



Status Report

Hospital Financial Impact and Relief Funding

**Related to
COVID-19 Pandemic
****August 13, 2020 Update******

NMHA has conducted regular analysis of the COVID-19 financial impact on hospitals since March. Depending on their location, New Mexico hospitals continue to experience the impact of either significant cost of caring for COVID patients, including staff, equipment and supply costs or the loss of revenue due to restricted services.

UPDATED FINDINGS

- New Mexico hospitals have experienced **\$485.9 million in financial impact** over 4 months and this impact is **continuing** even as the volume of COVID cases is declining.

	COVID		
	Response		
	Expenses	Lost Revenue	TOTAL
March	\$ 27,386,915	\$ 53,756,947	\$ 81,143,862
April	\$ 45,055,677	\$ 158,219,949	\$ 203,275,626
May	\$ 36,058,775	\$ 109,121,889	\$ 145,180,664
June	\$ 25,454,789	\$ 30,838,094	\$ 56,292,882
July>>>	+++	+++	+++
TOTAL			\$ 485,893,034

- CARES Act **time-limited stimulus valued at \$366.9 million** federal relief to hospitals

April <i>general</i> payments to hospitals	\$ 117,651,829
May payments to <i>rural</i> hospitals	\$ 96,301,344
June <i>targeted and hot-spot</i> payments	\$ 80,336,016
July <i>targeted</i> payments estimated	\$ 58,900,000
July <i>small city and rural</i> hospitals est.	\$ 13,800,000
August>>>no further payments expected	\$0
	\$ 366,989,189

- While the federal relief was welcome, it is a one-time allocation and is equivalent to only about 2 weeks of payroll expenses for most hospitals.

CURRENT STATE MEDICAID PAYMENTS

On April 10, the Human Services Department announced release of Safety Net Care Pool (SNCP) and Disproportionate Share Hospital (DSH) payments.

STATUS

- One quarter of DSH payments have been received
- Half-year SNCP payments only began on August 14 as a result of a delay in CMS approval. The newly approved program has been redesigned and now involves:
 - Medicaid managed care directed payments known as Hospital Access Program payments (HAP)
 - Upper Payment Limit payments known as Targeted Access Program (TAP)

On May 11, HSD announced Medicaid rate increases (effective April 1) of 50% for ICU inpatient hospital admissions and 12.4% for all other admissions during the public health emergency. The Letter of Direction to MCOs was published on May 28. HSD estimates the total payments to be \$66 million.

STATUS

- The rate increases are much appreciated but will primarily benefit more active facilities with ICU volumes.
- Smaller hospitals and those without ICUs also have a smaller inpatient caseload, being more dependent on outpatient services – and therefore will see less benefit in the increases.
- MCOs are beginning to slowly reprocess claims back to April 1 and actual volumes are unknown at this time.

OPPORTUNITIES TO SUPPORT HOSPITALS

Hospitals continue to face severe challenges. New Mexico leaders could help through numerous avenues

- Utilize a portion of the 6.2% enhancement to the Federal Medical Assistance Percentage (FMAP) for provide rate increases. The FMAP enhancement is scheduled to continue through CY 2020. Further enhancement or extension should be sought in congressional relief packages under consideration.
- NMHA asks that the remaining HAP/TAP payments be expedited and paid at least on a quarterly basis rather than waiting for another half-year.
- HSD has begun to estimate the impact of Medicaid provider rate cuts *if needed to balance their SFY21 budget*. NMHA would strongly discourage any consideration of provider cuts in light of the current instability hospital and provider operations. Federal matching should also be maximized now more than ever.