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FISCAL IMPACT REPORT

SPONSOR Morales ORIGINAL DATE 1/31/2017
LAST UPDATED _____ HB _____
SHORT TITLE Rural Healthcare Act Program Funding SB 9
ANALYST Chenier

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$800.0	\$800.0	\$1,600.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Department of Health (DOH)

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 9 would expand provisions in the Rural and Primary Health Care Act (RPHCA) to allow for RPHCA funding to be distributed to ‘eligible workforce development programs’ and ‘eligible workforce recruitment programs’ as defined by the bill. RPHCA already allows for funding to be distributed to “eligible programs” such as rural and primary health care centers. The bill also makes minor technical changes.

FISCAL IMPLICATIONS

This bill would expand the scope of RPHCA and would add to the current number of entities receiving RPHCA assistance. With a new funding formula requirement, and without increased appropriations, the bill would likely lead to reduced allocations to entities currently receiving rural and primary health assistance. The bill does not include an appropriation and would likely require the department to reallocate RPHCA funding.

DOH stated that at this point, it is unclear what the exact cost will be but the cost associated with developing and maintaining a residency program is likely substantial. Primary Care delivery and

teaching involves many professional healthcare positions, and acquiring additional staff cannot occur without a substantial appropriation.

DOH estimates that at a minimum, a family practice physician (familiar with graduate medical education oversight and federal requirements), a program manager (to oversee a health care workforce program, who has knowledge of models that promote student interest in health care), and a contract manager (contracting, monitoring, reporting/evaluation) would be required, salary plus benefits. There are additional costs associated with equipment, IT, travel, and possibly additional staff to support program implementation and oversight. There are also costs associated with amending rules (hearing officer, publication, etc.).

DOH further states that the proposed changes in SB9 would significantly change the original intent of RPHCA, which is to support non-profit primary health care clinics in New Mexico. The RPHCA Program currently funds 100 primary care clinic sites statewide, which provide more than 1 million patient visits annually. Many RPHCA funded clinics have experienced financial challenges, including substantial state funding cuts in FY16 and FY17, with additional challenges anticipated in FY18. Since SB9 does not include additional funding, any possible funding of health training models and/or residency programs pursuant to SB9 would come at the expense of currently funded non-profit primary health care clinics. Such a change in funding could result in the loss of doctors, dentists, nurse practitioners, and physician assistants.

SIGNIFICANT ISSUES

Potential funding duplications appear to exist with New Mexico HOSA-Future Health Professionals, the Dream Makers Program at the University of New Mexico offered through the Office of Diversity, the multiple pre-professional health education programs offered through state funded colleges and universities, and existing, funded programs that educate primary care physicians, nurse practitioners, physician assistants, dentists and registered dental hygienists such as physician residency programs in Albuquerque, Las Cruces, Santa Fe and Silver City, nurse practitioner educational programs in Albuquerque and Las Cruces, nurse education programs (that may lead students into Nurse Practitioner careers) in Albuquerque, Clovis, Roswell, Las Vegas, Las Cruces, Alamogordo, Carlsbad, Espanola, Santa Fe, Gallup and Silver City; a physician assistant program in Albuquerque; and dental hygiene educational programs in Albuquerque, Farmington, and Las Cruces.

DOH provided the following:

To address the added provisions of SB9, DOH would need to take on similar roles and responsibilities to the New Mexico Area Health Education Centers (AHEC) and the University of New Mexico (and other higher education institutions') residency programs. Oversight of health care training models or medical residency programs may be more appropriate for the educational sector.

The DOH RPHCA program does not have the expertise to develop and oversee evidence-based training models and residency programs, or to develop appropriate requests for proposals. The DOH RPHCA Program, which only has two FTEs, would be required to duplicate efforts that are already in place at the University of New Mexico (UNM) and other higher education institutions. UNM provides medical residency programs, and AHEC programs.

Thirty-two of New Mexico's thirty-three counties are designated, entirely or partially, as primary medical care health professional shortage areas by the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA). There is clearly a need for additional investment in New Mexico's health care workforce. However, SB9 would create an unnecessary duplication of effort between DOH and UNM (and other higher education institutions) in the area of AHECs and medical residency programs, and could result in the loss of health care professionals in rural and underserved areas of the state.

HED stated that new programs would not be eligible for funding through a DOH formula because they may not be able to demonstrate the minimum five years of experience stipulated by the legislation. This would limit the ability of higher education institutions or school districts to partner with local providers and other agencies in developing evidence-based training models and recruitment programs. Moreover, the legislation does not indicate how the nonprofit organizations will be selected and it is unclear if postsecondary institutions or school districts would be eligible for funding.

HED also stated that the Financial Aid Division administers the Health Professional Loan-For-Service (for students pursuing a degree) and Health Professional Loan Repayment programs (for practicing providers). These programs address health care shortages by requiring a period of service in underserved areas in exchange for financial assistance.

EC/al/jle