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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/13

SPONSOR Salazar LAST UPDATED _____ HB 404

SHORT TITLE Mora Emergency & Ambulance Services SB _____

ANALYST Evans

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$79.0	Recurring*	General Fund

(Parenthesis () Indicate Expenditure Decreases)

*It is anticipated that, beginning in FY15, the appropriation can be reduced to \$46,000 per fiscal year.

Duplicate to SB 388

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 404 (HB 404) appropriates \$79 thousand from the general fund to the local government division (LGD) of the department of finance and administration (DFA) for expenditure in fiscal year 2014 to provide emergency medical services and ambulance service in Mora County.

FISCAL IMPLICATIONS

HB 404 appropriates \$79 thousand from the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the general fund. Mora County projects an annual operating budget of \$174,000 for the ambulance service – based on average expenditures over the past 5 calendar years. To generate the \$174,000, the county anticipates that service fees from ambulance users would generate \$52,000, indigent funding would generate \$15,000, and a new Emergency Management Services (EMS) local gross receipts tax recently approved by the voters could generate \$61,000. This revenue will fall short of the required \$174,000 by \$46,000. It is anticipated that this will be a recurring annual deficit.

Mora County has explained that the current request for a legislative appropriation of \$79,000 represents the funding required to make up the difference between a recent emergency loan from the Board of Finance and the amount required to operate the ambulance during FY14. In future years, it appears that the ambulance service can be operated with a reduced appropriation of \$46,000.

SIGNIFICANT ISSUES

Mora County has a total population of approximately 5,070 people, about half of which live in Mora Valley. Residences are spread out, and personal transportation is limited for some families. The ambulance service (Mora Valley EMS), which is certified by the Public Regulation Commission (PRC), is a critical safety net for both residents and tourists. Mora Valley EMS responds when dispatched for all medical and traumatic health emergencies within the Mora Valley and the surrounding areas of Mora County. Mora Valley EMS recently transitioned from being affiliated with the local health clinic, Mora Valley Community Health Services, (MVCHS), to being affiliated with Mora County. Also, Mora Valley EMS has an agreement with the DOH Emergency Medical Systems (EMS) Bureau to provide a physician medical director until such time that a permanent medical director can be found.

Mora Valley EMS applies for and receives money from Local Systems Funding portion of the EMS Fund. Mora Valley EMS received \$10,703 in FY13 and has applied for FY14 funding. The amount of FY14 funding has not yet been determined, but is expected to be a similar amount. Additionally, Mora Valley EMS can apply for money from the Special Project portion of the EMS Fund. The Special Project portion of the Fund Act makes funding available for the purchase of ambulances and other EMS related projects. These funds are for equipment and supplies but do not cover ambulance service operations – the subject of this legislative request.

Mora County took over the ambulance service from MVCHS, a private contractor, as of January 1, 2013. MVCHS had operated the ambulance for the county since the 70's. For a number of years, the State of New Mexico Department of Health provided a regular subsidy to the Mora Ambulance Service operation of approximately \$30 thousand. The State stopped providing this subsidy to ambulance operations around 2006. The ambulance service then relied on subsidies from the New Mexico Legislature which were discontinued during the economic downturn.

The new local option gross receipts tax will not go into effect until July 1, 2013, and ambulance service fees will be delayed as well as Mora County works to become eligible to bill various insurers. To help defer the initial operating costs of this service, the county requested and received an emergency loan from the State Board of Finance for \$53,079. The amount of the loan was sized to cover the County's projected costs from January 1, 2013 through April 30, 2013; \$48,600 of the Board of Finance loan must be repaid by March 15, 2013 following the maturity of Certificates of Deposit (CDs) that are currently making the County's excess reserve balances illiquid. The remaining \$6,067 must be repaid by January 31, 2014. Section 6-1-2 NMSA 1978 provides that the Board of Finance may not fund emergencies that can await funding from the Legislature. The Board of Finance only funded the County's need through April 30, reasoning that funding beyond that date could be sought from the Legislature.

Mora County has continually operated under a precarious financial situation. All counties are required by LGD to maintain a 3/12th reserve for the general fund and the County has had a difficult time maintaining, if not meeting, this requirement.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this legislation is not enacted, this newly acquired service could require the County operating budget to supplement its operational costs at the detriment of other County services. It is conceivable that if HB 404 is not enacted, the Mora County ambulance service would not be funded.

POSSIBLE QUESTIONS

What other frontier counties with ambulance funding problems may approach the legislature with similar requests.

JE/blm