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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/26/2006  
 LAST UPDATED 01/30/2006    HB 214/aHCPAC

SPONSOR Picraux

SHORT TITLE UNM Hospital Out-Of-County Indigent Care    SB \_\_\_\_\_

ANALYST Moser

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$31,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to SB 187

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DH)

Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of HCPAC amendment

The House Consumer and Public Affairs Committee amendment removes the word “indigent” and replaces it with “uncompensated care”.

#### Synopsis of Original Bill

House Bill 214, UNM Hospital Out-Of-County Indigent Care, appropriates thirty-one million dollars (\$31,000,000) from the general fund to the board of regents of the University of New Mexico for the purpose of providing funding for care provided to indigent patients from outside of Bernalillo County.

### FISCAL IMPLICATIONS

The appropriation of thirty-one million dollars (\$31,000,000) contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

From UNMH information, in fiscal year 2005, the Health Sciences Center “provided \$131.3 million in uncompensated care at cost. Of that amount, \$31.3 million of uncompensated care was provided to patients residing out of Bernalillo County.” The UNMH has no revenue stream to fund that level of uncompensated care.

### **SIGNIFICANT ISSUES**

From UNMH information, in fiscal year 2005, the Health Sciences Center “provided \$131.3 million in uncompensated care at cost. Of that amount, \$31.3 million of uncompensated care was provided to patients residing out of Bernalillo County.” UNMH has no revenue stream to fund that level of uncompensated care and has been subsidizing this out of operational revenue. The level of uncompensated care at UNMH has risen from \$110 million in fiscal year 2003 to \$131 million in fiscal year 2005.

UNMH receives a mill levy from the residents of Bernalillo County. This accounted for almost \$65 million of the hospital’s budget. The university is charged with using “the revenues of the hospital mill levy and mental health center mill levy solely to the operation, maintenance, improvement and conduct of the hospital and mental health center and their services.” UNM additionally received \$1.2 million in state support from the out of county indigent fund in fiscal year 2005.

UNM officials have indicated that the additional resources are needed to pay physicians and health care professionals in order to effectively staff and maintain the hospital. The Health Policy Commission indicates that Bernalillo County residents effectively subsidize care for indigents from other counties throughout the state. There is inequity relative to access to services being unrestricted simultaneous to funds for indigent care restricted from one county. However, at the same time, the state has an interest in ensuring access to needed services for all residents of the state irrespective of county residency. HB 214 attempts to acknowledge that interest and ameliorate a situation in which UNMH decided to restrict elective access to services for uncompensated patients. UNMH information indicates that the trend involved with continuation of the status quo of unrestricted access would eventually lead to service changes for all patients.

The Health Policy Commission additionally points out that UNMH is not the only county owned and leased hospital in New Mexico that provides indigent care to out of county residents. The situation that UNMH has is not unique with respect to providing services to out of county indigents. There are numerous public hospitals in New Mexico- Miners Colfax in Raton, Gila Regional in Silver City, Nor Lea General in Lovington, Roosevelt General in Portales, and Sierra Vista in Truth or Consequences. There are also other publicly owned hospitals that contract with non-profit 501(c) 3 organizations or for profit organizations to lease the hospital -Dr. Dan C Trigg in Tucumcari, Lincoln County Medical Center in Ruidoso, Cibola General in Grants, Holy Cross in Taos, Artesia General, Guadalupe County in Santa Rosa, Rehoboth McKinley in Gallup, and Memorial Medical Center in Las Cruces. Each of these facilities can also make the claim that they serve out of county indigent residents as well. In one case, many non-covered residents of Otero County living proximate to Ruidoso received services at Lincoln County Medical center in 2004 which very significantly impacted that hospital’s financial position as well.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 214 duplicates SB 187.

**ALTERNATIVES**

The Health Policy Commission indicates that by using state monies as called for in HB 214 it would appear that Bernalillo County taxpayers are paying twice for indigent care if HB214 as written passes. First residents would pay through their mill levy sent to the County which is sent to UNMH and then again with tax dollars Bernalillo County residents sent to the state.

An alternative suggested by the Health Policy Commission would be to develop a mechanism for other counties to provide reimbursement for only their share of indigent residents who receive care at UNMH from their county rather than a blanket approach. There are some counties in New Mexico who have very few indigent patients that receive services from UNMH with their medical service locations being Amarillo, Lubbock, El Paso, Tucson, and Pueblo. For example, Union County's total amount of uncompensated indigent care for FY2005 at UNMH was \$12,192.00. This might require modification of the Indigent Hospital and County Health Care Act (27-5-1 NMSA) to allow UNMH to have direct contracting with the counties to access their county indigent funds.

Another option suggested would be the creation of a Special Hospital District that would have taxing authority for indigent care. For example, a district composed of Valencia County, Torrance County, the southern part of Santa Fe County, and Sandoval County could be created. This would resolve a part of the UNMH indigent care shortfall. Another option would be to have the district encompass the entire state except Bernalillo County.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Eventually there will be service reductions and further access restrictions at UNMH unless solutions to uncompensated care issues are found.

EM/nt:mt