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FISCAL IMPACT REPORT

SPONSOR:	Sandoval	DATE TYPED:	02/14/00	HB	481/aHAFC
SHORT TITLE:	Amend Primary Care Capital Funding Act			SB	
				ANALYST:	Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
NFI					

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB38

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)

Department of Health (DOH)

Health Policy Commission (HPC)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriation and Finance Committee amendment allows an eligible entity to enter into a contract with the Department of Health or the New Mexico Finance Authority to deliver free or reduced-fee primary care services for medically indigent sick persons.

Synopsis of Bill

House Bill 481 amends the Primary Care Capital Funding Act to expand the definition of a "capital project" eligible for loans and service under the Act, clarifies those organizations eligible to borrow from the PCCF, and clarifies the amount of contract for services offered to eligible entities.

Significant Issues

House Bill 481 proposes the following amendments:

1. Section 24-1C-3 NMSA 1978, Subsection B is amended to expand the definition of a capital project to include "or acquisition of capital equipment for a health facility."
2. Section 24-1C-4, Subsection C adds new language clarifying that loan recipients may repay up to 50 percent of a loan under a contract for services with DOH, applying the value of services provided as payments on the loan from the NMFA.

3. Clarifies the term "nonprofit corporation" as interpreted by the Internal Revenue Code of 1986.

The current definition of "capital project" includes the repair, renovation or construction of a facility or the purchase of land for construction purposes. House Bill 481 expands the definition to include the acquisition of capital equipment. According to the Health Policy Commission, health care equipment, such as x-ray and dental equipment, may be too expensive for a clinic in rural and under-served areas serving low-income individuals on a sliding fee basis. Amending the Primary Care Capital Funding Act to include equipment will allow rural clinics to provide services that would not otherwise be available.

Under the existing statute, the NMFA enters into contracts with loan recipients that permit a reduction of loan payments by as much as 20 percent in return for an approved level of services by the provider to medically indigent persons. With passage of House Bill 481, clinics would be able to repay up to 50 percent of a PCCF loan through the provision of services to the sick and medically indigent. The higher percentage would allow a higher amount of the primary care center's resources to be shifted away from loan repayment and into care for the under-served. Since there is relatively little new construction of primary health care facilities at this time, these amendments would allow the NMFA to provide low interest-rate financing from the fund more efficiently.

FISCAL IMPLICATIONS

By expanding the definition of capital project to allow loans for equipment and decreasing the amount of loan repayable with services, the demand for loans and contracts for service may increase.

ADMINISTRATIVE IMPLICATIONS

Currently, contracts for service authorized by the Act are executed and managed by the NMFA. Monitoring is conducted by the DOH. House Bill 481 would limit the authorization of who may enter into contracts for service from the DOH or the NMFA to DOH only. Eliminating authorization for NMFA to execute contracts for service may create confusion and problems in implementation of this part of the program.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

House Bill 481 duplicates the provisions in HB 38 as it relates to Section 24-1C-3.

OTHER SUBSTANTIVE ISSUES

The New Mexico Health Policy Commission recently conducted a Legislative Memorial study regarding the need for expanded dental services in the state. The study included participation from a wide range of agencies and organizations, including the New Mexico Dental Society, the New Mexico Primary Care Association and the Department of Health. The study workgroup made a wide range of recommendations to the HPC, including a recommendation that the PCCF project eligibility be expanded to include capital equipment, as proposed in House Bill 481. The expansion would permit the use of available loan resources for expansion of dental services to under-served communities.

LMK/gm