



New Mexico Hospital Association

Status Report

Hospital Financial Impact and Relief Funding

Related to COVID-19 Pandemic
**** July 15, 2020 Update****

NMHA has conducted regular analysis of the COVID-19 financial impact on hospitals since March. Depending on their location, New Mexico hospitals continue to experience the impact of either significant cost of caring for COVID patients, including staff, equipment and supply costs or the loss of revenue due to restricted services.

UPDATED FINDINGS

- New Mexico hospitals have experienced \$429.6 million in financial impact over 3 months and this impact is continuing with COVID cases again on the rise.

Table with 4 columns: Month, COVID Response Expenses, Lost Revenue, and TOTAL. Rows include March, April, May, June, and TOTAL.

- CARES Act time-limited stimulus valued at \$366.9 million federal relief to hospitals

Table with 2 columns: Description of payments and Amount. Rows include April general payments, May payments to rural hospitals, June targeted and hot-spot payments, July targeted payments estimated, July small city and rural hospitals est., August no further payments expected, and a final TOTAL of \$366,989,189.

- While the federal relief was welcome, it is a one-time allocation and is equivalent to only about 2 weeks of payroll expenses for most hospitals.
Meanwhile, the financial impact on hospitals continues. Gradual reopening of hospital services began April 28 but most hospitals are still not back up to full capacity.

CURRENT STATE MEDICAID PAYMENTS

On April 10, the Human Services Department announced release of Safety Net Care Pool (SNCP) and Disproportionate Share Hospital (DSH) payments.

STATUS

- One quarter of DSH payments have been received
- SNCP payments have not yet been received by hospitals. These are still pending CMS approval.

On May 11, HSD announced Medicaid rate increases (effective April 1) of 50% for ICU inpatient hospital admissions and 12.4% for all other admissions during the public health emergency. The Letter of Direction to MCOs was published on May 28. HSD estimates the total payments to be \$66 million.

STATUS

- The rate increases are much appreciated but will primarily benefit more active facilities with ICU volumes.
- Smaller hospitals and those without ICUs also have a smaller inpatient caseload, being more dependent on outpatient services – and therefore will see less benefit in the increases.
- MCOs are beginning to slowly reprocess claims back to April 1 and actual volumes are unknown at this time.

OPPORTUNITIES TO SUPPORT HOSPITALS

Hospitals continue to face severe challenges. New Mexico leaders could help through numerous avenues

- Utilize a portion of the 6.2% enhancement to the Federal Medical Assistance Percentage (FMAP) for provide rate increases. The FMAP enhancement is scheduled to continue through CY 2020.
- NMHA asks that the first SNCP payment be expedited and the remaining SNCP payments be made on a scheduled basis prior to year-end.
- NMHA requests that 2018 SNCP reconciliation payments be expedited and recoupments be deferred.