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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/08

SPONSOR Rehm LAST UPDATED _____ HM 60

SHORT TITLE Additional Federal Funding for Uncompensated Indigent Patient Care; a study SB _____

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
HSD		undetermined				General Fund (SCHIP)
Total		undetermined				Federal Medicaid

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Memorial 60 requests the Health Policy Commission to conduct a study of options for securing additional federal funding for uncompensated indigent patient care in New Mexico hospitals.

The Memorial provides for the following:

- New Mexico hospitals bear a substantial financial burden in providing uncompensated care to indigents.
- Adequate and equitable funding of hospitals is of critical importance to all New Mexicans.
- Increased federal assistance in funding hospitals would relieve the burden that New Mexico hospitals bear in providing uncompensated care to indigent persons.
- Increased federal assistance in funding hospitals would also relieve the disproportionate burden that New Mexico hospitals bear in providing care to illegal aliens by virtue of being a border state.
- Increased federal funding for uncompensated care is critical at a time, such as this one, when uninsured patients often receive care in the state's hospital emergency rooms and hospitals, and the hospitals, in turn, request appropriations to offset the cost of providing care to those who cannot or will not pay.

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- The current funding of the university of New Mexico hospitals is inequitable, in that funding comes from a mill levy on Bernalillo county property owners but the hospitals serve indigent patients from throughout the state.

The Memorial resolves that the task force present recommendations and conclusions to the appropriate interim legislative committees no later than December 1, 2008.

The Memorial further resolves that copies of this memorial be transmitted to the governor, the executive director of the New Mexico health policy commission, the secretary of human services, the secretary of health and each county indigent hospital and county health care board.

FISCAL IMPLICATIONS

Agencies will need to provide staff to participate in the study.

Costs to the GF of increased enrollment in programs funded either through unspent Title 21 (SCHIP) funding; or, any other project approved through federal waivers is unknown but could be significant.

SIGNIFICANT ISSUES

The Memorial requests that the task force study hospital funding options; and, the expansion of the existing federal waiver for the state coverage insurance program.

ADMINISTRATIVE IMPLICATIONS

The Memorial will require that the task force comprise nine members appointed by the executive branch, including the Medicaid director or the Medicaid director's designee, a representative from the university of New Mexico hospitals, a member from the New Mexico health policy commission and members with expertise in Medicaid funding and hospital funding.

OTHER SUBSTANTIVE ISSUES

A federal waiver for SCHIP has allowed funding for adults in the State Coverage Insurance (SCI) program, which has been an important component in current state efforts to expand insurance. However, continuation of the funding source is uncertain and there is continuing disagreement at the federal level about whether SCHIP funds should be used for adults. To date there is no resolution of the issue as Congress extended SCHIP funding under current law.

In 2005, New Mexico counties collected \$52.9 million for County Indigent Funds primarily through gross receipts taxes (HPC's *County Financing of Health care 2006* report). Statewide, the Sole Community Provider Fund has grown from \$19 million to \$130 million in 2005.

The state Human Services Department administers the fund for the U.S. Centers for Medicare and Medicaid Services.

AMENDMENTS

Suggest changing the term “illegal aliens” to “undocumented persons” (Pg1, line 24) in the Memorial.

Suggest removing the term “uncompensated” in the title and body of the bill.

AHO/bb