

Some counties considering suing Gov. Martinez

Lawsuit would challenge her line-item veto authority in SB 268

By Dan Schwartz *The Daily Times*

UPDATED: 07/04/2014 08:00:48 PM MDT0 COMMENTS

FARMINGTON — At least eight counties are considering filing a lawsuit against Gov. Susana Martinez to challenge one of her line-item vetoes in Senate Bill 268.

"We strongly disagree with her actions," County Manager Kim Carpenter said. "We do not think it's constitutional what she's done."

The bill, passed in the recent legislative session, created the Safety Net Care Pool, which requires counties to pay one-twelfth of 1 percent of their gross receipt taxes to the fund. San Juan County's payment is about \$3 million.

The bill and its passage has been controversial.

The safety net fund is designed to finance hospitals' uncompensated health care claims. But how much money — if any — San Juan Regional Medical Center will receive is uncertain.

Carpenter said state lawmakers voted to pass the bill understanding that a built-in sunset clause would require counties contribute money to the safety net pool for only three years. But Martinez's line-item veto struck out the clause, mandating counties pay in perpetuity.

The bill allows counties to impose three tax increments to help raise money for the safety net pool. But Carpenter said he is also frustrated because the governor left in another clause that eliminates the tax after three years.

Martinez's spokesman Mike Lonergan said in an emailed statement last week that counties helped develop the safety net pool, which he referred to as a "collaborative compromise."

"Without this fund and the program it will support," he wrote, "many of the services provided by these hospitals would have been severely compromised or ended altogether, which would clearly have been unacceptable."

The response did not address specific questions about Martinez's line-item veto. Efforts on Wednesday and Thursday to reach Lonergan for follow-up questions were unsuccessful.

County and state officials have said a lawsuit is the only way to determine whether the governor had the authority to line-item veto the sunset clause.

Carpenter said the New Mexico Association of Counties has hired an attorney to investigate the possibility of a lawsuit. Efforts to reach Steve Kopelman, state association of counties executive director, were unsuccessful.

Carpenter said the counties considering legal action may petition the New Mexico Supreme Court to provide them "information," but he declined to specify what kind of information the counties are seeking and referred questions to Lea County Manager Mike Gallagher.

Efforts on Thursday to reach Gallagher were unsuccessful.

When reached by phone on Wednesday, Gallagher confirmed Lea County is considering the lawsuit but has not yet committed. Asked when the county will decide, he said its commission will meet at the end of the month.

"We just have to confirm that the governor has the discretion to veto a three-year sunset clause," he said on Wednesday.

Dan Schwartz covers government for The Daily Times. He can be reached at 505-564-4606 and dschwartz@daily-times.com. Follow him @dtdschwartz on Twitter.

County not required to pull \$3M from indigent fund

But safety net care pool left no other option for officials

By Dan Schwartz *The Daily Times*

UPDATED: 07/02/2014 09:27:52 PM MDT0 COMMENTS

FARMINGTON — San Juan County is not required to shift \$3 million from a county program used to pay for indigent care into a newly created statewide safety-net health care fund — as is planned — but officials say there was no other logical way to make the mandated payment.

"We don't have any other source of funding," County Executive Officer Kim Carpenter said.

On Tuesday, county commissioners approved cuts to the county's newly named "health care assistance program," which partially pays health care providers' and patients' uncompensated health care bills. It was previously known as the indigent health care program, and the cuts are the county's attempt to comply with Senate Bill 268.

The bill, which became law after the recent legislative session, created the Safety Net Care Pool. Counties are required to fund the safety net pool, according to the law, by paying one-twelfth of 1 percent of their gross receipt taxes. The statewide fund also is designed to help finance hospitals' uncompensated health care claims.

It's not clear how much, if any, San Juan Regional Medical Center will received from the new statewide fund. And the county's fund also paid for other mental-health and medical programs for low-income families and individuals in the area.

The recent cuts the county made to find money for the payment reduced health care providers' reimbursements from 70 percent to the averaged Medicaid rate of 33 percent — chopping some payments in half — and narrowed program eligibility.

Providers have made forbidding predictions. Kristine Carlson, Totah Behavioral Health Authority director, told the commission in mid-June that 10 percent of her clients would die.

Commission Chairman Jack Fortner has said the cuts were not a good option, but they weren't the worst.

Either the county pulls the mandated payment from its health care program, Carpenter said, "or this — we go find \$3 million in the general fund and impose a tax to recover it."

Carpenter has said that the county will need to raise taxes, even with the cuts and restrictions placed on the county's health care assistance program. Once projected reserves are depleted the county's health care fund is expected to have about a \$900,000 deficit by fiscal year 2016, according to county documents.

The senate bill "intended" since its inception that county health care programs — or indigent programs — fund

the safety net pool, Carpenter said. "Because this whole thing is centered around the indigent program, this was the logical way to go," he said.

He said also that the safety net pool and the county's health care program provide similar services — both pay uncompensated care costs.

"It's just a matter of which funding stream we would have to use," he said.

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County commissioners approve changes to health care funding reimbursement

Health care program still slated for red, unless tax increase implemented

By Dan Schwartz *The Daily Times*

UPDATED: 07/01/2014 08:59:02 PM MDT0 COMMENTS

AZTEC — San Juan County will still operate a fund that partially pays health care providers' uninsured medical claims even though commissioners approved deep cuts to those reimbursements.

The cuts were approved during a Tuesday meeting.

And, even with the cuts, the fund, now called the health care assistance program, is expected to have about a \$900,000 deficit by fiscal year 2016, according to county documents.

