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SENATE BILL 1

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

INTRODUCED BY

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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; MAKING AN APPROPRIATION;
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.--

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
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1 from investment of the fund and any other revenue credited to
2 the fund. The authority shall administer the fund, and money
3 in the fund is appropriated to the authority to carry out the
4 provisions of this section. Expenditures shall be by warrant
5 of the secretary of finance and administration pursuant to
6 vouchers signed by the secretary or the secretary's authorized
7 representative.

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

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

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

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

24 (1) the rural health care provider or rural
25 health care facility meets state licensing requirements to

1 provide health care services and is an enrolled medicaid
2 provider that actively serves medicaid recipients;

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

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

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

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

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

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

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

25 (7) in prioritizing grant awards, the

1 authority shall consider the health needs of the state and the
2 locality and the long-term sustainability of the new or
3 expanded service.

4 ~~[G.]~~ D. As used in this section:

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

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

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

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

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

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

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

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

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

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

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

25 (a) in a county that has a population of

1 one hundred thousand or fewer according to the most recent
2 federal decennial census; or

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

6 (10) "start-up costs" means the planning,
7 development and operation of rural health care services,
8 including legal fees; accounting fees; costs associated with
9 leasing equipment, a location or property; depreciation of
10 equipment costs; and staffing costs. "Start-up costs" does not
11 mean the construction or purchase of land or buildings."

12 **SECTION 2. APPROPRIATION.**--Fifty million dollars
13 (\$50,000,000) is appropriated from the general fund to the
14 rural health care delivery fund for expenditure in fiscal year
15 2027 and subsequent fiscal years to carry out the purposes of
16 the rural health care delivery fund. Any unexpended or
17 unencumbered balance remaining at the end of a fiscal year
18 shall not revert to the general fund.

19 **SECTION 3. EMERGENCY.**--It is necessary for the public
20 peace, health and safety that this act take effect immediately.