HOSPITAL	\$3,925,468	(\$550,027)	(\$6,086,356)	(\$999,348)	\$12,950
ARTESIA GENERAL HOSPITAL	\$3,660,251	\$4,279,991	(\$2,915,681)	(\$1,472,860)	(\$2,032,435)
CARLSBAD MEDICAL CENTER	\$15,720,748	\$20,421,000	\$35,329,328	\$21,075,169	\$33,200,093
CENTRAL DESERT BEHAVIORAL HH	\$398,047	\$1,466,713	\$2,301,734	\$1,759,185	\$3,073,490
CIBOLA GENERAL HOSPITAL	(\$477,264)	\$3,757,073	(\$1,588,837)	(\$2,842,691)	(\$3,860,366)
COVENANT HOBBS				(\$17,746,879)	(\$32,199,804)
DAN C TRIGG	\$835,999	\$1,554,955	(\$210,518)	\$464,624	\$4,904,550
EASTERN NEW MEXICO MEDICAL CENTER	\$73,204,829	\$69,677,221	\$79,693,842	\$68,138,996	\$79,679,707
ENCOMPASS HEALTH REHABILITATION HOSP	(\$486,678)	(\$1,830,815)	(\$1,036,335)	(\$36,891)	\$394,934
ESPANOLA HOSPITAL	\$6,809,235	\$7,369,285	\$3,737,297	\$11,096,667	\$27,073,879
GERALD CHAMPION REGIONAL MEDICAL CTR	\$22,747,193	\$40,732,734	\$12,752,440	(\$7,190,552)	\$24,972,076
GILA REGIONAL MEDICAL CENTER	(\$14,158,836)	\$5,655,781	\$7,149,129	\$10,119,947	\$547,749
GUADALUPE COUNTY HOSPITAL	\$1,694,931	\$1,912,502	\$148,807	(\$1,599,291)	\$313,937
HAVEN BEHAVIORAL SEN CARE OF ALBUQUER	\$3,861	\$1,035,234	\$1,439,736	\$189,035	\$2,551,100
HOLY CROSS HOSPITAL	(\$78,497)	\$4,113,167	\$6,014,039	\$486,134	\$997,545
KINDRED HOSPITAL ALBUQUERQUE	\$1,723,285	\$5,147,792	\$2,906,716	\$5,311,515	\$5,980,963
LEA REGIONAL HOSPITAL	\$5,462,641				
LINCOLN COUNTY MEDICAL CENTER	\$7,368,156	\$10,966,604	\$7,541,338	\$13,737,005	\$28,767,245
LOS ALAMOS MEDICAL CENTER	\$9,738,280	\$9,443,599		\$1,242,650	\$1,215,715
LOVELACE MEDICAL CENTER- DOWNTOWN	\$17,529,821	\$18,491,738	\$12,519,529	(\$30,032,868)	(\$27,285,492)
LOVELACE REGIONAL HOSPITAL-ROSWELL	\$3,313,884	\$9,167,008	\$6,276,901	\$5,975,899	\$7,627,433
LOVELACE REHABILITATION HOSPITAL	\$12,314,372	\$14,358,657	\$13,461,049	\$12,257,237	\$10,781,128
LOVELACE WESTSIDE HOSPITAL	\$11,599,286	\$17,461,409	\$8,570,635	\$6,809,647	\$2,543,396
LOVELACE WOMENS HOSPITAL	\$34,741,569	\$37,254,769	\$21,282,252	\$19,684,626	\$28,592,945
MEMORIAL MEDICAL CENTER	\$30,465,878	\$33,224,528	\$30,071,530	\$29,518,672	\$26,968,948
MESILLA VALLEY HOSPITAL	\$4,222,916	\$4,515,295	\$6,175,080	\$6,322,822	\$17,059,175
MIMBRES MEMORIAL HOSPITAL	\$5,728,791	\$9,482,522	\$11,763,952	\$5,466,182	\$15,186,809
MINER OF COLFAX MEDICAL CENTER	\$937,468	\$6,536,820	(\$404,608)	(\$6,025,627)	\$19,800,652
MOUNTAIN VIEW REG MED CTR	\$63,493,287	\$79,690,067	\$71,020,001	\$69,933,551	\$69,165,322
NOR-LEA HOSPITAL	\$27,079,162	(\$98,667,086)	\$16,022,269	\$24,949,797	\$22,658,192
PLAINS REGIONAL MEDICAL CTR - CLOVIS	\$20,499,181	\$30,997,575	\$4,170,310	\$264,939	\$25,941,062
PRESBYTERIAN HOSPITAL	(\$2,725,654)	(\$56,018,224)	(\$139,576,394)	(\$172,740,650)	\$13,160,211
REHABILITATION HOSPITAL OF SOUTHERN	\$2,511,035	\$4,645,278	\$3,391,415	\$3,427,656	\$4,132,774
REHOBOTH MCKINLEY CHRISTIAN HOSPITAL	\$5,883,301	(\$11,248,730)	(\$19,588,737)	(\$16,068,201)	\$12,598,375
ROOSEVELT GENERAL HOSPITAL	\$5,214,572	\$5,645,487	(\$242,012)	(\$6,208,197)	\$4,897,417
SAN JUAN REGIONAL MEDICAL CENTER	\$16,081,967	\$52,983,386	(\$9,369,134)	\$14,137,059	\$19,632,470
SAN JUAN REGIONAL REHAB HOSPITAL	\$474,792				
SANTA FE MEDICAL CENTER	(\$29,362,204)	(\$13,835,733)	(\$24,411,086)	(\$25,119,203)	\$199,032
SIERRA VISTA HOSPITAL	\$5,168,941	\$4,911,063	\$1,440,549	(\$3,922,617)	(\$3,426,972)
SOCORRO GENERAL HOSPITAL	(\$916,269)	\$1,095,131	\$980,802	\$1,422,519	\$6,862,200
ST. VINCENT HOSPITAL	\$40,360,027	\$117,132,019	\$43,107,144	\$59,330,209	\$80,812,187
THE PEAK HOSPITAL	\$3,758,509	\$4,471,775	\$4,742,968	\$3,836,073	\$6,787,337
THREE CROSSES HOSPITAL		(\$21,338,512)	(\$43,537,974)	(\$28,999,674)	(\$18,945,475)
UNION COUNTY GEN. HOSPITAL	\$277,563	\$4,174,729	(\$544,029)	(\$1,379,907)	\$303,146
UNIVERSITY OF NEW MEXICO HOSPITAL	\$97,900,732	\$344,283,421	\$5,709,993	(\$11,528,396)	\$104,886,726
UNM SANDOVAL REGIONAL MEDICAL CENTER	\$297,651	\$3,425,550	\$627,470	(\$5,312,147)	Part of UNMH 2024 CR
<b>Median Profit per Year</b>	<b>\$4,074,192</b>	<b>\$4,911,063</b>	<b>\$3,391,415</b>	<b>\$486,134</b>	<b>\$6,384,150</b>
<b>Total Profit per Year</b>	<b>\$516,491,131</b>	<b>\$794,151,374</b>	<b>\$173,647,477</b>	<b>\$58,083,277</b>	<b>\$626,321,219</b>

