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FISCAL IMPACT REPORT

SPONSOR Morales **ORIGINAL DATE** 02/06/14
LAST UPDATED _____ **HB** _____

SHORT TITLE Create Primary Care Residency Slots **SB** 306

ANALYST Geisler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$250.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY14	FY15	FY16		
	\$574.0		Recurring	Federal Funds

(Parenthesis () Indicate Revenue Decreases)

Duplicates: HB 310
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 306 appropriates \$250 thousand from the general fund to the Human Services Department (HSD) for expenditure in fiscal year 2015 for the creation of primary care residency slots through the Federally Qualified Health Centers (FQHCs). Any unexpended at the end of FY15 would revert to the General Fund.

FISCAL IMPLICATIONS

If HSD, as the single state Medicaid agency, is able to match the \$250 thousand general fund appropriation with federal dollars, the amount of federal funding would be approximately \$574 thousand for a total available amount of approximately \$824 thousand. The Center for Health Innovation estimates this funding could support up to 6 primary care residency slots.

SIGNIFICANT ISSUES

HSD notes that provision of training and residency experiences in non-hospital settings, particularly in rural settings, could help to increase access to health care services. State dollars spent on the Medicaid program can be matched with federal dollars as long as expenditures are made in accordance with the Medicaid State Plan and all applicable state and federal regulations. HSD would need to submit a State Plan Amendment (SPA) to CMS in order to appropriately spend the funds contained in HB 310 and claim the federal match. The process of drafting a SPA and negotiation with CMS can often take many months. There may also be the need to draft new state regulations for this program.

The Center for Health Innovation and the New Mexico Primary Care Consortium note that the Medicaid Teaching Health Center (MTHC) regulation provides an opportunity to match state general funds with federal funds to expand medical resident training statewide. The MTHC enables New Mexico to support long-term expansion and maintenance of new residency openings for primary care across the state which improves the ability of communities to address the need for primary care providers statewide. The MTHC payment model creates MTHC payments for selected types of accredited resident training programs including federally qualified health centers, rural health centers, critical access hospitals and sole community provider hospitals. The MTHC defines which specialties are eligible to ensure that funds are supporting state's primary care needs such as family medicine and psychiatry.

RELATIONSHIP

H AFC's substitute for House Bill 2 (the general appropriation act) includes \$905 thousand for nine medical residency slots at University of New Mexico Health Sciences Center. The appropriation would cover the first year of five internal medicine residents, two psychiatry residents, and two general surgery residents. These state-funded residencies would be in addition to existing residency positions supported with federal and other funds.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

An opportunity to fund primary care slots to benefit areas outside of Albuquerque with federal matching dollars will be missed. The state will continue to receive funding for existing medical education programs with those dollars primarily going to the University of New Mexico Health Sciences Center.

GG/jl