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FISCAL IMPACT REPORT

SPONSOR: Griego DATE TYPED: 2/28/03 HB _____

SHORT TITLE: Emergency Medical Services Funding SB 856

ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$6,000.0		See Narrative	Recurring	OSF/Countie

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 653cs, SB 481, HB 642

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(\$6,000.0)		Recurring	GF

SOURCES OF INFORMATION

Responses Received From

Department of Health (DOH)
 Health Policy Commission (HPC)
 Public Regulations Commission (PRC)
 Department of Finance and Administration (DFA)
 Attorney Generals Office (AGO)

SUMMARY

Synopsis of Bill

Senate Bill 856 provides for a distribution of certain insurance premium revenue to the emergency medical services fund for distribution to certain counties for emergency medical service operational purposes and makes an appropriation.

Section 1 would amend the Emergency Medical Services Fund Act, Section 24-10A-3 NMSA 1978 to add a new Subsection F to create a separate account in the Fund. Subsection F would appropriate the distribution to counties that are the sole providers of ambulance and emergency medical system operations in the county to defray the costs of operating expenses. Money would be distributed to eligible counties based on the relative geographic size and population of each county, and the relative number of ambulance runs in each county, and would not revert at the end of the fiscal year. SB 856 would require the Injury Prevention and EMS (IPEMS) Bureau to coordinate with the counties in adopting rules necessary to determine eligibility and implement the distribution formula. SB 856 further states that the distribution would be considered separate from the local emergency medical services funding program.

Section 2 proposes to amend the Fire Protection Fund, Section 59A-53-15 NMSA 1978. SB 856 would amend Subsection A to remove the deadline for crediting the general fund of any balance. Further, SB 856 would add a new Subsection B that states that on or before June 30 each year from the balance remaining in the fund after the money deposited in the fund has been disbursed and appropriated as provided in Subsection A, the State Treasurer would distribute an amount equal to twenty-five percent of that balance to the emergency medical services fund and the remainder to the general fund.

Significant Issues

The Fire Protection Fund, Section 59A-53-1 et seq., NMSA 1978, provides funding through a distribution formula to Fire Services statewide. Money is appropriated to the fund based on certain insurance premiums. A sizeable balance of dollars is returned to the general fund each year after the Fire Fund distributions have been made. SB 856 would redirect 25% of these remaining dollars for counties that are sole providers of EMS and ambulance services to pay for operational expenses. SB 856 would augment the local EMS funding program from the EMS Fund, as explained below.

The major problem with SB 856 is the new language in Section F. of the EMS Fund Act, which directs the new appropriation “to counties that are the sole providers of ambulance and emergency medical system operations in the county...” DOH states that there are very few county-managed ambulance operations that are the “sole providers” in their counties. Examples of such are Mora, Hidalgo, and Catron Counties. There are several counties with a sole operator, but it is private, not county, as in Sierra County. However, most counties have multiple certificated ambulance services operating within them, some by the county, but others by a municipality or a private entity. Examples of this are Taos County, San Miguel County, Santa Fe County, Rio Arriba County, Dona Ana County and Otero County.

The EMS Fund Act provides vital safety-net pre-hospital response, treatment and transport. These funds also provide for EMS Special Projects, Statewide EMS System Improvement Projects, Vehicle Purchase Projects and Local System Improvement Projects. Currently, the EMS Fund Act is capable of providing approximately 45% of requested amounts from EMS services statewide (about 318 EMS Services).

Operational costs of delivering EMS have continued to rise and rural/volunteer EMS Services, as well as ambulance services, struggle to pay these costs. Counties without a substantial tax base that operate EMS and ambulance services have difficulty in providing these services. In calen-

dar year 2002, there were several EMS systems that almost stopped functioning due to inadequate funding. The County Emergency Services Tax, which was enacted in FY2003, is being used by at least one county and is being reviewed by several others to provide sufficient funding to pay for EMS services and emergency dispatch services. This tax on gross receipts must be approved by the governing body and a special election by the voters, and may be in increments of one-sixteenth of one percent up to one-fourth of one percent.

DOH states that the intent of SB 856 is good, but the design of to how the funds should be distributed is problematic.

FISCAL IMPLICATIONS

The bill reduces revenue to the State General Fund by the approximately \$6 million annually that would be diverted to the EMS fund and be distributed to counties to pay for ambulance and EMS services where the counties are the only providers of such services.

The Department of Health would gain approximately \$6 million dollars annually through an addition to the EMS Fund as specified in SB 856. This would raise the EMS Fund from \$3.25 million to about \$9.25 million. However, the \$6 million dollar increase would be restricted to use for eligible counties that are sole providers of EMS and ambulance services.

The bill would statutorily appropriate money from the EMS fund to counties based upon a formula developed by DOH that accounts for geographic size, population, and number of ambulance runs.

At the end FY2002, the balance in the fund (about \$25 million) would be returned to the State General Fund. SB 856 would appropriate 25 percent of the remaining balance of about \$25 million, or about \$6.25 million to the EMS Fund to pay for operational expenses in rural counties.

The bill would affect the amount of revenue available for appropriation for State programs for future fiscal years.

The Fire Protection Fund, Section 59A-53-1 et seq., NMSA 1978, receives appropriated funds from the State Treasury based on insurance premiums. In FY2002, the State Fire Marshal Office received about \$45 million in revenue and approximately \$20 million was distributed to fire services based on a funding formula

ADMINISTRATIVE IMPLICATIONS

As drafted, SB 856 would not increase the administrative dollars the IPEMS Bureau receives annually to accomplish the administration and oversight of the program. This would be problematic in terms of administrative services since it would substantially increase the administrative workload for the IPEMS Bureau. It is estimated that about 1.5% of the new fund would need to be authorized to allow the DOH to hire additional staff and to pay for fiscal management activities. The existing DOH Regulation 7 NMAC 27.5, EMS Fund Act, would need to be amended to comply with the revised EMS Act and the new funding program. The increased appropriation would require at least one additional full time equivalent position and funding to support fiscal management of the program.

RELATIONSHIP

Related to:

HB 653CS, transfers the regulation of ambulance services to DOH.
SB 481 and HB 642, provides additional funding for EMS services to McKinley, San Juan, and Taos Counties.

OTHER SUBSTANTIVE ISSUES

EMS, in general, has seen a decline in the number of volunteers needed in rural areas. It is also difficult to recruit and retain advanced level EMS providers in rural areas. This funding could help overcome some of the issues in recruiting and retaining volunteers, paying for training and licensing, and providing essential supplies and equipment.

AMENDMENTS

DOH suggests the following amendments:

Under Section 1, in the amendment to the EMS Fund Act, add at the end of the new Subsection F: “The Department is authorized to use one and one-half percent of the appropriated funds under Section F for administrative costs, including hiring staff to manage the funds.”

Remove or revise the “sole provider” clause to include other needy counties that would not meet the stringent criteria set forth in SB 856.

BD/sb