

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 7

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

AN ACT

RELATING TO RURAL HEALTH CARE PROVIDERS; CREATING THE RURAL
HEALTH CARE DELIVERY FUND TO PROVIDE GRANTS TO DEFRAY OPERATING
LOSSES AND START-UP COSTS OF RURAL HEALTH CARE PROVIDERS AND
FACILITIES THAT PROVIDE NEW OR EXPANDED HEALTH CARE SERVICES.

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

SECTION 1. [NEW MATERIAL] RURAL HEALTH CARE DELIVERY
FUND.--

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 department shall administer the fund, and money
in the fund is appropriated to the department to carry out the
provisions of this section. Expenditures shall be by warrant

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underscored material = new
[bracketed material] = delete

1 of the secretary of finance and administration pursuant to
2 vouchers signed by the secretary of human services or the
3 secretary's authorized representative.

4 B. A rural health care provider or rural health
5 care facility may apply to the department for a grant to defray
6 operating losses, including rural health care provider or rural
7 health care facility start-up costs, incurred in providing
8 inpatient, outpatient, primary, specialty or behavioral health
9 services to New Mexico residents. The department may award a
10 grant from the rural health care delivery fund to a rural
11 health care provider or rural health care facility that is
12 providing a new or expanded health care service as approved by
13 the department that covers operating losses for the new or
14 expanded health care service, subject to the following
15 conditions and limitations:

16 (1) the rural health care provider or rural
17 health care facility meets state licensing requirements to
18 provide health care services and is an enrolled medicaid
19 provider that actively serves medicaid recipients;

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

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

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

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

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

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

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

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

21 C. As used in this section:

22 (1) "allowable costs" means necessary and
23 proper costs defined by rule of the department based on
24 medicare reimbursement principles, including reasonable direct
25 expenses, but not including general overhead and management

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1 fees paid to a parent corporation;

2 (2) "department" means the human services
3 department;

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

9 (4) "medicaid" means the medical assistance
10 program established pursuant to Title 19 of the federal Social
11 Security Act and regulations issued pursuant to that act;

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

14 (6) "medicaid recipient" means a person whom
15 the department has determined to be eligible to receive
16 medicaid-related services in the state;

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

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

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1 funds;

2 (9) "rural health care facility" means a
3 health care facility licensed in the state that provides
4 inpatient or outpatient physical or behavioral health services
5 or programmatic services in a county that has a population of
6 one hundred thousand or fewer according to the most recent
7 federal decennial census;

8 (10) "rural health care provider" means an
9 individual health professional licensed by the appropriate
10 board, a medical or behavioral health ground transportation
11 entity licensed by the public regulation commission or a health
12 facility organization licensed by the department of health to
13 provide health care diagnosis and treatment of physical or
14 behavioral health or programmatic services in a county that has
15 a population of one hundred thousand or fewer according to the
16 most recent federal decennial census; and

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