

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL 190

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

INTRODUCED BY

Elizabeth "Liz" Stefanics and Susan K. Herrera

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 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;

underscored material = new
[bracketed material] = delete

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

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

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

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

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

14 (7) "recognized revenue" means operating
15 revenue that includes revenue that is directly related to the
16 rendering of patient care services, revenue from nonpatient
17 care services to patients and persons other than patients, the
18 value of donated commodities, distributions from the safety net
19 care pool and related programs, supplemental payments,
20 federally distributed funding and other revenue determined by
21 rule of the department to be recognized revenue; and

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

underscored material = new
~~[bracketed material] = delete~~

1 service after June 30, 2022:

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

5 (b) that, except as otherwise provided
6 in Subsection C of this section, provides acute care services;
7 and

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

10 B. The "rural hospital services fund" is created as
11 a nonreverting fund in the state treasury. The fund consists
12 of appropriations, gifts, grants, donations, income from
13 investment of the fund and any other revenue credited to the
14 fund. The department shall administer the fund, and money in
15 the fund is appropriated to the department to carry out the
16 provisions of this section. Expenditures shall be by warrant
17 of the secretary of finance and administration pursuant to
18 vouchers signed by the secretary of human services or the
19 secretary's authorized representative.

20 C. A rural hospital that has fewer than four beds
21 and is located within twenty-five miles of a larger acute care
22 hospital may choose to associate with that larger hospital for
23 the provision of surgery, ancillary services not required to be
24 provided by the rural hospital by the provisions of the
25 Hospital Funding Act or psychological services. A rural

.221531.1GLG

underscored material = new
~~[bracketed material] = delete~~

1 hospital may choose to provide ancillary services at a location
2 separate from the rural hospital.

3 D. An eligible rural hospital may apply to the
4 department for a grant to defray operating losses incurred in
5 providing hospital services to county residents. The
6 department may award a grant from the fund to a newly
7 constructed rural hospital or a rural hospital that is
8 providing a new approved health care service or is expanding an
9 existing health care service that covers operating losses for
10 the new hospital or for the new or expanding health care
11 service, subject to the following conditions and limitations:

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

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

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

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

22 (5) the rural hospital provides adequate cost
23 data, as defined by rule of the department, based on financial
24 and statistical records that can be verified by qualified
25 auditors and which data are based on an approved method of cost

.221531.1GLG

underscored material = new
~~[bracketed material] = delete~~

1 finding and the accrual basis of accounting; and

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

5 SECTION 2. APPROPRIATION.--One hundred fifty million
6 dollars (\$150,000,000) is appropriated from the general fund to
7 the rural hospital services fund for expenditure in fiscal year
8 2023 and subsequent fiscal years to carry out the purposes of
9 the fund. The human services department may use up to three
10 hundred fifty thousand dollars (\$350,000) each year from the
11 fund to administer the fund. Any unexpended or unencumbered
12 balance remaining at the end of a fiscal year shall not revert
13 to the general fund.