

August 14, 2020

New Mexico Medical Society

COVID-19's Economic Impact on Physicians in New Mexico



New Mexico Finance Authority Oversight
Committee

Topics Covered

1. **The positive impact that physicians have on New Mexico's economy.**
 - Total output (i.e. revenue)
 - Jobs created
 - Wages and benefits
 - Tax revenues
2. **COVID-19's financial impact on physicians nationally.**
 - MGMA survey (April 2020)
 - Harvard Medical School survey (June 2020)
3. **COVID-19's financial impact on physicians in New Mexico.**
 - March 24th PHO restricting "non-essential services"
 - Survey completed by the NMMS (May 2020)
4. **Solutions**
 - No reduction to Medicaid reimbursements
 - No repeal of GRT deductions
 - Continuing rural tax credit
 - New Mexico Medical Malpractice Act



**Physicians'
Impact on
New Mexico's
Economy**

In 2018, the American Medical Association published a report regarding the economic impact that **4,184 physicians** had on New Mexico's economy.

Economic Measure	Total	Per Physician
Output (i.e. value of services/revenues)	\$8.0 Billion	\$1,917,372
Jobs	47,688	11.40
Wages and Benefits for Supported Jobs	\$3.8 billion	\$929,205
State and Local Taxes	\$316,415,000	\$75,625

Additionally, physicians add immeasurable value to the economy by keeping the workforce healthy.

National Impact of COVID-19 on Physicians

Medical Group Management Association Survey

97%
experienced a
negative
financial
impact

**55% average
decrease in
revenue**

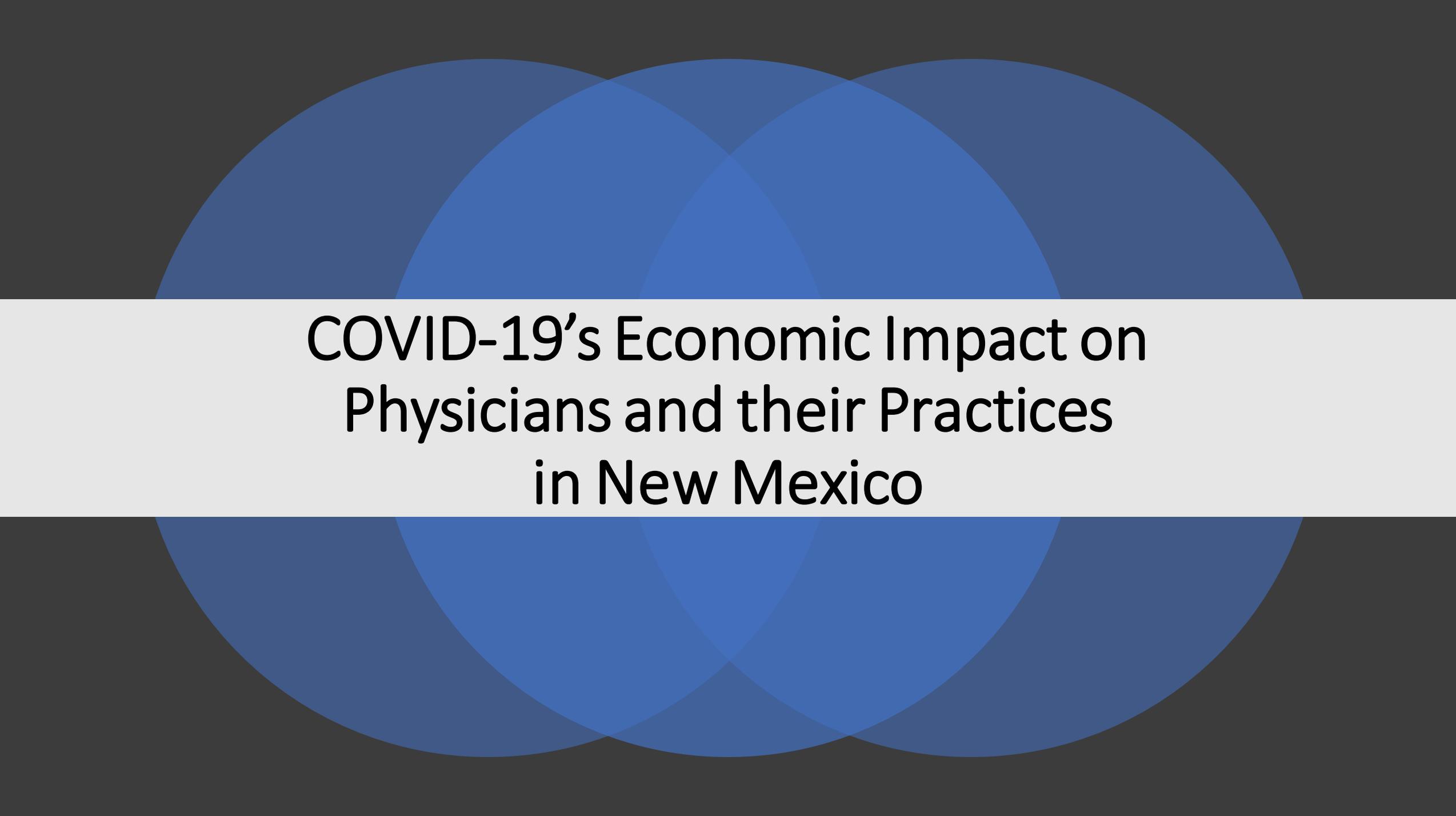
**60% average
decrease in
patient
volume**



