PHYSICIAN SHORTAGE IN NEW MEXICO

The Challenges of Recruitment and Retention of Physicians and Proposed Solutions

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NEW MEXICO PHYSICIAN STORIES

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3 ON THE PRECIPICE

Recent decisions of the state have exacerbated workforce shortage issues, but there has been a steady exodus of physicians and other clinicians for a number of years.

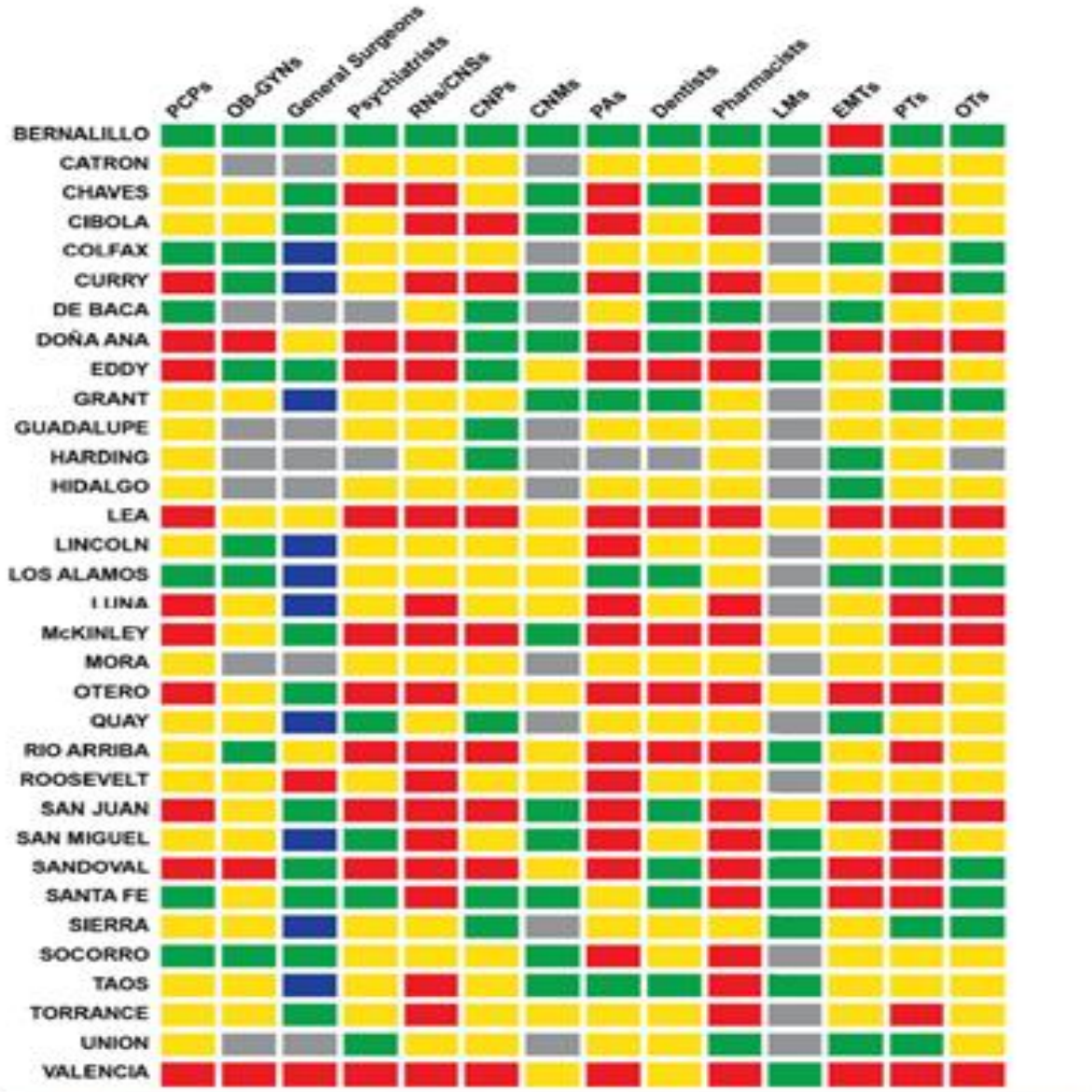

Figure 1.2. This at-a-glance summary shows the benchmark status by county for each profession analyzed in this report. Green indicates counties at or above benchmark; yellow, counties moderately below benchmark; and red, counties severely below benchmark. Those with a benchmark of zero and no providers are gray. Blue for general surgeons indicates counties above the optimal ratio. See the maps for each profession and additional details in Section V (p. 31).