"We really didn't have an option on doing this," commissioner Keith Johns said. "With the state's actions, we don't have anywhere to go."

The county commissioners changed health care reimbursement rates from 70 percent to an averaged Medicaid rate of 33 percent and narrowed eligibility requirements.

The New Mexico Legislature passed Senate Bill 268 in its recent session, unrolling the Safety Net Care Pool. The safety net pool requires that counties pay one-twelfth of 1 percent of their gross receipt taxes into the fund, which is designed to help finance hospitals' uncompensated health care claims.

Some counties have expressed reluctance to comply with the new law and San Juan County officials have vocally protested the law.

The required payment will pull about \$3 million from its projected \$4.2 million health care program. The county must also pay from the same source about \$2.1 million to the state's Medicaid fund.

A projected \$4 million reserve now bolsters the health care program, but, after a year, it will be depleted and ultimately show a deficit.

Deputy County Executive Officer Linda Thompson said that deficit is based on expected health care program claims. She said those claims and the deficit could decrease if more county residents enroll in Medicaid.

County Executive Officer Kim Carpenter has said enacting a partial one-eighth of 1 percent gross receipt tax, among other changes, is "highly possible."

The tax is projected to create almost \$1.5 million for the health care program, according to county documents.

Before the commission unanimously approved the revisions, Chairman Jack Fortner told those gathered in the chambers that the changes can be revised. He said how much money the San Juan Regional Medical Center receives from the safety net pool is uncertain, and that could influence the health care program's reimbursement rates.

Carpenter has said the law that created the safety net pool pits counties against counties and counties against the state. He said state officials never provided enough information for the county to properly budget for the mandated payments.

"The bottom line is this is a very poor plan in transition," Carpenter said.

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County Commission to vote on revisions to indigent medical care fund

Changes would limit the number of people who qualify for support

By Dan Schwartz The Daily Times

UPDATED: 06/30/2014 08:12:06 PM MDT0 COMMENTS

FARMINGTON — San Juan County commissioners Tuesday could approve proposed deep cuts to a fund that partially pays health care providers' uninsured medical claims.

These revisions to the indigent health care fund, according to county documents, would cut in half the reimbursements many of the health care providers receive for uncompensated care claims. If the cuts are approved, those providers say the consequences will be grim.

"The fact that we're having to reduce the reimbursement rate to 33 percent is not good," Commission Chairman Jack Fortner said. But "it's better than paying zero."

The current rate is 70 percent.

The revisions to the indigent fund — which soon will be known as the "health care assistance program" — are numerous and severe. They are an attempt to avoid bankrupting the fund as the county tries to comply with Senate Bill 268.

That bill, passed in the recent legislative session, created the Safety Net Care Pool, which requires counties to contribute one-twelfth of 1 percent of their gross receipts taxes to a fund that helps finance hospitals' uncompensated health care claims. It requires San Juan County pull \$3 million from its projected \$4.2 million indigent fund.

"That's most of it," said Liza Gomez, the fund's director. "That's three-quarters of (the fund), really."

The indigent fund also helps county residents pay health care bills, but the revisions will reduce the number of people who are eligible. According to county projections, 329 households would lose eligibility if the commission raises the indigent fund's income guidelines to 200 percent of the federal poverty level. Gomez said this will mostly impact single-person households, which are 90 percent of the households that benefit.

The change would save \$840,251, according to county documents.

The indigent fund pays claims up to \$45,000 but the revisions would limit these reimbursements to a \$10,000 per-claim maximum. Gomez said the reduction will most impact hospitals, which have the most high-dollar claims.

This change would eliminate a projected 267 claims and save the county about \$3.3 million, according to the documents.

Many county residents eligible for the indigent fund's services apply several times, and 19 have exceeded \$100,000 in claims, according to county documents. The revisions would reduce the fund's lifetime limit from \$250,000 to \$100,000.

This change would have denied 268 claims in fiscal year 2013 and saved the county \$1.4 million, according to the documents.

To be eligible for the indigent fund's services, households need to document money in stocks, bonds or checking or savings accounts. These are known as liquid assets.

Currently, one-person households can have no more than \$10,000 in liquid assets, two-person households no more than \$20,000 and three-or-more-person households no more than \$30,000, according to county documents. But the revisions would reduce one-person households to no more than \$5,000 and two-or-more-person households to no more than \$10,000, according to county documents.

This change would have omitted 36 households, saving the county \$198,427, according to the documents.

Fortner said the revisions — especially the one that more than halves the health care providers' reimbursement rate — are hard decisions. But, he said, they could be worse.

"It's like the best of the worst alternatives," he said.

