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FISCAL IMPACT REPORT

SPONSOR: Heaton DATE TYPED: 03/9/01 HB 839/aHCPAC/aHAFC
 SHORT TITLE: Health Professional in Underserved Areas SB _____
 ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		See Narrative			

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		See Fiscal Narrative and Amendment	Recurring	OSF/All

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Health Policy Commission

No Response

Department of Health (DOH)

SUMMARY

Synopsis of HAFC Amendment

HAFC amendment of HB 839 includes optometric profession in the definition of health professional. HAFC also changes language in defining the Health Service Corps Fund. The language change subjects the money in the fund to appropriations by the legislature.

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee amendments make the following changes to HB 839 by:

- Making an appropriation.
- Creating (by DOH Secretary) a Health Professional Recruitment Task Force.
- Providing for the Health Profession Advisory Committee to report each year to the Health Professional Recruitment Task Force. The report would include recommendations on the need for health professionals, underserved areas, high needs populations and health professional educational loan and contract improvements.
- Including dentist and dental hygienist in the "health professional" definition.
- Creating a Health Service Corps Fund in the State Treasury . The Fund is to be administered by DOH for the purposes of Health Service Corps Act. Money in the Fund shall not revert at the end of the fiscal year but will remain in the Fund. DOH may not spend more than 10% of the money in the Fund to administer the act. The Fund will consist of appropriations, gifts, grants, donations, earnings on investment of the Fund. The provisions that would make NMHSC funds non-reverting would assist in the flexible use of these resources.

Significant Issues of HCPAC Amendment

The DOH provided the following comments:

- The HCPAC amendments place a limit on NMHSC administrative costs for the Department that is less than what is required for effective administration of the Program.
- The amendments also reference a new Task Force that is not defined either in the amendments or in the original bill and no clear guidance on its duties, composition or resources are presented anywhere. DOH notes that an existing New Mexico Health Service Corps Advisory Committee already provides oversight and guidance to the DOH program for management and implementation of the program. DOH suggests that it may be advisable to drop reference to this entity and have the NMCHE Health Professional Advisory Committee report directly to the Secretary of Health.
- HB 839A would create a governance structure for independent health professional support programs that may not be administratively feasible.
- The provisions of HB 839 as amended would establish the Health Profession Advisory Committee of the NMCHE as the body that would "provide direction to the Department of Health on the need for health professionals to serve in the health service corps." In addition, it would direct the NMHSC to follow the recommendations of the NMCHE's Health Profession Advisory Committee. These provisions would completely change the current administrative structure of the NMHSC. The current NMHSC Advisory Committee's powers would be superceded by the direction of the NMCHE's Health Profession Advisory Committee. The direction of that external committee would be mandated, and the DOH would lose its authority to control the priorities of its own program. In addition, DOH would be limited in its ability to administer the program through the reduction in the amount allocated to administrative costs.
- The provisions of HB 839A excluding NMHSC contracts from the Procurement Code would allow implementation of the Health Professional Deployment portion of the NMHSC.

FISCAL IMPACT of the HCPAC Amendment

The HCPAC amendment to HB 839 makes an appropriation, but neither the original bill nor the amendment contain an appropriation. DOH writes that the original bill had no direct fiscal impact on the Department of Health, but the HCPAC amendments would reduce the funds appropriated to the Department specifically for the NMHSC Program. In FY 01 the Department received \$50,000 specifically for Program administration. Under HB 839A, the Department would receive only \$39,260, more than a 20% reduction. The Department currently supplements the NMHSC-specific administration budget. Further reductions in this appropriation would require greater supplements from other sources.

The proposed expansion of the NMHSC to include dental professionals is in line with Department of Health priorities. However, there are no additional funds appropriated for this expansion, leaving existing appropriations to be spread more thinly through the expanded eligible uses. DOH reports \$100,000 in general fund would be required to support the dental service provisions.