- Hospitals operating at a loss decreased from 15 in FY2023 to 7 in FY2024, a 61% decrease
- FY24 does not include revenues from the HDAA which will be recognized in the 2025 cost reports
- Losses at private equity-owned hospitals may stem from contractual transfers to the equity firm (17 New Mexico hospitals are owned by these entities)

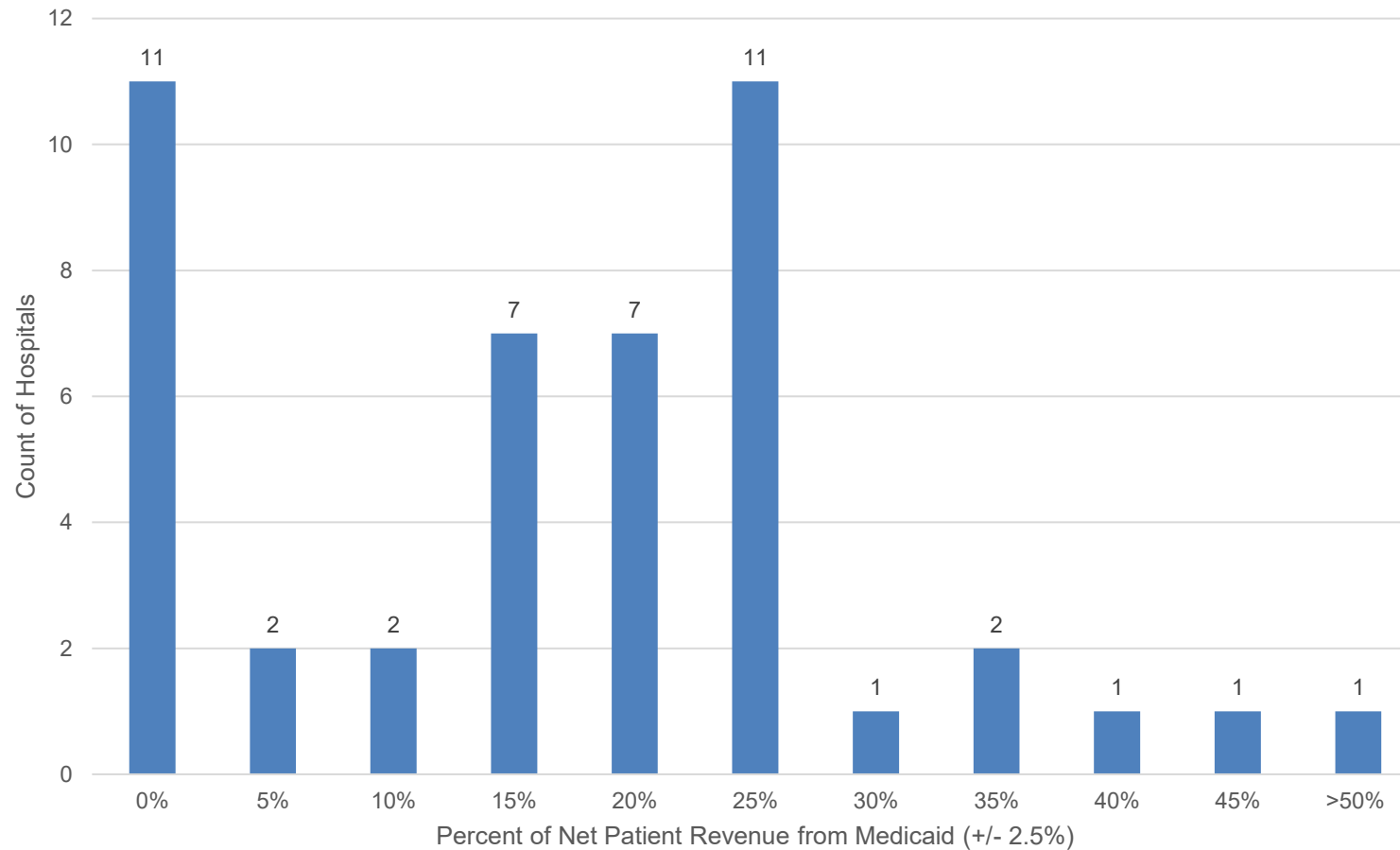
Source: 2024 Hospital Cost Reports (HCA)





