

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/21/08

SPONSOR Picraux LAST UPDATED _____ HM 2

SHORT TITLE State-Funded Primary Care Residency Slots SB _____

ANALYST Escudero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
 Human Services Department (HSD)
 NM Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

This Memorial requests the New Mexico Health Policy Commission to convene a group of experts to plan for state-funded, nationally accredited primary care residency slots and rotations.

- Primary care providers form the backbone of necessary basic and preventive health services in New Mexico.
- During the past five decades, there has been a drastic decrease in the supply of primary care physicians due to the increase in numbers of specialist physicians trained in high-cost, high-technology health care at the expense of health care designed to prevent illness and maintain the health of individuals and communities.
- While there are diminishing numbers of primary care dentists being trained in the United States, there is an increased demand for dentistry in New Mexico.
- Access to preventive and primary health care services is crucial to providing affordable health care and health care accessible to more individuals.
- In most countries where there are universal or national health care systems, there is a recognition of the necessity of keeping health care affordable by maintaining a one-to-one ratio of primary care physicians to specialists.

House Memorial 2 - Page 2

- In the United States, health care costs are increasing dramatically year by year, in part because the ratio of primary care physicians to specialists is closer to twenty primary care physicians to eighty specialists.
- There is a need in New Mexico for over one hundred fifty primary care physicians, but only around twenty-four primary care physicians are trained in the state every year.
- The New Mexico legislature and the United States congress have recognized the importance of primary care by passing legislation to provide over one hundred forty primary care locations across New Mexico.
- The New Mexico legislature and the United States congress have funded policy improvements, such as training programs for nurse practitioners, physician assistants and family physician residencies, in order to improve access to primary care.
- Primary care centers such as those funded by the New Mexico legislature and by the United States congress should be staffed whenever possible with high-quality health professionals from the communities they serve.
- More medical students may choose primary care if reimbursement formulas and medical education programs were to be changed to reward and produce more primary care physicians.
- Now, therefore, be it resolved by the House of Representatives of the State of New Mexico.
- That the HPC be requested to convene a task force of experts by June 1, 2008 for the purpose of planning for new or expanded state-funded, nationally accredited primary medical, dental and other residency programs, including rotations in communities where there is a documented under service and shortage of these services in clinics and hospitals.
- The task force be requested to examine other conditions impacting provider training decisions and retention factors and then report its recommendation on how these conditions may improve access to primary medical and dental services; and
- The task force reports its findings and recommendations to the legislative health and human services committee by September 1, 2008.
- A copy of this memorial be transmitted to the Chair of the New Mexico Health Policy Commission.

FISCAL IMPLICATIONS

According to HPC, HM2 will require staff time and resources for the HPC to formally collaborate with New Mexico entities, such as the UNM School of Medicine, to accomplish the charge identified in this memorial. However, the costs associated with this memorial's charge should be within the fiscal resources of the agency unless there is an expectation for per diem and other expense reimbursements to task force members.

SIGNIFICANT ISSUES

- According to DOH, currently 32 of New Mexico's 33 counties are designated by the Department of Health and Human Services as Health Professional Shortage Areas (HPSAs) for Primary Medical, Dental and Mental Health care. Primary care can include several different specialties: Family Practice, General Pediatrics, General Internal Medicine, Obstetrics/Gynecology, Dentistry and Psychiatry.

- In addition, Health professionals typically work in areas similar to where they are trained, so the placement of residents in rotations in communities with high needs will likely be an effective way to recruit and retain physicians and dentists in a chronically underserved area. In general, the cost of residency training is mostly underwritten by Graduate Medical Education (GME) payments received by training institutions from the Medicare and Medicaid programs. These payments cannot be used to support the costs of outplacements at locations in underserved communities. The potential creation of state-funded residencies.
- According to HPC the memorial states that there is an increased demand for primary care physicians and dentists in New Mexico. At the same time, there is diminishing number of primary care dentists being trained in the U.S. Also, there is a need in New Mexico for over one hundred fifty primary care physicians, but approximately twenty-four primary care physicians are trained in the state every year.

PERFORMANCE IMPLICATIONS

The HPC staff resource and time requirements to accomplish this memorial's change may require the redirection of current HPC work activity priorities.

RELATIONSHIP

The DOH states this bill is related to HB121, HB158, HJM12, SB7, SB14, SB93.

HM2 relates to:

- HB121, that proposes to appropriate \$150,000 from the general fund to the Local Government Division of the Department of Finance and Administration for expenditure in Fiscal Year 2009 to fund a medical education affiliation between the San Juan Regional Medical Center and the School of Medicine at the University of New Mexico Health Sciences Center.
- HB158, that proposes to appropriate \$350,000 from the general fund to the Department of Health (DOH) for expenditure in fiscal year 2009 to provide training and related services for primary care residents in southwestern New Mexico in order to help rural communities recruit and retain physicians pursuant to the provisions of the Rural Primary Health Care Act.
- HJM12, that requests the New Mexico Health Policy Commission and the University of New Mexico Health Sciences Center to study the establishment of a dental school in New Mexico.
- SB7, that proposes to appropriate \$250,000 from the general fund to the Board of Regents of New Mexico Highlands University to establish a demonstration and research program that will better prepare undergraduate students from small universities for successful entry into medical school or other related health fields.
- SB14, that proposes to appropriate \$1,756,600 from the General Fund to the following departments for expenditure in fiscal year 2009 and subsequent years to fund expanded health professional recruitment, retention and educational opportunities.
- SB93, that would appropriate \$1,800,000 from the general fund to the Board of Regents of the University of New Mexico for expenditure in fiscal year 2009 to support, in partnership with the New Mexico State University Cooperative Extension Program, a comprehensive rural health care outreach program.