Harvard Medical School Study

**\$15 billion in lost
revenue**

**\$65,000 in lost
revenue per
physician**



**COVID-19's Economic Impact on
Physicians and their Practices
in New Mexico**

NMDOH's March 24, 2020 PHO

PUBLIC HEALTH ORDER
NEW MEXICO DEPARTMENT OF HEALTH
CABINET SECRETARY KATHYLEEN M. KUNKEL

MARCH 24, 2020

Public Health Emergency Order Imposing Temporary Restrictions on Non-Essential Health Care Services, Procedures, and Surgeries; Providing Guidance on those Restrictions; and Requiring a Report from Certain Health Care Providers

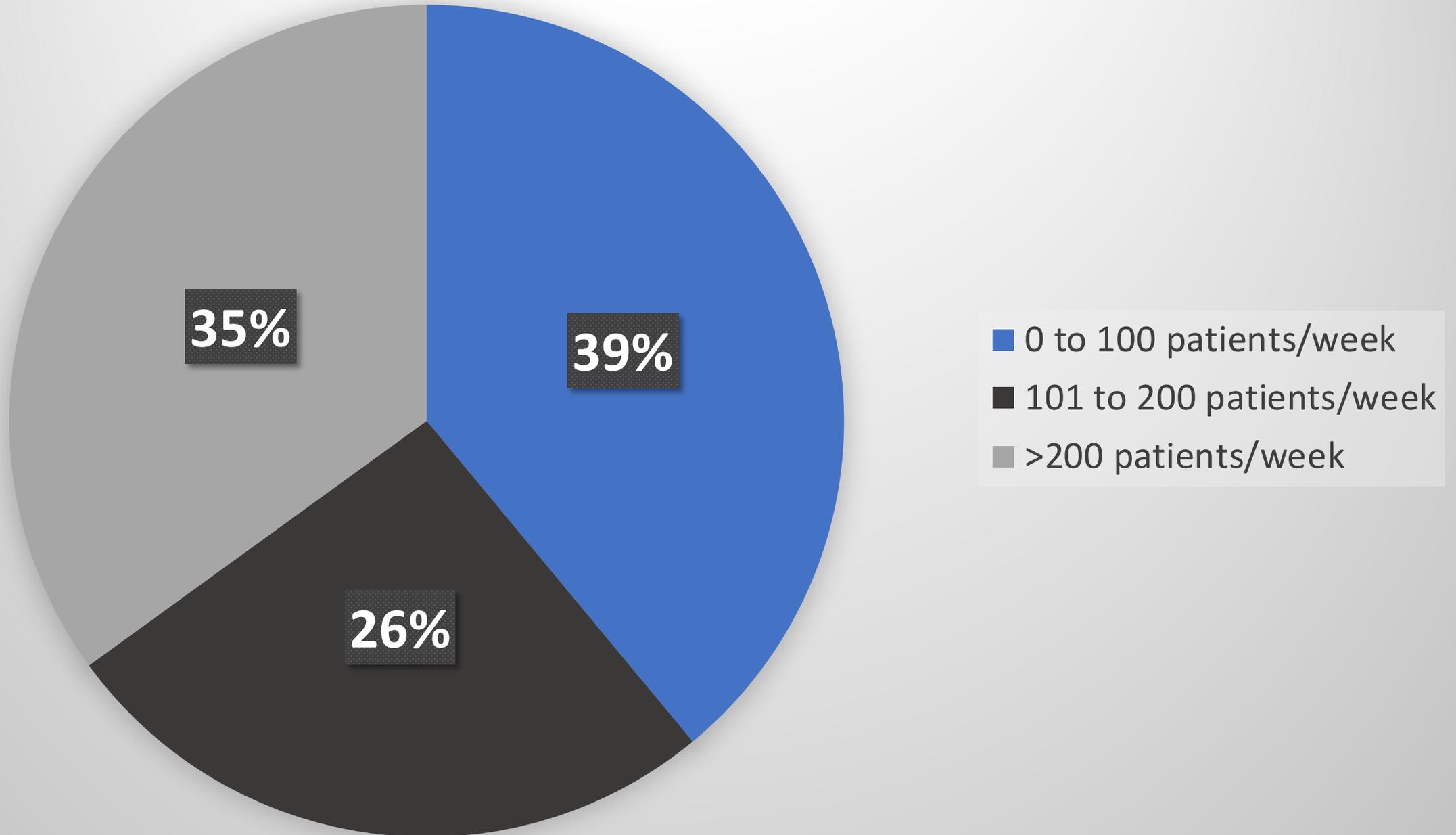
1. "All hospitals and other health care facilities, ambulatory surgical facilities, orthodontic and endodontic offices in the State of New Mexico are prohibited from providing non-essential health care services, procedures, and surgeries."
2. "Non-essential" medical services were defined as those that could be delayed for three (3) months without undue risk (i.e. risk of permanent harm to a patient's health).
3. Violations of the PHO were subject to \$5,000 fines and potential criminal penalties.

Additional Barrier to Health Care Services – Patients were, and still are, hesitant to obtain in-person medical services. Although telemedicine has helped physicians connect with patients, the number of patients seen, and procedures performed, is still significantly lower than normal.

