

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance. The main title is centered in the upper half of the page.

# **FINANCIAL SUPPORT FOR RURAL HOSPITALS IN NEW MEXICO: ACTIONABLE RECOMMENDATIONS**

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# **OPTIONS FROM PRIOR STUDIES THAT THE STATE MAY WANT TO CONSIDER TO REDUCE HEALTHCARE COSTS AND/OR GENERATE ADDITIONAL REVENUE FOR THE HEALTHCARE SYSTEM**

- ***HOSPITAL GLOBAL BUDGETS: A PRIMER AND CONSIDERATIONS FOR NEW MEXICO***, BETH LANDON AND ASSOCIATES (2022)
- ***NEW MEXICO HOSPITAL GLOBAL BUDGETS REPORT***, KANNEGANTI, DEEPTI AND BAILIT, MICHAEL (2022).
- ***ANALYSES RELATED TO HEALTH CARE COST DRIVERS IN NEW MEXICO: ANALYSIS 1: FEASIBILITY OF IMPLEMENTING A GLOBAL BUDGETING SYSTEM***, NORC AT THE UNIVERSITY OF CHICAGO (2024)
- ***AN ANALYSIS OF METHODS TO REDUCE ADMINISTRATIVE COSTS IN THE HEALTH CARE SYSTEM IN NEW MEXICO***, NORC AT THE UNIVERSITY OF CHICAGO (2024)
- ***LEVERAGING HOSPITAL FINANCIAL ANALYSES TO INFORM STATE POLICY***, BAILIT HEALTH AND MANATT (2024).



**I WAS ASKED TO REVIEW THESE REPORTS AND  
PROVIDE CONCRETE, ACTIONABLE  
RECOMMENDATIONS ON HOW TO SHORE UP  
FUNDING TO STRUGGLING RURAL HOSPITALS IN  
NEW MEXICO**

# RECOMMENDATIONS

- 1) PROVIDE STOP-GAP FUNDING TO NEW MEXICO'S NEEDIEST RURAL HOSPITALS WITH THE GREATEST FINANCIAL CHALLENGES FOR UP TO THREE YEARS
- 2) DEVELOP A "HEALTHCARE PLANNING COLLABORATIVE" TO BE HOUSED AT THE HEALTH CARE AUTHORITY TO DETERMINE HOW BEST TO ENSURE ONGOING, SUSTAINED SUPPORT TO RURAL HOSPITALS IN NEW MEXICO
- 3) DEVELOP A "HEALTH COLLABORATIVE WORK TEAM" AT THE HEALTH CARE AUTHORITY TO OPERATIONALIZE THE DECISIONS MADE BY THE COLLABORATIVE BEFORE THE STOP-GAP FUNDING EXPIRES
- 4) ENSURE THAT THE HEALTH CARE AUTHORITY RECEIVES ADEQUATE NEW FUNDING AND POSITIONS TO IMPLEMENT RECOMMENDATIONS 1-3

# 1) PROVIDE STOP-GAP FUNDING TO NEW MEXICO'S NEEDIEST RURAL HOSPITALS WITH THE GREATEST FINANCIAL CHALLENGES FOR UP TO THREE YEARS

USING MATHEMATICA DATA FROM THE NASHP HOSPITAL COST TOOL FROM FROM FY11 THROUGH FY22, I EXAMINED THE FISCAL HEALTH OF ALL 30 OF NEW MEXICO'S RURAL HOSPITALS

THESE DATA INCLUDED EACH HOSPITAL'S:

- NET INCOME
- NET PROFIT MARGIN
- FUND BALANCE
- OPERATING PROFIT (OR LOSS)
- OPERATING PROFIT MARGIN (OR LOSS)

# 1) PROVIDE STOP-GAP FUNDING TO NEW MEXICO'S NEEDIEST RURAL HOSPITALS WITH THE GREATEST FINANCIAL CHALLENGES FOR UP TO THREE YEARS

AN ANALYSIS OF THESE DATA FOUND THAT **12** RURAL, NON-IHS HOSPITALS COULD BENEFIT FROM STOP-GAP FUNDING. THESE ARE:

- ALTA VISTA REGIONAL HOSPITAL, LAS VEGAS
- CIBOLA GENERAL HOSPITAL, GRANTS
- DAN C. TRIGG MEMORIAL HOSPITAL, TUCUMCARI
- GILA REGIONAL MEDICAL CENTER, SILVER CITY
- GUADALUPE COUNTY HOSPITAL, SANTA ROSA
- MINERS COLFAX HOSPITAL, RATON
- REHOBOTH MCKINLEY CHRISTIAN HOSPITAL, GALLUP
- ROOSEVELT GENERAL HOSPITAL, PORTALES
- SIERRA VISTA HOSPITAL, TRUTH OR CONSEQUENCES
- SOCORRO GENERAL HOSPITAL, SOCORRO
- UNION COUNTY GENERAL HOSPITAL, CLAYTON

# 1) PROVIDE STOP-GAP FUNDING TO NEW MEXICO'S NEEDIEST RURAL HOSPITALS WITH THE GREATEST FINANCIAL CHALLENGES FOR UP TO THREE YEARS