OTHER SUBSTANTIVE ISSUES

According to DOH, HM2 could help to reduce disparities with respect to access to care. New Mexico has a significant minority population: 2006 Census estimates indicated that 44% of the state's population are Hispanic, 10% Native American/Alaska Native, 2% Black/African American and 1% Asian. These populations are disproportionately impacted by physician and dentist shortages.

Health Professional Shortage Areas

The Shortage Designation Branch in the HRSA Bureau of Health Professions National Center for Health Workforce Analysis develops shortage designation criteria and uses them to decide whether or not a geographic area or population group is a Health Professional Shortage Area (HPSA) or a Medically Underserved Area (MUA) or Medically Underserved Population (MUP).

- HPSAs may have shortages of primary medical care, dental or mental health providers and may be urban or rural areas, population groups or medical or other public facilities.
- MUAs may be a whole county or a group of contiguous counties, a group of county or civil divisions or a group of urban census tracts in which residents have a shortage of personal health services.
- MUPs may include groups of persons who face economic, cultural or linguistic barriers to health care.

More than 34 federal programs depend on the shortage designation to determine eligibility or as a funding preference. About 20% of the U.S. population resides in primary medical care HPSAs. Every NM county, except Los Alamos County, has a type of shortage designation. Of the 33 NM counties 17 have whole county designation and three have partial or total low income designations. (SOURCE: New Mexico Health Policy Commission, *2008 Quick Facts*)

According to the HPC:

Physician Shortage

- New Mexico has a long history of being a physician shortage state as was noted in *Physician Supply in New Mexico 2002* and in reports with information from 1979. This may be a particularly acute shortage in New Mexico going forward as the convergence of a possible increase in demand for physician services comes at a time of possible decrease in the availability of active practicing physicians. On the demand side, New Mexico's population grew from 1.85 million in 2001 to an estimated 2.01 million people in 2006- an 8.6% increase. It has been projected to grow to 2.251 million in 2015- an 11.9% increase from 2006, and reach 2.507 million in 2025 – a 24.7% increase from 2006. Simultaneously as the population grows, it is also aging. The percentage of the New Mexico population age 65 or over was 11.7 percent in 2000, but will be 20.1 percent of the total in 2020 and 26.4 percent in 2030.

(SOURCE: NM Health Policy Commission, *Physician Survey, 2007*)

- The distribution of physicians is still a major issue with half of the New Mexico's physicians located in Bernalillo County and many counties well short of an adequate number of physicians. The aging of the physician population are a large concern given the aging and medical demand of a growing and an aging New Mexico population. The physician survey also indicated the location of medical and education training of New Mexico physicians. Unfortunately, New Mexico obtains much of its physician workforce from other states and countries. The percent having attended medical school in New Mexico was 19% of the total. Fifteen percent of 2006 active patient care physicians in

New Mexico were international medical graduates who obtained their medical education in a foreign country other than Canada. This is an increase over the 13.4% IN 2001. (SOURCE: NM Health Policy Commission, *Physician Survey, 2007*)

Dentist Shortage

- According to the Regulation and Licensing Department (RLD) in 2006, NM had 882 licensed dentists with a NM practice address. With the age distribution significantly skewed towards individuals at 50 years of age and older, the need for replacement dentists could become more acute than it already is now with the retirement or scaling back their practices in the next decade of a large number of NM dentists. In 2004, NM was 49th in the nation in number of dentists per 1,000 population (.0431 per 1,000). (SOURCE: NM Health Policy Commission, *2008 Quick Facts*)

Medical Training/Education Location

- The physician survey also indicated the location of medical education and training of New Mexico physicians. Unfortunately, New Mexico obtains much of its physician workforce from other states and countries. More than 75% of the patient care physicians in New Mexico had their residency training or went to medical school outside the state. The percent having attended medical school in New Mexico was 19% of the total. Fifteen percent of 2006 active patient care physicians in New Mexico were international medical graduates who obtained their medical education in a foreign country other than Canada. This is an increase over the 13.4% in 2001.
- The survey data indicated about 5% of the active patient care physicians in 2006 were New Mexicans who went to medical school out-of-state and then returned to practice medicine. There has been some minimal change among active patient care physicians in New Mexico between 2001 and 2006 with regard to location of training. The small trend has been toward more physicians originating, graduating from medical school, or receiving specialty training in New Mexico. (SOURCE: NM Health Policy Commission, *Physician Survey, 2007*)