# 24 Hospitals Have Medicaid Revenues Greater than 15% of Net Patient Revenue

Distribution of Hospitals by Medicaid Share of Net Patient Revenue, CY2024



Source: 2024 Hospital Cost Reports (HCA)





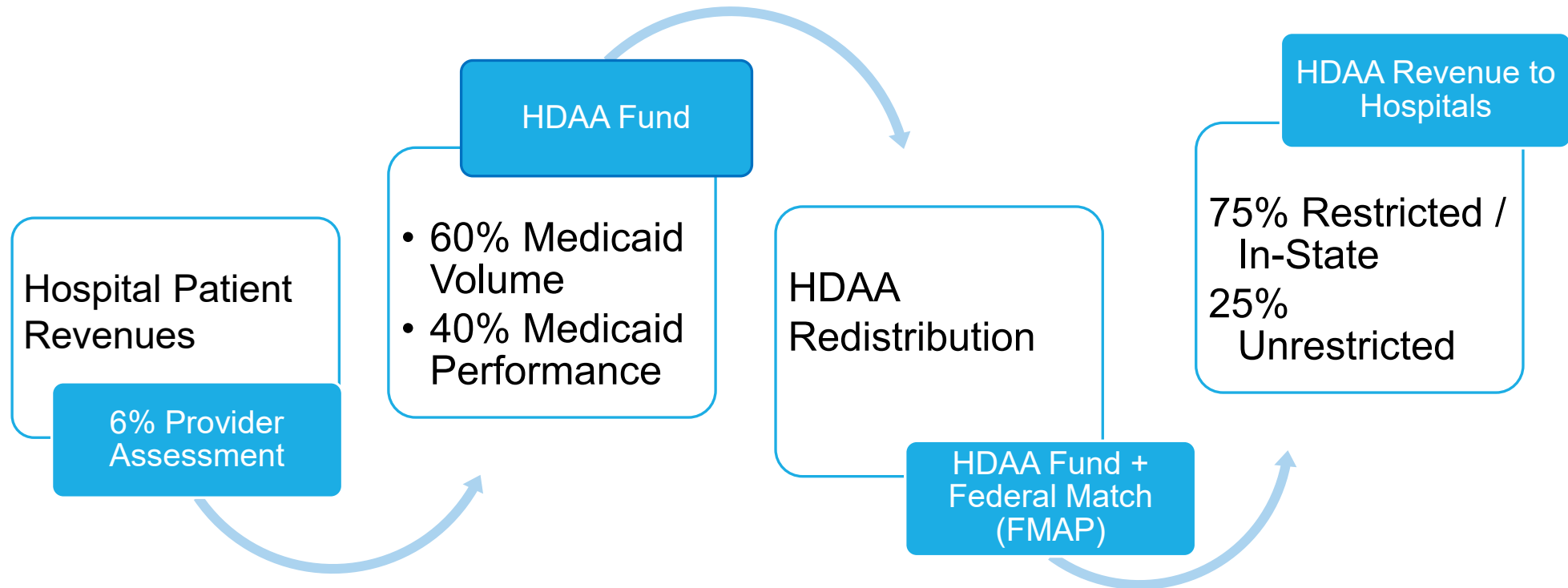
# Health Care Delivery and Access Act (HDAA)