I RECOMMEND THAT THE THE NEW MEXICO STATE LEGISLATURE SEEK AN APPROPRIATION OF **\$115,000,000** DURING THE 2025 LEGISLATIVE SESSION TO PROVIDE UP TO **\$3,000,000 A YEAR** TO EACH OF THE 12 HOSPITALS ABOVE THROUGH A COMPETITIVE, NEEDS-BASED GRANT PROCESS (12 X \$3,000,000 = \$36,000,000 X 3 YEARS = \$108,000,000). THE REMAINING \$7,000,000 WOULD BE PROVIDED TO THE HEALTH CARE AUTHORITY TO ADMINISTER THIS RECOMMENDATION AND RECOMMENDATIONS TWO AND THREE BELOW (\$2,333,333 A YEAR X 3 YEARS = \$7,000,000). ANY UNSPENT MONEY FROM THIS APPROPRIATION WOULD SUNSET AFTER THE THREE YEARS.

## RECOMMENDATION TWO: DEVELOP A “HEALTHCARE PLANNING COLLABORATIVE” TO BE HOUSED AT THE HEALTH CARE AUTHORITY TO DETERMINE HOW BEST TO ENSURE ONGOING, SUSTAINED SUPPORT TO RURAL HOSPITALS IN NEW MEXICO

- HEALTH CARE AUTHORITY (CHAIR)
- DEPARTMENT OF HEALTH
- AGING AND LONG TERM SERVICES DEPARTMENT
- INDIAN AFFAIRS DEPARTMENT
- OFFICE OF THE SUPERINTENDENT OF INSURANCE
- DEPARTMENT OF FINANCE ADMINISTRATION
- REPRESENTATIVES FROM AT LEAST SOME OF THE RURAL HOSPITALS
- THE NM HOSPITAL ASSOCIATION
- INDIAN HEALTH SERVICES
- THE MEDICAL SOCIETY
- ONE OF THE STATE’S NURSING ASSOCIATIONS
- THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
- THE SENATE HEALTH AND PUBLIC AFFAIRS COMMITTEE
- CONTENT EXPERTS AS NEEDED



# RECOMMENDATION TWO: DEVELOP A “HEALTHCARE PLANNING COLLABORATIVE” TO BE HOUSED AT THE HEALTH CARE AUTHORITY TO DETERMINE HOW BEST TO ENSURE ONGOING, SUSTAINED SUPPORT TO RURAL HOSPITALS IN NEW MEXICO

AREAS OF REFORM THE HEALTHCARE AUTHORITY MAY WISH TO CONSIDER (AS INVOKED BY THE AUTHORS OF THE REPORTS CITED ABOVE):

- GLOBAL HOSPITAL BUDGETING
- PRIOR AUTHORIZATION STANDARDIZATION
- STANDARDIZATION OF BILLING FORMS AND CLAIMS SUBMISSIONS
- ADMINISTRATIVE SIMPLIFICATION
- STANDARDIZATION OF MCO CONTRACTS
- HEALTH PROFESSIONAL WORKFORCE
- RURAL HEALTHCARE DELIVERY FUND
- EXPANSION OF TAX CREDITS TO ADDITIONAL PROVIDERS
- MEDICAL MALPRACTICE REFORM
- OTHER AREAS OF HEALTHCARE REFORM


## RECOMMENDATION 3: DEVELOP A “HEALTH COLLABORATIVE WORK TEAM” AT THE HEALTH CARE AUTHORITY TO OPERATIONALIZE THE DECISIONS MADE BY THE COLLABORATIVE BEFORE THE STOP-GAP FUNDING EXPIRES

### KNOWLEDGE THAT TEAM MEMBERS SHOULD POSSESS:

- UNDERSTANDING OF THESE ISSUES AND THE TIME TO DEDICATE THEMSELVES TO ATTAINMENT OF EACH OF THE DECISIONS MADE BY THE HEALTH CARE PLANNING COLLABORATIVE
- WRITING THE RFP FOR RURAL HOSPITAL FUNDING, MAKING AWARDS TO HOSPITALS AND OVERSEEING GRANT FUNDING ACTIVITIES AND EVALUATION OVER THE COURSE OF THREE YEARS
- HOSPITAL FINANCING
- CMS WAIVERS
- FACILITATING COMPLEX CHANGE
- NAVIGATING COMPLEX SYSTEMS WITH A MULTITUDE OF PLAYERS WITH OFTEN COMPETING POSITIONS
- THE HCA WILL ALSO NEED TO CONVENE AND FACILITATE THE COLLABORATIVE AND CONTRACT WITH EXPERTS AS NEEDED.



**RECOMMENDATION 4: ENSURE THAT THE HEALTH CARE AUTHORITY  
RECEIVES ADEQUATE, NEW FUNDING TO IMPLEMENT  
RECOMMENDATIONS 1-3**

- WORK WITH SECRETARY ARMIJO TO ENSURE THAT THE THE HEALTH CARE AUTHORITY IS ADEQUATELY FUNDED TO HIRE THE INDIVIDUALS NEEDED CONVENE THE COLLABORATIVES AND CARRYOUT THEIR DECISIONS.
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# TIMELINE