2021 COUNTY OVERVIEW OF HEALTHCARE WORKFORCE SHORTAGE

Every NM County is compared to a national benchmark of how many clinicians a county should have practicing a specific field based on the county's population.

Green indicates the county is "meeting the national benchmark."

Yellow indicates the county is "below the national benchmark."

Red indicates the county is "severely below the national benchmark."

Table 1.3. Summary of Health Care Professionals with New Mexico Licenses Practicing in the State

A. Physicians

Profession Metric	2013	2014	2015	2016[b]	2017	2018	2019[c]	2020[d]	Net Change Since 2013
PCPs									
# in New Mexico	1,957	1,908	2,073	2,076	2,360	2,162	1,581	1,607	-350
Total Below Benchmark[a]	153	145	125	139	126	136	336	328	175
Counties Below Benchmark	23	22	17	22	16	18	26	27	4
OB-GYNs									
# in New Mexico	256	236	253	273	282	279	230	229	-27
Total Below Benchmark[a]	40	43	36	31	30	39	59	56	16
Counties Below Benchmark	14	14	12	9	11	15	17	17	3
General Surgeons									
# in New Mexico	179	162	177	188	194	188	155	154	-25
Total Below Benchmark[a]	21	18	16	14	12	11	11	10	-11
Counties Below Benchmark	12	8	8	7	7	6	5	5	-7
Psychiatrists									
# in New Mexico	321	289	302	332	332	317	296	305	-16
Total Below Benchmark[a]	104	109	111	106	111	108	106	117	13
Counties Below Benchmark	25	26	26	26	26	26	26	26	1

[a] Total below benchmark reflects the number of providers needed to bring all counties below benchmarks to national provider-to-population values without reducing workforce in counties above benchmarks.

[b] This is the first year for which DO specialties were analyzed, correcting prior years' overestimation of DOs in primary care and underestimation in OB-GYN, general surgery and psychiatry.

[c] The benchmark for PCPs and OB-GYNs was changed with 2019. Non-practicing providers for all professions were excluded beginning with 2019.

[d] The benchmark for Psychiatrists was changed with 2020.

2021 SUMMARY OF LICENSED PROFESSIONALS PRACTICING IN NM

New Mexico has **lost** physicians since 2013:

- 350 **fewer** Primary Care Physicians
  - 175 **below** the national benchmark
- 27 **fewer** OB-GYNs (NM lost more OB-GYNs in 2022)
  - 16 **below** the national benchmark
- 25 **fewer** General Surgeons
  - 11 **above** the national benchmark
- 16 **fewer** Psychiatrists
  - 13 **below** the national benchmark

V.C.1.c. Demographics

Demographic features of New Mexico PCPs are shown in figure 5.5. Relative to the state's population, PCPs are less likely to identify as Hispanic, White, or Native American and Alaska Native, and more likely to identify as Black or African American or Asian, Native Hawaiian and Other Pacific Islander. The state's PCP workforce is 45.6% female, with a mean age of 52.8 years. Detailed data for these findings may be found in Appendix C (p. 144).

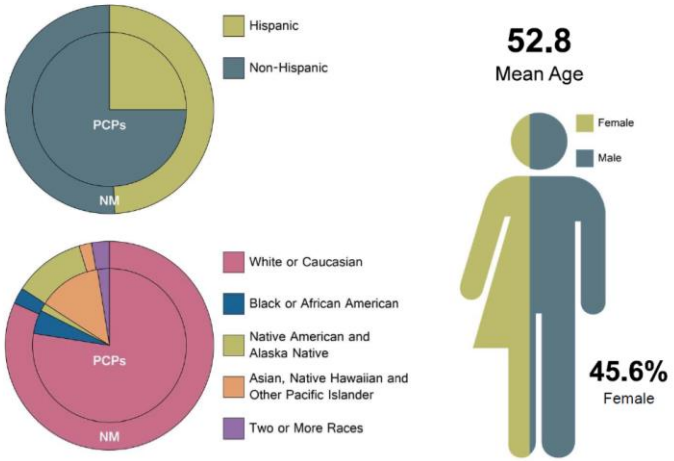

Figure 5.5. Demographic features of the NM PCP workforce. Clockwise from top right: mean age, percent male or female, proportions of NM PCPs (center circle) and the NM population (outer circle) for race and ethnicity.

