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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino **LAST UPDATED** _____
ORIGINAL DATE 1/23/24
BILL
SHORT TITLE Expand Health Care Workforce **NUMBER** Senate Bill 89
ANALYST Esquibel

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$20,000.0	Recurring	General Fund
	\$10,000.0	Nonrecurring	General Fund
	\$2,000.0	Nonrecurring	General Fund
	\$18,000.0	Recurring	General Fund
	\$10,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

REVENUE* (dollars in thousands)

Type	FY24	FY25	FY26	FY27	FY28	Recurring or Nonrecurring	Fund Affected
		10,000.0				Nonrecurring	Health Professional Loan Repayment Fund

Parentheses () indicate revenue decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Medicaid Federal Matching Funds		\$73,808.6		\$73,808.6	Recurring	Federal funds

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Children, Youth and Families Department (CYFD)
 Health Care Authority (HCA)
 Higher Education Department (HED)
 University of New Mexico Health Sciences Center (UNMHSC)

SUMMARY

Synopsis of Senate Bill 89

Senate Bill 89 would appropriate \$60 million from the general fund in fiscal year 2025 (FY25) to the Health Care Authority Department (HCA), the health professional loan repayment fund, the Children, Youth and Families Department (CYFD), the University of New Mexico Health Sciences Center (UNMHSC), and the Higher Education Department (HED) to expand the healthcare workforce throughout the state.

FISCAL IMPLICATIONS

The appropriation of \$20 million to HCA to increase Medicaid reimbursement for healthcare services is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund. HCA reports in FY25 it would leverage the \$20 million general fund appropriation to draw down \$73.8 million in federal Medicaid matching funds for a total of \$93.8 million.

The appropriation of \$10 million to the health professional loan repayment fund to increase participation in the health professional loan repayment program is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund.

The appropriation of \$2 million to CYFD to increase funding for educational stipend programs that receive matching federal funds pursuant to Title IV-E of the federal Social Security Act is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund.

The appropriation of \$5 million to UNMHSC to support new physician resident slots, \$3 million to compensate preceptors that supervise and train students seeking to become healthcare professionals, and \$10 million to pay faculty at the UNM College of Population Health are recurring expenses to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund.

The appropriation of \$10 million to HED in FY25 and subsequent years to support the clinical supervision of social work and counseling students and to provide stipends to social work and counseling students who are working at unpaid internships is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall *not* revert to the general fund. This provision provides for continuing appropriations. LFC has concerns with including continuing appropriation language because it reduces the ability of the Legislature to establish spending priorities.

SIGNIFICANT ISSUES

The long-term impact on healthcare because of inadequate compensation and training can lead to less competent healthcare professionals and adversely affect patient care and healthcare outcomes.

The UNM College of Population Health requires funding in FY25 to retain faculty and become an accredited school of public health.

The UNM School of Medicine reports compensation for its faculty falls short of national averages with UNM below the 50th percentile in many areas. UNMHSC subsidized compensation for staff in past years with clinical revenue, but after the effect of the Covid epidemic, those funds are no longer available and recruitment and retention of faculty and staff are imperiled due to limited compensation.

The UNM School of Medicine, College of Nursing, and College of Pharmacy report with additional FY25 state funding, preceptors may be more motivated to take students and provide quality training, directly impacting the skill level of future healthcare professionals.

ADMINISTRATIVE IMPLICATIONS

HED reports it does not have staff with expertise in social work or counseling supervision and does not have a process to fund stipends for unpaid internships. Under the provisions of the bill, HED would need to hire staff or form partnerships with higher education institutions that have this experience.

CYFD reports any administrative costs resulting from recruiting more stipend-supported social workers to CYFD would be absorbed by the department.

TECHNICAL ISSUES

HCA reports the bill does not specify the healthcare services that would receive the Medicaid reimbursement rate increase.

OTHER SUBSTANTIVE ISSUES

The UNM College of Population Health reports without funding in FY25, they will not have sufficient funding to support faculty acquired within the last year.

The UNM College of Nursing reports without compensation funding in FY25, training could be adversely impacted and there may be a decline in the quality or availability of preceptorships.

The UNM School of Medicine reports it does not receive adequate compensation from the instruction and general higher education funding formula and educating students reduces their clinical time and revenue generation. The compensation funding in the bill is needed to defray the costs that practitioners bear by accepting a student.

The UNM College of Pharmacy reports the funding in the bill is necessary to support additional preceptors and to meet the accreditation requirements for the PharmD program. Losing accreditation would result in graduates of the UNM COP not being able to sit for the national board exams necessary to become licensed as pharmacists which would significantly impact the access to pharmacy care for the citizens of New Mexico.

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