



**New Mexico
Hospital Association**

Safety Net Care Pool (SNCP) Update

To

Joint Hearing

Of

Legislative Finance Committee and Revenue Stabilization and Tax Policy Committee

July 9, 2014

- 1. NMHA appreciates the work to date of the Human Services Department, the Legislative Finance Committee and Governor Martinez to stabilize and fund the transition from SCP to SNCP (within the federal constraints).**
 - a. Historical variation and federal scrutiny demanded a change
 - b. The Centennial Care waiver was the vehicle to make changes
 - c. All SNCP hospitals are now subject to a standardized federal definition of uncompensated care > *however does not include exchange plan bad debt.*
 - d. HSD has implemented rate enhancements to offset reduced Uncompensated Care reimbursement > *almost achieving historical levels in CY 2014.*
 - e. General Fund as supported by LFC and Executive 2014 session was essential
 - f. With guidance from the Governor, HSD has sought transitional funding for January – June, 2014

- 2. The ongoing operation and funding of SNCP program is critical to 29 NM hospitals and the communities they serve.**
 - a. Rural hospital operations have never been more fragile > *limited cash on hand.*
 - b. Reimbursement cuts from other sources > *Medicaid, Medicare, IHS, Tricare.*
 - c. Uncompensated care is trending down slightly with new enrollment > *will remain a burden to hospitals for the near future.*
 - d. Affiliation changes > *Rehoboth (Gallup), Union Co. (Clayton).*
 - e. CEO turnover at all-time high > *13 of the 29 in the last 18 months.*
 - f. SNCP provides much needed predictability and stability to hospitals.

- 3. Counties remain integral partners in funding SNCP**
 - a. Counties committed funding in February 2013 for SFY 2014.
 - b. SB 268 requires counties to support the new program with a 1/12th GRT *equivalency.*
 - c. Key fact: when counties “save” a dollar, hospitals lose \$4, leaving \$3 of federal funding on the table.
 - d. Counties retain the statutory liability for uncovered indigent claims

- 4. NMHA is committed to work with counties, HSD and LFC to develop a full-funding solution acceptable to all stakeholders.**
 - a. Hospitals suggest a small working group.
 - b. 2015 legislation is needed to adequately fund the non-federal SNCP.