

**2024 LEGISLATIVE SESSION  
AGENCY BILL ANALYSIS**

**Section I: General**

**Chamber:** Senate  
**Number:** 52

**Category:** Bill  
**Type:** Introduced

**Date (of THIS analysis):** 1/19/2024

**Sponsor(s):** Pat Woods, Randall T. Pettigrew

**Short Title:** Emergency Rural & Frontier Hospital Funds

**Reviewing Agency:** Agency 665 – Department of Health

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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>		
\$51,000.0	\$51,000.0	Non-recurring	General Fund

**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>	\$153,212	\$153,212	\$0	\$306,424	Non-Recurring	General

1 FTE:

Pay Band 65 - \$29.12/hr. at pay band midpoint x 2080 hours x 0.4395 = \$87,190 + Office Setup \$6,022 + Rent \$60,000 = \$153,212

(2080 hours are the standard full-time hours per year).

### **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

Senate Bill 52 (SB 52) would provide emergency funding to rural and frontier hospitals with fewer than thirty-five beds; declaring an emergency.

Any unexpended or unencumbered balance remaining at the end of fiscal year 2025 shall revert to the general fund.

Is this an amendment or substitution?  Yes  No

Is there an emergency clause?  Yes  No

##### b) Significant Issues

Rural facilities across the country are often forced to close due to the fact that 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 \(chqpr.org\)](http://The Crisis in Rural Health Care (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, The New Mexico Department of Health (NMDOH) Medicare Rural Hospital Flexibility (Flex) Program ([Medicare Rural Hospital Flexibility Program \(Flex\) | HRSA](https://www.hrsa.gov/medicare-rural-hospital-flexibility-program)) contracts with ten (10) of the thirteen (13) critical access hospitals in New Mexico that have 25 beds or less. The Flex Program supports critical access hospitals (25 beds) in quality improvement, quality reporting, performance improvement and benchmarking. [Critical Access Hospitals | CMS](https://www.cms.gov/Critical-Access-Hospitals)

SB 52 does not specify how the proposed emergency funds should be used, such as if these funds are for all critical access hospitals statewide, regardless of participation in the NMDOH Medicare Flex Program, if funds can be used for workforce recruitment and retention, quality improvement, reimbursement needs, etc.

#### **2. PERFORMANCE IMPLICATIONS**

- Does this bill impact the current delivery of NMDOH services or operations?  
 Yes  No

A Full-Time Equivalent would be needed to process any anticipated contract amendments, process any new contracts, and respond to any possible delays to meet arbitrary requirements set by DOH Administrative Service Division during the contract process.

- 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

SB52 relates to Department of Health Strategic Plan FY 21-23, Goal: Expand Equitable Access to Services for all New Mexicans, page 11: <https://www.nmhealth.org/publication/view/plan/7187/>

### **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

A Full-Time Equivalent would be needed to process any anticipated contract amendments, process any new contracts, and respond to any possible delays to meet arbitrary requirements set by DOH Administrative Service Division during the contract process.

### **4. ADMINISTRATIVE IMPLICATIONS**

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

A Full-Time Equivalent would be needed to process any anticipated contract amendments to the current NMDOH Medicare Flex Program critical care hospital contracts, process any possible additional contracts and respond to any possible delays to meet arbitrary requirements set by DOH Administrative Service Division during the contract process. The proposed legislation contains no appropriation for administrative support needed to carry out the requirements of SB52.

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

None

### **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

## **8. DISPARITIES ISSUES**

In 2022, New Mexico had an estimated total population of 2,113,476 in 33 counties. This bill could affect NMDOH stakeholders and customers. Under 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 11: <https://www.nmhealth.org/publication/view/plan/5311>). The rural to urban migration of health professionals inevitably leaves poor, rural, and remote areas underserved and disadvantaged.

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](#), June 2019, page 3).

## **9. HEALTH IMPACT(S)**

Because SB 52 does not specify how funds should be spent or directed and the proposed funding would be for two fiscal years only, it is uncertain how SB 52 would impact the health of New Mexicans.

## **10. ALTERNATIVES**

Unknown

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

If SB 52 is not enacted, rural and frontier hospitals, with fewer than thirty-five beds, would not receive emergency funding.

## **12. AMENDMENTS**

None