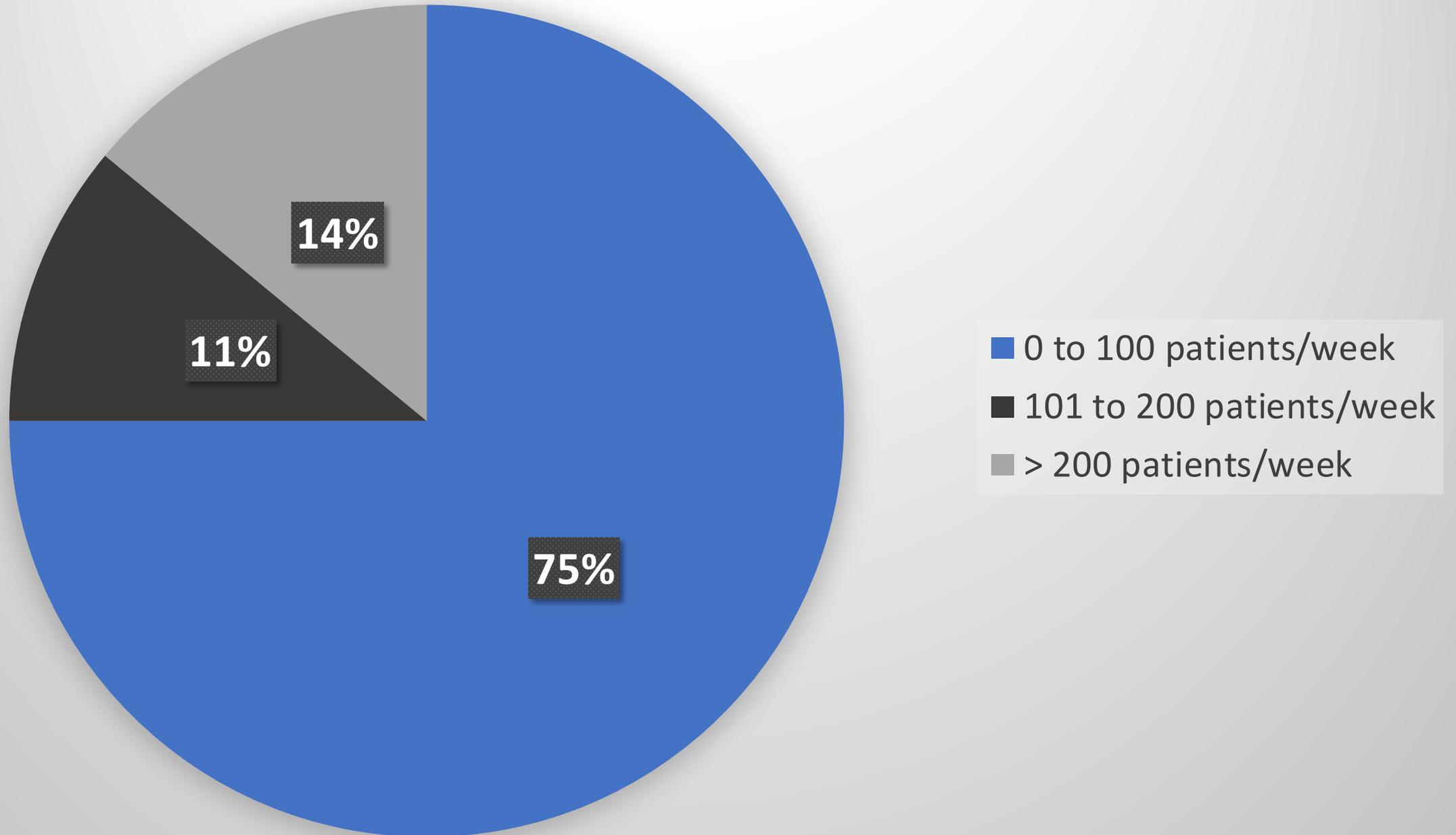
NMMS's Survey Regarding the Economic Impact of COVID-19 on Medical Practices (May 2020)

- **Participants** – Approximately 78 practices representing hundreds of New Mexican physicians.
- **Geographic Region** – Practices from large urban centers like Albuquerque and Santa Fe to smaller communities like Hobbs, Silver City, and even El Rito, which has a population of less than 1,000 residents.
- **Services Provided** - 55% primary care and 45% specialty care.
- **Results** – COVID-19 resulted in a drastic reduction in the number of patients seen, far fewer surgeries and procedures performed, and a steep reduction in monthly charges related to patient care, which resulted in substantial lost revenue.
 - Lost revenue led to furloughs, layoffs, reduced salaries and benefits, reduced hours, and temporary closures.