V.C.3.c. Demographics

Demographic features of New Mexico general surgeons are shown in figure 5.13. Relative to the state's population, general surgeons are less likely to identify as Hispanic, White or Native American and Alaska Native and more likely to identify as Asian, Native Hawaiian and Other Pacific Islander. The state's general surgeon workforce is only 21.9% female, with a mean age of 54.9 years. Detailed data for these findings may be found in Appendix C (p. 144).

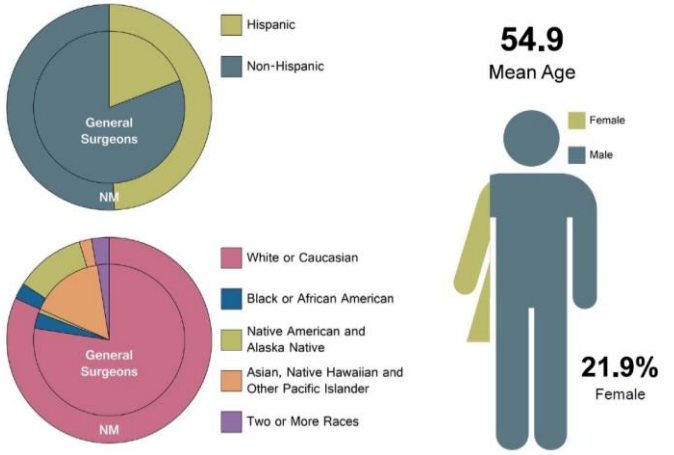

Figure 5.13. Demographic features of the NM general surgeon workforce. Clockwise from top right: mean age, percent male or female, proportions of NM general surgeons (center circle) and the NM population (outer circle) for race and ethnicity.

V.C.2.c. Demographics

Demographic features of New Mexico OB-GYNs are shown in figure 5.9. Relative to the state's population, OB-GYNs are less likely to identify as Hispanic, White, Native American and Alaska Native or two or more races and more likely to identify as Black or African American or Asian, Native Hawaiian and Other Pacific Islander. The state's OB-GYN workforce is 61.4% female, with a mean age of 53.0 years. Detailed data for these findings may be found in Appendix C (p. 144).

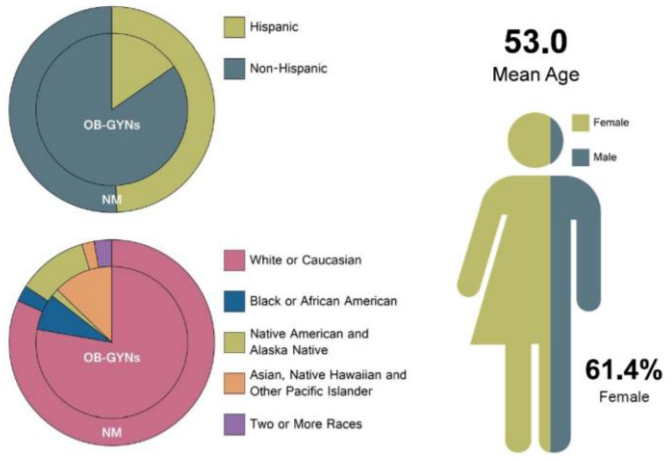

Figure 5.9. Demographic features of the NM OB-GYN workforce. Clockwise from top right: mean age, percent male or female, proportions of NM OB-GYNs (center circle) and the NM population (outer circle) for race and ethnicity.

V.C.4.c. Demographics

Demographic features of New Mexico psychiatrists are shown in Figure 5.17. Relative to the state's population, psychiatrists are less likely to identify as Hispanic, Black or African American or Native American and Alaska Native, and more likely to identify as White or Asian, Native Hawaiian and Other Pacific Islander. The state's psychiatrist workforce is 44.2% female with a mean age of 58.2 years, a full five years older than PCPs. Detailed data for these findings may be found in Appendix C (p. 144).

