

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

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*(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}*

**Date Prepared:** 9/30/25 *Check all that apply:*  
**Bill Number:** .232332.2GLG Original  Correction   
 Amendment  Substitute

**Sponsor:** Sen. Liz Stefanics and Sen. Woods **Agency Name and Code** HCA 630  
**Short** Rural Health Care Delivery Fund **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	\$50,000.0	N/A	Nonrecurring	GF

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	\$50,000.0	N/A	Nonrecurring	GF

(Parenthesis ( ) indicate revenue decreases)

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

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None  
Duplicates/Relates to Appropriation in the General Appropriation Act: The 2025 Special Session General Appropriations Act transfers \$50,000.0 from the General Fund to the Rural Health Care Delivery Fund for the purposes of this bill.

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

This bill broadens the Rural Health Care Delivery Fund, allowing the Health Care Authority (HCA) to award funds not only for new or expanded services, but also to stabilize existing services that are at risk of reduction or closure in rural counties. The bill would also expand the definition of a rural area to include high-needs geographic Health Professional Shortage Areas (HPSAs). The bill appropriates \$50 million to the Rural Health Care Delivery Fund and includes an emergency clause for immediate effect.

#### **FISCAL IMPLICATIONS**

The bill appropriates \$50 million to the Rural Health Care Delivery Fund, which is administered by the HCA.

The HCA has received funding in House Bill 2 appropriations in prior years to support rural health care delivery grants (FY24-26 awards totaled \$80 million; and FY25-27 awards totaled \$46 million). Since that time, 80+ projects across rural NM have received funding from the HCA to expand or add new health care services. The HCA is now evaluating applications for the FY26 \$20 million appropriation, with the expectation that all funds will be obligated by December 31, 2025.

#### **SIGNIFICANT ISSUES**

New Mexico continues to face a significant health care workforce shortage, with many rural and underserved communities struggling to recruit and retain qualified providers. At the same time, facilities across the state are experiencing growing financial instability, driven by rising costs, workforce constraints, an uncertain federal reimbursement landscape, and expected growth in uncompensated care as the federal Reconciliation Bill is implemented and results in Medicaid and Marketplace coverage losses. Without additional support, these pressures are expected to result in the closure of health care providers and facilities, and the discontinuation of critical services, further reducing access to care in already vulnerable areas and putting additional strain on the state's health care system.

Changes in Medicaid reimbursement and provider payment structures outlined in the federal Reconciliation bill are projected to exacerbate health care facility closures, with more than 50 safety net providers at risk of losing critical funding, and the loss of \$8.5 billion in federal funding for hospital payments over the next decade that could result in the closure of 6-8 hospitals over the next 18-24 months.

#### **PERFORMANCE IMPLICATIONS**

The HCA actively measures the outcomes of current funding recipients through consistent

reporting and monitoring processes. Each organization is required to provide data and updates that allow the HCA to evaluate both program effectiveness and community impact. Key elements include:

- Quarterly Reporting: Recipients submit standardized quarterly reports capturing service delivery, workforce, and financial data.
- Workforce Metrics: Tracking new hires, retention of staff, and reductions in reliance on costly locum or contract providers.
- Service Expansion: Monitoring new or expanded services, facilities, or programs made possible through funding.
- Utilization & Access: Measuring patient encounters, visits, or other indicators of increased access to care in rural communities.
- Sustainability & Revenue Tracking: Assessing how recipients are building sustainable models, tracking revenue generated, and leveraging funding with other sources.
- Compliance & Accountability: Ensuring that funded services remain reimbursable, aligned with Medicaid standards, and consistent with legislative intent.

Rural Health Care Delivery Fund grants have resulted in nearly 275,000 patient encounters and service to 113,288 individuals since the program launched in FY24. The program has also resulted in 940 newly hired full-time health workers across rural New Mexico.

## **ADMINISTRATIVE IMPLICATIONS**

The HCA administers the Rural Health Care Delivery Fund, including assistance with provider contracting, invoice processing, oversight and compliance monitoring, recipient engagement and support, program management, reporting, and coordination across internal teams.

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

None

## **TECHNICAL ISSUES**

None

## **OTHER SUBSTANTIVE ISSUES**

None

## **ALTERNATIVES**

None

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

Changes in Medicaid and Marketplace coverage and Medicaid reimbursement and provider payment structures outlined in the federal Reconciliation bill are projected to exacerbate health care facility closures, with more than 50 safety net providers at risk of losing critical funding, and the loss of \$8.5 billion in federal funding for hospital payments over the next decade that could result in the closure of 6-8 hospitals over the next 18-24 months.

## **AMENDMENTS**

None