

SENATE BILL 1

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2025

INTRODUCED BY

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This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO HEALTH; EXPANDING THE PERMISSIBLE USES OF THE RURAL HEALTH CARE DELIVERY FUND TO ALLOW FOR GRANTS TO HEALTH CARE PROVIDERS AND FACILITIES IN HIGH-NEEDS GEOGRAPHIC HEALTH PROFESSIONAL SHORTAGE AREAS AND TO STABILIZE THE PROVISION OF EXISTING HEALTH CARE SERVICES; **SFC**→**MAKING AN APPROPRIATION**,←**SFC** DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 24A-1-17 NMSA 1978 (being Laws 2024, Chapter 39, Section 38) is amended to read:

"24A-1-17. RURAL HEALTH CARE DELIVERY FUND--GRANTS--APPLICATIONS--AWARDS.--

.232332.9GLGAIC October 1, 2025 (4:30pm)

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A. The "rural health care delivery fund" is created as a nonreverting fund in the state treasury. The fund consists of appropriations, gifts, grants, donations, income from investment of the fund and any other revenue credited to the fund. The authority shall administer the fund, and money in the fund is appropriated to the authority to carry out the provisions of this section. Expenditures shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary or the secretary's authorized representative.

B. A rural health care provider or rural health care facility may apply to the authority for a grant to:

(1) defray operating losses, including rural health care provider or rural health care facility start-up costs, incurred in providing inpatient, outpatient, primary, specialty or behavioral health care services to New Mexico residents; or

(2) stabilize the provision of existing health care services when those services are at risk of reduction or closure.

C. The authority may award a grant from the rural health care delivery fund to a rural health care provider or rural health care facility that is providing a new or expanded health care service as approved by the authority that covers operating losses for the new or expanded health care service, subject to the following conditions and limitations:

(1) the rural health care provider or rural health care facility meets state licensing requirements to provide health care services and is an enrolled medicaid

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provider that actively serves medicaid recipients;

(2) grants are for one year and for no more than the first five years of operation as a newly constructed rural health care facility or the operation of a new or expanded health care service;

(3) grants are limited to covering operating losses for which recognized revenue is not sufficient;

(4) the rural health care provider or rural health care facility provides adequate cost data, as defined by rule of the authority, based on financial and statistical records that can be verified by qualified auditors and which data are based on an approved method of cost finding and the accrual basis of accounting and can be confirmed as having been delivered through review of claims;

(5) grant award amounts shall be reconciled by the authority to audited operating losses after the close of the grant period;

(6) in the case of a rural health care provider, the provider commits to:

(a) a period of operation equivalent to the number of years grants are awarded; and

(b) actively serve medicaid recipients throughout the duration of the grant period; and

(7) in prioritizing grant awards, the authority shall consider the health needs of the state and the locality and the long-term sustainability of the new or expanded service.

SFC→D. Grants shall not be used for operations outside of New Mexico.←SFC

[E.] SFC→D.←SFC SFC→E.←SFC As used in this

section:

(1) "allowable costs" means necessary and proper costs defined by rule of the authority based on medicare reimbursement principles, including reasonable direct expenses, but not including general overhead and management fees paid to a parent corporation;

(2) "health care services" means services for the diagnosis, prevention, treatment, cure or relief of a physical, dental, behavioral or mental health condition, substance use disorder, illness, injury or disease and for medical or behavioral health ground transportation;

(3) "medicaid" means the medical assistance program established pursuant to Title 19 of the federal Social Security Act and rules issued pursuant to that act;

(4) "medicaid provider" means a person that provides medicaid-related services to medicaid recipients;

(5) "medicaid recipient" means a person whom the authority has determined to be eligible to receive medicaid-related services in the state;

(6) "operating losses" means the projected difference between recognized revenue and allowable costs for a grant request period;

(7) "recognized revenue" means operating revenue, including revenue directly related to the rendering of patient care services and revenue from nonpatient care services to patients and persons other than patients; the value of donated commodities; supplemental payments; distributions from the safety net care pool fund; and distributions of federal

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funds;

(8) "rural health care facility" means a health care facility licensed in the state that provides inpatient or outpatient physical or behavioral health services or programmatic services:

(a) in a county that has a population of one hundred thousand or fewer according to the most recent federal decennial census; ~~SFC~~ **or** ~~SFC~~

(b) in a high-needs geographic health professional shortage area as designated by the United States health resources and services administration; ~~SFC~~ **or** ~~SFC~~

~~SFC~~ **(c) in a tribally operated health care facility;** ~~SFC~~

(9) "rural health care provider" means an individual health professional licensed by the appropriate board, a medical or behavioral health ground transportation entity licensed by the public regulation commission or a health facility organization licensed by the authority to provide health care diagnosis and treatment of physical or behavioral health or programmatic services:

(a) in a county that has a population of one hundred thousand or fewer according to the most recent federal decennial census; or

(b) in a high-needs geographic health professional shortage area as designated by the United States health resources and services administration; and

(10) "start-up costs" means the planning, development and operation of rural health care services, including legal fees; accounting fees; costs associated with

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leasing equipment, a location or property; depreciation of equipment costs; and staffing costs. "Start-up costs" does not mean the construction or purchase of land or buildings."

SFC→~~SECTION 2. APPROPRIATION.--Fifty million dollars (\$50,000,000) is appropriated from the general fund to the rural health care delivery fund for expenditure in fiscal year 2027 and subsequent fiscal years to carry out the purposes of the rural health care delivery fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.~~←SFC

SECTION SFC→3.←SFC SFC→2.←SFC EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

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