- Assessments are based on non-Medicare inpatient and outpatient billings.
- HCA each year calculates a percentage or fixed amount per patient day such that the total amount collected in a year will bring total reimbursement for Medicaid patients equal the average commercial rate plus the costs of managing the program (10% administrative cost).
- Hospitals in counties with populations of 125 thousand or more are considered urban hospitals. Bernalillo, Doña Ana, Sandoval, San Juan and Santa Fe counties would be considered urban.
- UNM Health system; state-owned hospitals, and federally-owned veterans or IHS hospitals do not provide assessments or receive payments.
- Assessments for a rural hospital are 50 percent of the calculated amount for urban hospitals. Assessments for a small urban hospital (none noted) would be reduced by 90 percent from the calculated amount for urban hospitals.
- HCA is authorized to adjust these percentages as necessary to achieve federal approval.





# Health Care Delivery and Access Act (HDAA) Funding Flow





# Health Care Delivery and Access Act (HDAA) FY25 Revenue Estimates

Hospital	FY24 Net Income	FY25 Estimated HDAA Revenue	Estimated FY25 Net Income: FY24 + HDAA
ADVANCED CARE HOSPITAL OF SOUTHERN NM	(\$211.1)	\$2,830.7	\$2,619.6
ALTA VISTA REGIONAL HOSPITAL	\$13.0	\$10,243.9	\$10,256.9
ARTESIA GENERAL HOSPITAL	(\$2,032.4)	\$9,935.5	\$7,903.0
BHC MESILLA VALLEY HOSPITAL LLC	\$17,059.2	\$16,726.9	\$33,786.1
CARLSBAD MEDICAL CENTER	\$33,200.1	\$23,751.3	\$56,951.4
CENTRAL DESERT BEHAVIORAL HH	\$3,073.5	\$4,624.9	\$7,698.4
CIBOLA GENERAL HOSPITAL	(\$3,860.4)	\$20,751.7	\$16,891.3
CLEARSKY REHAB HOSPITAL OF RIO RANCH	\$4,552.7	\$141.2	\$4,693.9
COVENANT HEALTH HOBBS HOSPITAL	(\$32,199.8)	\$15,505.2	(\$16,694.6)
DR. DAN C. TRIGG	\$4,904.6	\$6,545.9	\$11,450.5
EASTERN NEW MEXICO MEDICAL CENTER	\$79,679.7	\$42,850.2	\$122,529.9
ENCOMPASS HEALTH REHABILITATION HOSP	\$394.9	\$838.1	\$1,233.1
ESPANOLA HOSPITAL	\$27,073.9	\$26,716.2	\$53,790.1
GERALD CHAMPION REGIONAL MEDICAL CTR	\$24,972.1	\$41,773.8	\$66,745.9
GILA REGIONAL MEDICAL CENTER	\$547.7	\$30,660.3	\$31,208.1
GUADALUPE COUNTY HOSPITAL	\$313.9	\$1,902.4	\$2,216.4
HAVEN BEHAVIORAL SEN CARE OF ALBUQU	\$2,551.1	\$6,040.7	\$8,591.8
HOLY CROSS HOSPITAL	\$997.5	\$19,402.6	\$20,400.1
KINDRED HOSPITAL ALBUQUERQUE	\$5,981.0	\$14,307.0	\$20,288.0
LINCOLN COUNTY MEDICAL CENTER	\$28,767.2	\$21,584.6	\$50,351.8
LOS ALAMOS MEDICAL CENTER	\$1,215.7	\$2,279.8	\$3,495.5
LOVELACE MEDICAL CENTER- DOWNTOWN	(\$27,285.5)	\$46,966.6	\$19,681.1

