

Safety Net Care Pool and Implementation of Senate Bill 268 et al
Presentation to the Legislative Health and Human Services Committee
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Sole Community Provider Payments – Historically

- The program provided additional payments to support hospitals in New Mexico that are the principal or sole provider of hospital services in their service areas, as well as the primary point of access to health care for uninsured or indigent patients.
- Available funding generally grew every year, and payments reached \$278 million by FY11. Counties, since the program's inception, contributed matching funds for these payments. State general fund appropriations did not support this program.
- The program helped county governments meet their statutory obligations to provide or pay for the care of indigent patients in their counties.

Change and Transition in 2013

- At the end of 2012, the state faced a reduction in the amount of money available for hospitals under the Sole Community Provider Program.
- The change would have reduced payments by more than 70% -- from \$246 million to only \$69 million dollars for FY13.
- Recognizing the severe impact this reduction would have on hospitals, HSD proposed a new payment structure to the federal government (CMS) that resulted in payments in FY13 of \$159 million.
 - The state and the managed care organizations now participate in these payments
 - Counties continued to provide the state matching funds
- Payment structure served as a bridge to new program starting in 2014.

Safety Net Care Pool and Hospital Rate Increase

- HSD negotiated with the Centers for Medicare and Medicaid Services (CMS), through the Centennial Care waiver, a replacement program and funding for this same set of hospitals.
- Beginning January 1, the Sole Community Provider Program was replaced by:
 1. Safety Net Care Pool – Payments for uncompensated care (beginning Jan. 1, 2014) and hospital quality improvements (beginning 2015)
 - \$68.8 million available for payments to address uncompensated care

- Requires a standard application that is the same for each hospital. Hospitals recently submitted applications for Calendar Year 2014 payments, which HSD is reviewing.
 - UC pool payments focused first on smaller hospitals
2. Hospital rate increases for former SCP hospitals;
- Initial estimate of about \$120 million for higher Medicaid rates for former-SCP hospitals, increasing the amount they receive for inpatient services
 - With Medicaid expansion and more enrollment, this estimate is now \$171 million
 - Larger hospitals that do more Medicaid business benefit from this increase
- These changes alter the distribution based on the amount of services provided by hospitals.
 - Individual hospital payments can no longer be tied directly to the amounts contributed by counties.
 - Instead tied more directly to the amount of care provided by those hospitals

Senate Bill 268 et al

- The bill recognizes that HSD needed a consistent, dedicated revenue stream to make these hospital payments. (HSD cannot turn these payments on and off depending on a changing level of county support.)
- Counties still have a significant role in supporting their hospitals and other indigent fund programs. The bill allows for reduced contributions from counties than provided historically.
- Requires new reporting to counties by the department and hospitals, while providing additional flexibility to counties in the use of county indigent funds.
 - Senate Bill 268 requires counties to dedicate the equivalent of 1/12th of county gross receipts tax revenue for this program -- statewide about \$24 million (originally sought a 1/8th equivalent – about \$36 million). This can be from any public source of funding.
 - This results in counties contributing less than they have in the past (FY14 county budgets proposed \$56 million for contribution to hospital payments).
 - To make up part of the difference, the Legislature appropriated \$9 million from the general fund – the first time state revenue has been appropriated for these payments to hospitals.

- This left about a \$10 million to \$12 million hole in state funding necessary to make the anticipated hospital payments.
- HSD found a one-year fix for FY15, but there is still a recurring funding gap for these hospital payments.

2015 -- Hospital Quality Improvement Incentive Pool – Looking Forward

- The second component of the Safety Net Care Pool is another pool of money for payments to hospitals to improve the quality of care.

(\$ in millions)	2014	2015	2016	2017	2018	Total
Hospital Quality Improvement	-	2.82	5.76	8.83	12.01	29.42

- Hospitals will track metrics to set baselines during CY 2015 and then ‘earn’ incentive payment by reaching targets in subsequent years. Performance measures include such things as reducing infections, reducing adverse drug events, and reducing injuries from falls, among others.
- Similar to the UC Pool, the HQII pool recognizes differences between small and larger hospitals.
- Hospitals will receive additional payments if they make improvements in these metrics, as well as future population-based metrics, such as reduced admission rates due to complications from diabetes or asthma.

