

SENATE BILL 190

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022

INTRODUCED BY

Elizabeth "Liz" Stefanics and Susan K. Herrera

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO RURAL HOSPITALS; CREATING THE RURAL HOSPITAL SERVICES FUND; PROVIDING PAYMENTS FOR LOSSES INCURRED AT NEWLY CONSTRUCTED RURAL HOSPITALS OR RURAL HOSPITALS THAT EXPAND OR PROVIDE NEW SERVICES; PROVIDING CONDITIONS AND LIMITATIONS; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Hospital Funding Act is

.221531.1GLGAIC February 3, 2022 (6:26pm)

underscored material = new  
[bracketed material] = delete  
Amendments: new = →bold, blue, highlight↔  
delete = →bold, red, highlight, strikethrough↔

underscored material = new  
[bracketed material] = delete  
Amendments: new = →bold, blue, highlight←  
delete = →bold, red, highlight, strikethrough←

enacted to read:

"[NEW MATERIAL] RURAL HOSPITAL SERVICES FUND--CREATED--  
DEFINITIONS--USES--LIMITATIONS.--

A. As used in this section:

(1) "acute care" means inpatient medical and nursing care and related services for acute medical conditions, injuries or surgery and ancillary services;

(2) "allowable costs" means necessary and proper costs defined by rule of the department based on medicare reimbursement principles, but "allowable costs" does not include fund transfers to parent corporations;

(3) "ancillary services" include pharmacy, clinical laboratory, radiology and food service;

(4) "department" means the human services department;

(5) "newly constructed" means a rural hospital constructed after June 30, 2022;

(6) "operating losses" means the projected difference between recognized revenue and allowable costs for a grant request period;

(7) "recognized revenue" means operating revenue that includes revenue that is directly related to the rendering of patient care services, revenue from nonpatient care services to patients and persons other than patients, the value of donated commodities, distributions from the safety net

.221531.1GLGAIC February 3, 2022 (6:26pm)

underscored material = new  
[bracketed material] = delete  
Amendments: new = →bold, blue, highlight←  
delete = →bold, red, highlight, strikethrough←

care pool and related programs, supplemental payments, federally distributed funding and other revenue determined by rule of the department to be recognized revenue; and

(8) "rural hospital" means a county hospital, whether operated by the county or a contracting hospital, licensed by the department of health after June 30, 2022 or a licensed rural hospital that establishes a new or expanded service after June 30, 2022:

(a) that is located in a county that has a population of one hundred thousand or fewer according to the most recent federal decennial census;

SIRC→~~(b) that, except as otherwise provided in Subsection C of this section, provides acute care services;~~←SIRC SIRC→(b) that provides acute care services; or that associates with a separate hospital for the provision of surgery, ancillary services not required to be provided by the rural hospital by the provisions of the Hospital Funding Act or psychological services;←SIRC and

(c) that may provide outpatient, primary or behavioral health services.

B. The "rural hospital services fund" is created as a nonreverting fund in the state treasury. The fund consists of appropriations, gifts, grants, donations, income from investment of the fund and any other revenue credited to the fund. The department shall administer the fund, and money in

.221531.1GLGAIC February 3, 2022 (6:26pm)

underscored material = new  
[bracketed material] = delete  
Amendments: new = →bold, blue, highlight←  
delete = →bold, red, highlight, strikethrough←

the fund is appropriated to the department to carry out the provisions of this section. Expenditures shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary of human services or the secretary's authorized representative.

SIRC→~~C. A rural hospital that has fewer than four beds and is located within twenty-five miles of a larger acute care hospital may choose to associate with that larger hospital for the provision of surgery, ancillary services not required to be provided by the rural hospital by the provisions of the Hospital Funding Act or psychological services. A rural hospital may choose to provide ancillary services at a location separate from the rural hospital.~~←SIRC

SIRC→~~D.~~←SIRC SIRC→~~C.~~←SIRC An eligible rural hospital may apply to the department for a grant to defray operating losses incurred in providing hospital services to county residents. The department may award a grant from the fund to a newly constructed rural hospital or a rural hospital that is providing a new approved health care service or is expanding an existing health care service that covers operating losses for the new hospital or for the new or expanding health care service, subject to the following conditions and limitations:

(1) the rural hospital was constructed and is operated in accordance with the Hospital Funding Act;

.221531.1GLGAIC February 3, 2022 (6:26pm)

underscoring material = new  
[bracketed material] = delete  
Amendments: new = → bold, blue, highlight ←  
delete = → bold, red, highlight, strikethrough ←

(2) grants are for one year and for no more than the first five years of operation as a newly constructed hospital or the operation of a new or expanded service;

(3) grants are limited to covering operating losses for which recognized revenue is not sufficient;

(4) the rural hospital demonstrates that it has pursued all available federal and third-party funding to apply to operating costs and reduce operating losses;

(5) the rural hospital provides adequate cost data, as defined by rule of the department, based on financial and statistical records that can be verified by qualified auditors and which data are based on an approved method of cost finding and the accrual basis of accounting; and

(6) the rural hospital commits to a period of operation equivalent to the number of years grants are awarded."

**SECTION 2. APPROPRIATION.**--One hundred fifty million dollars (\$150,000,000) is appropriated from the general fund to the rural hospital services fund for expenditure in fiscal year 2023 and subsequent fiscal years to carry out the purposes of the fund. The human services department may use up to three hundred fifty thousand dollars (\$350,000) each year from the fund to administer the fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.