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FISCAL IMPACT REPORT

SPONSOR Rodela DATE TYPED 2/9/04 HB 434

SHORT TITLE Health Professional Recruitment Agency Contract SB _____

ANALYST Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$750.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 317

Relates to HB 78

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Health Policy Commission (HPC)

Children Youth and Families Department (CYFD)

SUMMARY

Synopsis of Bill

House Bill 434 appropriates \$750,000 from the general fund to the Department of Health for expenditure in fiscal year 2005 to contract with a qualified nonprofit health professional recruitment agency to expand recruitment efforts. Health professionals to be recruited include physicians, physician assistants, dentists, nurses, nurse practitioners, certified nurse midwives, and clinical nurse specialists for contractual services or employment by state agencies.

Significant Issues

Currently 29 of the State's 33 counties are designated as Health Professional Shortage Areas (HPSAs) for primary care by the Department of Health and Human Services for Primary

Medical, Dental or Mental Health. The appropriation included in HB43 would improve the supply of needed health care professionals in these areas and would permit expanded recruitment of other types of health care professionals.

HB 434 would centralize this specialized recruitment effort in one contract to a qualified not-for-profit organization.

FISCAL IMPLICATIONS

The appropriation of \$750,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 05 shall revert to the General Fund.

Currently, as authorized under the Rural Primary Health Care Act (RPHCA), \$200,800 of general fund is appropriated for the recruitment of primary care providers to eligible, high priority locations which addresses only a limited part of the need.

For FY04, DOH is also expending a one-time allocation of \$500,000 in Federal 401(b) funding on health professional recruitment. These funds are being utilized to support internal recruitment and retention within publicly funded hospitals and to expand the efforts of community clinic recruitment and retention through the NM Health Service Corps program.

ADMINISTRATIVE IMPLICATIONS

The proposed appropriation would add procurement, contracting, and monitoring activities to existing workloads in the NM Department of Health (NM DOH), but could be administered with current resources. Having a centralized organization, through the department's Office of Workforce Development specializing in recruitment, will give clear responsibility for this activity and consolidate similar efforts fragmented within the NM DOH.

TECHNICAL ISSUES

HB 434 directs the NM DOH to contract with a qualified health professional recruitment agency. See "Amendments" for DOH suggested language that would make HB 434 consistent with the statutory target of current recruitment activities under the Rural Primary Health Care Act (RPHCA). It would also direct coordination of this expanded recruitment effort with ongoing primary care provider recruitment efforts.

The term "non-profit agency" limits the Department of Health to distribute funds to only non-profit organizations. The DOH would be required to expend these monies through a Request for Proposal (RFP) because procurement regulations do not allow for more than \$20,000 to be awarded to an individual provider under the sole source provisions. Expanding the definition may result in more competitive RFP responses and improved recruitment efforts.

OTHER SUBSTANTIVE ISSUES

The HPC supplied the following New Mexico Health Resources (NMHR) performance statistics:

- NMHR has an average direct placement rate of 25 per fiscal year, but has exceeded this average by making 29 placements in the first seven months of FY04. NMHR also makes about 150 indirect referrals a month.
- At 25 placements per year with a \$195,000 contract, NMHR's recruitment costs average \$8,000 per placement. (According to AIS Physician Management, www.aishealth.com, standard health professional recruitment fees range from \$12,000 to over \$45,000 per placement.)
- At NMHR's current average placement cost of \$8,000, approximately 94 placements should be achieved through HB 434.

AMENDMENTS

DOH recommends:

In lines 19 and 20, delete "a qualified, nonprofit health care professional recruitment agency", and replace it with "a New Mexico nonprofit corporation with federal 501(c)(3) tax exempt status which has a governing board of directors whose membership is representative of the geographic areas and ethnic populations in New Mexico and is comprised of both health care providers and consumers and which is not a health care provider or association of health care providers."

In line 23, after "specialists" insert ", physical therapists, occupational therapists, speech and language pathologists, licensed alcohol and drug abuse counselors, psychologists, social workers, mental health counselors, and other mental health professionals"

BD/lg