The total number of hospital beds in state funding has been 2.5 million since 2000. The total number of hospital beds in state funding has been 2.5 million since 2000.

150 beds per year for FY12, but there is still a funding gap for these hospital payments.

2012 - Hospital Quality Improvement Incentive - Looking Forward

The second component of the strategy is a pool of money for payments to hospitals to improve the quality of care.

Quality Measure	2011	2012	2013	2014	2015
Hospital Quality Improvement	11.01	11.01	11.01	11.01	11.01

Hospitals will receive money for the bonuses during FY12 and then later receive payment by meeting targets in subsequent years. The funding measure includes such things as reducing infection, reducing adverse drug events, and reducing injuries to falls among others.

Similar to the UK Path, the hospital receives a target between small and large hospitals.

Hospitals will receive additional payments if they make improvements in these areas as well as further non-risk-based practice such as reduced admissions due to complications from diabetes or asthma.

Expenditures	Fiscal Year 2013		Calendar Year 2014				Calendar Year 2014		
	Community Payments ¹		Estimates During Session		Current Estimates				
	UC Payments	Rate Increase Payments	UC Payments ²	Rate Increase Payments ³	Total	UC Payments ²	Rate Increase Payments ³	Total	
Smallest Hospitals	\$ 25,933,702	41,333,594	9,079,357	50,412,951	27,074,167	12,078,740	39,152,907		
Small Hospitals	\$ 22,404,424	20,666,797	15,800,924	36,467,721	23,209,141	22,297,727	45,506,868		
Medium Hospitals	\$ 14,572,977	6,888,932	21,888,275	28,777,207	13,393,350	33,730,859	47,124,209		
Large Hospitals	\$ 37,457,639	-	30,790,427	30,790,427	5,212,665	37,153,782	42,366,447		
Largest Hospital	\$ 58,870,630	-	45,642,964	45,642,964	-	-	-		
Total	\$ 159,239,372	68,889,323	123,201,947	192,091,270	68,889,323	105,261,108	174,150,431		

¹ Includes transition payments through managed care organizations.

² CY14 payments projected to be made from FY14 budget.

³ Based on estimates submitted in the UC applications

Revenues	Fiscal Year 2013	Calendar Year 2014 (Session Estimate)		Calendar Year 2014 (Current Estimate)	
Total	\$ 159,239,372		\$ 192,091,270		\$ 240,332,730
Federal	\$ 111,720,322		133,791,570		180,937,941
State	\$ 47,519,050		58,299,700		59,394,789
UNMH transfer/CPE	\$ 18,132,154		13,852,640		14,129,693
County Transfer	\$ 29,386,895		24,197,807		24,197,807
General Fund	\$ -		9,000,000		9,000,000
Total State	\$ 47,519,049		47,050,447		47,327,500
State/County Shortfall	\$ -		(11,249,254)		(12,067,290)

*May vary depending on county contributions for the first half of calendar year 2014, before effective date of SB268. Amount reflected here is the estimated county transfers

**Will vary depending on FY14 county transfers and any UC pool payments completed in FY14 instead of FY15. In general, this amount represents the recurring state budget

