



Advocates for Government Accountability

A 501(c)(3) Nonprofit Corporation

September 19, 2013

VIA FIRST CLASS MAIL

The Honorable Susana Martinez
New Mexico Governor
Office of the Governor
490 Old Santa Fe Trail
Room 400
Santa Fe, NM 87501

RE: Potential Liability for Misuse of Federal Grant Funds

*The material provided herein is general information and should not be construed as legal advice. Receipt, review, and action taken independent of this correspondence is neither intended to create, nor does create, an attorney-client relationship between the recipient(s) of this correspondence and/or the New Mexico Office of the Governor, on the one hand, and Cause of Action, on the other. None of the information contained herein constitutes legal advice and **must not be construed or substituted for the advice of qualified counsel within the appropriate jurisdiction with whom you may choose to consult regarding these or related matters.**¹*

Dear Governor Martinez:

We write on behalf of Cause of Action, a non-profit, nonpartisan government accountability organization that uses investigative, legal and communications tools to educate the public on how government transparency and accountability protect economic opportunity for American taxpayers.

The purpose of this letter is to notify the State of New Mexico, as well as entities, contractors, subgrantees, subrecipients and subcontractors who are utilized in furtherance of state-federal partnership exchanges,² regarding potential liabilities that may apply if any of these entities or their agents misuse the taxpayer funds they receive.

¹ Please do not convey to Cause of Action any information you regard as confidential unless and until a formal lawyer-client relationship has been established, as any such information received will not be treated as confidential or privileged. Cause of Action provides this correspondence and the information contained herein solely as a convenience to New Mexico's Office of the Governor, Office of the Attorney General, Office of the Secretary of State, and any other New Mexico government offices or related affiliates.

² This would include any future Federal Grants for Navigators, in-person assisters, certified application counselors, and any Federal funding relating to the System for Electronic Rates and Form Filings (SERFF), Enroll UX2014 program and any application programming interface with the Federal Data Services Hub.

On March 28, 2013 you signed into law Senate Bill 221, which created the New Mexico Health Insurance Exchange or NMHIX.³ On January 3, 2013, New Mexico received conditional approval from the U.S. Department of Health and Human Services (HHS) to establish a state-based exchange.⁴ However, on or about May 17, 2013, NMHIX's Board of Directors⁵ voted to partner with the Federal government to operate the individual exchange until October 2014.⁶ In an effort to market and promote the Patient Protection and Affordable Care Act (PPACA), HHS has authorized navigator, assister, application counselor, and other consumer outreach programs (collectively, "Enrollment Assistance Programs") with the stated goal of helping citizens enroll in exchange health plans.⁷ On August 14, 2013, thirteen Attorneys General (AG) sent a letter to HHS Secretary Sebelius identifying the lack of programmatic safeguards necessary to protect consumers' private healthcare data in these Enrollment Assistance Programs.⁸ The AG's letter specifically noted that consumers would "hand over all their individual data to a minimally screened and virtually unaccountable 'counselor'" making consumer privacy a "catch-as-catch-can," and that "without more protections, this is a privacy disaster waiting to happen."⁹ These concerns are heightened following a recent report from the HHS Office of Inspector General, which notes that the Centers for Medicare and Medicaid Services (CMS) has missed multiple deadlines for analyzing security risks in the Federal Data Services Hub.¹⁰

New Mexico received an \$1,000,000 State Planning Grant, and Level One Establishment Grants totaling \$52,879,483 through the Center for Consumer Information and Insurance Oversight (CCIIO), a subdivision of HHS.¹¹ The Planning Grant was issued to assist New

³ S.B. 221, New Mexico Leg., Reg. Sess. 2013, New Mexico Health Insurance Act, *available at* <http://www.nmlegis.gov/Sessions/13%20Regular/final/SB0221.pdf>; *see* New Mexico Health Insurance Exchange, *available at* <http://www.nmhix.com/>; *see also* The Henry J. Kaiser Family Foundation, *State Exchange Profiles: New Mexico* (July 15, 2013), *available at* <http://kff.org/health-reform/state-profile/state-exchange-profiles-new-mexico/>.

⁴ Letter from U.S. Dep't of Health & Human Servs. Sec'y Kathleen Sebelius to Gov. Martinez (Jan. 3, 2013), *available at* <http://www.cms.gov/CCIIO/Resources/Files/Downloads/nm-blueprint-exchange-letter-01-03-2013.pdf>.

