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FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 2/3/05 HB _____

SHORT TITLE Study Conversion of Los Amigos Nursing Home SB SJM 3

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Veterans' Service Department (VSD)

SUMMARY

Synopsis of Bill

Senate Joint Memorial 3 proposes to give DOH responsibility for conducting a feasibility study on the acquisition and operation of the now vacant Los Amigos nursing facility in Santa Rosa, New Mexico as a veterans' facility, using funding from the federal veterans' administration. The report must be presented to the Health and Human Services Committee and the Legislative Finance Committee by October 31, 2005.

Significant Issues

DOH indicates the bill addresses the issues involved with the loss of Los Amigos Nursing home as health care provider for aging and medically fragile persons in Guadalupe county. Los Amigos closed due to considerable financial distress and was a safety net provider in Guadalupe county. There is no other nursing facility for veterans in that part of the state.

VSD notes New Mexico currently has a veteran population of approximately 200 thousand and currently has only 110 beds dedicated to aging veterans. These beds are located at the New Mexico State Veterans' Home in Truth or Consequences. The state is facing an aging veteran

population and will soon need more than 110 beds to serve veterans. The Los Amigos facility is centrally located for the eastern part of the state. This facility would not need major renovations to make it useful to veterans and would also positively impact the economy of Santa Rosa.

FISCAL IMPLICATIONS

Neither DOH nor VSD note the need for additional resources for this joint memorial.

OTHER SUBSTANTIVE ISSUES

DOH states the Los Amigos Nursing Home was a non-profit facility operating with a local board. Operational issues between the board and the management as well as low enrollment resulted in the nursing home closing over a year ago. DOH provided facility receivership during a six-month period until the facility closed because of the lack of a buyer. The receivership cost \$760 thousand. The brand new, \$4 million Los Amigos facility was financed by United States Department of Agriculture (USDA) and was built to serve approximately 65 nursing home residents. At the time of closure, the facility was only serving about 25 percent of its capacity. USDA controls the current mortgage and the now empty building. At the time of the receivership, it was felt that the facility could be viable with a strong board, a good management company and a good marketing strategy that would expand services to address multiple health needs in the area, not just nursing home services. The Veterans' Advisory Board for the New Mexico State Veterans' Home has discussed this conversion in the past at its meetings.

KBC/lg