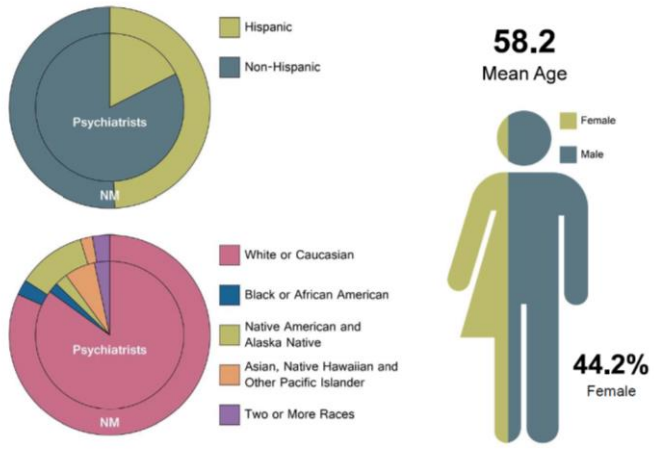

Figure 5.17. Demographic features of the NM psychiatrist workforce. Clockwise from top right: mean age, percent male or female, proportions of NM psychiatrists (center circle) and the NM population (outer circle) for race and ethnicity.

IN 10 YEARS THERE WILL BE MASS RETIREMENTS

- Mean age for a PCP is 52.8
- Mean age for OB-GYN is 53
- Mean age for General Surgeon is 54.9
- Mean age for Psychiatrist is 58.2

HEALTHCARE WORKFORCE SHORTAGES IMPACT PATIENT CARE

- Physician focus is patient care – ensuring they have access to quality care as quickly as possible.
- A healthcare workforce shortage creates long wait times for patients to access care at all levels of the system.
- A healthcare workforce shortage impacts referral networks making it harder for patients to see specialists when required.
- A healthcare workforce shortage means there are less physicians to consult with one another to improve individual health plans for patients.
- Focusing on our healthcare workforce will save lives, improve the health of our communities, and lift New Mexico.

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THE SHORTAGE: THERE IS NO "ONE" REASON FOR IT

New Mexico is facing a critical moment in recruitment and retention of healthcare professionals. The state must make significant changes in order to incentivize and encourage healthcare professionals to train here, move here, and stay here.

NEW MEXICO'S REPUTATION

- There is a workforce shortage nationwide – this means we must out-compete our fellow states in attracting and retaining a high-quality workforce which translates into high quality care for New Mexicans.
- New Mexico, unfortunately, appears on many national lists that portray an unfavorable practice environment to medical school students, residents, and practicing physicians in other states.
- New Mexico has appeared on the list of the 5 worst states in which to practice medicine in three of the last five years. -Becker's Healthcare
  - High Liability Risk
  - Low Salaries
  - Social Factors
  - Business Environment

HEALTHCARE PROFESSIONAL LOAN REPAYMENT PROGRAMS

- The Higher Education Department, in 2022, has made incredible strides to advertise availability of loan repayment funds and has done a better job than any administration before in allocating awards.
- Despite their best efforts, the overall loan repayment program is woefully inadequate to compete with fellow states in attracting new physicians to the state with the promise of loan repayment.
- In FY2023, the legislature appropriated $1.6 million to the Healthcare Professional Loan Repayment Fund.
  - Over 600 healthcare professionals applied for loan repayment
  - Only 46 awards were able to be made due to lack of overall funding – only PCPs eligible
  - Maximum awards are $25,000 per year with a maximum commitment, or payback period, of 2 years
  - This means healthcare professionals can receive a maximum of $50,000 in loan repayment after a 2-year commitment in a rural community in NM
  - The average debt a physician takes on to complete medical school is $241,000

HEALTHCARE LOAN REPAYMENT – NATIONAL LANDSCAPE

New Mexico competes with states across the country – to be in a better position it must increase overall debt relief to be aligned with at least neighboring states

MEDICAID REIMBURSEMENTS & CENTENNIAL CARE

- Forty-eight percent (48%) of New Mexicans are Medicaid clients – and that number is expected to rise.
- Medicaid fee-for-service reimbursement pays, on average, 88% of the amount reimbursed for Medicare services – and Medicare reimbursement is markedly lower than commercial payers. It is broadly reported that NM Medicaid reimbursement rates are much lower than our surrounding states.
- The vast majority of NM Medicaid clients, however, are served through Centennial Care (Managed Care Organizations) Medicaid Plans
  - These plans are paid a per member per month (PMPM) amount from the State of NM – those MCOs are then authorized to negotiate reimbursement rates with individual providers as part of their network
  - Payments made through Centennial Care to providers are **low and often wrought with bureaucratic red tape** which make reimbursements hard to attain.