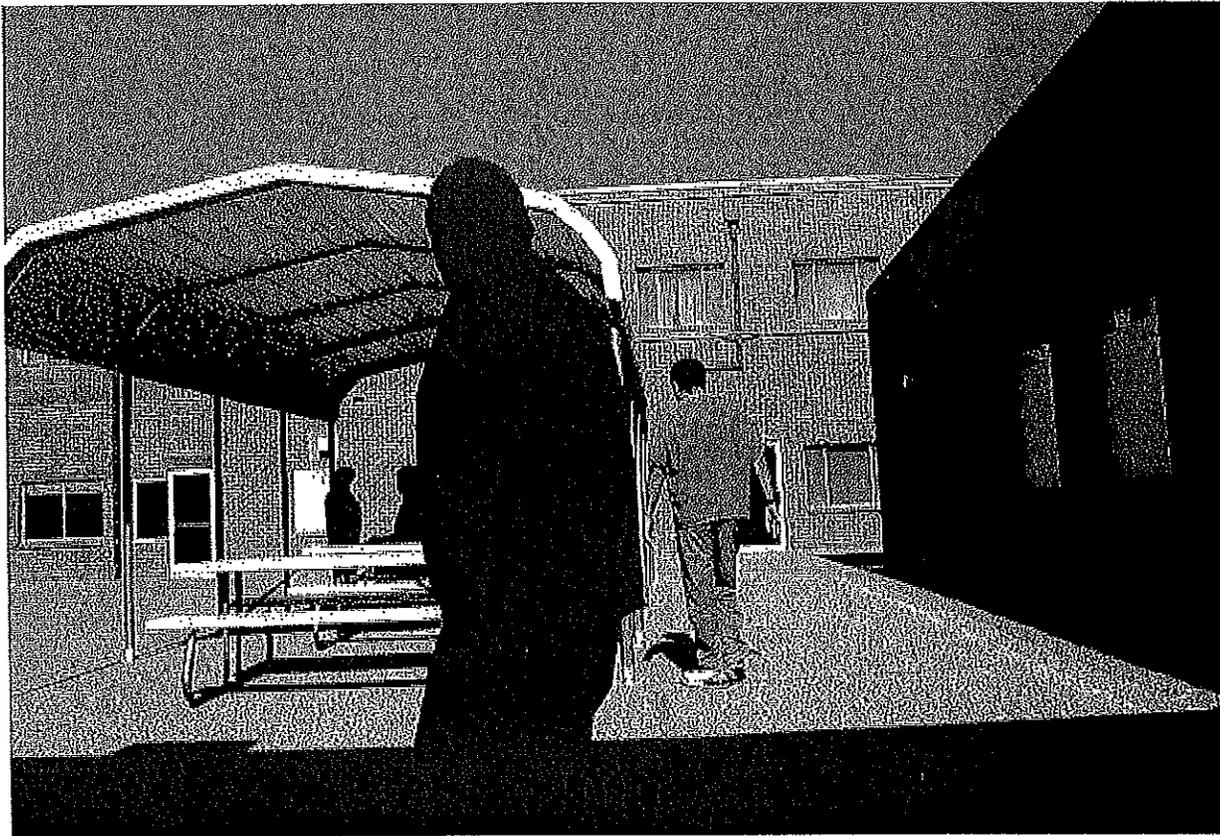
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If San Juan County cuts indigent fund, some predict grim consequences

County manager says tax increase, other measures may be necessary

By Dan Schwartz *The Daily Times*

UPDATED: 06/29/2014 06:38:54 PM MDT0 COMMENTS

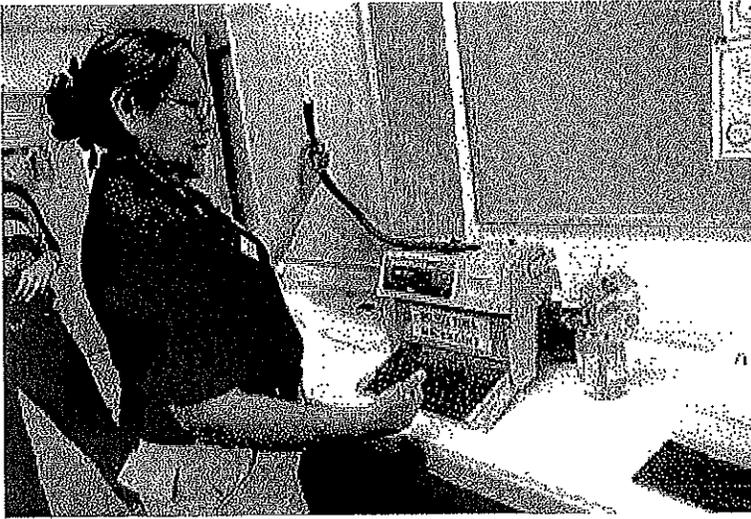


Inmates walk on Friday inside the recreation area of the Alternative Sentencing Division facility in Farmington. San Juan County's DWI Alternative Sentencing Division previously received about 1 million under the county's indigent health care fund. But with the implementation of the Safety Net Care Pool, the county is looking at cutting its health care provider reimbursement rates. Under the new proposed rate, the center would receive a little more than \$483,000. (Jon Austria/The Daily Times)

FARMINGTON — San Juan County health care providers are making grim predictions as they face deep cuts in a county fund that partially pays many of their uninsured patients' medical bills.

They predict jails will crowd, crime will rise, public drunkenness will increase, emergency rooms will fill and some patients, many of whom are homeless, will die.

"What we're looking at is about a total of 168 people who are not going to get services — and that's only our services," Four Winds Recovery Center Director Jolene Schneider said.



Li. Beverly Yazzie on Friday demonstrates the breathalyzer machine the Alternative Sentencing Division uses at the division's facility in Farmington. (Jon Austria/The Daily Times)

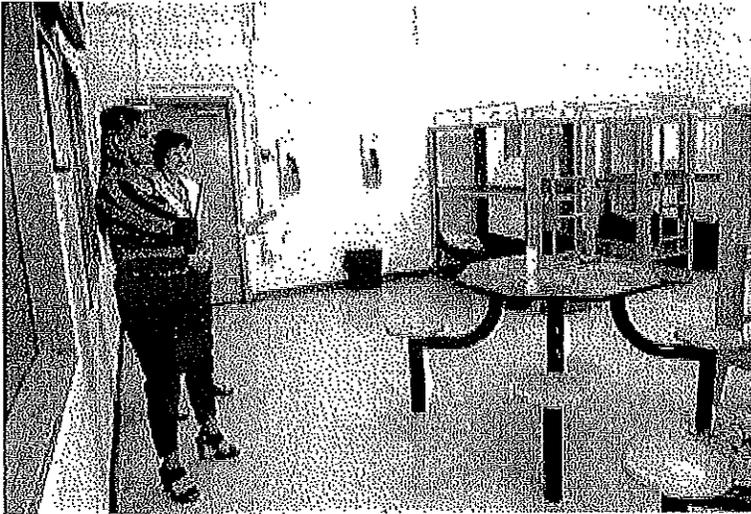
The only way to prevent "deep" and "catastrophic" cuts to health care providers compensated under the county's indigent health care fund is if county commissioners implement "Scenario A," County Executive Officer Kim Carpenter said. That option would raise taxes, narrow eligibility for indigent fund coverage and reduce health care provider reimbursement rates, according to county documents.