Hospital	FY24 Net Income	FY25 Estimated HDAA Revenue	Estimated FY25 Net Income: FY24 + HDAA
LOVELACE REGIONAL HOSPITAL-ROSWELL	\$7,627.4	\$22,238.5	\$29,865.9
LOVELACE REHABILITATION HOSPITAL	\$10,781.1	\$15,387.4	\$26,168.5
LOVELACE WESTSIDE HOSPITAL	\$2,543.4	\$23,066.0	\$25,609.4
LOVELACE WOMENS HOSPITAL	\$28,592.9	\$79,255.3	\$107,848.3
MEMORIAL MEDICAL CENTER	\$26,968.9	\$75,443.8	\$102,412.7
MIMBRES MEMORIAL HOSPITAL	\$15,186.8	\$24,677.5	\$39,864.4
MINER OF COLFAX MEDICAL CENTER	\$19,800.7	\$7,689.1	\$27,489.8
MOUNTAIN VIEW REG MED CTR	\$69,165.3	\$68,972.4	\$138,137.7
NOR-LEA HOSPITAL	\$22,658.2	\$31,761.9	\$54,420.1
PLAINS REGIONAL MEDICAL CTR - CLOVIS	\$25,941.1	\$42,965.0	\$68,906.1
PRESBYTERIAN HOSPITAL	\$13,160.2	\$196,579.8	\$209,740.0
REHABILITATION HOSPITAL OF SOUTHERN	\$4,132.8	\$1,863.5	\$5,996.3
REHOBOTH MCKINLEY CHRISTIAN HOSPITAL	\$12,598.4	\$16,272.2	\$28,870.5
ROOSEVELT GENERAL HOSPITAL	\$4,897.4	\$9,187.5	\$14,085.0
SAN JUAN REGIONAL MEDICAL CENTER	\$19,632.5	\$92,009.6	\$111,642.0
SANTA FE MEDICAL CENTER	\$199.0	\$19,678.3	\$19,877.3
SIERRA VISTA HOSPITAL	(\$3,427.0)	\$10,783.5	\$7,356.6
SOCORRO GENERAL HOSPITAL	\$6,862.2	\$13,304.8	\$20,167.0
ST. VINCENT HOSPITAL	\$80,812.2	\$49,701.7	\$130,513.9
THE PEAK HOSPITAL	\$6,787.3	\$14,715.0	\$21,502.4
UNION COUNTY GEN. HOSPITAL	\$303.1	\$3,032.6	\$3,335.7
<b>Grand Total</b>	<b>\$544,932.6</b>	<b>\$1,184,965.0</b>	<b>\$1,729,897.6</b>

Sources: HCA Cost Reports, NM Hospital Association

FY25 HDAA actuals will be reflected in 2025 Hospital Cost Reports (available July 2026)





# H.R.1 Changes to Medicaid – State Directed Payments and Provider Taxes

## State Directed Payments

- Caps the total payment rate for inpatient hospital and nursing facility services at 100 percent of Medicare for expansion states
- Grandfathers current directed payments implemented prior to enactment
- **Effective Date:** For grandfathered payments, reduces payment rates by 10 percent per year starting January 1, 2028, until they reach 100 percent of Medicare payment rate
  - However, each year CMS adjusts Medicare payment rates – so the new upper payment limit will grow over time
- **Impact to the state:** Directed payments are expected to reach \$1.1 billion for hospitals in FY26, which would be reduced by 10 percent annually until they reach 100 percent of Medicare rates
  - Preliminary estimates would reduce hospital patient revenue by less than 2 percent annually. The hospital tax burden would come down over time as well

## Provider Taxes

- Prohibits new provider taxes and eliminates some types of provider taxes all together
- **Effective Date:** Reduces the current 6 percent provider tax limit by 0.5 percent per year starting in Federal Fiscal Year 2028 through 2032 to 3.5 percent
- **Impact to the state:** Provider tax revenue funds the state's directed payments for hospitals and federal reconciliation exempted nursing facilities taxes





