

**LFC Requestor:** Choose an item.

**2024 LEGISLATIVE SESSION  
AGENCY BILL ANALYSIS**

**Section I: General**

**Chamber:** House

**Category:** Bill

**Number:** 269

**Type:** Introduced

**Date (of THIS analysis):** January 31, 2024

**Sponsor(s):** Jack Chatfield and Pat Woods

**Short Title:** Quay County Hospital Construction

**Reviewing Agency:** Public Health Division

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**Section II: Fiscal Impact**

**APPROPRIATION (dollars in thousands)**

<b>Appropriation Contained</b>		<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>FY 24</b>	<b>FY 25</b>		
\$0	\$0	N/A	N/A

**REVENUE (dollars in thousands)**

<b>Estimated Revenue</b>			<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>		
\$0	\$0	\$0	N/A	N/A

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Non-recurring</b>	<b>Fund Affected</b>
<b>Total</b>	\$0	\$0	\$0	\$0	N/A	N/A

**Section III: Relationship to other legislation**

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

## **Section IV: Narrative**

### **1. BILL SUMMARY**

#### a) Synopsis

House Bill 269 (HB269) proposes to provide an appropriation to the local government division of the Department of Finance and Administration for Quay County to Construct a new Dr. Dan C. Trigg Memorial Hospital in Tucumcari.

To request for Ten million dollars (\$10,000,000.00) to be appropriated from the general fund to the local government division of the Department of Finance and Administration for expenditure in fiscal year 2025 for Quay County to construct a new Dr. Dan C. Trigg memorial hospital in Tucumcari.

Is this an amendment or substitution?  Yes  No.

Is there an emergency clause?  Yes  No

#### b) Significant Issues

Rural hospitals and health systems make up about 35% of all hospitals across the country and include critical access hospitals (no more than 25 acute care beds and more than 35 miles from the nearest hospital), frontier hospitals (six or fewer residents per square mile) and sole community hospitals (hospitals for Medicare beneficiaries in isolated communities), among other Medicare designations.

Rural hospitals are major economic drivers, supporting one in every 12 rural jobs in the U.S. and contributing \$220 billion in economic activity in their communities in 2020. (American Hospital Association: Hospital Closures Threaten Patient Access to Care as Hospitals Face a Range of Rising Pressures: <https://www.aha.org/press-releases/2022-09-08-new-aha-report-finds-rural-hospital-closures-threaten-patient-access-care>). A variety of factors have contributed to closures, such financial pressures, challenging patient demographics and workforce shortages. Communities served by critical access hospitals (CAHs) and other rural hospitals tend to have older, sicker, and poorer populations with access to fewer health care professionals. Nearly half of rural hospitals have 25 or fewer beds, with just 16% having more than 100 beds.

As a result of patient demographics, reimbursement models, market characteristics, and available services, rural hospitals are closing, and rural communities are losing services in higher proportion than urban communities. Effects of rural hospital closures and reduction of services reduce access to local available healthcare. Rural hospital closures have resulted

in a rise in emergency medical services costs, increased time and cost of transportation to healthcare services for patients, heightened transportation issues, barriers to care for vulnerable groups, and the loss of jobs. (American Hospital Association: Rural Hospital Closures Threaten Access: [rural-hospital-closures-threaten-access-report.pdf](https://www.aha.org/rural-hospital-closures-threaten-access-report.pdf) (aha.org), pages 5-7)

Geographically, New Mexico is a largely rural state. Of New Mexico's 33 counties, seven contain predominantly urban areas defined as part of Metropolitan Statistical Areas (New Mexico Rural Health Plan, page 3: [nmhealth.org/publication/view/report/5676/](https://www.nmhealth.org/publication/view/report/5676/)). The remaining 26 Non-Metropolitan counties are considered rural or frontier in nature. It should be noted that there are locations within Metropolitan Statistical Areas counties that are largely rural or frontier. The very large size of New Mexico counties creates this situation (New Mexico Rural Health Plan: <https://www.nmhealth.org/publication/view/report/5676/>, page 4).