The recent creation of the Safety Net Care Pool, county officials say, is forcing the county to make these cuts to its indigent fund. For months, county officials have been struggling to find \$3 million to contribute to the pool. It was created by legislation passed in the last session that requires all counties to pay one-twelfth of 1 percent of their gross receipts taxes to the pool.

Carpenter said "Scenario A" could come before the commission soon, and the option is "highly possible."

As of February, 41,075 county residents were enrolled in Medicaid, according to state documents. But, according to the 2010 U.S. Census, a little more than 130,000 people live in the county, meaning there likely are many more uninsured residents who would qualify — and that's a problem, said San Juan Regional Medical Center CEO Rick Wallace.

"This is all acted upon totally prematurely," he said.



Administrator Jennifer Mille and Deputy Administrator Heidi Sawyer with the Alternative Sentencing Division, talk about living quarters on Friday at the division's facility in Farmington. (Jon Austria/The Daily Times)

He said the sole community provider program, the predecessor to the safety net pool, had been helping the hospital pay for uncompensated medical bills. Now, without those payments — and without more Medicaid insured patients — the hospital is looking to the county's shrinking indigent fund to help cover its uncompensated health care claims, he said.

New Mexico Human Services Department officials say the hospital will get \$7 million in Medicaid reimbursements for patients who spend the night. But Wallace said that money only funds inpatient Medicaid claims and contradicts the Affordable Care Act, which is designed to eliminate unnecessary overnight stays.

The Human Services Department replaced the old program with the expectation that more eligible uninsured people would sign up for Medicaid than currently have, he said.

"I think it's going to take two to three years," he said.

The county's "Scenario A" proposes a reimbursement drop from 70 percent to the Medicaid rate of about 33 percent, according to the document. The hospital would get about \$3.4 million under the old rate, but under the proposed reduction that would drop to about \$2.2 million, according to county documents.

San Juan County's DWI Alternative Sentencing Division got about \$1 million under the old reimbursement rate but would get a little more than \$483,000 under the proposed rate, according to county documents.



Alternative Sentencing Division Administrator Jennifer Miller looks at monitors on Friday in the control room at the division's facility in Farmington.
(Jon Austria/The Daily Times)

Presbyterian Medical Services and Four Winds Recovery Center would lose about half their indigent fund reimbursements, according to the documents.

Also, an additional 329 households would lose eligibility for indigent fund uncompensated care coverage, according to county documents.

Wallace said the hospital will continue accepting everyone, but it will need to find more revenue as it loses money that used to come from the indigent fund. In June, the hospital closed its Bloomfield clinic because it anticipated a \$9.5 million funding loss.

County Alternative Sentencing Division Administrator Jennifer Miller said her agency's services would be significantly impacted. The division operates a minimum-security jail and counsels those convicted of DWIs.

As many as 10,000 lives would be affected, including families, employers and friends of those who drive while drunk, she said.

The community, she said, would see a bad change.

"We would not be able to continue to do the services as we've been providing them," she said.

Mike Renaud, Presbyterian Medical Services northwest regional director, said PMS's health center provided primary care to 1,800 new uninsured patients starting at the first of the year up to Tuesday. PMS also operates Totah Behavioral Health Authority, but much of the traditional care that had been paid for through the indigent fund cannot be billed to Medicaid, he said.

Totah serves many who are homeless or addicted to alcohol or drugs, "and when people don't get services," he said, "they relapse."

"It's too early for me to tell," he said. "The loss of that funding to Totah is certainly potentially very dangerous. The loss of funding to the health center is certainly not good."

Kristine Carlson, Totah's director, told the county commission in a meeting earlier this month she expects about 10 percent of her clients would die.

Efforts to reach Carlson by phone throughout the week were unsuccessful.

The closest detox centers aside from Four Winds are in Gallup and Durango, Colo.

Since July, Schneider said, the center has treated more than 3,700 admissions — and Medicaid doesn't pay those claims. The center already operates at a deficit, and its reserves have been dwindling over the past four years, she said.

"Things have to be cut," she said.

According to its projections, the center would lose almost \$222,000 — seven full-time employees from the current 36, at least two beds, 887 days of care and 168 clients.

She said she hopes state officials will find a solution.

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DAILY TIMES

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P1, A3

New Mexico officials say San Juan Regional Medical Center will get help paying for indigent care

By Dan Schwartz, The Daily Times

Updated: 06/21/2014 07:27:58 PM MDT

Daily-Times.com

- Jun 17:
 - San Juan County tries to cope with Safety Net Care Pool
- Jun 7:
 - San Juan County struggles to avoid tax raise under new law for uncompensated health care
- Jun 5:
 - Commissioners approve ordinance promising county will contribute to Safety Net Care Pool
- May 6:
 - Legislation cuts into San Juan County's health care coffers, leaving county facing \$4.2M deficit
- Apr 15:
 - San Juan Regional Medical Center will close Bloomfield clinic in June

FARMINGTON — State officials say San Juan Regional Medical Center will get money from a statewide fund that collects county gross receipt taxes for uncompensated health care coverage, but the exact sum is uncertain.