The NMHSC program as currently administered has a budget of \$393,900 which is in the base budget of the DOH and, therefore, is in the Executive Budget. During the past fiscal year, \$145,000 was utilized to provide stipends to 11 primary health care and emergency students in training programs. \$192,600 was allocated to community practice sites to provide incentives to retain primary health care and emergency health professionals. These incentives include payment of relocation costs so providers may move to underserved areas, one-time bonuses to encourage providers to stay in underserved areas, and continuing education costs so providers may meet their ongoing licensure requirements. \$5,000 was provided to New Mexico Health Resources to supplement their recruitment efforts and the remaining \$51,300 was utilized for salary, benefits and costs for a staff person to manage the program.

The amendment also creates a Health Service Corps Fund to hold all revenue sources. However, there are no appropriations made to the fund.

ADMINISTRATIVE IMPACT of HCPAC Amendment

DOH points out that HB 839A would have significant administrative impact upon the DOH because DOH would lose its authority to control the priorities of its own program. In addition, the reduction of specific administrative appropriation amounts for the NMHSC Program, as discussed above, may reduce the ability of the Department to administer the Program effectively.

Program management includes monitoring and tracking 65 primary health care and emergency providers who are in the stipend program each year, managing and tracking the 3 – 5 per year who renege on their obligations to repay 2 years for each 1 year of stipend funding and, ultimately, managing the process of collecting repayment in terms of funds for those who do not meet their obligation to serve the 2 years. Further work of the program manager includes negotiating and monitoring contracts for the incentive programs.

RELATIONSHIP

HB 839A now contains language which essentially duplicates the dental service provisions in HB 467 and SB 435

SUBSTANTIVE ISSUES of HCPAC Amendment

The following issues were identified by DOH:

- Under the provisions of HB 839A, the DOH would lose its autonomy for direction of the NMHSC, and become an instrument of the NMCHE's Health Profession Advisory Committee.
- NMHPC would be given substantially expanded duties without any additional resources. These duties may be beyond the NMHPC's current capacity.
- The NMHSC Advisory Committee's duties would be duplicated by the NMCHE Committee, as defined by the provisions of HB 839A.

DOH suggests the following alternatives to HB 839A:

- Consultation between NMCHE, NMHPC and the NMHSC could be mandated with each agency/program directed to consider the recommendations from the other entities. This would eliminate any agency autonomy issues.
- Participation of agency/program on existing oversight committees could be mandated. This would assure appropriate consultation between entities. Staffing of any oversight committees should remain with the parent agencies.
- Increase the appropriation to the NMHPC to support their expanded assessment duties. Change the requirement for an annual health professional inventory to a periodic inventory which would allow the inventory to be conducted on a more feasible schedule.
- Enact either HB 467 or SB 435 which would expand NMHSC eligibility to dentists and dental hygienists and exempt contracts with health professionals under the NMHSC from the Procurement Code.

Synopsis of Bill

HB 839 amends sections of NMSA 1978 to coordinate the availability of health professionals in underserved areas by tasking the New Mexico Health Policy Commission (HPC) with expansion of the Geographic Access Data System (GADS) and performing an annual inventory of health professionals statewide and expanding the duties and authority of the Health Professional Advisory Committee (21-1-26.8 NMSA 1978) to advise the health professional recruitment efforts of the New Mexico Health Service Corp (24-1D-1 to 24-1D-10 NMSA 1978).

Significant Issues

Amendments to Section 1 of NMSA 1978 provide for expanding GADS to include collection, assessment and analysis of data on behavioral and allied health professionals. It provides for performing an annual inventory of health personnel, health education recruitment and retention efforts in New Mexico including basic medical, dental, behavioral and allied health professionals. HPC will also be required to provide staff services to the Health Professional Advisory Committee. (21-1-26.8 NMSA 1978)

Section 2 of the act is amended to exempt contracts (Procurement Code (13-1-98 NMSA 1978) with health professionals signed pursuant to the provisions of the Health Service Corps Act.

