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FISCAL IMPACT REPORT

ORIGINAL DATE 2/16/17

SPONSOR Kernan LAST UPDATED _____ HB _____

SHORT TITLE Nurse Student Loan Repayment SB 333

ANALYST Chilton

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
	Up to \$240.0*	Up to \$240.0*	Recurring	Nurse Excellence Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Up to \$240.0*	Up to \$240.0*	Up to \$480.0*	Recurring	Nurse Excellence Fund

(Parenthesis () Indicate Expenditure Decreases) *It is assumed that revenue would be balanced with expenditure; see "Fiscal Implications"

Relates to Senate Bills 152 and 240 and House Bills 195 and 196, all of which relate to loan repayment for physicians practicing in medically underserved areas.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Board of Nursing (BN)

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 333 would amend Section 21-22D-3 NMSA 1978 to allow a surcharge on nurse license renewals of up to twenty dollars. The amount raised from applying the surcharge would be divided evenly between two purposes: the current Nurse Excellence Fund, which provides continuing nursing education and other inducements for nurses to practice in underserved area,

and a transfer to the Higher Education Department of money to be used to grant funds for loan repayment for nurses “in advanced practice” working in designated health shortage areas. It would finance these grants through a surcharge on nursing license renewals not to exceed twenty dollars.

The bill defines “nurse in advance practice” as a registered nurse who is one of the following: certified nurse practitioner, certified nurse anesthetist, clinical nurse specialist, or certified nurse-midwife.

FISCAL IMPLICATIONS

Approximately 12,000 nurses (registered nurses and licensed practical nurses) renew their licenses each year. If the maximum license surcharge of \$20 were applied to each of those, the total annual revenue to the Nurse Excellence Fund would be approximately \$240,000. Currently, the Board of Nursing is assessing a surcharge of \$5 for each license renewal, which in 2016 raised \$59,465.

Senate Bill 333 states that the Board of Nursing would allocate half of the amount of the surcharge to the Nurse Excellence Fund, and that that amount would be used in its entirety to provide loan repayment grants to advanced practice nurses practicing in underserved settings. In the case of a \$5 surcharge, as at present, the amount would be approximately \$30,000 per year; if the surcharge were increased to the maximum permitted under the bill, the amount available would be \$120,000. As a point of reference, the maximum loan repayment grant to medical providers is \$25,000 per year apiece. BN states that there are about 2500 advanced practice nurses throughout New Mexico; HED states that in FY 2016, there were 99 applicants for loan repayment awards, and 27 of those were granted.

SIGNIFICANT ISSUES

HED notes that New Mexico has 201 fewer advanced practice nurses than national benchmarks would recommend.

The Board of Nursing makes the following points:

The \$5 nurse excellence surcharge is charged to RN and LPN license renewals, but this bill would only benefit APRNs, hence nurses with the lowest salaries, LPNs and RNs, would be funding the loan repayment of the highest paid nurses, APRNs.

APRNs with a compact RN license from another jurisdiction do not contribute to the nurse excellence fund. Their RN license fee goes to their primary state of residence. These APRNs would be eligible for loan reimbursement from a fund to which they did not contribute, and that was funded by New Mexico licensed RNs and LPNs.

Many New Mexico communities have a nursing shortage and are in desperate need for registered nurses and licensed practical nurses. This bill will require these nurses to fund a loan reimbursement program to which they themselves are not eligible to receive for their own student loans.

Similarly, the Department of Health notes that “SB 333 may have a negative impact on nurses generally, since the large majority of nurses would be ineligible for loan assistance under this bill but the cost of renewing their license would increase.”

OTHER SUBSTANTIVE ISSUES

The Board of Nursing points out that:

The underserved designation does not specify the type of service that is lacking. APRNs have specialized practice and the designation does not respect the various types of specialties. For example a community may not have a need for primary care but does have a need for mental health providers, but the bill does not require the department of higher education to determine a specific need. The result in the example could be that a mental health Clinical Nurse Specialist a county with insufficient mental health providers, but sufficient primary care providers would be ineligible despite providing a necessary specialized health care service.

RELATIONSHIP to Senate Bills 152 and 240 and House Bills 195 and 196, all of which relate to loan repayment for physicians practicing in medically underserved areas. No other current bills address nurse loan repayment.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Advanced practice registered nurses would not receive state assistance with loan repayment.

LAC/al/jle