

<b>LFC Requester:</b>	<b>Isaiah Torres</b>
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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

AgencyAnalysis.nmlegis.gov

*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply:

Original  Amendment   
Correction  Substitute

Date 1/24/24

Bill No: SB150

Sponsor: Sen. Campos  
Short Tucumcari Hospital Funding  
Title: \_\_\_\_\_

Agency Name  
and Code HSD-630  
Number: \_\_\_\_\_  
Person Writing Carlos Ulibarri  
Phone: 505-709-5499 Email Carlos.Ulibarri@hsd.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$0.0	\$10,000.0	Nonrecurring	General Fund (local government division of DFA)

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$0.0	\$0.0	\$0.0	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0.0	\$120.2	\$120.2	240.4	R	DHI

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: Senate Bill 150 (SB 150) appropriates ten million dollars (\$10,000,000) from the general fund to the local government division of the department of finance and administration for the construction of a new Dr. Dan C. Trigg memorial hospital in Tucumcari, New Mexico. Any unexpended or unencumbered balance remaining at the end of fiscal year 2025 shall revert to the general fund.

**FISCAL IMPLICATIONS**

SB 150 appropriates ten million dollars (\$10,000,000) from the General Fund for the construction of a new Dr. Dan Trigg Hospital in Quay County. The appropriation for the construction of the new hospital does not have a direct fiscal impact on the Health Care Authority, or any immediate fiscal impact to the Medicaid program.

The division of health improvement (DHI) would have the initial expense of licensure and survey for a new healthcare facility, Initial and recurring costs \$120,200 for licensing and survey team.

**SIGNIFICANT ISSUES**

A Feasibility Study prepared by Stantec Architects Inc. (2021) estimates the capital replacement project will require two years to complete (20 months) at an estimated cost of \$19.2 million, with an annual escalation cost of \$1.5 million in 2021 dollars. So in FY2025 the cost estimate given in the Feasibility Study is more than double the appropriation amount given in SB 150. [Quay County-Trigg Memorial Master Document final.indd \(quaycounty-nm.gov\)](#) Also, since construction is expected to take two years to complete, any unexpected or unencumbered amount from the appropriation should not revert to the general fund unless the Legislature plans to reappropriate the amount of fund need in FY 2026.

The capital replacement project calls for new hospital construction on a site directly adjacent to the existing hospital site. The new construction entails 34,000 square feet to replace all existing services in-kind, i.e. hospital services, primary support services, administration and material services. The existing facility has 25 beds and provides medical services to some 8,250 Quay County residents. The replacement facility may enhance access/utilization of services to County residents, of which 4,400 are enrolled in Medicaid/CHIP programs. However, any enhanced Healthcare benefits (above those currently provided) would begin once the new facility enters its'

**Commented [HPZH1]:** Does DHI currently have staff performance these functions? The costs shown are what the DHI will incur, not necessary new costs. Correct?

**Commented [DM2R1]:** Yes, DHI has staff that perform these tasks, the cost shown is the expense of what DHI incurs to license and survey a new facility. Dan M

operational phase.

The operation of the new hospital would impact the Health Care Authority and the operating budget of the Medicaid program through medical services to Medicaid beneficiaries and reimbursements to healthcare providers; especially inpatient services thru higher DRG reimbursement rates. However, the increase in future costs to the Medicaid program are difficult to quantify.

Direct economic activity in Quay County would expand during the construction phase of the new hospital and its' subsequent operations. As such, income and gross receipts tax revenues would increase from short-term employment during the construction phase. The potential longer-term impacts further include increased tax receipts from earned incomes, gross receipts and higher property values.

Furthermore, indirect economic impacts would result from both construction and facility operations by way of increased general economic activity across supporting industries. The \$10 million general fund appropriation would provide for new capital investment in Quay County, expanding employment opportunities, inducing general economic growth, and improving general welfare from enhanced access to healthcare services.

#### **PERFORMANCE IMPLICATIONS**

The division of health improvement would process the initial application for a new health facility and conduct initial and ongoing annual compliance surveys.

#### **ADMINISTRATIVE IMPLICATIONS**

None.

No IT impact.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

#### **TECHNICAL ISSUES**

None.

#### **OTHER SUBSTANTIVE ISSUES**

None.

#### **ALTERNATIVES**

None.

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

Status quo.

#### **AMENDMENTS**

None.