# H.R.1 Effects on Patient Revenue

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
<b>Net Patient Revenues - Base (UNMH not included)</b>	\$6,189.6	\$6,480.0	\$6,480.0	\$6,480.0	\$6,480.0	\$6,480.0	\$6,480.0	\$6,480.0	\$6,480.0	\$6,480.0	\$6,480.0
<b>Add: Growth Factor - Inflation</b>	\$6,313.4	\$6,609.6	\$6,741.8	\$6,876.6	\$7,014.2	\$7,154.4	\$7,297.5	\$7,443.5	\$7,592.4	\$7,744.2	\$7,899.1
<b>Growth Factor - Uncompensated Care</b>	3.0%	3.0%	3.0%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%	6.0%
<b>Total Uncompensated Care</b>	(\$189.4)	(\$198.3)	(\$202.3)	(\$206.3)	(\$245.5)	(\$286.2)	(\$328.4)	(\$372.2)	(\$417.6)	(\$464.7)	(\$473.9)
<b>Uncompensated Care Growth</b>	\$0.0	\$0.0	\$0.0	\$0.0	(\$39.2)	(\$79.9)	(\$122.1)	(\$165.9)	(\$211.3)	(\$258.4)	(\$267.6)
<b>Subtotal NPR</b>	<b>\$6,124.0</b>	<b>\$6,411.3</b>	<b>\$6,539.5</b>	<b>\$6,670.3</b>	<b>\$6,768.7</b>	<b>\$6,868.3</b>	<b>\$6,969.1</b>	<b>\$7,071.3</b>	<b>\$7,174.8</b>	<b>\$7,279.5</b>	<b>\$7,425.1</b>
<b>HDAAs - Pool Provider Tax</b>	\$0.0	\$155.0	\$327.3	\$336.5	\$308.5	\$280.4	\$252.4	\$224.3	\$196.3	\$196.3	\$196.3
<b>Add FMAP (3.5x Multiplier)</b>	\$0.0	\$542.5	\$1,145.6	\$1,177.8	\$1,079.6	\$981.5	\$883.3	\$785.2	\$687.0	\$687.0	\$687.0
<b>Subtotal HDAAs Adjusted Revenue</b>	\$0.0	\$697.5	\$1,472.9	\$1,514.3	\$1,388.1	\$1,261.9	\$1,135.7	\$1,009.5	\$883.3	\$883.3	\$883.3
<b>Net Revenues from Medicaid - Base (less UNMH)</b>	\$1,081.6	\$1,081.6	\$1,081.6	\$1,081.6	\$1,081.6	\$1,081.6	\$1,081.6	\$1,081.6	\$1,081.6	\$1,081.6	\$1,081.6
<b>Provider Tax Step Down</b>	6.0%	6.0%	6.0%	6.0%	5.5%	5.0%	4.5%	4.0%	3.5%	3.5%	3.5%
<b>Less: Provider Tax Step Down</b>	\$0.0	\$0.0	\$0.0	\$0.0	(\$126.2)	(\$252.4)	(\$378.6)	(\$504.8)	(\$630.9)	(\$630.9)	(\$630.9)
<b>Directed Payment Reduction</b>	\$0.0	\$0.0	\$0.0	\$0.0	(\$151.4)	(\$302.9)	(\$454.3)	(\$605.7)	(\$757.1)	(\$908.6)	(\$1,060.0)
<b>Total Deductions</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$190.6)</b>	<b>(\$382.7)</b>	<b>(\$576.4)</b>	<b>(\$771.6)</b>	<b>(\$968.4)</b>	<b>(\$1,166.9)</b>	<b>(\$1,327.6)</b>
<b>Total Adjusted Patient Revenue</b>	<b>\$6,124.0</b>	<b>\$7,108.8</b>	<b>\$8,012.4</b>	<b>\$8,184.6</b>	<b>\$8,005.3</b>	<b>\$7,827.3</b>	<b>\$7,650.6</b>	<b>\$7,475.1</b>	<b>\$7,301.0</b>	<b>\$7,254.3</b>	<b>\$7,248.5</b>

Source: LFC analysis of Hospital Cost Reports and HDAAs

## Baseline Data, 2024 HCR:

- Patient Revenues
- Medicaid Revenue
- HDAAs Revenue

## Medicaid Parameters:

- Medical Inflation (+)
- Uncompensated Care
- Provider Tax Reduction (0.5%/y → 3.5%)
- HDAAs Directed Payment Reduction (10%/y → 100%)

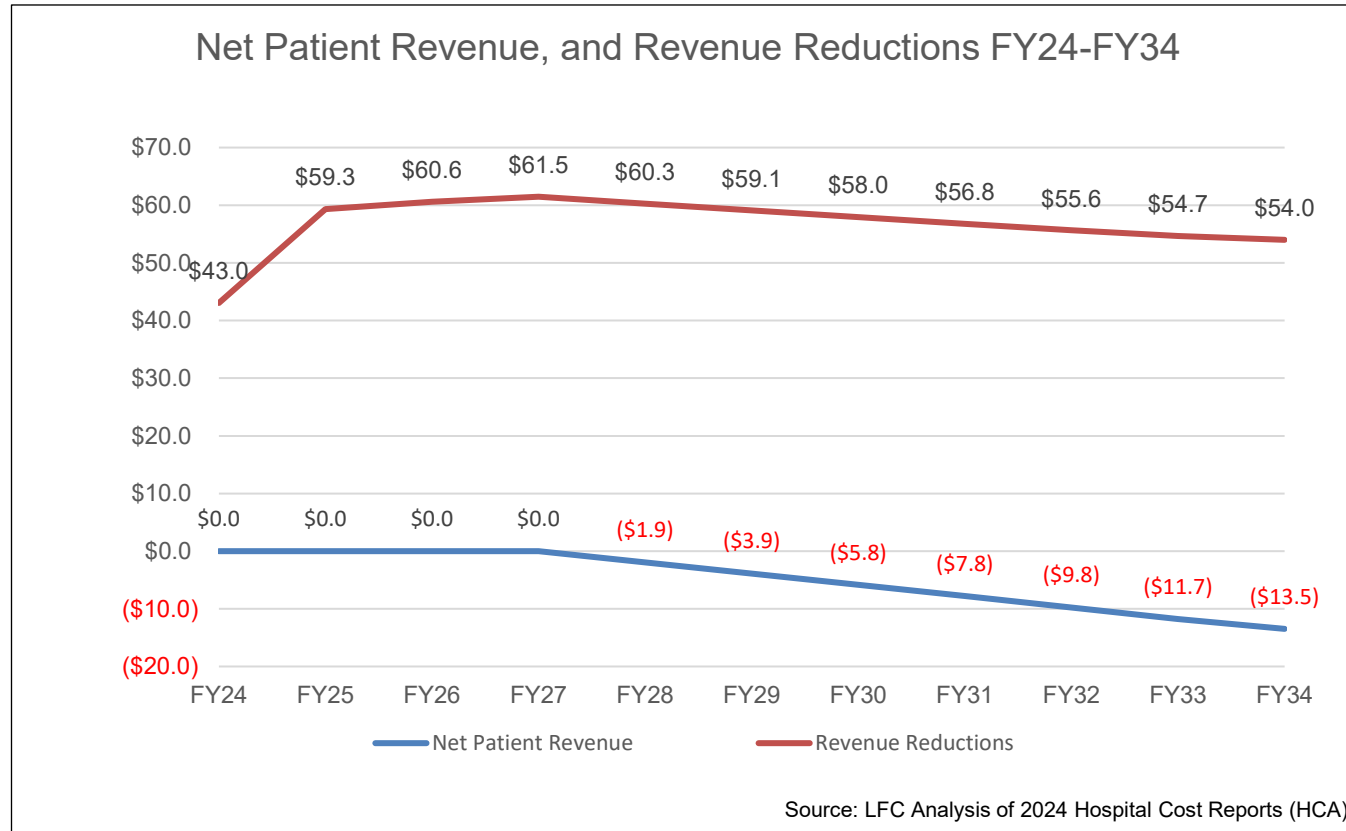
The ramp-down of directed payments begins October 1, 2027 (Q2 SFY28).

