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SENATE MEMORIAL 9

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Gerald Ortiz y Pino

A MEMORIAL

REQUESTING THE DEPARTMENT OF HEALTH AND THE HUMAN SERVICES DEPARTMENT TO CONVENE A TASK FORCE TO STUDY POSSIBLE IMPLEMENTATION OF ALL-PAYER GLOBAL HOSPITAL BUDGETS IN RURAL AND URBAN HOSPITALS AND REPORT FINDINGS TO THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE.

WHEREAS, health care payment model reform efforts include exploration of alternatives to the fee-for-service reimbursement model; and

WHEREAS, all-payer global hospital budgets are an alternative to the traditional fee-for-service reimbursement model of payment; and

WHEREAS, an all-payer global hospital budget model consists of an annually predetermined, fixed amount of revenue that is disbursed to hospitals over a year; and

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1 WHEREAS, under an all-payer global hospital budget model,
2 an independent rate-setting agency, implementing feedback from
3 hospitals, decides the amount of revenue that a hospital will
4 receive during each year; and

5 WHEREAS, all-payer global hospital budgets can help
6 hospitals provide financial stability; and

7 WHEREAS, medicaid and medicare are essential to the
8 operation of an all-payer global hospital budget; and

9 WHEREAS, the federal centers for medicare and medicaid
10 services' innovation center, established under Section 1115(a)
11 of the federal Social Security Act, supports development of new
12 health care payment models; and

13 WHEREAS, under the federal Social Security Act, the
14 medicaid 1115 waiver provides states with the opportunity to
15 conduct demonstration projects with the goal of benefiting the
16 public; and

17 WHEREAS, states can seek the medicaid 1115 waiver for
18 implementing all-payer global hospital budgets; and

19 WHEREAS, the federal centers for medicare and medicaid
20 services has provided funding for all-payer global hospital
21 budgets from a state's choice to utilize the medicaid 1115
22 waiver; and

23 WHEREAS, use of all-payer global hospital budgets has
24 increasingly been recognized as an effective method to combat
25 rural health issues; and

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1 WHEREAS, in 2014, Maryland began implementing all-payer
2 global hospital budgets in ten rural hospitals; and

3 WHEREAS, after implementing all-payer global hospital
4 budgets, those Maryland hospitals achieved a budget surplus;
5 and

6 WHEREAS, those rural hospitals in Maryland used their
7 budget surplus to invest in preventive care in their respective
8 communities and did not have to fear financial insolvency; and

9 WHEREAS, these results led to expansion of the all-payer
10 global hospital budget model in Maryland and Pennsylvania; and

11 WHEREAS, Maryland's issues of rural hospital financial
12 solvency also plague New Mexico; and

13 WHEREAS, New Mexico is a largely rural state, where access
14 to health care services is disparate; and

15 WHEREAS, the department of health has indicated that rural
16 residents have shorter life expectancies due to lack of access
17 to care, and addressing rural health care shortages is a high
18 priority area of study in strategic planning efforts; and

19 WHEREAS, the safety net care pool fund was established
20 under the Indigent Hospital and County Health Care Act to make
21 payments to qualifying hospitals and supplant general fund
22 support for the state medicaid program; and

23 WHEREAS, an all-payer global hospital budget model could
24 build upon the funding available through the safety net care
25 pool fund and more comprehensively address rural and urban

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1 health needs and ensure the solvency of New Mexico hospitals;

2 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
3 OF NEW MEXICO that the secretary of health and the secretary of
4 human services be requested to convene a task force to conduct
5 a study of possible implementation of all-payer global hospital
6 budgets in rural and urban New Mexico hospitals; and

7 BE IT FURTHER RESOLVED that the task force be composed of
8 representatives from:

9 A. the department of health, including its office
10 of primary care and rural health;

11 B. the human services department;

12 C. the New Mexico rural hospital network;

13 D. advocacy groups of New Mexico's rural health
14 communities; and

15 E. the New Mexico hospital association; and

16 BE IT FURTHER RESOLVED that the task force be requested to
17 report its findings to the legislative health and human
18 services committee by October 15, 2020; and

19 BE IT FURTHER RESOLVED that copies of this memorial be
20 transmitted to the secretary of health, the secretary of human
21 services and the chair of the legislative health and human
22 services committee.