In addition, the bill amends Section 3 21-1-26.8 NMSA 1978 expanding the duties of Health Professional Advisory Committee to include:

- Responsibility to advise the Commission on Higher Education (CHE) on the awarding and administration of the student loan programs for health professionals.
- Responsibility to advise the Department of Health (DOH) on the selection of health professionals and practice sites pursuant to the Health Service Corps Act.
- Designation of areas of the state under-served by health professionals and the identification of “high-needs” populations.
- Responsibility to provide direction to the DOH on the need for health professionals to serve in the health service corps.

Section 4 of the act is amended to define “Committee” as the Health Professional Advisory Committee and “practice site” is designated by the committee as an under-served area or an area that serves a high-needs population. The section is further is amended to establish that the New Mexico Health Service Corp is created to recruit and place health professionals in service in medically underserved areas and to high-needs populations. It instructs that the Health Service Corps follow the recommendations of the Health Advisory Committee with regard to the recruitment of health professionals and the determination of the need for physician specialties statewide and additional areas outlined in the act.

PERFORMANCE IMPLICATIONS

The performance impact on HPC is dependent on the complexity of data base expansion, production of the inventory report and number meetings required to perform the tasks assigned by the initiative during the FY and other additional responsibilities. For FY 2003, HPC is required to conduct performance based budgeting and these job responsibilities will have performance implications attached that have not yet been assigned.

FISCAL IMPLICATIONS

The bill does not contain an appropriation.

HPC indicates that it will be able to absorb responsibilities with assistance of other programs involved, if the base budget is maintained. The fiscal impact to HPC is dependent on the complexity of data base expansion, production of the inventory report and number of meetings required to perform the tasks assigned by the initiative during this FY.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Conflicts with HB 467 and SB 435, both of which expand the Health Service Corps to include the recruitment of dentists and dental hygienists.

OTHER SUBSTANTIVE ISSUES

HPC requests that HB 467 and SB 435 with HB 839 be combined to avoid conflicting language with regard to amendments to Section 24-1D-2 NMSA 1978.

The HPC Health Professionals Survey indicated that while a service obligation is an important factor in recruiting an individual to a rural area, it is not correlated with retention in the same area. It was noted that loan repayment and “signing bonuses” used in other states, provide more immediate return for the state funds.

HPC indicates that 21 of New Mexico’s 33 counties qualify as “frontier” (fewer than 7 persons per square mile) and 19 counties meet a more stringent criteria of fewer than 6 persons per square mile.

In New Mexico, HPC remarks, 31 of 33 counties are medically under-served by physicians based on federal criteria; only five counties have an adequate dental capacity and at least 17 counties have a critical shortage based on the number and distribution of licensed dentists.

The recommendations of the Commission on Higher Education Health Professional Advisory Committee in the past year conform to the intentions of HB 839. These recommendation include:

- Development of a 2-year plan to gather health professional data and method for health professional supply and distribution inventory.
- Development of standard New Mexico specific criteria defining “under-served area” for use by the various health professional recruitment and retention programs.
- Coordinated efforts to define shortage areas and health professional need should be initiated by the Health Professional Advisory Committee without creating additional work for CHE staff.

The New Mexico Health Service Corp retains and advisory group under the program statute for the purpose of reviewing program applications. If the Health Advisory Committee duplicates or conflicts with the duties of this group, it may be advisable to combine the two groups or to separate the functions of the two.

AMENDMENTS

HPC suggests the following amendments to the legislation:

- Amend Section 4 24-1D-2 NMSA 1978 part D to include dentist or dental hygienist; and
- c Amend Section 4, Definitions, adding a definition for:
“dentist” that includes language indicating that the health professional has graduated from a dental college or school of dentistry of a university that is accredited by the American Dental Association Commission on Dental Accreditation; and “dental hygienist” that includes language indicating that the health professional has graduated from an accredited dental hygiene educational program accredited by the American Dental Association Commission on Dental Accreditation

BD/ar:prr/njw