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SENATE BILL 445

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

MANNY M. ARAGON

AN ACT

RELATING TO INDIGENT HEALTH CARE REVENUES; INCREASING AMOUNTS THAT COUNTIES ARE REQUIRED TO DEDICATE TO THE COUNTY-SUPPORTED MEDICAID FUND; PROVIDING FOR CERTAIN HOSPITAL PAYMENTS FROM THE COUNTY-SUPPORTED MEDICAID FUND; AMENDING SECTIONS OF THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 27-5-6 NMSA 1978 (being Laws 1965, Chapter 234, Section 6, as amended) is amended to read:

"27-5-6. POWERS AND DUTIES OF THE BOARD.--The board:

A. shall administer claims pursuant to the provisions of the Indigent Hospital and County Health Care Act;

B. shall prepare and submit a budget to the board of county commissioners for the amount needed to defray claims made upon the fund and to pay costs of administration of the Indigent Hospital and County Health Care Act, which costs of administration shall in no event exceed the following percentages of revenues based on the previous fiscal year revenues for a fund that has existed for at least one fiscal year or based on projected revenues for the year being budgeted for a fund that has existed for less than one fiscal year. The percentage of the

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1 revenues in the fund that may be used for administrative costs is equal to the sum of the
2 following:

3 (1) ten percent of the amount in the fund not over five hundred
4 thousand dollars (\$500,000);

5 (2) eight percent of the amount in the fund over five hundred
6 thousand dollars (\$500,000) but not over one million dollars (\$1,000,000); and
7

8 (3) four and one-half percent of the amount in the fund over one
9 million dollars (\$1,000,000);

10 C. shall make rules and regulations necessary to carry out the provisions of the
11 Indigent Hospital and County Health Care Act; provided that the standards for eligibility and
12 allowable costs for county indigent patients shall be no more restrictive than the standards for
13 eligibility and allowable costs prior to December 31, 1992;

14 D. shall set criteria and cost limitations for medical care in licensed out-of-
15 state hospitals, ambulance services or health care providers;

16 E. shall cooperate with appropriate state agencies to use available funds
17 efficiently and to make health care more available;

18 F. shall cooperate with the department in making any investigation to
19 determine the validity of claims made upon the fund for any indigent patient;

20 G. may accept contributions or other county revenues, which shall be
21 deposited in the fund;

22 H. may hire personnel to carry out the provisions of the Indigent Hospital and
23 County Health Care Act;

24 I. shall review all claims presented by a hospital, ambulance service or health
25 care provider to determine compliance with the rules and regulations adopted by the board or
with the provisions of the Indigent Hospital and County Health Care Act, determine whether

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1 the patient for whom the claim is made is an indigent patient and determine the allowable
2 medical or ambulance service costs; provided that the burden of proof of any claim shall be
3 upon the hospital, ambulance service or health care provider;

4 J. shall state in writing the reason for rejecting or disapproving any claim and
5 shall notify the submitting hospital, ambulance service or health care provider of the decision;

6 K. shall pay all claims that are not matched with federal funds under the state
7 medicaid program and that have been approved by the board from the fund;

8 L. shall determine by county ordinance the types of health care providers that
9 will be eligible to submit claims under the Indigent Hospital and County Health Care Act; and

10 ~~[M. shall review, verify and approve all medicaid sole community provider~~
11 ~~hospital payment requests in accordance with rules and regulations adopted by the board prior~~
12 ~~to their submittal by the hospital to the department for payment but no later than January 1 of~~
13 ~~each year;~~

14 ~~N. shall transfer to the state treasurer by the last day of March, June,~~
15 ~~September and December of each year an amount equal to one-fourth of the county's payment~~
16 ~~for support of sole community provider payments as calculated by the department for that~~
17 ~~county for the current fiscal year. This money shall be deposited in the sole community~~
18 ~~provider fund; and~~

19 ~~Θ:] M. may provide for the transfer of money from the county indigent~~
20 ~~hospital claims fund to the county-supported medicaid fund to meet the requirements of the~~
21 ~~Statewide Health Care Act."~~

22 Section 2. Section 27-5-6.1 NMSA 1978 (being Laws 1993, Chapter 321, Section 18)
23 is amended to read:

"27-5-6.1. SOLE COMMUNITY PROVIDER FUND CREATED.--

A. The "sole community provider fund" is created in the state treasury. The sole

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1 community provider fund, which shall be administered by the [~~human services~~] department,
2 shall consist of funds [~~provided by counties~~] transferred from the county-supported medicaid
3 fund to match federal funds for medicaid sole community provider hospital payments. Money
4 in the sole community provider fund shall be invested by the state treasurer as other state funds
5 are invested. Any unexpended or unencumbered balance remaining in the fund at the end of
6 any fiscal year shall not revert.

