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FISCAL IMPACT REPORT

SPONSOR Jaramillo/Gonzales **ORIGINAL DATE** 02/15/21
LAST UPDATED 03/02/21 **HB** _____
SHORT TITLE Hospital Care Facilities Contract **SB** 179/aSTBTC/ec
ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Duplicated House Bill 220 until being amended; amendment differs slightly between the two bills.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

No Response Received

New Mexico Counties

Taxation and Revenue Department (TRD)

Department of Health (DOH)

SUMMARY

Synopsis of STBTC Amendment

The Senate Tax, Business and Transportation Committee amendment to Senate Bill 179 limits the effect of the bill to skilled nursing and rehabilitation hospitals within a Class B county with between 37,000 and 41,000 inhabitants. In essence, that would limit its effect to Rio Arriba County, the 2021 population of which is estimated to be 38,717 (www.worldpopulationreview.com), The next largest county, Taos County, has a population of 32,771; the county just larger is Curry County, with 48,186. In addition, it would subject institutions falling under the provisions of the bill to comply with state boarding home regulations, which are contained in New Mexico Administrative Code 7.8.4.1.

New Mexico has five Class A counties, its five largest; aside from Los Alamos, a class H county, the rest are class B, and range in population from 575 (Harding) to 77,454 (Valencia County). According to the World Population Review, Rio Arriba County has lost 3.89 percent of its population between 2010 and 2021. If it were to lose an additional 4.5 percent of its current population, it would drop below 37,000, the level applied by the amended bill.

Synopsis of Original Bill

Senate Bill 179 would add skilled nursing and rehabilitation hospitals (SNFs) to the list of institutions that could be funded through a mill levy at a county or municipality level under Section 4-48B NMSA 1978, the Hospital Funding Act. Criteria required for qualifying skilled nursing and rehabilitation facilities for this type of funding are specified. Provisions of the bill include the following:

Section of bill	Provisions	Section of law modified
1	Adds to the definition of “health care facilities contract” to include skilled nursing and rehabilitation hospitals to hospitals that could be considered for funding under this act. Requirements for SNFs are listed as follows: <ul style="list-style-type: none"> • No discrimination on sex, race, religion or national origin; • Adequately equipped, including emergency power; • Always staffed by at least one staff person trained and ready to perform lifesaving maneuvers; • Able to prevent, control and report infectious diseases and transport patients to a hospital; • Maintains adequate records; and • Able to provide personnel to administer enumerated rehabilitation services complying with DOH regulations. 	Section 4-48B-3 NMSA 1978
2	Adds SNFs to hospitals as institutions that could be funded through county obligation bonds.	Section 4-48B-5 NMSA 1978
3	Entitles this and the next four sections the “2021 Public Securities Validation Act.”	New
4	Defines “public body” broadly to include boards of regents, municipality and county boards, drainage districts, etc. “Public security” is defined as a bond or other obligation. “State” is defined as New Mexico or any of its subdivisions.	New
5	Validates any outstanding bonds or other public securities, making their provisions binding.	New
6	Gives legislative authority to validate public securities to be issued if consistent with state and federal constitutions.	New
7	Construes the necessity of the act and assures its liberal construction.	New

This bill contains an emergency clause and would become effective immediately upon signature by the governor.

FISCAL IMPLICATIONS

There is no appropriation in Senate Bill 179.

Those counties that wished to do so (by the amendment limited to Rio Arriba County) could now issue bonds that would fund constructions to SNFs meeting the specified criteria. If the voters chose to do, this would likely result in an increase in local taxes. There would appear to be no fiscal impact on state funds.

If more facilities were available to meet the needs of eligible New Mexico residents, many of whom are joint Medicare-Medicaid recipients, may result in increased costs to the Medicaid system.

SIGNIFICANT ISSUES

The New Mexico Health Care Association (NMHCA) lists 23 skilled nursing facilities within New Mexico, located in twelve of the state's 33 counties. Google lists 20 rehabilitation hospitals in New Mexico, all but two located within the Albuquerque metropolitan area. It is unclear how many of them would meet the strict definition of facilities qualifying for the bond funding indicated in this bill. Many are private facilities, which probably would not qualify.

NMHCA answers questions about long-term care facilities as follows:

What is long-term care?

Long-term care includes a range of services for people who have functional limitations or chronic health conditions. Their needs include sub-acute, rehabilitative, medical, skilled nursing, and supportive social services. Long-term care services are provided in a variety of settings, including nursing or assisted living facilities, respite care, adult day care, and home and community-based settings.

What are surveys?

All New Mexico nursing facilities, residential care facilities, and intermediate care facilities for Individuals with Intellectual Disabilities (ICFs/IID) must be licensed by the state. Compliance with state licensing requirements is based on annual inspections by surveyors. If a nursing facility or ICF/IID serves individuals whose care is financed by Medicare or Medicaid, additional federal regulations must be met. Again, New Mexico Department of Health surveyors are charged with inspecting facilities and enforcing requirements. In addition to annual inspections, facilities may be surveyed in response to complaints or as a follow-up to previous investigations. Failure to meet state or federal regulations may result in fines or other penalties against a facility. In cases of serious non-compliance, a facility's license may be revoked and/or government payments may no longer be approved for serving Medicare/Medicaid clients. Although it is commonly believed that facilities are notified of survey times, inspections are unannounced. A \$2000 fine may be levied against anyone who notifies a nursing facility when a survey will be conducted.

Who pays for long-term care?

According to the American Health Care Association (AHCA), Medicaid pays for sixty-three percent of nursing facility residents. Twenty-three percent of residents pay for the care themselves, while thirteen percent rely on Medicare. Long-term care insurance pays for only one percent of care.

As noted by DFA, “By enacting the 2021 Public Securities Act, this bill also formalizes the legislative authority for validating public securities of the state and all public bodies thereof.”

DUPLICATE of House Bill 220 (virtually the same amendment was added to both bills, except that the SB 179 amendment specifies that the state boarding home requirements are to be followed by the facilities coming under this bill.)

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Hospitals, and not skilled nursing and rehabilitation hospitals would have funding through government obligations, and legislative authority for validating public securities of the state and its subsidiary unites would not be validated.

LAC/al/rl