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SENATE BILL 7

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

INTRODUCED BY

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Marian Matthews

AN ACT

RELATING TO RURAL HEALTH CARE PROVIDERS; CREATING THE RURAL
HEALTH CARE DELIVERY FUND TO PROVIDE GRANTS TO DEFRAY OPERATING
LOSSES OF RURAL HEALTH CARE PROVIDERS AND FACILITIES THAT
PROVIDE NEW OR EXPANDED HEALTH CARE SERVICES; MAKING AN
APPROPRIATION.

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

SECTION 1. [NEW MATERIAL] RURAL HEALTH CARE DELIVERY
FUND.--

A. The "rural health care delivery 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 the fund is appropriated to the department to carry out the

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1 provisions of this section. Expenditures shall be by warrant
2 of the secretary of finance and administration pursuant to
3 vouchers signed by the secretary of human services or the
4 secretary's authorized representative.

5 B. A rural health care provider or rural health
6 care facility may apply to the department for a grant to defray
7 operating losses incurred in providing inpatient, outpatient,
8 primary, specialty or behavioral health services to New Mexico
9 residents. The department may award a grant from the rural
10 health care delivery fund to a newly constructed rural health
11 care facility or rural health care facility that is providing a
12 new health care service as approved by the department that
13 covers operating losses for the new or expanded health care
14 service, subject to the following conditions and limitations:

15 (1) the rural health care provider or rural
16 health care facility meets state licensing requirements to
17 provide health care services;

18 (2) grants are for one year and for no more
19 than the first five years of operation as a newly constructed
20 rural health care facility or the operation of a new or
21 expanded health care service;

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

24 (4) the rural health care provider or rural
25 health care facility provides adequate cost data, as defined by

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1 rule of the department, based on financial and statistical
2 records that can be verified by qualified auditors and which
3 data are based on an approved method of cost finding and the
4 accrual basis of accounting; and

5 (5) in the case of a rural health care
6 provider, the provider commits to a period of operation
7 equivalent to the number of years grants are awarded.

8 C. As used in this section:

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

13 (2) "department" means the human services
14 department;

15 (3) "health care services" means services for
16 the diagnosis, prevention, treatment, cure or relief of a
17 physical, behavioral or mental health condition, substance use
18 disorder, illness, injury or disease;

19 (4) "newly constructed" means a rural health
20 care facility constructed after June 30, 2023;

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

24 (6) "recognized revenue" means operating
25 revenue, including revenue directly related to the rendering of

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1 patient care services and revenue from nonpatient care services
2 to patients and persons other than patients; the value of
3 donated commodities; supplemental payments; distributions from
4 the safety net care pool fund; and distributions of federal
5 funds;

6 (7) "rural health care facility" means a
7 health care facility licensed by the department of health that
8 provides inpatient or outpatient physical or behavioral health
9 services and is located in a county that has a population of
10 one hundred thousand or fewer according to the most recent
11 federal decennial census; and

12 (8) "rural health care provider" means an
13 individual health professional or a health facility
14 organization licensed by the department to provide health care
15 diagnosis and treatment of physical or behavioral health and is
16 located in a county that has a population of one hundred
17 thousand or fewer according to the most recent federal
18 decennial census.

19 SECTION 2. APPROPRIATION.--Two hundred million dollars
20 (\$200,000,000) is appropriated from the general fund to the
21 rural health care delivery fund for expenditure in fiscal year
22 2024 and subsequent fiscal years to carry out the purposes of
23 the fund. The human services department may use up to three
24 hundred fifty thousand dollars (\$350,000) each year from the
25 fund to administer the fund. Any unexpended or unencumbered

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1 balance remaining at the end of a fiscal year shall not revert
2 to the general fund.

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