"When the county keeps talking about a zero-percent allocation, they're really not giving the whole story," said Brent Earnest, New Mexico Human Services Department deputy secretary.

The Safety Net Care Pool, which the department has been managing since it became law after the recent legislative session, mandates all counties dedicate one-twelfth of 1 percent of their gross receipts taxes to the fund. That means San Juan County must pull about \$3 million from its indigent health care fund, leaving local officials concerned about programs that will suffer from the funding deficit.

San Juan County officials have said the change will bankrupt the indigent fund, which partially pays health care providers' medical bills from uninsured county residents. And that has far-reaching effects, they say.

"People's lives are going to suffer because of this. The people that are impacted are struggling. That's what frustrates me," County Executive Officer Kim Carpenter said. "You heard Totah (Behavioral Health Authority) say that they might lose 10 percent of their (clients') lives because of this program. People are going to die because of this? Are you kidding me?"

Carpenter said he is also frustrated because the state health department gave the county no notice it should budget for this legislation. But Earnest said department staff have had "numerous conversations" with Carpenter and his staff.

In June, San Juan Regional closed its Bloomfield clinic because it anticipated the loss of \$9.5 million in funding.

Carpenter said the hospital hasn't been told enough to properly budget. Rick Wallace, San Juan Regional's CEO, was unavailable for comment on Friday. Efforts to reach other officials in the hospital were unsuccessful.

The Daily Times' repeated efforts to reach state health department officials by phone for four previous stories on this subject were unsuccessful. When reached on Friday, Matt Kennicott, the department's spokesman, said he never received any of The Daily Times' calls. Kennicott was interviewed during a Friday conference call with Earnest.

The safety net fund now has about \$69 million, and 29 hospitals statewide are currently applying for those funds to bolster care they provide that is not paid for, Earnest said.

A formula decides how the department will distribute 60 percent of the safety net fund to hospitals with fewer than 25 beds. Three hospitals in the state with more than 200 beds — Las Cruces's Memorial Medical Center, Santa Fe's CHRISTUS St. Vincent Regional Medical Center and San Juan Regional Medical Center — aren't slated to receive any funds.

But Earnest said San Juan Regional and the other two hospitals will receive money for uncompensated care from the safety net fund. Many San Juan County officials have said their understanding is that the hospital won't.

Hospitals need to qualify for the safety net funds, and the money from smaller hospitals that don't qualify, Earnest said, will become available to larger hospitals.

He estimated the three larger hospitals will get 5 or 8 percent of the safety net fund.

"He can say it," Carpenter said, "but until we see it from them, we have no way of knowing what it's going to be."

Kennicott later said the state health department doesn't know yet how much money the three hospitals will get and that Earnest provided the estimates only as examples.

Earnest said Medicaid rates for patients who spend the night also are being significantly increased. Initial estimates, he said, predict San Juan Regional will get \$7 million in inpatient Medicaid reimbursements. Kennicott said that sum is likely to fluctuate because it's based on claims billed.

"That's interesting," Carpenter said. "That's the first I've ever heard of it."

He also said increasing those inpatient reimbursements contradicts the Affordable Care Act because the federal government wants to eliminate unnecessary overnight stays.

"This change is difficult. We appreciate that," Earnest said. "But it's one that's as fair as it could be."

Carpenter disputed Earnest's definition of "fair."

The three larger hospitals with the most uncompensated health care claims are going to receive no safety net funds "at all," he said, basing his statement on what he called the "current distribution formula." And more safety net funds are going to hospitals with fewer health care claims, he said, adding, "I'm not buying it."

"That's not the definition of fair," he said.

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Jun 23, 2014 08:21:26AM MDT

San Juan County tries to cope with Safety Net Care Pool

Officials say worst case scenario is tax raise plus health care provider reimbursement decrease

By Dan Schwartz The Daily Times

UPDATED: 06/17/2014 08:41:26 PM MDT 0 COMMENTS

AZTEC — San Juan County's worst case scenario as its leaders struggle to accommodate the Safety Net Care Pool is the county would raise taxes and still have to reduce its payments to the providers compensated in its Indigent Health Care Fund, said Jack Fortner, commission chairman.

"It looks like any reasonable solution will require, possibly, a tax increase," he said on Tuesday in a special meeting county officials and health care providers attended.

The meeting continued a conversation from a June 5 meeting in which commissioners were briefed on options to lessen the county's expected indigent fund debt.

The Safety Net Care Pool, which passed in the last legislative session, mandates the county dedicate about \$3.2 million a year — or one-twelfth of 1 percent of its gross receipts taxes — to a statewide fund that pools money from New Mexico's counties and distributes it to hospitals. The indigent fund compensates hospitals, clinics and other health care providers by partially covering uninsured medical bills for county residents.

Under the statewide pool's current distribution formula, San Juan Regional Medical Center will receive no money.

None of the options discussed in the June 5 meeting prevented the indigent fund from entering debt. Some of the options included reducing the fund's reimbursement rate from 70 to 33 percent.

"What happens if we reduce it to just the 33 percent?" Fortner asked Mike Renaud at Tuesday's meeting.

Renaud is the northwest regional director of Presbyterian Medical Services, one of providers covered under the county's indigent fund. He answered a "significant number" of those who live in the community would lose health care coverage.

