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

.215917.3
WHEREAS, under an all-payer global hospital budget model, an independent rate-setting agency, implementing feedback from hospitals, decides the amount of revenue that a hospital will receive during each year; and

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

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

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

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

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

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

WHEREAS, use of all-payer global hospital budgets has increasingly been recognized as an effective method to combat rural health issues; and
WHEREAS, in 2014, Maryland began implementing all-payer global hospital budgets in ten rural hospitals; and

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

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

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

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

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

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

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

WHEREAS, an all-payer global hospital budget model could build upon the funding available through the safety net care pool fund and more comprehensively address rural and urban
health needs and ensure the solvency of New Mexico hospitals;

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

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

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

B. the human services department;

C. the New Mexico rural hospital network;

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

E. the New Mexico hospital association; and

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

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