SHIFTS IN MEDICAID FFS TO CENTENNIAL CARE: WHERE DOES THE MONEY GO?

Medicaid Budget Projection – Expenditure	FY2021	FY2022	FY2023
Fee-for-Service	$815,595	$898,928	$892, 233
Centennial Care	$5,840,186	$6,688,854	$6,733,560

- Practices have not experienced an increase in Medicaid reimbursements since 2019
  - Stagnant FFS reimbursements has a ripple effect in Centennial Care and commercial pay contracts
- Reimbursements have no inflation indicator
- Issues compounded for independent physician owned outpatient facilities
- Reimbursements should account for GRT but more contracts with Centennial Care specifically exclude GRT in reimbursement rates
- Medicaid budget in HB2 continues to increase, but the money is not making it "into the providers hands"

MEDICARE REIMBURSEMENT COMPOUNDS PROBLEM

The State of New Mexico does not control Medicare, but stagnant Medicare reimbursements compound the revenue issues for physician practices.

Physician reimbursement rates have not kept up with inflation because there is no inflation adjuster in the rates.

Physicians have experienced no notable increase in Medicare in 20 years.

GROSS RECEIPT TAXES

- Independent healthcare providers appreciate the current GRT deduction for reimbursement/payments for services received from Medicare, government insurance (like Tricare), and MCOs.
- However, there is no GRT deduction on patient co-pays and deductibles.
- Healthcare practices are unique from other business transactions because they are prohibited from "passing the GRT on" to the patient. The practice, must therefore assume the GRT liability.
  - New Mexico is only one of two states the force practices into taking an automatic 7-8% hit to their revenue to simply operate.
  - Plus, with growing cost of deductibles, many patients pay with credit cards and the practice must absorb the 2-3% bank fee.
- Healthcare practices are also unique from other businesses because they cannot pass growing costs (like inflation) onto the consumer. Reimbursements are set in annual contracts with MCOs controlling much of the negotiation.

PERSONAL INCOME TAXES

- Physicians in New Mexico make less, on average, than their counterparts in surrounding states. This is especially true in specialty areas.
- New Mexico has made significant investments in our teachers to pay them **more than surrounding states** so we may compete in the teacher market.
- This mentality must spill over to recruitment strategies for physicians, and we must make decisions to facilitate more "take home pay" for physicians.
- New Mexico allows a personal income tax credit of $5,000 for some healthcare providers working 52 weeks in a rural community.
- While this tax credit is appreciated, it does not cover all healthcare clinicians, nor does it do enough to make up for the smaller salaries clinicians receive in the state

AVAILABILITY OF CAPITAL TO OPEN PRACTICES

- Young physicians graduate with average $241,000 in educational debt.
- Young physicians who want to start practices in rural communities in New Mexico are often trying to qualify for a mortgage to buy a home – which is what we want because it's an indicator of longevity that the physician will stay in the community
- Unfortunately, the young physician's line of credit is often exhausted and they do not quality for a business loan from a traditional bank to start a practice.
- New Mexico does have some loan programs available for healthcare, but they are only available to non-profit operators and focus on behavioral and primary care health – not specialists.

INSURANCE CREDENTIALING

- When a physician begins employment or seeks new privileges, they are required to complete a credentialing process which is critical for patient safety because it verifies that a physician has the education, training, and experience necessary to provide care to patients.
- In 2016, NM passed legislation that streamlined the credentialing process and required insurers to issue credentialing decisions no later than 45 days after receiving a complete application. If the insurer fails to take action on the application within 45 days, the insurer must reimburse providers for health care services rendered.
- Despite the clear mandate, insurers frequently delay reimbursement payments for months because they have not "loaded" the providers information into their provider payment software system.
- These delays impact the ability for the provider to support themselves financially, but most importantly delays the delivery of care to patients.

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TAKE ACTION NOW TO SOLVE THE SHORTAGE IN THE FUTURE

New Mexico has been on a downward slide for a number of years, and we cannot fix our shortage challenges overnight. But we can take some immediate steps to set New Mexico on a better path.