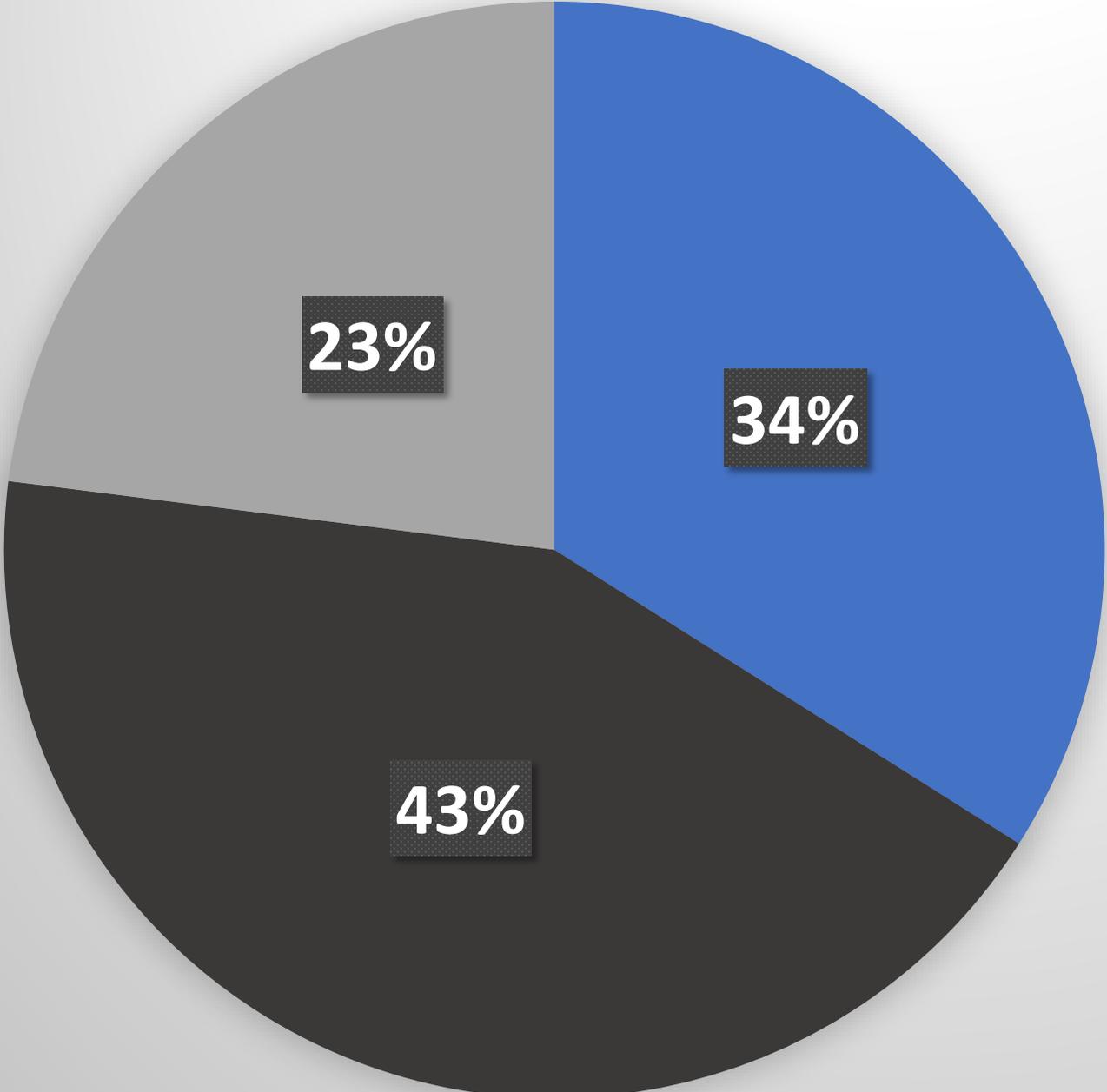
Patients Per Week Before March 24th PHO



Patients Per Week After March 24th PHO