The uninsured will struggle, he said. More people would flood the emergency room, he said. More would be jailed, he said. Detention center costs would rise, he said. Law enforcement and court system costs would also increase, he said.

"We know all of these things to be true," he said.

Fortner turned his questions to Kristine Carlson, Total Behavioral Health Authority director. The PMS-run agency helps about 150 people a month find jobs, housing, case management services and treatment for alcoholism. Many of the organization's clients sleep outside.

"How many of those people would die?" Fortner asked.

Carlson responded: "About 10 percent."

Four Winds Recover Center is a residential detox program, and the number of clients it serves recently rose about 10 percent, said its director, Jolene Schneider.

One option outlined at the June 5 meeting was to cut \$200,000 in annual compensation to the detox center, and Fortner asked how that would affect the organization.

Schneider said the center would have to eliminate four beds, leaving them with only eight.

The other closest detox centers are in Gallup and Durango, Colo.

County Executive Officer Kim Carpenter said several counties plan to join a lawsuit against Gov. Susana Martinez, challenging her authority to line item veto several clauses in the legislation that imposed the statewide pool.

He said Hobbs County has been the most "combative" of the legislation. Its commissioners indefinitely tabled an ordinance that would have guaranteed payments to the statewide pool.

"My opinion is to let them file," Fortner said, adding that San Juan County's legal department could then review the lawsuit and decide if it should join.

Fortner said the Legislature "passed the buck" to the counties, forcing them to raise taxes. But after the meeting, Carpenter said Martinez is to blame.

"This was driven by the governor," he said.

Commissioner Scott Eckstein said in the meeting no matter what the cuts are, there will be unforeseen and far-reaching effects.

"What other questions do we have?" Fortner said, as discussion dwindled.

Eckstein quipped, "How difficult will it be to make San Juan County its own state?"

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San Juan County struggles to avoid tax raise under new law for uncompensated health care

By Dan Schwartz The Daily Times Farmington Daily Times
Updated:2014-06-07 18:10:31.211

Daily-
Times.com

FARMINGTON — After San Juan County Commissioners on Thursday passed an ordinance to make quarterly payments to a statewide fund for uncompensated health care coverage, the question remains whether the county will have to raise taxes to deal with the expected deficit.

"If the county does nothing, makes no cuts (in providers in the indigent health care fund), in fiscal year 2016, the county would have a \$9 million deficit" in the program, County Executive Officer Kim Carpenter said.

The county's indigent fund spends about \$7 million a year to reimburse hospitals, clinics and other health care providers, according to the fund's documents. Under the indigent program, health care providers in fiscal year 2013 billed the county for 8,715 claims, according to county documents.

A law passed in the recent legislative session created the statewide Safety Net Care Pool Fund. The law requires all counties contribute one-twelfth of 1 percent of their gross receipts taxes to the fund. That means San Juan County must contribute about \$3 million from its indigent fund to the statewide fund.

Hospitals with fewer than 25 beds will receive 60 percent of the collected funds. But larger hospitals, like San Juan Regional Medical Center, will receive none of the funds. The Farmington hospital closed its Bloomfield clinic earlier this month, shifting staff to the Aztec clinic, to prepare for the funding deficit.

"I think it's a lousy deal," said Sen. Steve Neville, R-Aztec, adding counties were "kind of forced into it."

When Neville voted for the legislation, he believed the Farmington hospital would be paid about \$14 million from the statewide health care fund, he said. He says officials in the New Mexico Human Services Department led him and other lawmakers to that conclusion. But the distribution formula was switched, he said.

"All of the votes were based on a distribution formula that the counties (and) the state had more or less agreed to," he said.

Carpenter said even if the county cuts health care providers from the indigent fund, as the law is now worded, the fund will face a deficit.

Commissioner Scott Eckstein said the county will have to raise taxes if the state doesn't alter the legislation that passed the statewide health care fund.

The new law allows counties to implement three separate taxes on gross receipts taxes for three years. But Gov. Susana Martinez line-item vetoed a clause in the legislation that required counties provide those funds for only three years. Now, according to the legislation, counties are required to provide the funds even after the newly imposed taxes expire.

Repeated efforts last week seeking comments from officials in Martinez's office and the New Mexico Human Services Department, which is the agency that will distribute the statewide funds, were unsuccessful.

On Thursday, county administrators briefed the commission on three options to reduce the deficit.

All three options included cutting the county's reimbursement rate from 70 percent to the Medicaid rate of 33 percent. The fund's deficit ranged among the options from a little more than \$1 million to about \$5.5 million, depending on the providers removed. And in fiscal year 2016, those deficits increase by several million dollars, according to county documents.

Childhaven, ambulance services, the Family Crisis Center and a substance abuse treatment program are among the programs listed as possible cuts. Those programs were listed only as examples of "worst case scenarios," Carpenter said.

He described the legislation that passed the statewide health care fund as "doomed," a "failure" and a "very poor effort" to cooperate with counties.

"In the 27 years in my career in public service, I've never seen relations between the state and local governments as vulnerable as they are today," he said.

Eckstein said the legislation is "extremely cold" and "extremely, extremely frustrating."

Commissioners don't want to raise taxes, and some have vowed not to, he said. But commissioners didn't expect the state would "basically rob" funds the county depends on to "survive," Eckstein said.

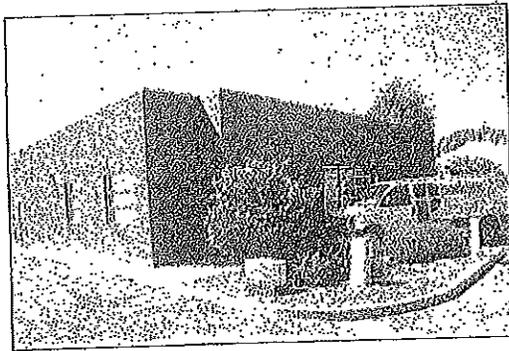
Carpenter said he expects counties will challenge the legislation in court.