⁵ "[NMHIX] operates as a quasi-governmental organization, specifically a non-profit public corporation." *State Exchange Profiles*, *supra* note 3, at 1; *see also* NMHIX Board Members, *available at* <http://www.nmhix.com/about-nmhix/exchange-board-members/> (last visited Sept. 12, 2013).

⁶ Barry Massey, *New Mexico changing its plans for health exchange*, Associated Press, Las Cruces Sun-News (May 20, 2013), *available at* http://www.lcsun-news.com/las_cruces-news/ci_23284657/nm-changing-its-plans-health-exchange. New Mexico will maintain plan management and consumer assistance functions from Oct. 2013 to Oct. 2014. HHS, for its part, will operate the Information Technology component of the exchange for the same time period.

⁷ 45 C.F.R. § 155.205 (2012) (Consumer assistance tools and programs of an Exchange); 45 C.F.R. § 155.210 (2012) (Navigator program standards).

⁸ Letter from Patrick Morrissey, Att'y Gen., State of W. Va., *et al.*, to Kathleen Sebelius, Sec'y, U.S. Dep't of Health & Human Servs. (Aug. 14, 2013) at 2, 5, *available at* https://www.oag.state.tx.us/newspubs/releases/2013/Letter_to_HHS_re_Data_Privacy__final_8_14_13_.pdf.

⁹ *Id.*, at 2, 5.

¹⁰ Letter from Sen. Mitch McConnell, Ranking Member, U.S. Sen., to Marilyn Tavenner, Adm'r, Ctrs. for Medicare & Medicaid Servs. (Aug. 12, 2013), *available at* <http://cnsnews.com/sites/default/files/documents/McConnell%20letter%20to%20CMS.pdf>.

¹¹ U.S. Dep't of Health & Human Servs., Ctrs. for Medicare & Medicaid Servs., Ctr. for Consumer Info. & Ins. Oversight, *New Mexico Health Insurance Marketplace Grants Awards List*, [hereinafter *New Mexico Grants List*], *available at* <http://www.cms.gov/ccio/Resources/Marketplace-Grants/nm.html> (last visited Sept. 12, 2013).

Mexico with initial planning activities related to implementing a state exchange,¹² including, but not limited to, determining the changed distribution of health insurance by payer, funding a financial model reporting system, projecting the effect of a potential exchange on the marketplaces and populations of affected individuals, and assessing current and future needs and capabilities needed to establish the NMHIX.¹³ New Mexico's Level I Establishment Grant funding will be utilized to fund the Navigator program,¹⁴ in-person assisters, application counselors, and other outreach functions and plan management functions in furtherance of the anticipated October 1, 2013 state-federal partnership exchange start date. Entities in New Mexico also received fifteen awards totaling \$2,200,479 from HHS's Health Resources and Services Administration (HRSA) for health center outreach and enrollment assistance under the PPACA.¹⁵ In light of these allocated funds provided by HHS, Cause of Action writes to identify potential liability pitfalls New Mexico may face when an individual or entity connected to a state-federal partnership exchange makes fraudulent claims.

Compliance Risks Associated with the Funding Opportunity Terms

Any entity receiving Grant Funds through CCIIO is restricted in its use of the funds. As CCIIO's Funding Opportunity Announcement for State Planning and Establishment Grants provides, Grant Funds may not be used, for example, toward any other Federal program requirements, to cover certain executive compensation, or to cover costs associated with providing direct services to individuals.¹⁶ States receiving CCIIO Grant Funds are also prohibited from using such funds to improve information technology systems or processes solely related to Medicaid or the Children's Health Insurance Program, or any other state or Federal program's eligibility for such programs.¹⁷

The State of New Mexico and entities within the state which are awarded Navigator Grants and/or HRSA PPACA Enrollment Grants will also be subject to other Federal restrictions. Neither the Navigator, HRSA Grant Funds nor the State Planning and Establishment Grant

¹² U.S. Dep't of Health & Human Servs. Ctrs. for Medicare & Medicaid Servs., Ctr. for Consumer Info. & Ins. Oversight, *State Planning & Establishment Grants for the Affordable Care Act's Exchanges* (July 29, 2010) [hereinafter *State Planning Grant Funding Announcement*], available at http://www.cms.gov/CCIIO/Resources/Funding-Opportunities/Downloads/exchange_planning_grant_foa.pdf; see also *New Mexico Grants List*, *supra* note 11.

