LFC Requester:	Eric Chenier

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 x **Amendment** ____
Correction ___ **Substitute** ____

Date 1/23/24
Bill No: SB161

Sponsor: Sen. Munoz
Short Title: Acute Care Subsidy

Agency Name and Code Number: HSD-630
Person Writing Rayna Fagus
Phone: 505-699-5566 **Email** Rayna.fagus@hsd.nm.

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
0	25,000.0	nonrecurring	SGF

(Parenthesis ( ) Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
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
Total	0	$493.8	$393.8	$887.6	Nonrecurring	GF/FF

(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 161 (SB 161) makes an appropriation of $50,000,000.00 to the Health Care Authority Department for expenditures in fiscal years (FYs) 2025 and 2026 to provide quarterly subsidies to acute care facilities with fewer than thirty beds to cover certain revenue losses. Qualified facilities are independent not-for-profit or state- or county-owned acute care facility where acute care facility is defined generally as facility providing emergency or urgent care, inpatient medical care and nursing care for acute illness injury, surgery, or obstetrics. Any unexpended or unencumbered balance remaining at the end of FY 2026 shall revert to the general fund.

The health care authority department shall not spend more than twenty-five million dollars ($25,000,000) in FY 2025. An acute care facility that fails to provide quarterly updates to the health care authority department shall not receive additional subsidies.

FISCAL IMPLICATIONS

SB 161 appropriates $50 million, no more than $25 million for FY 2025, to provide quarterly subsidies to acute care facilities with fewer than thirty beds to cover certain revenue losses in FYs 2025 and 2026.

To administer the funding appropriated in SB161, the Health Care Authority (HCA) will need 4 FTE staff to manage this fund and related functions. The appropriate staffing level is 3 pay band 70 and one pay band 75 with a total cost of $393,806 and $100,000 for contract costs for FYs 2025 and 2026 to oversee the implementation and review the annual applications to make subsidy payments. HCA will receive a 50% federal Medicaid match for these posistions.

A list of New Mexico hospitals that are "independent not-for-profit or state- or county-owned acute care facilities with fewer than thirty beds" are listed below:

HOSPITAL NAME	COUNTY	# OF BEDS
Dan C. Trigg	Quay	25
Holy Cross Hospital	Taos	29
Lincoln County Medical Center	Lincoln	25
Miners Colfax Medical Center	Colfax	25
Union County General Hospital	Union	25
Guadalupe County Hospital	Guadalupe	10
Rehoboth McKinley Christian Hospital	McKinley	25
Socorro General Hospital	Socorro	24

Other acute care facilities meeting the definition of this bill will need to be identified as the definition in the Bill is vague.

SIGNIFICANT ISSUES

The bill generally defines acute care facility in Section 1(E) as a facility providing emergency or urgent care, inpatient medical care and nursing care for acute illness injury, surgery, or obstetrics and must be independent not-for-profit or state- or county-owned acute care facilities with fewer than thirty beds (Section 1(A)). This definition is vague and may be open to interpretation such that if a facility is denied a subsidy payment, it may appeal or seek legal action.

In addition, the subsidy payments specified by this bill will be made with state funds only.

These facilities provide access to healthcare in remote rural areas of the state where there is limited access to healthcare. The viability of these facilities is dependent on several variables including patient census, and minimum staffing requirements, which can impact operational sustainability. Closure of these facilities would limit access to care and create longer transportation times to access care delaying treatment one to two hours.

There may also be an unintended consequence of incentivizing hospitals to have fewer beds to qualify for this financial security.

PERFORMANCE IMPLICATIONS

See significant issue.

ADMINISTRATIVE IMPLICATIONS

The HCA would need 4 FTEs to administer this fund, identify qualified independent not-for-profit or state- or county-owned acute care facilities, and develop the application and evaluation criteria for subsidy payment. The funding is non-recurring therefore hiring a 4-term FTE may not be possible, therefore HCA may need to use contract services.

SB 161 requires Acute Care Facilities to submit applications to HCA for subsidies. The bill does not specify how the applications will be solicited, submitted, evaluated, selected, and monitored. If the applications will be collected via an online portal, detailed requirement would need to be gathered before a cost estimate could be formulated.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

Tie payments to a rural definition in lieu of a bed count.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

DHI licenses acute and continuing care facilities. Those that are unable to remain financially viable in rural areas would be at risk of closure, further reducing access to care in remote areas of the state. It could also delay treatment and care one to two hours due to longer transport time to a

hospital to receive services.

AMENDMENTS

None