



## New Mexico Hospital Association

### 2009 Legislative Agenda

#### FINANCING

##### Redesign of Sole Community Provider Program

Background: The sole community program has grown significantly since its inception and is projected to have a base approaching \$200 million in 09-10 with a possible \$30 to \$50 million dollar supplemental allocation as well. There are four major issues facing the SCP:

- There are still pending federal rules that would have a serious negative impact on the program. The new administration and congressional leaders (lead by Senator Bingaman) have however strongly indicated that the pending rules now under moratorium will be eliminated.
- The level of matching for the program due to its strong growth has become problematic for counties faced with significant levels of intergovernmental transfers required to fully match the available SCP funds and the recent downturn in available revenues that are primarily driven by local option gross receipts taxes.
- The program's allocation methodology has become somewhat skewed over the years due to the original allocation base, that reflected each eligible county's expenditure for indigent health care claims and the ability or willingness or unwillingness to fully match, overmatch or under-match available SCP base and supplemental funds annually.
- There is an inequity in terms of hospital legal structure relative to the legal ability to participate in the intergovernmental transfer.

NMHA has attempted for two legislative sessions to secure state appropriations to avoid losing available SCP funds. If they are not matched they remain with the federal government. An estimated \$40 million in available funds has not been drawn down with a projected loss of \$30 million for 09-10 in base allocations alone. An actual number will be known by February 15<sup>th</sup> which is the date by which counties have to submit their matching budget agreement to the state. Given the dismal revenue projections and budgetary shortfalls facing the state it is highly unlikely that state general fund revenues will be available for use by this program in 09-10. NMHA has perennially supported all proposals to maximize federal Medicaid funds in general. This program specifically benefits hospitals so it should be a top priority in terms of NMHA's advocacy efforts.

NMHA has engaged a consultant to review options available to restructure the SCP program and potential funding options. The consultant has been directed to recommend restructuring options, evaluate new and enhanced funding mechanisms and sources, and statutory language to assure that the sole community provider fund and any revenues accruing to it will be used to match available SCP allocations and not to supplant or supplement other state general funded programs.

*NMHA Position: **Support** options to modernize the SCP program and enhance hospital funding, as consultant analysis becomes available and reviewed by membership before and during the session.*