¹³ See *New Mexico Grants List*, *supra* note 11 (receiving \$1,000,000 on Sept. 30, 2010 (Planning); and, \$34,279,483 on Nov. 29, 2011 and \$18,600,000 on July 9, 2013 (Level I)).

¹⁴ Under 45 C.F.R. § 155.210, each exchange must establish a Navigator program to assist people with healthcare enrollment. State agencies may serve as Navigators. 45 C.F.R. § 155.210(c).

¹⁵ U.S. Dep't of Health & Human Servs., Health Res. & Servs. Admin., New Mexico: Health Center Outreach & Enrollment Assistance, available at <http://www.hrsa.gov/about/news/2013tables/outreachandenrollment/nm.html> (last visited Sept. 12, 2013); see also Appendix A.

¹⁶ *State Planning Grant Funding Announcement*, *supra* note 12, at 17; see also U.S. Dep't of Health & Human Servs., Ctrs. for Medicare & Medicaid Servs., Ctr. for Consumer Info. & Ins. Oversight, *Cooperative Agreement to Support the Establishment of the Affordable Care Act's Health Insurance Exchanges*, 1, 36-37 (Nov. 30, 2012) [hereinafter *Establishment Grant Funding Announcement*], available at <http://www.cms.gov/CCIIO/Resources/Funding-Opportunities/Downloads/amended-spring-2012-establishment-foa.pdf>.

¹⁷ *State Planning Grant Funding Announcement*, *supra* note 12, at 17; *Establishment Grant Funding Announcement*, *supra* note 16, at 36-37; see also 2 C.F.R. pt. 225 (2013) regarding cost allocations.

Funds may be used to cover pre-award costs, to match other Federal Funds, to carry out services that are the responsibility of NMHIX, or to influence the enactment of legislation, appropriations, regulation, administrative action, or Executive order proposed or pending before any Federal, state or local legislature or legislative body.¹⁸ The numerous restrictions HHS and CCIIO have placed on the use of Grant Funds may subject New Mexico and its exchange contractors, subcontractors, subgrantees and subrecipients to a significant risk of liability under the False Claims Act, and subject New Mexico to sanctions imposed by the Centers for Medicare and Medicaid Services and/or CCIIO, such as restrictions on the use of funds and/or termination of the awards.¹⁹ In the event material misrepresentations are made, criminal charges and fines may also be imposed under 18 U.S.C. § 1001 (2012). If HHS fails to specifically articulate applicable privacy and security requirements for monitoring Enrollment Assistance Programs, there may be considerable uncertainty as to who could be liable if an Enrollment Assistance Program harms a consumer.²⁰

Compliance with the Byrd Anti-Lobbying Amendment

Section 1352 of Title 31 of the United States Code, the Byrd Anti-Lobbying Amendment, expressly prohibits recipients “of a Federal contract, grant, loan, or cooperative agreement” from using appropriated funds to “influenc[e] or attempt[] to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress” in connection with specified “Federal action[s].”²¹ In response to a Senate inquiry concerning HHS Grant Funding under the Centers for Disease Control and Prevention’s Communities Putting Prevention to Work program, the U.S. Department of Justice stated “[t]he Department is committed to investigating all credible allegations of illegal lobbying activity, which strikes at the heart of the democratic process.”²² To ensure that contractors, subcontractors, subgrantees, and subrecipients comply with Federal law, New Mexico bears responsibility for preventing any appropriated Federal Funds from being used for any form of lobbying—direct or grassroots—regarding pending legislation.²³

Compliance with OMB Circular A-133’s Audit Requirements

Any recipient or subrecipient of \$500,000 or more in Federal awards during a single fiscal year must comply with the audit requirements of the Office of Management and Budget’s (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.²⁴

¹⁸ This list is not exhaustive. See also *Establishment Grant Funding Announcement*, *supra* note 16, at 36-37.

¹⁹ U.S. GOV’T ACCOUNTABILITY OFFICE, GAO-13-543, PATIENT PROTECTION AND AFFORDABLE CARE ACT—HHS’S PROCESS FOR AWARDING AND OVERSEEING EXCHANGE AND RATE REVIEW GRANTS TO STATES (May 31, 2013), available at <http://www.gao.gov/assets/660/654994.pdf>.

