

LFC Requester:

Eric Chenier

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment
Correction Substitute

Date 2/6/24

Bill No: SB161/CS

Sponsor: Sen. Munoz
Short Acute Care Subsidy
Title:

Agency Name and Code HSD-630
Number:
Person Writing Rayna Fagus
Phone: 505-699-5566 Email Rayna.fagus@hsd.nm.

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
0	25,000.0	nonrecurring	SGF

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
0	0	0	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	0	\$493.8	\$393.8	\$887.6	Nonrecurring	GF/FF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 161 (SB 161) makes an appropriation in the amount of \$50,000,000.00 to the Health Care Authority Department for expenditures in fiscal years (FYs) 2025 and 2026 to provide quarterly subsidies to Eligible Health Care facilities. Eligible healthcare facilities are defined in Subsection F as Hospitals listed in Subsection E of SB161. Any unexpended or unencumbered balance remaining at the end of FY 2026 shall revert to the general fund.

The appropriation of \$50,000,00 is broken out to the Eligible Health Care Facilities. Over the course of fiscal years 2025 and 2026, the health care authority department shall not provide more than:

- (\$3,200,000) to the Artesia General Hospital
- (\$4,534,000) to the Cibola General Hospital
- (\$5,700,000) to the Holy Cross Hospital
- (\$2,500,000) to the miners' Colfax Medical Center.
- (\$5,700,000) to the Roosevelt General Hospital.
- (\$5,700,000) to Rehoboth McKinley Christian Healthcare Services
- (\$2,700,000) to the Sierra Vista hospital
- (\$5,700,000) to the Union County General Hospital
- (\$5,000,000) to the Alta Vista Regional Hospital.
- (\$1,700,000) to the Guadalupe County Hospital
- (\$5,700,000) to the Gila Regional Medical Center
- (\$1,866,000) to the Nor-Lea Hospital District

FISCAL IMPLICATIONS

SB 161 appropriates \$50 million over the course of the fiscal years 2025 and 2026 the health care authority shall not provide more than the appropriation that is broken out by the hospital.

To administer the funding appropriated in SB161, the Health Care Authority (HCA) will need 4 FTE staff to manage this fund and related functions. The appropriate staffing level is 3 pay band 70 and one pay band 75 with a total cost of \$393,806 and \$100,000 for contract costs for FYs 2025 and 2026 to oversee the implementation and review the annual applications to make subsidy payments. HCA will receive a 50% federal Medicaid match for these positions.

A list of New Mexico hospitals that are “Eligible Health Care Facilities” are listed below:

HOSPITAL NAME
Artesia General Hospital
Cibola General Hospital
Holy Cross Hospital

Miners Colfax Medical Center
Roosevelt General Hospital
Rehoboth McKinley Christian Hospital
Sierra Vista Hospital
Union County General Hospital
Alta Vista Regional Hospital
Guadalupe County Hospital
Gila Regional Medical Center
Nor Lea Hospital

SIGNIFICANT ISSUES

The bill defines Eligible Health Care Facilities in Section 1 Subsection (F) hospitals are listed. This definition only defines the listed providers in which may not allow any other new hospital that may become Medicaid eligible that may meet the qualification to apply for the subsidies.

In addition, the subsidy payments specified by this bill will be made with state funds only.

These facilities provide access to healthcare in remote rural areas of the state where there is limited access to healthcare. The viability of these facilities is dependent on several variables including patient census, and minimum staffing requirements, which can impact operational sustainability. Closure of these facilities would limit access to care and create longer transportation times to access care delaying treatment one to two hours.

PERFORMANCE IMPLICATIONS

See significant issue.

ADMINISTRATIVE IMPLICATIONS

The HCA would need 4 FTEs to administer this fund, identify qualified healthcare facilities, and develop the application and evaluation criteria for subsidy payment. The funding is non-recurring therefore hiring a 4-term FTE may not be possible, therefore HCA may need to use contract services.

SB 161 requires Health Care Facilities to submit applications annually to HCA for subsidies. The bill does not specify how the applications will be solicited, submitted, evaluated, selected, and monitored. If the applications will be collected via an online portal, detailed requirements would need to be gathered before a cost estimate could be formulated.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

Tie payments to a rural definition.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Those who are unable to remain financially viable in rural areas would be at risk of closure, further reducing access to care in remote areas of the state. It could also delay treatment and care one to two hours due to longer transport time to a hospital to receive services.

AMENDMENTS

None