

SVH and the HDAA: A NM Rural Hospital Story

New Mexico Hospital Association

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Sierra Vista Hospital (SVH) is a community operated, Critical Access hospital in Truth or Consequences, New Mexico.

- 11 Med/Surg beds
- 220 team members
- The SVH Mission:

Provide high quality, highly reliable, and medically proficient healthcare services to the citizens of Sierra County.



The Health of Our Hospitals

Like all our hospitals, SVH faces harsh financial realities. Small hospitals are ready to serve patients 24/7/365, but do not benefit from the high patient volumes and economies of scale that help cover expenses. When rural hospitals run in the red, access to care across our vast state is in jeopardy.

- Nearly **half of NM residents are insured by Medicaid**, where reimbursement does not cover the costs of care.
- **Costs of workforce, supplies, prescription drugs, medical malpractice insurance** and much more are ever-increasing.
- Large hospitals become overwhelmed as they see all patients that small hospitals cannot, further compromising access to care.

SVH: A New Mexico Hospital Story

SVH requires substantial financial support to deliver the highest quality care, guarantee regulatory compliance, and meet the evolving needs of a very diverse patient population.

In 2019, a portion of the hospital was upgraded to meet regulatory/compliance standards.



The remainder of the building stands in its original form, last rebuilt in 1955. This old portion of our facility is substandard in information technology infrastructure, security and basic health and life-safety requirements.

SVH: A New Mexico Hospital Story

Lack of adequate funding constrains SVH in important ways that can impact local and regional access to care:

- Leadership must take a minimalist approach to the programs and services offered
- Currently contracting with a 3rd party group for Emergency Department Physicians
- Inability to grow the workforce or increase pay rates to remain competitive
- Must pay high rates for staff vacancies: 18 travelers plus 7 contract nurses. Short nurses, PTs, CNAs, LPNs and medical assistants.
- Cannot afford to demolish and replace critically needed infrastructure
- Depleted cash reserves to pay malpractice insurance premiums up from \$600,000 to \$1.6 Million

SVH: A New Mexico Hospital Story

To achieve the hospital's stated mission, SVH must continue to evolve to meet the needs of patients. We are making plans and logging successes.

- Completed facilities Master Plan 2025 - 2032
- Essential Behavioral Health (BH) Services. Planned center on campus and hired 3 BH Nurse Practitioners:
 - Comprehensive BH treatment
 - Partial Hospitalization & Intensive Out-Patient programs
- Expanded EMS capability with an award-winning team
- Required facility for SVH Rehabilitation Department
- Future Expanded Services: Pain Therapy, Orthopedics, and Pulmonology
- Initiated Paid Internship Program for local, high school students

A Statewide Hospital Story

These issues are reflective of not just Sierra Vista...but consistent with most of the rural and urban hospitals in our state.

The two basic drivers for economic development of any community are education and healthcare. As we invest in healthcare we are investing in economic growth. Employers need a healthy workforce and the means to both keep their workforce healthy and return them to health from sickness or injury, with local hospitals supporting all regional business sectors.

Hospitals: A NM Economic Driver

Hospitals are the largest employer in most communities where they exist, our source of livable wage jobs.

- In rural communities, some hospitals are 12% of county GDP
- Hospitals contribute to increased community homeownership, a marker of economic stability and growth

In 2022, hospitals contributed \$12.04 Billion in total expenditures impact to New Mexico's economy.

- \$7.3 Billion spent by hospitals directly
- \$4.7 Billion in secondary expenditures
- **And \$6.3 Billion in labor income impact, with 67,844 jobs.**
This is up from \$4.7 Billion just 3 years earlier.

HDAA: The Law

When SVH and all New Mexico's rural hospitals called for help, our entire state came together - hospitals statewide, the Governor's Office, the NM Health Care Authority and legislators from both sides of the aisle - to pass the 2024 Health Care Delivery and Access Act (HDAA).

Thank you



HDAA: The Law

The state law will assess a tax on hospitals—a larger tax on big hospitals—pool it, leverage those funds for a federal Medicaid match, then bring—about \$1.5 billion in total funding – back to New Mexico to provide sustainable reimbursement to our state’s hospitals.



HDAA: A Positive Program

- Larger hospitals pay more, redistributing funding for the good of all patients.
- Does not rely on state funds or New Mexico taxpayers.
- To earn full funding, hospitals must demonstrate clinical quality results.
- Hospitals must spend at least 75% of net new HDAA funds in New Mexico.
- With better funded hospitals, we can bring in more doctors and nurses and better support those we have.



Rural hospitals pay only 19% of the assessment and receive over 40% of the new funding.

HDAA: When Small Hospitals Do Well

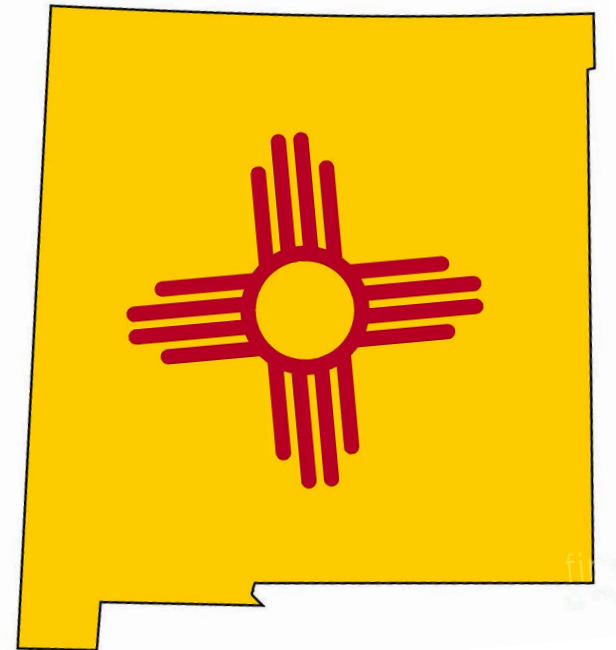
Based on volume measures and great clinical quality performance, hospital's Medicaid funding is set to increase. Examples include:

- Sierra Vista Hospital could receive up to \$11 million after paying only \$923 thousand in tax
- Portales' Roosevelt General Hospital could see \$10.3 million with an assessment tax of only \$1.15 million
- Gallup's Rehoboth McKinley could receive up to \$18 million in disbursements after paying only \$1.9 million in tax

HDAA: Safeguards for New Mexico

Hospitals will be required to ensure that **at least 75%** of HDAA net funds received are used in NM for costs related, but not limited to:

- Operational costs
- Recruitment
- Retention
- Staff wage increases
- Provider compensation
- On-call physician coverage
- Preceptor incentives
- Service expansion
- New services
- Community benefit
- Uncompensated care
- Capital projects



HDAA: When Small Hospitals Do Well, Pt. 2

This new funding does not backfill the amount underpaid for many years, but it does place SVH and all our small hospitals on surer financial footing in ways that improve access to care.

SVH HDAA funding uses:

- Recruitment, retention, and fair market wages for employees and professional staff
- Equipment to support community EMS program (essential without public transportation)
- Staff education and training
- Expanded Paid Internship Program (Partnership with Hot Springs High School)

HDAA: A Brighter Future

- We hope for a renewal before the statute's current sunset clause date of July 1, 2030
- I ask you, our legislators, to remember:
 - HDAA is critical to the viability of our rural hospitals
 - HDAA increases access to care
 - Funds are invested in NM and not sent out-of-state
 - Taxes are not passed on in higher costs to patients or insurers

Questions?





Thank You.



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