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FISCAL IMPACT REPORT

SPONSOR: Jennings DATE TYPED: 03/10/03 HB _____
 SHORT TITLE: Indigent Health Care Reimbursement SB 524/aSPAC/aSFC/aSF#1
 ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From
 Department of Finance and Administration
 Human Services Department
 Department of health
 Health Policy Commission

SUMMARY

Synopsis of SFI Amendment #1

The Senate Floor Amendment makes the following changes:

The Senate Floor Amendment for items 1 and 2 are the same as items 3 and 4 of the Senate Finance Committee amendment. These changes restore the intent of the original statute to have tiered allowable administrative costs dependent on the size of the indigent fund.

Synopsis of SFC Amendment

The Senate Finance Committee Amendment makes the following changes:

1. Strikes the Senate Public Affairs Committee Amendment 2. This is "On page 4, strike lines 20 through 25 in their entirety and insert in lieu thereof "based on medicaid fee-for-service reimbursement rates;"
2. In the place of the above insert "based on medicaid fee-for-service reimbursement rates for hospitals, licensed medical doctors and osteopathic physicians;". This change clarifies how allowable costs are to be determined.
3. On page 8, lines 12 through 22 removes the brackets and line through. This leaves the

original concept to allow tiered administrative cost expenses based on the size of the fund.

4. On page 8, line 14, strikes shall not exceed. This restores the original statute with tiered administrative cost percentages.
5. On page 8, line 15, strikes the semicolon.
6. On page 10, between lines 23 and 24, inserts the following new subsection.
“O. shall, in carrying out the provisions of the Indigent Hospital and County Health Care Act, comply with the standards of the federal Health Insurance Portability and Accountability Act of 1996;”

Synopsis of SPAC Amendment

The Senate Public Affairs Committee Amendment makes the following changes;

- In the definition for “cost”, alternate pricing structures are omitted, leaving only “based on Medicaid reimbursement rates”.
- On page 7, strike lines 3 through 5 entirely and insert “providing emergency services, as determined by the board, in a hospital to an indigent patient”. This leaves the definition of emergency up to the local board.
- On page 13, line 11 after the second “year” insert “based on a report prepared by the hospital using a format jointly proscribed by the counties and hospitals that provides aggregate data, including the number of indigent patients served and the total cost of uncompensated care provided by the hospital”. This better defines reporting requirements.
- On page 13, line 15 after the semicolon insert “provided that the agreements shall be in compliance with federal regulations regarding intergovernmental transfers and provider contributions and shall not include provisions for reimbursements to counties of matching and sole community provider fund allocations”. This provision better defines the agreements.
- The remainder of the changes is minor language refinements with the exception of deletion of section F. that referred to audit requirements.

Synopsis of Original Bill

Senate Bill 524 (SB 524) amends sections of NMSA 1978 which govern payments to hospitals under the Indigent Hospital and County Health Care Act. SB 524 would not allow hospitals to be paid from the fund for services rendered to an indigent patient that is eligible for Medicaid. SB 524 would permit counties to use Medicaid reimbursement rates as a basis for payments to eligible health care service providers. SB 524 would specify that counties be permitted administrative costs for County Indigent Hospital Claims Funds up to ten percent of the amount of revenues in the fund, and eliminates language that limits costs to less than ten percent under certain circumstances.

SB 524 directs counties to confirm the amount of the sole community provider payments authorized by each hospital in a fiscal year by auditing the reported amounts in the same manner that that other state and county funds are audited.

Significant Issues

Currently, counties must conduct independent cost analyses of health care providers to use as the basis for setting payments under the Indigent Hospital and County Health Care Act. With enactment of the modifications in SB 524, counties can rely on established Medicaid reimbursement levels, bypassing the need for these extra analyses. This should permit significant administrative savings for counties.

Currently, hospitals certify expenditures used for match purposes associated with the Sole Community Provider Fund. The provisions of SB 524 will permit counties to verify through audit the expenditures certified by hospitals for match purposes. This proposed change will improve accountability at the local level.

The Indigent Hospital and County Health Care Act establishes a multi-step formula for calculating the maximum permitted administrative costs that can be charged by counties to their individual County Indigent Care Funds. The formula is stepped based upon the amount of money in the Funds. The current formula allows the following administrative expenses: 1) up to ten percent of the revenues in the fund under \$500,000, 2) eight percent of the amount of revenue in the fund from \$500,000 to not over \$1 million, and 3) four and one-half percent of the amount of the revenues in the fund over \$1 million. The changes proposed in SB 524 will permit a 10% maximum administrative limit for at all balance levels.

FISCAL IMPLICATIONS

No direct fiscal implications are identified by any reporting agencies.

MW/yr:sb:njw:yr