²⁰ See Letter from Patrick Morrissey, *supra* note 8, at 6.

²¹ 31 U.S.C. § 1352 (2012).

²² Letter from Peter J. Kadzik, Principal Deputy Assistant Att’y Gen., U.S. Dep’t of Justice, to Sen. Patrick Leahy, Chairman, S. Comm. on the Judiciary (May 7, 2013), 1, 57, available at <http://www.judiciary.senate.gov/resources/transcripts/upload/061212QFRs-Holder.pdf>.

²³ 18 U.S.C. § 1913 (2012).

²⁴ The Single Audit Act, as amended, applies to non-Federal governmental units, including subrecipients, which receive Federal awards of \$500,000 or more. See 31 U.S.C. § 7502 (2012); OFFICE OF MGMT. & BUDGET, EXEC. OFFICE OF THE PRESIDENT, OMB CIRCULAR No. A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-

The Federal award recipient(s) must identify all Federal awards it receives and expends, establish and maintain internal controls to ensure it is managing the Federal award programs in compliance with all applicable laws, prepare regular financial statements, ensure audits are conducted at the required intervals, and take corrective action on any audit findings.²⁵ Any Federal award recipient who contracts with a for-profit subrecipient is further responsible for the for-profit subrecipient's compliance.²⁶ Such contract must describe the applicable compliance requirements and the for-profit subrecipient's compliance obligations.²⁷

The Federal award recipient must select an auditor to conduct the audit.²⁸ Upon assessing the Federal award recipient's financial statements, internal controls, and compliance, the auditor will issue a report describing its findings.²⁹ The Federal award recipient is then responsible "for follow-up and corrective action on all audit findings," and must prepare a corrective action plan to address any problems identified by the audit.³⁰ Finally, the Federal award recipient must submit to the OMB's Federal clearinghouse a reporting package that includes its financial statements, schedule of expenditures of Federal awards, corrective action plan, and the auditor's reports.³¹ Because New Mexico received at least \$500,000 in Grant Funds, it must adhere to these requirements. Failure to comply with OMB Circular A-133 may result in suspension of Federal funding and may affect eligibility for future funding.³²

Compliance with OMB Circular A-87's Cost Principles

State and local entities that receive Federal funding must allocate their expenditures in accordance with OMB Circular A-87, *Costs Principles for State, Local, and Indian Tribal Governments*.³³ This includes adequately documenting all costs associated with administering the Grant Funds.³⁴ Recipients must submit a Certificate of Cost Allocation Plan³⁵ and a Certificate of Indirect Costs,³⁶ certifying they are in conformance with this OMB Circular.³⁷ If the recipient submits a false certification, it may be subject for treble damage liability under the False Claims Act. Also, any Federal award recipient that contracts with a commercial organization is subject to the cost principles and procedures of 48 C.F.R. part 31.2. Like OMB Circular A-87, these regulations dictate how a Federal award recipient is allowed to expend

PROFIT ORGANIZATIONS at Subpart B, §§ 200(a), 210(a), (June 26, 2007) [hereinafter OMB CIRCULAR A-133], available at http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.

²⁵ OMB CIRCULAR A-133, *supra* note 24, § 300.

²⁶ *Id.* § 210(e).

²⁷ *Id.*

²⁸ *Id.* §§ 105, 200, 500.

²⁹ *Id.* §§ 500, 505, 510.

³⁰ *Id.* § 315.

³¹ 31 U.S.C. § 7502(h) (2012); OMB CIRCULAR A-133, *supra* note 24, § 320(d).

³² 31 U.S.C. §§ 7501 (2012) *et seq.*

³³ OFFICE OF MGMT. & BUDGET, EXEC. OFFICE OF THE PRESIDENT, OMB CIRCULAR NO. A-87, COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS at 5 (Attachment A, ¶ A(3) (Application)) (May 10, 2004) [hereinafter OMB CIRCULAR A-87], available at http://www.whitehouse.gov/omb/circulars_a087_2004.

³⁴ OMB Circular A-87, *supra* note 31, at 9 (Attachment A, ¶ C(1) (Basic Guidelines)).

³⁵ *Id.* at 45 (Attachment C).

³⁶ *Id.* at 56 (Attachment E).