It "backs us right into a corner," he said, "and I've got nothing. I'm naked. I've got no rabbit, no hat."

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HEALTH CARE

County tries to avoid tax raise



San Juan Health Partners Family Medicine in Aztec is seen on Thursday.

JON AUSTRIA —
THE DAILY TIMES

Officials say complying with new law will send indigent health care fund into deficit; counties may challenge legislation in court

By **Dan Schwartz**
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FARMINGTON » After San Juan County Commissioners on Thursday passed an ordinance to make quarterly payments to a statewide fund for uncompensated health

Online: Read more coverage of this topic at DAILY-TIMES.COM.

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indigent health care fund), in fiscal year 2016, the county would have a \$9 million deficit" in the program, County Executive Officer Kim Carpenter said.

The county's indigent fund spends about \$7 million a year to reimburse hospitals, clinics and

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other health care providers, according to the fund's documents. Under the indigent program, health care providers in fiscal year 2013 billed the county for 8,715 claims, according to county documents.

A law passed in the recent legislative session created the statewide Safety Net Care Pool Fund. The law requires all counties contribute one-twelfth of 1 percent of their gross receipts taxes to the fund. That means San Juan County must contribute about \$3 million from its indigent fund to the statewide fund.

Hospitals with fewer than 25 beds will receive 60 percent of the collected funds. But larger hospitals, like San Juan Regional Medical Center, will receive none of the funds. The Farmington hospital closed its Bloomfield clinic earlier this month, shifting staff to the Aztec clinic, to prepare for the funding deficit.

"I think it's a lousy deal," said Sen. Steve Neville, R-Aztec, adding counties were "kind of forced into it."

When Neville voted for the legislation, he believed the Farmington hospital would be paid about \$14 million from the statewide health care fund, he said.

He says officials in the New Mexico Human Services Department led him and other lawmakers to that conclusion. But the distribution formula was switched, he said.

"All of the votes were based on a distribution formula that the counties (and) the state had more or less agreed to," he said.

Carpenter said even if the county cuts health care providers from the indigent fund, as the law is now worded, the fund will face a deficit.

Commissioner Scott Eckstein said the county will have to raise taxes if the state doesn't alter the legislation that passed the statewide health care fund.

The new law allows coun-

ties to implement three separate taxes on gross receipts taxes for three years. But Gov. Susana Martinez line-item vetoed a clause in the legislation that required counties provide those funds for only three years. Now, according to the legislation, counties are required to provide the funds even after the newly imposed taxes expire.

Repeated efforts last week seeking comments from officials in Martinez's office and the New Mexico Human Services Department, which is the agency that will distribute the statewide funds, were unsuccessful.

On Thursday, county administrators briefed the commission on three options

to reduce the deficit.

All three options included cutting the county's reimbursement rate from 70 percent to the Medicaid rate of 33 percent. The fund's deficit ranged among the options from a little more than \$1 million to about \$5.5 million, depending on the providers removed. And in fiscal year 2016, those deficits increase by several million dollars, according to county documents.

Childhaven, ambulance services, the Family Crisis Center and a substance abuse treatment program are among the programs

listed as possible cuts. Those programs were listed only as examples of "worst case scenarios," Carpenter said.

He described the legislation that passed the statewide health care fund as "doomed," a "failure" and a "very poor effort" to cooperate with counties.

"In the 27 years in my career in public service, I've never seen relations between the state and local governments as vulnerable as they are today," he said.

Eckstein said the legislation is "extremely cold" and "extremely, extremely frustrating."

Commissioners don't want to raise taxes, and some have vowed not to, he said. But commissioners didn't expect the state would "basically rob" funds the county depends on to "survive," Eckstein said.

Carpenter said he expects counties will challenge the legislation in court. It "backs us right into a corner," he said, "and I've got nothing. I'm naked. I've got no rabbit, no hat."

Dan Schwartz covers government for The Daily Times. He can be reached at 505-564-4606.

New law cuts into coverage coffers

Safety Net Care Pool's distribution formula source of frustration for San Juan County, hospital officials

By Dan Schwartz
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AZTEC » Officials say San Juan County faces a roughly \$4.2 million deficit after new legislation will force the county to impose a tax to contribute to a statewide pool for uncompensated health care coverage.

"This is the most frustrating piece of legislation I've dealt with," County Executive Officer Kim Carpenter said after Tuesday's county commission meeting.

The Safety Net Care Pool, which passed in the recent legislative session, mandates San Juan County dedicate about \$3.2 million a year from its indigent fund to a statewide fund that pools money from New Mexico's counties and distributes it to hospitals. The law requires counties to provide one-twelfth of 1 percent of their gross receipts taxes to the fund. The indigent fund compensates hospitals, clinics and other health care providers by partially covering uninsured medical bills for county residents.

But Carpenter said he is frustrated with the legislation because it collects funds that will benefit hospitals in other counties and not San Juan Regional Medical Center in Farmington.

The New Mexico Human Services Department will distribute no revenue from the fund to hospitals with more than 200 beds, such as San Juan Regional Medical Center, according to figures the hospital's CEO, Rick Wallace, provided the commission Tuesday. The Farmington hospital has 254 licensed beds, according to its website.

The state department will hand down 60 percent of the revenue in the fund to hospitals with fewer than 25 beds.