Reduction in provider taxes begin January 1, 2028 (Q3 SFY28)





# H.R.1 Effects on Patient Revenue



Example: small hospital with a high proportion of Medicaid payer mix.

The ramp-down of directed payments begins October 1, 2027 (Q2 SFY28).

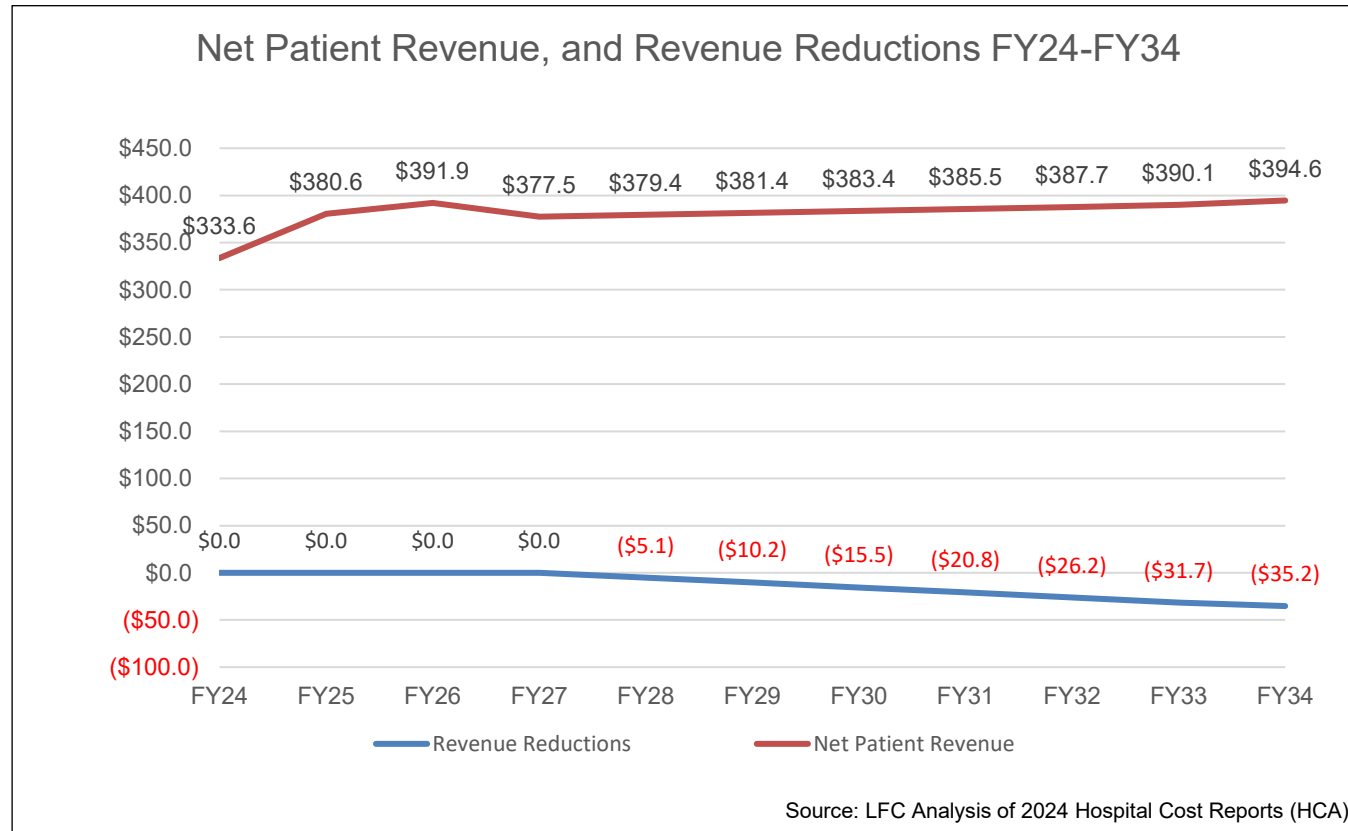
Reduction in provider taxes begin January 1, 2028 (Q3 SFY28)







