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FISCAL IMPACT REPORT

SPONSOR Morales **ORIGINAL DATE** 2/3/16
LAST UPDATED _____ **HB** _____

SHORT TITLE Primary Care Residency Slots **SB** 239

ANALYST Boerner

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$250.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$610.0	\$610.0	\$1,220.0	Recurring	71% Federal Fund Match

(Parenthesis () Indicate Expenditure Decreases)

SB239 relates to:

- SB240, which would appropriate \$127 thousand to DOH for a dental careers program in SW New Mexico; and
- SB241, which would appropriate \$250 thousand to DOH for a comprehensive health careers program in SW New Mexico.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 239 appropriates \$250 thousand dollars from the general fund to the Human Services Department to fund the creation of primary care residency slots through the federally qualified health centers teaching health center program.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand dollars contained in this bill is a recurring expense to the general fund. Any unexpended balance remaining at the end of fiscal year 2017 shall revert to the general fund.

SIGNIFICANT ISSUES

HSD is currently working to develop and pilot this program. For fiscal year 2015, HSD was appropriated \$200 thousand dollars to match federal funds to create primary care residency slots through the federally qualified health centers teaching health center program. HSD is currently drafting the required Medicaid State Plan amendment that will be sent to the Centers for Medicare and Medicaid Services (CMS) in February 2016. Upon approval from CMS, HSD plans to implement primary care residency slots through the federally qualified health centers teaching health center program in July 2016.

The DOH provided the additional background information:

New Mexico has a severe shortage of physicians. In some counties there are as many as 16,021 patients for each primary care physician

(<http://www.countyhealthrankings.org/app/new-mexico/2015/measure/factors/4/map>)

Nationally, there is expected to be a shortage of 31,000 primary care physicians by 2025, according to the American Medical Association

(<https://www.aamc.org/download/426260/data/physiciansupplyanddemandthrough2025keyfindings.pdf>)

According to the 2015 New Mexico Health Care Workforce Committee Report, New Mexico has the highest number of physicians over the age of 60 nationally with the average age 52.9 in 2014. Primary care physicians disproportionately practice in urban counties leaving shortages in rural areas. The same report shows there is a current statewide shortage of 135 physicians. This shortage is expected to get worse as physicians retire.

The New Mexico Legislature used a Section 1115 waiver in 2014 to help the state's four family medicine residencies join together as the FQHC New Mexico Primary Care Training Consortium (www.newmexicoresidencies.org). The program provides increased Medicaid funding per patient visit for FQHCs that successfully apply for an expanded scope of service with the intent of creating or expanding an existing primary care residency program or establishing resident rotation sites. The FQHCs receive approximately \$150 thousand annually for each new residency position. The first group of residents to be funded through the initiative will begin in fall 2016.

New Mexico is also planning to use a Medicaid waiver to fund 10 additional primary care residency slots in four areas with a demonstrated need. New Mexico has 96 recognized shortage areas, and 32 of the state's 33 counties have primary care shortage areas. A study conducted by New Mexico's Legislative Finance Committee estimated that the state has a deficit of more than 200 primary care health professionals today.

To encourage graduates to remain in New Mexico and practice in underserved communities, the state legislature supported expansion of the University of New Mexico School of Medicine class from 75 to 103 -- specifically, by adding 28 students in a BA/MD program. These students are recruited from high schools in underserved communities. Approximately two-thirds are from underrepresented ethnic minorities, and two-thirds are from rural communities. The entire class composition now reflects the state's demographic profile.

To keep medical school graduates in New Mexico and ensure they go into family medicine or primary care, the state needs enough residency slots to accommodate them. Policy Studies in Family Medicine and Primary Care indicated that 56 percent of medical residents practice within 100 miles of their training site once they complete their residency. (www.graham-center.org) Rates of return are expected to be even higher from the FQHC training programs funded through the waiver. In New Mexico, 70 percent of family medicine residents who train in a rural area go on to practice in a rural setting. (<http://www.aafp.org/news/practice-professional-issues/20150901newmexicowaiver.html>)

The goal of SB239 is to increase the supply of practicing primary care professionals in rural and underserved areas of the state, especially increasing the ability of local and national outreach efforts to recruit, refer, and retain them. Another goal of the bill is to create additional primary care residency slots through an FQHC. If an organization has the need, capacity and organizational means to add additional residency slots, doing so may benefit rural communities throughout the state.

OTHER SUBSTANTIVE ISSUES

Development of the program to fund the creation of primary care residency slots through the federally qualified health centers teaching health center program requires a Medicaid State Plan amendment (SPA) that must be approved by the CMS. The SPA approval takes 90 days at a minimum and requires HSD open the FQHC payment section of the current state plan to CMS scrutiny. A rule change would also be required, which takes 90-180 days to promulgate.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

HSD would continue to develop and pilot this program with the \$200 thousand previously appropriated.

CB/al