Human Services Department
 Safety Net Care Pool Hospital Funding, 2014

	Hospital Name	Bed Size	County	Application	Payment	Rate Increase	Plus Est. Rate	SCP/MCO
1	GUADALUPE COUNTY HOSPITAL	10	Guadalupe	1,033,850	1,033,850	66,780	1,100,630	1,952,365
2	ROOSEVELT GENERAL HOSPITAL	24	Roosevelt	1,830,255	1,830,255	421,436	2,251,691	1,456,996
3	SOCORRO GENERAL HOSPITAL	24	Socorro	1,719,026	1,719,026	838,946	2,557,972	2,873,174
4	CIBOLA GENERAL HOSPITAL	25	Cibola	837,623	837,623	1,327,718	2,165,341	4,201,038
5	DR. DAN C. TRIGG MEMORIAL HOSPITAL	25	Quay	1,421,185	1,421,185	190,316	1,611,501	2,050,390
6	LINCOLN COUNTY MEDICAL CENTER	25	Lincoln	1,709,209	1,709,209	1,481,068	3,190,277	1,697,672
7	MIMBRES	25	Luna	3,575,350	3,575,350	2,245,958	5,821,308	2,418,047
8	MINERS' COLFAX MEDICAL CENTER	25	Colfax	1,699,802	1,699,802	413,509	2,113,311	615,955
9	NOR-LEA HOSPITAL	25	Lea	2,596,955	2,596,955	265,153	2,862,108	653,496
10	SIERRA VISTA HOSPITAL	25	Sierra	1,517,211	1,517,211	162,324	1,679,535	1,816,708
11	UNION COUNTY GEN. HOSPITAL	25	Union	1,315,679	1,315,679	167,518	1,483,197	2,273,616
12	ROSWELL REGIONAL HOSPITAL	26	Chaves	2,610,516	2,610,516	2,523,985	5,134,501	1,407,376
13	HOLY CROSS HOSPITAL	29	Taos	5,207,506	5,207,506	1,974,029	7,181,535	2,516,869
14	Subtotal Smallest Hospital			27,074,167	27,074,167	12,078,740	39,152,907	25,933,702
15	Smallest Hospital Allocation				41,333,594			
16	Balance Available for Reallocation				14,259,427			
17								
18								
19	LOS ALAMOS MEDICAL CENTER	47	Los Alamos	672,964	672,964	511,987	1,184,951	741,256
20	ARTESIA GENERAL HOSPITAL	49	Eddy	3,692,652	3,692,652	308,524	4,001,176	648,179
21	ALTA VISTA REGIONAL HOSPITAL	54	San Miguel	2,625,753	2,625,753	6,462,550	9,088,303	360,062
22	REHOBOTH MCKINLEY CHRISTIAN HOSPITAL	60	McKinley	5,072,465	5,072,465	3,188,933	8,261,398	5,741,777
23	GILA REGIONAL MEDICAL CENTER	68	Grant	7,555,041	7,555,041	2,385,075	9,940,116	8,298,932
24	ESPANOLA HOSPITAL	70	Rio Arriba	1,540,725	1,540,725	3,045,234	4,585,959	2,926,505
25	PLAINS REGIONAL MEDICAL CTR - CLOVIS	100	Curry	2,049,541	2,049,541	6,395,424	8,444,965	3,687,713
26	Subtotal Small Hospital			23,209,141	23,209,141	22,297,727	45,506,868	22,404,424
27	Small Hospital Allocation				20,666,797			
28	Total Plus Reallocated Balance				34,926,224			
29	Balance Available for Reallocation				11,717,083			
30								
31								
32	CARLSBAD MEDICAL CENTER	115	Eddy	1,806,743	1,806,743	7,150,216	8,956,959	4,330,490
33	GERALD CHAMPION REGIONAL MEDICAL CTR	123	Otero	7,184,713	7,184,713	1,952,240	9,136,953	3,118,732
34	EASTERN NEW MEXICO MEDICAL CENTER	162	Chaves	399,974	399,974	6,441,831	6,841,805	3,362,122
35	MOUNTAIN VIEW REG MED CTR	168	Dona Ana	0	0	10,698,776	10,698,776	1,628,764
36	LEA REGIONAL HOSPITAL	186	Lea	4,001,920	4,001,920	7,487,796	11,489,716	2,132,869
37	Subtotal Medium Hospital			13,393,350	13,393,350	33,730,859	47,124,209	14,572,977
38	Medium Hospital Allocation				6,888,932			
39	Total Plus Reallocated Balance				18,606,015			
40	Balance available for reallocation				5,212,665			
41								
42	ST. VINCENT HOSPITAL	248	Santa Fe	14,654,366	1,900,019	13,092,298	14,992,317	6,318,532
43	SAN JUAN REGIONAL MEDICAL CENTER	254	San Juan	16,903,147	2,191,586	8,468,010	10,659,596	14,647,087
44	MEMORIAL MEDICAL CENTER	298	Dona Ana	8,646,445	1,121,059	15,593,474	16,714,533	16,492,020
45	Large Hospitals			40,203,958	5,212,665	37,153,782	42,366,447	37,457,639
46	Large Hospital Allocation				0			
47	Total Plus Reallocated Balances				5,212,665			
48	Balance Available for Reallocation				0			
49								
50	UNIVERSITY OF NEW MEXICO HOSPITAL	528	Bernalillo	72,446,723	0	66,182,299	66,182,299	58,870,630
51	Total			176,327,339	68,889,323	171,443,407	240,332,730	159,239,372

