

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, whereas 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 1/30/09

SPONSOR Beffort LAST UPDATED _____ HB _____

SHORT TITLE Expand Primary Care Training & Workforce SB 202

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$1,825.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Health Policy Commission (HPC)
 University of New Mexico (UNM)
 Department of Health (DOH)
 Higher Education Department (HED)
 Department of Workforce Solutions (DWS)

SUMMARY

Synopsis of Bill

Senate Bill 202, introduced on behalf of the Legislative Health and Human Services Committee, appropriates \$1,825.0 from the general fund to the Board of Regents of the University of New Mexico and the Department of Health to fund primary care training and the expansion of the primary care workforce. The UNM share is:

- \$600.0 is specified to expand the number of rural community rotations and the number of residents in the family medicine residency programs;
- \$300.0 is specified to expand by 50% the number of physician assistants and family nurse practitioners trained at the UNM Health Sciences Center (HSC); and
- \$225.0 is specified to expand the number of rural community rotations and the number of residents in pediatric, internal medicine and psychiatry residency programs.

The DOH share, pursuant to the Rural Primary Health Care Act, is:

- \$400.0 to contract with the UNM HSC to create a division of workforce development; and
- \$300.0 to provide rural based faculty to teach primary health care professional students

and residents in their practices.

FISCAL IMPLICATIONS

The appropriation of \$1,825.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that this request was not submitted by UNM to the HED for review and is not included in the Department's funding recommendation for FY10.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

UNM states that based on data from the College of Nursing and the School of Medicine, the cost to increase the number of advanced practice nurses and physician assistants by 50.0% would be approximately \$869,145 per year, \$569,145 more than SB 202 appropriates.

UNM notes further that the \$225,000 appropriation to expand the number of rural community rotations and the number of residents in pediatric, internal medicine, and psychiatry residency programs contained within SB 202 is sufficient to expand the number of rural community residency rotations by 1 rotation in each of the listed areas (pediatric, internal medicine, and psychiatry). The HSC does not have any plans at this time to develop a division of workforce development.

The DOH states that Medicare rules do not permit enhanced payments for residents in

placements outside of the UNMHSC. Additional funding, such as that proposed in SB202, would underwrite the cost of rural rotations which would not otherwise be sustainable. There is a cap to the number of physician residency positions at UNMHSC that can be supported by Medicare enhanced payments. Any expansion beyond that cap must come from other funding sources. The appropriations proposed by SB202 will provide State funding to permit that expansion for key primary care specialties.

DOH notes further that the proposed appropriations made to the Department of Health involve the Department in the rural residency enhancement process. The Department would be made responsible for providing funds to UNMHSC for its internal operations, and would be made responsible for funding faculty to work with residents in rural areas.

The HPC states that the 2008 New Mexico Legislative Session, passed HM2 and requested the New Mexico Health Policy Commission to convene a task force to develop recommendations and the initial planning for new or expanded primary care residency programs. As a result of the work from the task force, the New Mexico Health Policy Commission published a report titled *HM2 State Funded Primary Care Residency Slots*. The report discusses the State's primary care provider supply and demand, New Mexico primary care training programs and health professional pipeline, and primary care expansion opportunities in the State; and outlines recommendation developed by the task force.

Among numerous recommendations, the task force report suggests that the legislature:

- Appropriate \$400,000 on a recurring basis to the New Mexico Department of Health pursuant to the New Mexico Rural Primary Health Care Act to contract with the Board of Regents of the University of New Mexico (UNM) for the Health Science Center's (HSC) Office of Community Health to create a Division of Health Workforce Development.
- Appropriate \$600,000 on a recurring basis in fiscal year 2010; \$600,000 recurring appropriation in fiscal year 2011; \$600,000 recurring appropriation in fiscal year 2012 to the UNM Board of Regents for the School of Medicine's Department of Family and Community Medicine to expand the number of rural community rotations and the number of residents in the existing 3-Year UNM Family Medicine Residency Program.
- Appropriate \$300,000 on a recurring basis in fiscal year 2010; \$150,000 recurring appropriation in fiscal year 2011; \$150,000 recurring appropriation in fiscal year 2012 to the New Mexico Department of Health pursuant to the New Mexico Rural Primary Health Care Act to support rurally-based faculty (3 FTEs) who teach primary health care professional students and residents in their practices.
- Appropriate \$300,000 on a recurring basis to the UNM Board of Regents to expand the number of Physician Assistants and Family Nurse Practitioners trained at the UNM HSC by 50%.
- Appropriate \$225,000 on a recurring basis to the UNM Board of Regents for the HSC to increase rural rotations and experiences for Pediatric, Internal Medicine and Psychiatry residents at UNM (\$75,000 for each program)