IMPROVING HEALTHCARE PROFESSIONAL LOAN REPAYMENT

- The goal must be to forgive a larger portion of the overall debt healthcare professionals carry – the overall portion repaid is a driving force of where physicians choose to practice
  - Increase the overall funding in the Healthcare Professional Loan Repayment fund to no less than $20 million
  - Increase annual awards – this can either be done by increasing the annual award for each year of commitment, or by paying larger awards the more years a physician stays in New Mexico
    - Example 1: Year 1 = $50,000; Year 2 = $50,000; Year 3 = $50,000 – total max award $150,000
    - Example 2: Year 1 = $30,000; Year 2 = $40,000; Year 3 = $50,000 – total max award $120,000
- Physicians must grow roots in communities to truly retain them. A two-year commitment is too short. Increase the time commitment to at least 3 years with potential for additional renewals.
- We should open up loan repayment so more physicians who are specialists are eligible

IMPROVING MEDICAID FOR CLINICIANS

- In addition to increasing the overall Medicaid budget, the Legislature and HSD should do more to ensure increases in Medicaid investments make it to frontline providers and their patients.
- Adequate funding for the Medicaid budget includes:
  - A 3-year goal for funding so Medicaid reimbursement rates are at least 125% of Medicare rates – or comparable to fair commercial market rates. This will require both legislative and NM Medicaid plan changes.
  - Ensure adequate funding so reimbursements rates keep up with inflation and use language in HB2 to ensure reimbursement rates are increased appropriately.
  - Provide specific funding in HB2 to increase base fee-for-service rates.
- Increase MCO/Centennial Care accountability
  - Require 7-8% in funding be included in all negotiated rates, including those negotiated with providers through Centennial Care, as part of the RFP and HSD approved contracts with all Centennial Care insurers to cover appropriate tax liabilities
  - Require any "extra funding" experienced by Centennial Care insurers to be returned to providers through one-time supplemental payments at the end of the fiscal year.
- Increase funding for procedures performed at independent outpatient facilities.

ADDITIONAL TAX RELIEF

- Consider GRT deductions on deductibles and co-pays on commercial insurance plans charged to patients.
- Consider additional GRT deductions for large medical equipment purchases.
- Consider providing employment tax relief for new recruits in practices – this will help offset the additional costs and bonuses practices are required to pay new physicians to incentivize the physician to move here
- Consider increasing the personal income tax credit for healthcare providers.
  - Expand the clinicians eligible for the PIT credit
  - Increase the total amount for the PIT credit – up to $10,000 per year for those employed full time at a rural practice
  - Consider creating a new urban healthcare provider PIT credit – up to $5,000 per year for those employed full time at an urban practice

PUBLICLY BACK LOANS TO OPEN, EXPAND OR PURCHASE A RURAL PRACTICE

- According to a 2018 American Medical Association Impact Study, each physician community creates 11 other middle and high wage jobs in their practice.
- Physicians are responsible for $8 billion in economic activity in New Mexico, more than 47,000 jobs, $316 million in state and local tax revenues, and $3.9 billion in wages and associated benefits.
- To help physicians overcome financial barriers, New Mexico must provide clear line-of-sight from medical training to opening a practice in New Mexico. As the schools of medicine work to ensure residents serve in rural communities to expose those students to rural practice, the business environment must provide assurance to clinicians that opening a practice in rural New Mexico is a viable business decision.
- NMMS will reintroduce HB97, Rep. Marian Matthews, from the 2022 regular legislative session.
  - HB97 appropriated $7.5 million from the general fund to the Rural Health Care Project revolving fund.
  - Qualified rural health care providers will be able to obtain loans up to $500,000 to open, expand, and operate rural medical practices. Loans from the fund will only be subject to interest rates equal to one-half of the Wall Street Journal prime rate

CREDENTIALING: REALLY MEANING 45 DAYS

- The credentialing issues outlined above can be remedied by requiring insurers to load all pertinent physician information into their payment system within the forty-five (45) day credentialing period.
- Doing so will ensure that patients have access to care and credentialed providers receive timely reimbursement for the health care services rendered.
- NMMS will reintroduce SB182 - Senator Cliff Pirtle, Senator Martin Hickey, Rep. Dayan Hochman Vigil, Rep. Josh Hernandez – to ensure the 45-day process for credentialing includes loading a provider's information in to the insurers payment system.

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PARTNERSHIP TO REBUILD THE HEALTH CARE SYSTEM

Physicians are only one component of the overall system – we must have a thriving network of nurses, hospitals, behavioral health providers, and ancillary clinicians to provide patients with the care they deserve in New Mexico. We hope you'll join us in making New Mexico the best place to be a clinician.