# H.R.1 Effects on Patient Revenue



Example 2: large urban hospital with a low proportion of Medicaid payer mix.

The ramp-down of directed payments begins October 1, 2027 (Q2 SFY28).

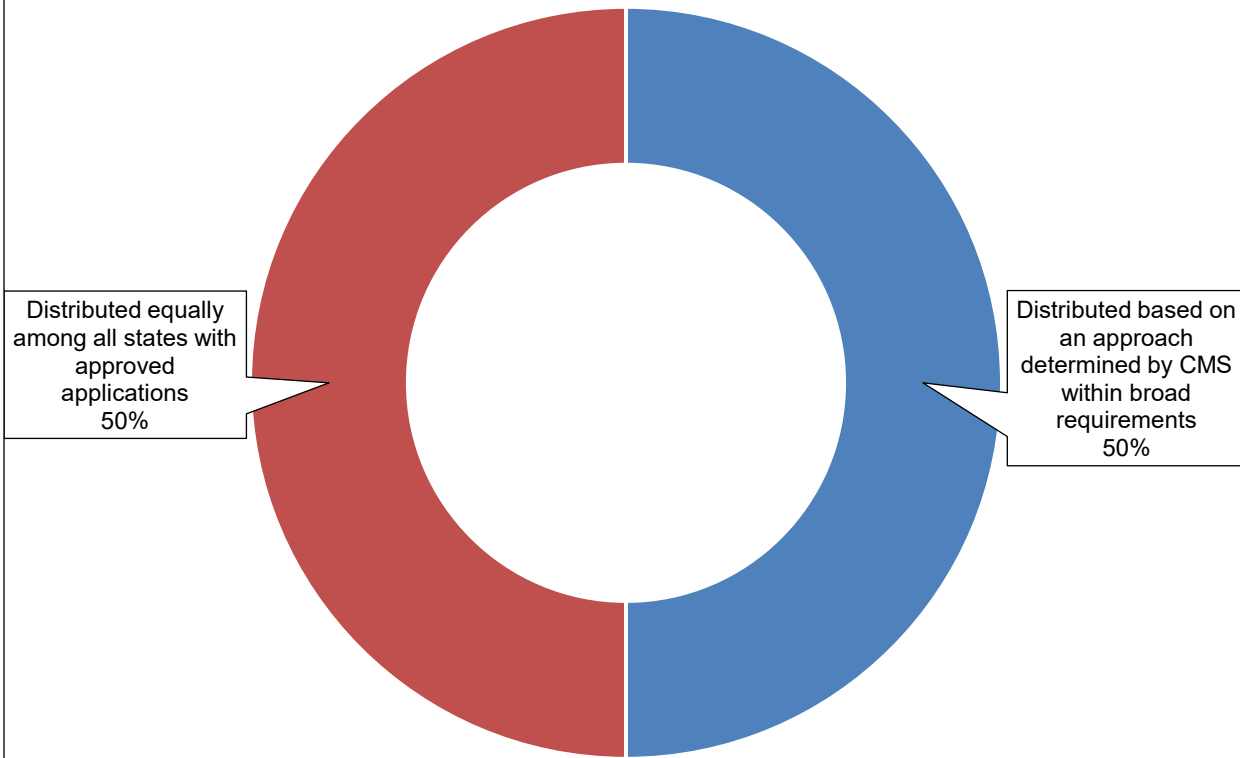
Reduction in provider taxes begin January 1, 2028 (Q3 SFY28)





# H.R.1 – Rural Health Transformation Program

Rural Health Fund - \$50 Billion To States Over 5 Years



- HR1 directs CMS to release applications in September 2025 with submissions required by December 31, 2025
- Funding commences FFY 2026 with \$10 billion allocated through FFY 2030
- States must submit a Rural Health Transformation Plan with the goal of spending each year's funds within a fiscal year
- HCA issued a consultation RFP due September 17
- Preliminary estimates for New Mexico are a floor of \$100 million / year.





Thank You.