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FISCAL IMPACT REPORT

ORIGINAL DATE
SPONSOR Rodriguez **LAST UPDATED** 01/29/15 **HB** _____

SHORT TITLE Licensure of Freestanding Birth Center **SB** 176/aSPAC

ANALYST Dunbar/Chabot

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		<\$100.0	<\$100.0	<\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SB176 duplicates HB84.
 Relates to Appropriation in the General Appropriation Act

Responses Received From
 Department of Health (DOH)

SUMMARY

Synopsis of SPAC amendment

The Senate Public Affairs Committee amendment to Senate Bill 176 strikes references to accreditation from the American Osteopathic Association and adds “a national accreditation organization approved by the federal Centers for Medicare and Medicaid Services” or the Department of Health. It requires a freestanding birth center to be inspected and licensed by DOH as well as accredited by an approved accrediting body.

Synopsis of Original Bill

Senate Bill 176 proposes to add freestanding birth centers to the list of health facilities in the Public Health Act, Section 24-1-2 NMSA, that are required to be licensed by the Department of Health (DOH). SB 176 also allows for accredited birth centers to have a renewal license granted based on the accreditation in the same manner by which other health facilities may be granted renewal licenses.

FISCAL IMPLICATIONS

SB 176 would impact the operating budget for DHI by requiring DHI to draft and promulgate

rules for the licensure of freestanding birth centers. It would also require additional DHI staff time to process license applications, survey freestanding birth centers and administer oversight of freestanding birth center compliance with new regulations.

From the LFC 2015 Appropriation Recommendation: “The program [Health Safety Oversight and Administration] has found it increasingly difficult to complete all required provider surveys and incident investigations within specified timelines and its performance remains below target.” Additional staffing will be needed for new licensing and administer oversight.

SIGNIFICANT ISSUES

DOH notes that currently no licensure is required to operate a freestanding birth center in New Mexico. There are three birth centers operating in New Mexico. SB 176 would require those birth centers and any new birth center that would open in the future to obtain licensure. Licensure would require a standard of care to ensure the health and safety of clients. In addition, licensure is required for reimbursement of federal funding to facilities. The DOH Division of Health Improvement (DHI) personnel would survey and license birth centers.

Page 5, Lines 20-21 of SB176 revises the name of The Joint Commission, a national accrediting organization, to reflect its current name. This organization, along with the American Osteopathic Association, is the only nationally recognized health facility accrediting organization expressly identified in NMSA 24-1-5. There are other nationally recognized healthcare facilities accrediting organizations serving essentially the same function. These organizations, if approved by the Centers for Medicare and Medicaid Services and the DOH as valid for license and certification renewal, should be treated in the same manner as the three organizations expressly identified in NMSA 24-1-5.

Page 5 Lines 23-25 and Page 6 Line 1 of SB176 adds language that allows an accredited freestanding birth center to be granted a license renewal based the accreditation. However, the language does not specifically require that the birth center has been inspected and licensed by DOH and has received certification for participation in federal reimbursement prior to the license renewal.

The inclusion of a freestanding birth center under the definition of ‘health facilities licensed by the DOH in the Public Health Act is intended to specifically recognize free-standing birth centers as a health facility that DOH has authority to license. Licensure will address four goals that are important to the delivery of prenatal and obstetrical care in New Mexico:

- expand the options for safe, high-quality prenatal and delivery care in New Mexico for birthing families;
- provide another option for birth providers in the state to practice, a recruitment advantage;
- grant DOH DHI the opportunity to monitor the operations of such facilities to protect the public’s health; and,
- allow the birth centers to receive federal reimbursement, which promotes their existence and enhances their sustainability.

PERFORMANCE IMPLICATIONS

SB 176 would add freestanding birth centers to the list of health facilities required to be licensed by DOH. The work of licensing birth centers would be reflected in two performance measures currently tracked by DHI. The two performance measures are:

1. Percent of facility building plan compliance reviews completed and distributed with 20 days from the date a complete packet is received.
2. Percent of Centers for Medicare and Medicaid Services (CMS) 2567 Report/Statement of Deficiencies for facility surveys completed and distributed within 10 days from survey exit.

ADMINISTRATIVE IMPLICATIONS

SB 176 would require DHI to administer the application and licensure process for freestanding birth centers. DHI would be required to ensure that freestanding birth centers operate in compliance with regulations to ensure services are provided in a manner that protects the health and safety of clients and achieves desired outcomes.

SB 176 would require DOH to promulgate rules for the licensure of freestanding birth centers.

DUPLICATION

SB 176 duplicates HB84.

AMENDMENTS

Page 5, Section 2, lines 17-25, and Page 6, Section 2, lines 1-7 of paragraph F: Strike language expressly identifying the three accrediting organizations identified and replace it with the following language allowing accreditation by any CMS and DOH approved healthcare facility accrediting organization to serve as the basis for licensure renewal.

A health facility that has been inspected and licensed by the department that has received certification for participation in federal reimbursement programs and that has been fully accredited by a CMS or DOH approved healthcare facility accrediting organization shall be granted a license renewal based on that accreditation. Health facilities receiving less than full accreditation by an approved accrediting body may be granted a license renewal based on that accreditation. License renewals shall be issued upon application submitted by the health facility upon forms prescribed by the department.

BD/bb/aml