Rural facilities across the country are often forced to close because reimbursement frequently fails to cover the cost of care delivery to patients in non-urban areas, a challenge that is even more significant in a hospital's initial years of operation. According to the Center for Healthcare Quality and Payment Reform ([The Crisis in Rural Health Care](https://www.chqpr.org/) (chqpr.org), more than half of small rural hospitals nationwide that have closed in recent years had losses of 10% or more in the year prior to closure, and over one fourth had losses greater than 20%.

Currently in FY 24, DOH Medicare Rural Hospital Flexibility (Flex) Program and the Small Rural Hospital Improvement Program (SHIP) contracts with thirteen (13) hospitals that have 25 beds or less. The Flex and SHIP Program supports critical access hospitals (25 beds) in quality improvement, quality reporting, performance improvement and benchmarking, value-based payment, and care goals through investments in hardware, software, and training.

## 2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?  
 Yes  No
- Is this proposal related to the NMDOH Strategic Plan?  Yes  No
  - Goal 1:** We expand equitable access to services for all New Mexicans
  - Goal 2:** We ensure safety in New Mexico healthcare environments
  - Goal 3:** We improve health status for all New Mexicans
  - Goal 4:** We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

## 3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?  
 Yes  No  N/A
- If there is an appropriation, is it included in the LFC Budget Request?

Yes  No  N/A

- Does this bill have a fiscal impact on NMDOH?  Yes  No

#### 4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH?  Yes  No

#### 5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

HB269 is a companion to SB 150, making an appropriation to the Department of Finance and Administration to provide a newly constructed Dr. Dan C. Trigg Memorial Hospital in Tucumcari.

#### 6. TECHNICAL ISSUES

Are there technical issues with the bill?  Yes  No

#### 7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written?  Yes  No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)?  Yes  No
- Does this bill conflict with federal grant requirements or associated regulations?  
 Yes  No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs?  Yes  No

None.

#### 8. DISPARITIES ISSUES

New Mexico's health system poses certain challenges for improving the health status of the population as New Mexico's population is not evenly distributed across the state geographically. Of New Mexico's 33 counties, seven contain predominantly urban areas defined as part of Metropolitan Statistical Areas. The remaining 26 Non-Metropolitan counties are considered rural or frontier in nature (New Mexico Rural Health Plan; <https://www.nmhealth.org/publication/view/report/5676/>, page 3).

Due to current healthcare reimbursement systems, communities with a large proportion of low-income residents and rural communities may not generate sufficient paying demand to assure that providers will practice in these locations (2020-2022 New Mexico State Health Improvement Plan, page 4: [nmhealth.org/publication/view/report/5676/](https://www.nmhealth.org/publication/view/report/5676/)). The rural to urban migration of health professionals inevitably leaves poor, rural, and remote areas underserved and disadvantaged. Skilled health professionals are increasingly taking job opportunities in the labor market in high-income areas as the demand for their expertise rises.

Quay County struggles to provide access to many types of care including obstetrics. This requires pregnant mothers to receive prenatal care outside of the County, in which

transportation can be a barrier. No access to care also includes lack of certain specialists or any surgical procedures being conducted in Quay County.

**9. HEALTH IMPACT(S)**

Because HB 269 does not specify how funds should be spent, and that the proposed funding would be for one year only, it is uncertain how HB 269 would impact the health of New Mexicans.

**10. ALTERNATIVES**

None.

**11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?**

If HB 269 is not enacted, an appropriation of \$10,000,000 from the general fund to the local government division of the Department of Finance and Administration for expenditure in fiscal year 2025 for Quay County (Tucumcari, Nm) – Dr. Dan C. Trigg Memorial Hospital will not be built to provide future health care services in the rural and frontier communities.

**12. AMENDMENTS**

None.