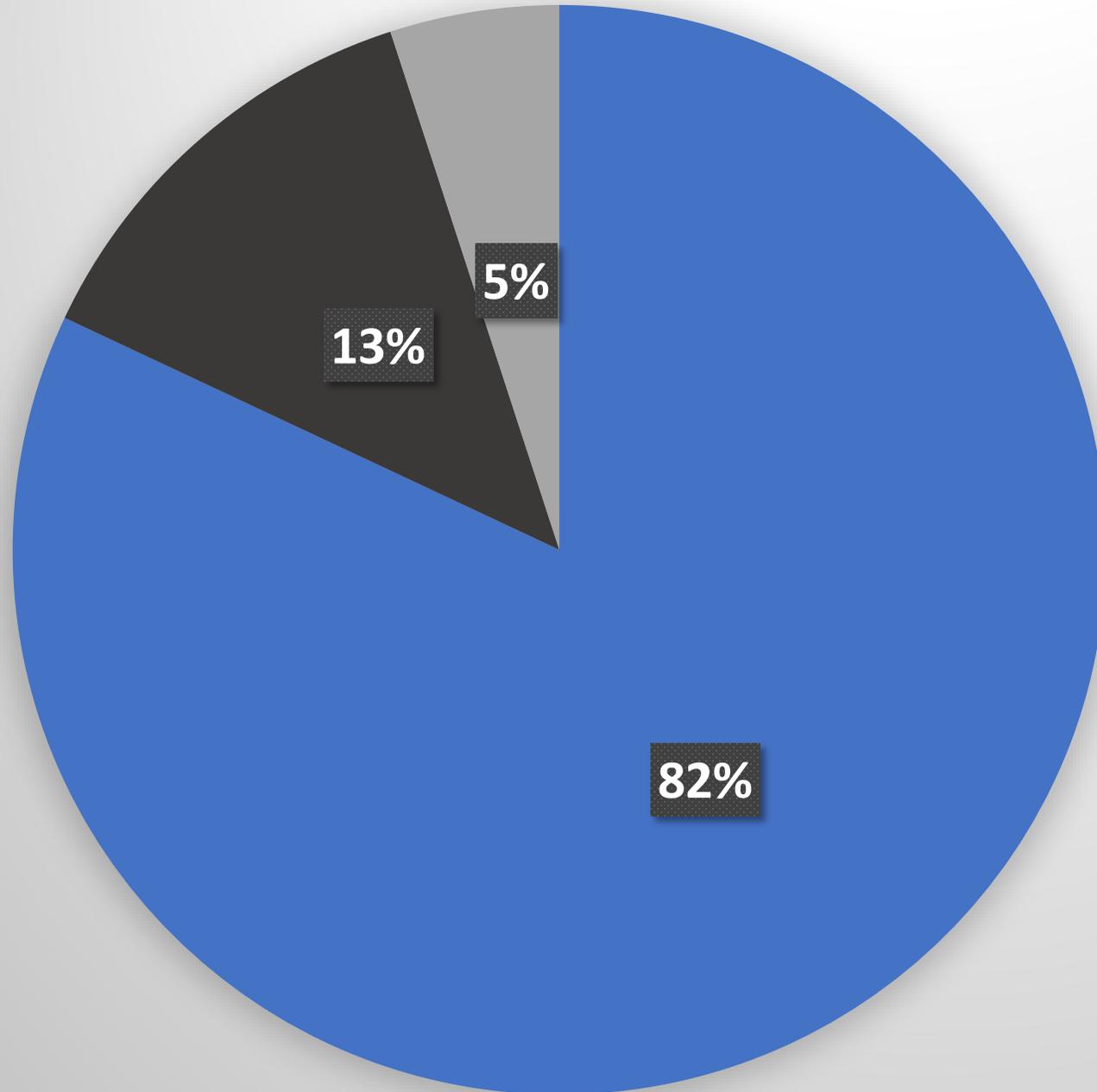


Number of Procedures or Surgeries Per Week Before March 24th PHO



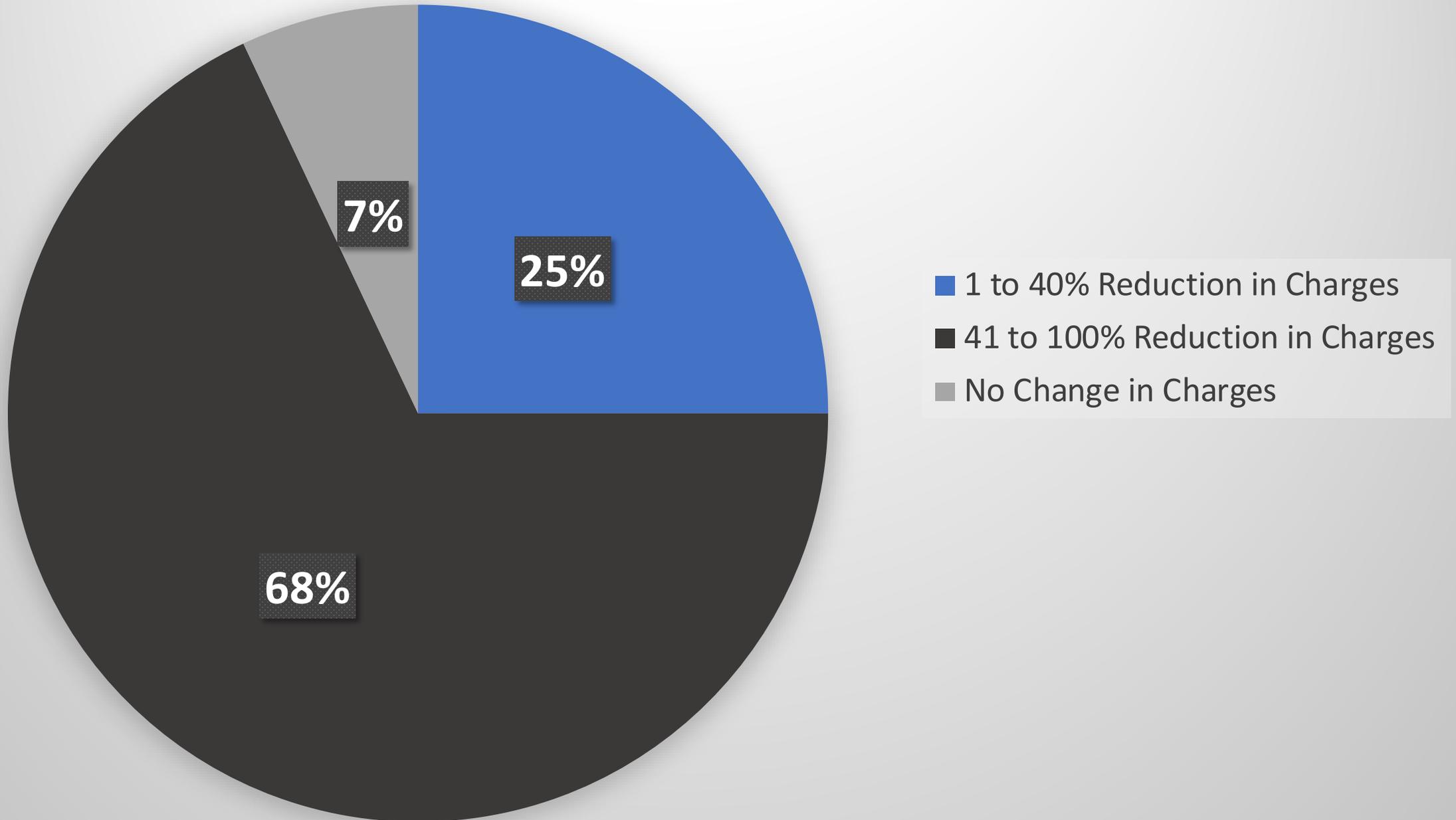
- <10 Procedures or Surgeries/week
- 10 to 30 Procedures or Surgeries/week
- > 31 Procedures or Surgeries/week