7
8 B. Money in the sole community provider fund is appropriated to the [~~human~~
9 ~~services~~] department to make sole community provider hospital payments pursuant to the state
10 medicaid program. No sole community provider hospital payments or money in the sole
11 community provider fund shall be used to supplant any general fund support for the state
12 medicaid program.

13 C. Money in the sole community provider fund shall [~~be remitted back to the~~
14 ~~individual counties from which it came~~] revert to the county-supported medicaid fund if federal
15 medicaid matching funds are not received for medicaid sole community provider hospital
16 payments."

17 Section 3. Section 27-5-7 NMSA 1978 (being Laws 1965, Chapter 234, Section 7, as
18 amended) is amended to read:

19 "27-5-7. COUNTY INDIGENT HOSPITAL CLAIMS FUND.--

20 A. There is created in the county treasury of each county a "county indigent
21 hospital claims fund".

22 B. Collections under the levy made pursuant to the Indigent Hospital and
23 County Health Care Act and all payments shall be placed into the fund, and the amount placed
24 in the fund shall be budgeted and expended only for the purposes specified in the Indigent
25 Hospital and County Health Care Act, by warrant upon vouchers approved by a majority of the
board and signed by the chairman of the board. Payments for indigent hospitalizations shall

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1 not be made from any other county fund.

2 C. The fund shall be audited in the manner that other state and county funds
3 are audited, and all records of payments and verified statements of qualification upon which
4 payments were made from the fund shall be open to the public.

5 D. Any balance remaining in the fund at the end of the fiscal year, [~~pursuant to~~
6 ~~Subsections F and G~~] except as otherwise provided in Subsection F of this section, shall carry
7 over into the ensuing year, and that balance shall be taken into consideration in the
8 determination of the ensuing year's budget and certification of need for purposes of making a
9 tax levy.

10 E. Money may be transferred to the fund from other sources, but no transfers
11 may be made from the fund for any purpose other than those specified in the Indigent Hospital
12 and County Health Care Act.

13 F. On [~~June 30 of each fiscal year, beginning in 1996~~] September 30, 1996 and
14 on each September 30 thereafter, the board shall [~~transfer~~] transfer to the county-supported
15 medicaid fund that amount of the balance in the county indigent hospital claims fund on the
16 preceding June 30 that exceeds two hundred thousand dollars (\$200,000) or that exceeds the
17 amount equal to thirty percent of the income to the fund during [~~that~~] the preceding fiscal year,
18 whichever is greater. [~~Beginning in 1996, the transfer shall be made by September 1 of each~~
19 ~~fiscal year.~~] Any amount transferred to the county-supported medicaid fund pursuant to this
20 subsection is in addition to the county's obligation pursuant to Section 27-10-4 NMSA 1978."
21

22 Section 4. Section 27-5-7.1 NMSA 1978 (being Laws 1993, Chapter 321, Section 16)
23 is amended to read:

24 "27-5-7.1. COUNTY INDIGENT HOSPITAL CLAIMS FUND--AUTHORIZED USES
25 OF THE FUND.--

A. The fund shall be used

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1 C. Fifteen percent of the total amount transferred annually by counties to the
2 county-supported medicaid fund shall be distributed in quarterly payments to hospitals that
3 provide a disproportionate share of care to indigent patients or that are sole community
4 provider hospitals as that term is defined in the Indigent Hospital and County Health Care Act.
5 The New Mexico health policy commission, in consultation with the department of health and
6 the human services department, shall adopt regulations by September 15, 1996 providing for
7 distribution of the funds. The distribution formula shall give priority to maintaining the sole
8 community provider payments pursuant to the state medicaid program so long as federal funds
9 are available to match. Any amount to be used for sole community provider payments shall be
10 transferred to the sole community provider fund.

12 [~~C.~~] D. Up to [~~three~~] one percent of the county-supported medicaid fund each
13 year may be expended for administrative costs related to medicaid or developing new primary
14 care health care centers or facilities.

