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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/24/17

SPONSOR Kernan LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Osteopathic Physician Licensing SB 463

ANALYST Chilton

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Set-up expense</b>		\$10.0			Non-recurring	Osteopathic fund
<b>On-going expense</b>		\$3.5	\$3.5	\$3.5	Recurring	Osteopathic fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to House Bills 126, 195, 196 and 215 and Senate Bills 108 and 355

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Medical Board (MB)  
 Regulation and Licensing Department (RLD)  
 New Mexico Osteopathic Medical Association (NMOMA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 463 would transfer the functions of the New Mexico Board of Osteopathic Medicine into the New Mexico Medical Board, ending the existence of the former as an independent entity. It would enlarge the New Mexico Medical Board with the addition of two osteopathic medicine practitioners (doctors of osteopathy, D. O.s). It amends Section 61-6 NMSA 1978 in order to effect this transfer of functions.

In addition to this fundamental change, other changes are also made in the Medical Practice Act, including

- The two osteopathic medicine representatives would be “reputable,” licensed, and “of known ability” and resident in New Mexico for at least five years
- The osteopathic medical members of the Medical Board would be appointed in the same manner as the M.D. members: appointed by the governor after the relevant medical

society (New Mexico Medical Association, New Mexico Osteopathic Medical Association) had submitted a list of nominees.

- In the definitions section of the bill, “allopathic medicine” is defined as the “complete system or school of traditional western medicine” taught in schools giving the M.D. degree to their graduates.
- Definitions of “college of osteopathic medicine,” and “osteopathic physician” are included, analogous that for “medical doctor”, and a new definition of “physician” is given, including both M.D.s and D.O.s.
- The definition of “practice of medicine” includes both allopathic and osteopathic medicine, but is otherwise unchanged.
- The words “to practice medicine” are replaced in a number of parts of the Medical Practice Act with “to engage in the practice of medicine”.
- Addition of a new Section 14 of the Medical Practice Act to deal with licensure of osteopathic physicians by endorsement, and new Section 15, which would specify the means of initial licensure of osteopathic physicians. The subjects of the examination are enumerated, including a knowledge of “the practice of osteopathic medicine. It is not clear that this includes “osteopathic manual medicine,” a subject that is included in osteopathic but not allopathic medical education.
- The existence of the Board of Osteopathic Medicine would be terminated, and its 1.5 staff FTEs would be transferred to the MB.
- The fees for the two parallel professions, now different, would be fixed to be the same as is currently the case for allopathic medical doctors, up to \$400 for initial licensure, and up to \$450 for triennial renewal, with a variety of smaller fees for being impaired or for being late with fees. Currently, D.O.s pay \$400 for initial application and \$200 annually for renewal.

## FISCAL IMPLICATIONS

RLD noted the current revenue to its component, the Board of Osteopathic Medicine, from license renewal fees and new licenses and its current expenditures as being close to one another with a slight surplus. A previously accumulated surplus was “swept” in the past year to help with the budget deficit.

Assuming that revenues and expenses would remain unchanged by absorption of the Board of Osteopathic Medicine into the Medical Board (instead of its remaining as one of the constituent boards of RLD), the change in expense would be small. MB’s analysis reviews RLD’s analysis and estimates the cost of moving the Board of Osteopathic Medicine’s function into MB:

Per the Regulation and Licensing Department’s FIR the average revenue for the Osteopathic Board is \$133.5 and the average expenses are \$113.7. (RLD projects the current negative balance of the Osteopathic fund is projected to be positive by the end of FY17). RLD reports 627 doctors of osteopathic medicine and 27 licensed osteopathic physician assistants and projected revenues of \$133.5 in FY17, \$171.0 in FY18 and \$171.0 FY19. The Medical Board has available office space to accommodate the Osteopathic Board’s 1.5 FTE. The Medical Board projects equipment and supply setup expenses in the amount of \$10.0 and per diem for two (2) additional Board members estimated at \$3.5.

## SIGNIFICANT ISSUES

Osteopathic physicians now number 627 in New Mexico, a number likely to grow with the recent opening of the Burrell School of Osteopathic Medicine in Las Cruces. There are also 27 licensed osteopathic physician assistants. In most ways, osteopathic medicine and allopathic medicine are alike, a fact supported by the mixture of osteopathic medical graduates (D.O.s) and allopathic medical graduates (M.D.s) in residency training programs, including those at the University of New Mexico. In addition to their learning the same general principles of medicine as allopathic students, osteopathic medical students also learn osteopathic manual medicine, also known as osteopathic manipulative treatment, defined by the American Osteopathic Association as follows: “Osteopathic manipulative treatment, or OMT, is hands-on care. It involves using the hands to diagnose, treat, and prevent illness or injury. Using OMT, your osteopathic physician will move your muscles and joints using techniques including stretching, gentle pressure and resistance.”

RLD states that it is in favor of the merger of the two boards. RLD states that it “has worked with the Medical Board and its staff to bring about this change. Members of the Osteopathic Board, including the Chairman, are also supportive of this effort, though an official vote has not occurred.” RLD continues:

This measure is designed to provide strengthened oversight to the profession while providing increased government efficiency. The Medical Board has a much more robust infrastructure for oversight of medical professionals than that currently available to the Osteopathic Board. The Medical Board has a medical director and medical investigators. Legislation passed in 2016 laid the groundwork for such a measure by changing the Osteopathic Medicine Act to mirror the majority of the language of the Medical Board Act.

The practice of Osteopathic Medicine is respected as an option for medical care for people in New Mexico and throughout the country. New Mexico State University recently opened a school of Osteopathic medicine in Las Cruces, NM. All signs indicate that the profession will continue to grow, requiring continued oversight by trained medical professionals.

On the other hand, according to the New Mexico Osteopathic Medical Association, “The New Mexico Osteopathic Medical Association (NMOMA) is in strong opposition of SB 463... It is NMOMA’s opinion that if this legislature allows consolidation of NMMB and NMBOME, osteopathic physicians’ unique identity will be lost. For example, when a majority population absorbs a minority population often the culture of the minority fades. NMOMA’s opinion is if the legislature allows consolidation, our minority voice will be lost within the majority voice of the [allopathic] medical doctors.”

The Medical Board states “The New Mexico medical board is in agreement that this plan [the amalgamation of the two boards] is appropriate.” It cites “benefits of economy of scale and uniform management of their licensees” from their combination.

## **ADMINISTRATIVE IMPLICATIONS**

The Medical Board would absorb the Board of Osteopathic Medicine, its functions and its 1.5 FTE.

## **RELATIONSHIP**

Relates with House Bill 215 and Senate Bill 355, which allow for both supervisory and collaborative models of interaction between allopathic and osteopathic physicians and physician assistants; House Bills 126, 195 and 196 and Senate Bill 108, all of which would provide for osteopathic graduate access to loan for service programs.

## **TECHNICAL ISSUES**

In many places in the bill, the term “medical doctor” is used to differentiate between Medical Doctor (M.D.) and Doctor of Osteopathy (D.O.). The more accepted term for M.D. would be “allopathic medical doctor” when differentiating allopathic and osteopathic medical practitioners.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The Medical Board and the Board of Osteopathic Medicine would remain separate. Possible economies of scale might be foregone.

LAC/sb/jle