³⁷ *Id.* at 12 (Attachment A).

funds when contracting with a commercial organization. Specifically, any state that has received Federal Grant Funds to establish an exchange may be subject to this regulation if it has contracted with commercial organizations.

New Mexico's state-federal partnership exchange is subject to this OMB Circular and will remain so for the duration of the exchange. Furthermore, because New Mexico received (and has not returned) Federal Grant Funds under State Planning and Establishment Grants, it may be subject to the cost allocation principles and procedures of 48 C.F.R. part 31.2. Violation of these requirements may subject the State of New Mexico to penalties under 48 C.F.R. § 52.242-3.

False Claims Act, Corporate Governance, and Internal Best Practices

Providing false information to the Federal government is strictly illegal under the Federal False Claims Act.³⁸ All persons are forbidden from knowingly or willfully falsifying or concealing a material fact, making materially false or fraudulent representations, or using any false writings or documents known to be materially fictitious.³⁹ Federal law similarly bars anyone from knowingly presenting false claims to any Federal government representative.⁴⁰ The Fraud Enforcement and Recovery Act of 2009 (FERA)⁴¹ substantively amended the False Claims Act in the following areas: (1) FERA expanded the scope of the False Claims Act in re-defining a "claim";⁴² (2) FERA eliminated the False Claims Act's "presentation" requirements;⁴³ (3) the False Claims Act's intent requirement was eliminated, such that all that is necessary for liability to attach is that such a statement has a "natural tendency to influence, or is capable of influencing the payment or receipt of money or property."⁴⁴ The False Claims Act's conspiracy provisions have been expanded to include conspiracies to violate other provisions of the False Claims Act.⁴⁵ The FERA amendments also establish an express "materiality" requirement,⁴⁶ as well as "reverse false claims" and overpayment "retention" liability.⁴⁷ Additionally, New Mexico's subcontractors may face relator claims under the False Claims Act if the subcontractor misuses Federal Funds. Liability for violations under the False Claims Act starts at \$5,500 per occurrence, plus treble damages.⁴⁸ New Mexico should also evaluate its state False Claims Act law(s), if applicable.

States must also institute procedures to promote compliance with the financial integrity provisions of section 1313 of the PPACA, including requirements related to accounting,

³⁸ 31 U.S.C. §§ 3729- 33 (2012).

³⁹ 18 U.S.C. § 1001 (2012).

⁴⁰ 18 U.S.C. § 287 (2012).

⁴¹ Pub. L. 111-21, S. 386, 123 Stat. 1616 (2009).

⁴² 31 U.S.C. § 3729(b)(2) (2012).

⁴³ *Id.*

⁴⁴ *Id.* at § 3729(b)(4).

⁴⁵ *Id.* at § 3729(b)(4); §§ 3729(a)(1)(C) and (b)(1-4).

⁴⁶ *Id.* at § 3729(a)(1)(C); *see supra*, note 44.

⁴⁷ 31 U.S.C. § 3729(a)(7); § 3729(b)(3); 73 Fed. Reg. 67,064, 67,091 (Nov. 12, 2008) (amending 48 C.F.R. § 9-406-2(b)(1)(vi)(C); 42 U.S.C. 1320a-7b(a)(3).

⁴⁸ 31 U.S.C. § 3729(a) (2012).

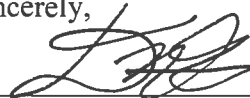
reporting, auditing, cooperating with investigators, and adhering to the False Claims Act.⁴⁹ A comprehensive strategy to combat fraud will hedge against False Claims Act liabilities and ensure maximal compliance with other laws and regulations.

Absent a comprehensive strategy to combat fraud as required by PPACA § 1313, New Mexico may face liability of its own and can be subject to significant risk of reimbursing subcontractors for unlawful activity who may also face relator claims under the False Claims Act if Federal Funds are misused.⁵⁰ Given the significant taxpayer funds involved and the wide-ranging functions and responsibilities of New Mexico as a state-federal partnership exchange, it is increasingly plausible that health insurers and subcontractors may misrepresent their credentials and that there will be ample opportunity for vigilant whistleblowers to file False Claims Act *qui tam* suits in response.