San Juan Regional Medical Center now needs to find another source to pay for its uncompensated medical bills because it won't receive any money from the Safety Net Care Pool. Wallace said the program is being rolled out prematurely, requiring health care providers to shoulder the cost of uncompensated coverage before the Affordable Care Act is fully implemented.

"This is the problem," Wallace said. "People are taking away money before people are signing up for insurance."

In addition to the \$3.2 million the county must allocate to the Safety Net Care Pool, the county needs to also find about \$1 million to cover the cost

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"This is the most frustrating piece of legislation I've dealt with."

— San Juan County Executive Officer Kim Carpenter

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of inmate medical bills, Carpenter said. Because of the Safety Net Care Pool, the hospital no longer has available funds to cover the cost of inmate care.

"We're already a million in the hole," Carpenter said, "and that leaves zero money for providing any services at our DWI treatment facility. ... It leaves no money to administer the indigent funds to people who need them in the community, and it leaves us no money to pay any kind of dental at the incarceration facilities or in the community for people who have dental claims."

During the meeting, the commission approved an ordinance that permits the county to make quarterly payments to the new fund, instead of the New Mexico Taxation and Revenue Department directly taking the money monthly.

The county already takes one-eighth of 1 percent, or

\$4.2 million, from its total tax receipts annually and deposits that revenue in the indigent fund, said the fund's director, Liza Gomez in an interview before the meeting.

The county is also obligated to pay one-sixteenth of 1 percent of its total gross receipts to its County Supported Medicaid Fund, which is a roughly \$2.1 million annual payment, she said.

County Commission Chairman Jack Fortner said when the bill — Senate Bill 268 — was passed, local lawmakers believed it incorporated a distribution model that would have given San Juan Regional about \$18.5 million from the Safety Net Care Pool.

But after its passage, he said, the distribution model was changed.

Fortner in the meeting told Wallace he would try to arrange a meeting with Gov. Susana Martinez to address the problem.

"We have to explain to her that what was presented to the Senate Finance Committee and what is actually happening are two different things," he said.

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Commentary

Indigent health care will be a hot topic in legislative session

By Sherry Robinson
Syndicated columnist

One of the hot topics before the Legislature in the next session will be SCP. We're not talking about a recreational drug or a brand of motor oil.

The New Mexico Sole Community Provider program is how we cover healthcare for uninsured, underinsured and poor patients. Since 1994 SCP has helped 29 of the state's hospitals by matching federal funding with county funding at about \$4 federal for every \$1 provided by counties. As budgets have withered, especially for smaller, rural hospitals, the program has been a life saver.

After the federal Center for Medicare and Medicaid Services questioned the formula used by the state Human Services Department to disburse SCP funding, HSD revised its formula. Suddenly, the federal match plummeted from \$246 million to \$69 million.

How many organizations of any kind can sustain a 70 percent cut in one revenue stream? It prompted some pretty drastic budget cuts all over the state. Gila Regional Medical Center in Silver City, for example, cut the hours of 70 employees in half.

Now as Medicaid morphs into Centennial Care, HSD proposes to eliminate the SCP program and replace it with a new

program. The department wants to intercept the one-eighth-cent gross receipts tax that counties levy for indigent care and pool funding. HSD would then distribute money depending on the size of each hospital. Smaller hospitals would receive more. Larger hospitals would see an increase in the base rate for Medicaid-covered services.

Counties see this as the state's hand in their pockets. Again. They would still have to fund indigent care, and some counties have used the funds to pay for drug and alcohol treatment, prisoner healthcare, indigent burial and other services not covered under the proposed new program. The New Mexico Association of Counties and many indi-

Unless your county government is totally inept, sympathies usually tilt toward local government because the public likes the idea of local decision making that fits local needs.

vidual counties have passed resolutions against the proposal. Maria Meadowcroft, spokeswoman for Holy Cross Hospital in Taos, explained: "It is unclear whether Holy Cross Hospital (and the other 28 Sole Community Provider hospitals) will receive any money. If they do receive funding, no one knows how much to expect or when to expect the payments."

Scott Annala, Lincoln County indigent healthcare administrator, told the *Ruidoso News* that without funding, "there goes the indigent program for 31 counties."

There's some logic in the state's proposal: It would direct all the indigent care funding into one (much smaller) pot. The state would divvy up money according to need; the smallest hospitals would get the most. Counties' indigent care costs should be lower because Obamacare will move more uninsured patients into Medicaid. And there would be more transparency.

Who do you trust, the state or the county?

Unless your county government is totally inept, sympathies usually tilt toward local government because the public likes the idea of local decision making that fits local needs. And voters, after all, approved these indigent care taxes.

Legislators of both parties

have said they're reluctant to harm their community hospitals or their counties.

As Republican Sen. Carroll Leavell told the *Carlsbad Current-Argus*: "I have real concerns about this. I don't remember anything that goes to Santa Fe coming back to counties with more. The bill has not been introduced yet, but if it is, I am not going to support it."

Local governments are touchy about funding because they took a hit with recent tax changes. In 2004 lawmakers repealed the gross receipts tax on food but promised local governments a "hold harmless" provision, meaning, the state would compensate for their lost revenues, but the big tax package approved last year called for a gradual phaseout of the hold harmless provision.

At meetings around the state, local governments have pleaded with lawmakers, as they did recently in Gallup, to "fix SCP and fix hold harmless." Until then, city and county governments are like onions, losing layer after layer.

Sherry Robinson is a New Mexico journalist who began her career in 1976 and has served as assistant business editor and columnist with the Albuquerque Journal, editor of New Mexico Business Weekly and business editor of the Albuquerque Tribune.