15 [~~D.~~] E. In the event federal funds for medicaid are not received by New
16 Mexico for any eighteen-month period, the unencumbered balance remaining in the county-
17 supported medicaid fund and the sole community provider fund at the end of the fiscal year
18 following the end of any eighteen-month period shall be paid within a reasonable time to each
19 county for deposit in the county indigent hospital claims fund in proportion to the payments
20 made by each county through tax revenues or transfers in the previous fiscal year as certified
21 by the local government division of the department of finance and administration. The
22 department will provide for budgeting and accounting of payments to the fund."

23 Section 6. Section 27-10-4 NMSA 1978 (being Laws 1991, Chapter 212, Section 4, as
24 amended) is amended to read:
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"27-10-4. ALTERNATIVE REVENUE SOURCE TO IMPOSITION OF COUNTY
HEALTH CARE GROSS RECEIPTS TAX--TRANSFER TO COUNTY-SUPPORTED

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1 MEDICAID FUND.--

2 [A. In the event a county does not enact an ordinance imposing a county
3 health care gross receipts tax pursuant to Section 7-20D-3 NMSA 1978, the county shall, by
4 ordinance to be effective July 1, 1993, dedicate to the county-supported medicaid fund an
5 amount equal to a gross receipts tax rate of one-sixteenth of one percent applied to the taxable
6 gross receipts reported during the prior fiscal year by persons engaging in business in the
7 county. For purposes of this subsection, a county may use funds from any existing authorized
8 revenue source of the county.]
9

10 A. Beginning July 1, 1996, each county by ordinance shall dedicate to the
11 county-supported medicaid fund, from any existing authorized revenue source of the county, an
12 amount equal to a gross receipts tax rate of:

13 (1) three-sixteenths of one percent applied to the taxable gross
14 receipts reported during the prior fiscal year by persons engaging in business in the county, if
15 the county does not enact an ordinance imposing a county health care gross receipts tax
16 pursuant to Section 7-20E-18 NMSA 1978 to be effective for that year; or

17 (2) one-eighth of one percent applied to the taxable gross receipts
18 reported during the prior fiscal year by persons engaging in business in the county, if the
19 county has enacted an ordinance imposing a county health care gross receipts tax pursuant to
20 Section 7-20E-18 NMSA 1978 to be effective for that year.
21

22 B. For each county that has in effect an ordinance enacted pursuant to
23 Subsection A of this section on July 1 of each year, the taxation and revenue department shall
24 certify to the county by September 15, 1993 and by September 15 of each subsequent fiscal
25 year the amount of gross receipts reported for the county for purposes of the gross receipts tax
during the prior fiscal year. Upon certification by the department, any county enacting an
ordinance pursuant to Subsection A of this section shall transfer to the county-supported

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1 medicaid fund by the last day of March, June, September and December of each year an amount
2 equal to a rate of [~~one-sixty-fourth~~] three sixty-fourths of one percent applied to the certified
3 amount if the county is subject to the requirement under Paragraph (1) of Subsection A of this
4 section or an amount equal to a rate of one thirty-second of one percent applied to the certified
5 amount if the county is subject to the requirement under Paragraph (2) of Subsection A of this
6 section.

7
8 C. The requirements of an ordinance enacted pursuant to this section may not
9 be terminated [~~for a county only on the effective date of an ordinance enacted by the county~~
10 ~~imposing the county health care gross receipts tax; provided that if the effective date of the~~
11 ~~ordinance imposing the tax is January 1, the termination does not apply to the payments~~
12 ~~required for September and December of that year]."~~

13 Section 7. EFFECTIVE DATE.--The effective date of the provisions of this act is July
14 1, 1996.

1 **FORTY-SECOND LEGISLATURE**
2 **SECOND SESSION, 1996**

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5 JANUARY 30, 1996

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7 Mr. President:

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9 Your **COMMITTEES' COMMITTEE**, to whom has been referred

10
11 **SENATE BILL 445**

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13
14 has had it under consideration and finds same to be **GERMANE**, PURSUANT TO
15 CONSTITUTIONAL PROVISIONS, and thence referred to the **FINANCE COMMITTEE**.

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17 Respectfully submitted,

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24 **SENATOR MANNY M. ARAGON, Chairman**

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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

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