Number of Procedures or Surgeries Per Week After March 24th PHO

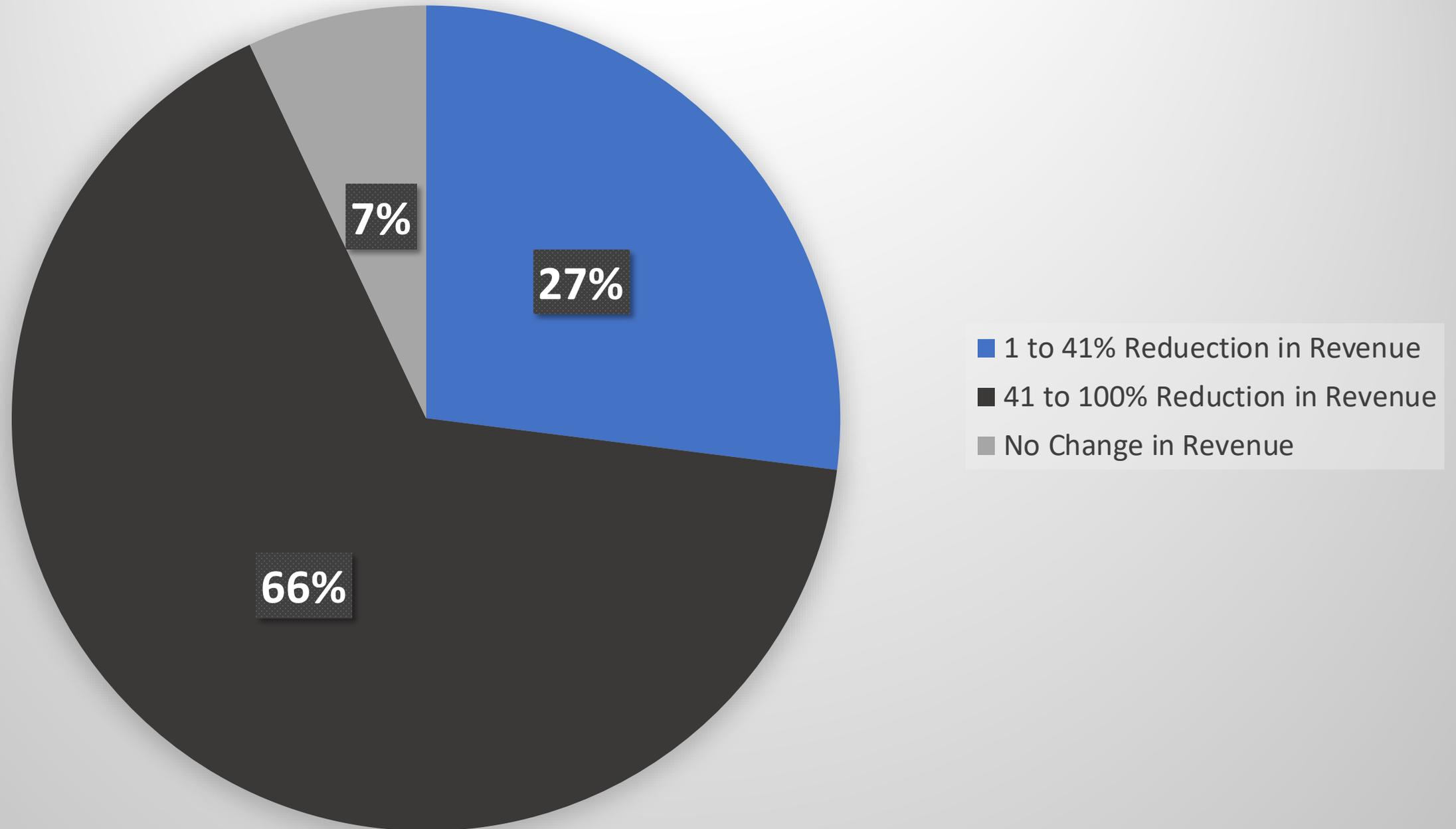


- < 10 Procedures or Surgeries/week
- 10 to 30 Surgeries or Procedures/week
- > 31 Surgeries or Procedures/week

Reduction in Charges Following March 24th PHO



Reduction in Revenue Following March 24th PHO



Steps that Must be Taken to Maintain Health Care in New Mexico

- Medicaid payments should be maintained at 105% of Medicare + GRT.
- Tax deduction or Medicare and Managed Care payments should not be repealed or changed.
- The Medical Malpractice Act should not be amended until a valid actuarial study is complete, physicians and hospitals have economically recovered from COVID-19, and an agreement has been reached by all relevant stakeholders.
- Rural tax credit for physicians practicing in underserved areas must continue.

