March 12, 2014

SENATE EXECUTIVE MESSAGE NO. 116

The Honorable Mary Kay Papen, President Pro Tempore and
Members of the New Mexico State Senate
State Capitol Building
Santa Fe, New Mexico 87501

Honorable President Pro Tempore Papen and Members of the Senate:

As Governor, I believe the safety and well-being of New Mexicans is of the utmost importance. As a result of recent federal healthcare reforms, states across the country have been forced to implement major changes in order to continue providing the quality care that patients expect and deserve. In the past, the Sole Community Provider program had provided supplemental payments to support hospitals in New Mexico that are the principal or sole provider of hospital services in their regions, as well as the primary point of access to healthcare for the poor and other uninsured. At the end of 2012, the program faced a 70 percent reduction in allowable funding, reducing available payments from $246 million to about $69 million in FY13. As of December 31, 2013, that program was terminated and replaced by the Safety Net Care Pool.

This legislation allows the Human Services Department (HSD) to continue making additional payments to New Mexico's mostly rural and frontier hospitals that provide access to healthcare services for so many New Mexicans. Preserving the ability of these hospitals to stay open and provide critical care and access is crucial. For more than a year, my administration has been working with the federal government, hospitals, and county governments to maintain local, state, and federal support for 29 hospitals in the State that have received supplemental Medicaid payments through the Sole Community Provider program. With that program ending in 2013, my administration secured the replacement program as well as federal funding through negotiations with the federal government. The legislature then faced the difficult task of securing state and local funding to access those federal funds and maintain those payments.

This legislation is the outcome of collaboration by counties, the legislature, and hospitals to better secure their financial footing, and I am pleased everyone came together to pass this important bill. Hospitals across the state, and especially our small and rural hospitals, face multiple challenges to their financing and operations.   By enacting this

bill, we have ensured that these hospitals will continue to have access to funding to help meet the continued demands of providing healthcare across the state. Without this legislation and the program it will support, many of the services provided by these hospitals would have been severely compromised or ended altogether. That was an outcome we could not accept.

This legislation, however, is not perfect. I firmly believed that counties should have continued to supply adequate matching funds to maximize the available federal dollars for their hospitals. I supported legislation that would have provided about $36 million from counties, which is about $20 million less than the $56 million counties had budgeted in fiscal year 2014. With another $9 million dollar appropriation from the general fund included in my budget recommendation, and ultimately the General Appropriation Act, we would have secured the $45 million necessary to fully fund this program. Instead, this legislation only requires counties to provide about $24 million, leaving a $10 to $11 million funding gap. Ultimately, this may result in hospitals receiving lower payments than we believe to be necessary.

I have this day SIGNED SENATE PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR SENATE BILL 268 & 314 AND SENATE FINANCE COMMITTEE SUBSTITUTE FOR SENATE BILL 368, as amended, with emergency clause, with certificate of correction, enacted by the Fifty-First Legislature, Second Session, 2014, except for the following part or parts, item or items, which I have vetoed pursuant to Article IV, Section 22 of the Constitution of the State of New Mexico:

On page 1, line 10, I have vetoed the words "for three years".

On page 14, I have vetoed all of lines 14 through 18.

On page 14, line 19, I have vetoed the words "insurance policy;".

On page 14, line 22, I have vetoed the words "(1) through (4)".

On page 18, I have vetoed lines 24 and 25.

On page 19, line 1, I have vetoed "(2)".

On page 19, line 2, I have vetoed the words "consistent with this section" and "and"

On page 19, line 3, I have vetoed the words "consistently applied; and"

On page 19, I have vetoed lines 4 through 9. These provisions would have limited a hospital's ability to receive payments from individuals for the services they provide. Additionally, the HSD is already allowing hospitals to provide assistance, under Medicaid expansion, to help New Mexicans sign up for Medicaid.

On page 19, line 11, I have vetoed the word "fund".

On page 21, line 19, I have vetoed the word "fund".

On page 22, line 3, I have vetoed the words "through June 30, 2017". This would have enacted a sunset and I believe this critical program should be made permanent.

On page 24, line 2, I have vetoed the words "On and after July 1, 2014".

On page 24, line 6, I have vetoed the words "On and after July 1, 2014".

On page 24, line 22, I have vetoed the words "and use its BAR authority". In addition to the language provided in this section, I have instructed the HSD to closely examine its budget for FY15 to maximize the federal funding available under this program, given the shortfall from the counties, to increase payments to these hospitals.

I thank the New Mexico State Legislature for sending me this important legislation. With this bill enacted, my administration and county governments can continue to support our state's network of rural hospitals.

Respectfully yours,

Susana Martinez
Governor

RECEIVED FROM THE OFFICE OF THE GOVERNOR

Time: _____ a.m. p.m.
Date: _____ , 2014   By_____
                                     Secretary of State

Time: _____ a.m. p.m.
Date: _____, 2014   By _____
                                     Chief Clerk of the Senate