In conclusion, you may wish to evaluate whether New Mexico, its contractors, subcontractors, subgrantees and subrecipients have the oversight capability to ensure that Federal Funds are used in a transparent, accountable, and legally compliant manner. You must promptly refer to the HHS Office of Inspector General any credible evidence that a principal, employee, agent, contractor, subrecipient, subcontractor or other person or entity has submitted a false claim under the False Claims Act, or has committed a criminal or civil violation pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds. The HHS Office of Inspector General can be reached at <http://www.oig.hhs.gov/fraud/hotline>.

If you have any questions regarding this letter, please contact me at 202-499-4232.

Sincerely,



DANIEL Z. EPSTEIN
EXECUTIVE DIRECTOR

cc: Hon. Patrick Leahy, Chairman, Senate Committee on the Judiciary
Hon. Charles Grassley, Ranking Member, Senate Committee on the Judiciary
Hon. Orrin Hatch, Ranking Member, Senate Committee on Finance
Hon. Tom Harkin, Chairman, Senate Committee on Health, Education, Labor and Pensions
Hon. Lamar Alexander, Ranking Member, Senate Committee on Health, Education, Labor and Pensions
Hon. Johnny Isakson, Vice Chairman, Senate Select Committee on Ethics
Hon. Darrell Issa, Chairman, House Committee on Oversight and Government Reform
Hon. Fred Upton, Chairman, House Committee on Energy and Commerce
Hon. Elijah Cummings, Ranking Member, House Committee on Oversight and Government Reform
Hon. Roy Blunt, Ranking Member, Senate Subcommittee on Agriculture, Rural

⁴⁹ *Establishment Grant Funding Announcement*, *supra* note 16, at 52-53.

⁵⁰ 31 U.S.C. §§ 3729-33 (2012).

Hon. Susana Martinez

September 19, 2013

Page 8

Development, Food & Drug Administration, Senate Committee on Appropriations

Hon. Michael Enzi, Ranking Member, Senate Subcommittee on Children and Families,
Senate Committee on Health, Education, Labor and Pensions

Hon. Kelly Ayotte, Senate Committee on Homeland Security and Governmental Affairs

Hon. Tom Udall, Senate Committee on Appropriations, Chairman, Subcommittee on
Financial Services and General Government; Senate Committee on Foreign Relations,
Chairman, Subcommittee on Western Hemisphere and Global Narcotics Affairs;
Senate Committee on the Environment and Public Works, Chairman, Subcommittee
on Superfund, Toxics and Environmental Health

Hon. Martin Heinrich

Hon. Steve Pearce

Hon. Michelle Lujan Grisham

Kathleen Sebelius, Secretary, U.S. Department of Health and Human Services

Daniel Levinson, Inspector General, U.S. Department of Health and Human Services

Peter Kadzik, Principal Deputy Assistant Attorney General, Office of Legislative Affairs,
U.S. Department of Justice

Hon. Gary King, Attorney General, State of New Mexico

Hon. Dianna Duran, Secretary of State, State of New Mexico

Hon. John Franchini, Superintendent of Insurance, State of New Mexico

Appendix A

I. New Mexico HRSA Grant Recipients.
Fifteen awards totaling \$2,200,479:

Health Center	City	Award Amount
ALBUQUERQUE HEALTH CARE FOR THE HOMELESS, INC.	Albuquerque	\$97,852
BEN ARCHER HEALTH CENTER, INC.	Hatch	\$262,566
CLINICA DE FAMILIA INC, LA	Las Cruces	\$150,817
DEBACA FAMILY PRACTICE CLINIC	Fort Sumner	\$66,062
EL CENTRO FAMILY HEALTH	Espanola	\$123,713
FIRST CHOICE COMMUNITY HEALTHCARE	Albuquerque	\$330,590
FIRST NATIONS COMMUNITY HEALTH SOURCE, INC.	Albuquerque	\$222,669
HIDALGO MEDICAL SERVICES, INC.	Lordsburg	\$91,912
LA CASA DE BUENA SALUD, INC.	Portales	\$144,459
LA CLINICA DEL PUEBLO	Tierra Amarilla	\$63,598
LA FAMILIA MEDICAL CENTER, INC.	Santa Fe	\$142,061
LAS CLINICA DEL NORTE INCORPORATED	El Rito	\$99,436
MORA VALLEY COMMUNITY HEALTH SERVICES, INCORPORATED	Mora	\$65,446
PECOS VALLEY MEDICAL CENTER, INC.	Pecos	\$76,182
PRESBYTERIAN MEDICAL SERVICES, INC.	Santa Fe	\$263,116