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FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINAL DATE 2/2/15
LAST UPDATED _____ HB _____

SHORT TITLE Santa Fe Women's Health Services SB 292

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 292 appropriates five hundred thousand dollars from the general fund to the Department of Health (DOH) for expenditure in fiscal year 2016 to provide operating funds for a women's health services program in Santa Fe.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY16 shall revert to the general fund.

The DOH reports the appropriation contained in this bill was not specifically part of the agency budget request or the executive budget recommendation. If enacted, it may be necessary to commit a percentage of the funds to support program implementation.

SIGNIFICANT ISSUES

DOH reports:

Rural Primary Health Care Act (RPHCA) program funds 99 rural and primary care clinic sites statewide. All RPHCA funded clinics have experienced financial challenges and uncertainties with the federal Affordable Care Act. Shortages of health care providers and rising salaries continue to be a concerns for all clinics statewide. However, appropriating funds to one specific RPHCA site in Santa Fe may be inequitable during uncertain times.

Primary care contracts only cover allowable costs for primary care under RPHCA legislation. In order to use the funds specifically in Santa Fe, DOH has in the past administered a Request for Proposal (RFP) to assure equitable access to such funding. A similar appropriation in FY14 resulted in a statewide RFP related to Primary Care Services for Women.

The bill does not specify the type of services for women that would be supported by these new operating funds.

OTHER SUBSTANTIVE ISSUES

The LFC's 2015 report, *Legislating For Results: Policy and Performance Analysis*, provides the following narrative:

Medicaid expansion under the federal Affordable Care Act (ACA) provides New Mexico the opportunity not only to expand access but to reallocate resources to improve healthcare delivery to underserved populations. On January 1, 2014, New Mexico began expanding Medicaid as allowed by the ACA. For New Mexico, this means all adults with incomes up to 138 percent of the federal poverty level (about \$16,000 for a single person) are eligible for Medicaid. A year ago, the Human Services Department (HSD) estimated approximately 170 thousand individuals would meet the new eligibility criteria; the department now estimates it will have 216 thousand newly eligible enrollees by the end of FY16.

The federal government will cover 100 percent of the costs of newly eligible enrollees through 2016, stepping down to 90 percent in 2020. Due to increased enrollment, utilization, medical cost inflation, and other factors, HSD estimates New Mexico's total Medicaid budget is expected to grow by nearly \$416 million in FY16 (federal and state dollars), including nearly \$40.4 million in additional state general fund support.

The total number of enrollees is projected to be nearly 787 thousand by June of 2015, increasing to more than 800 thousand in FY16.

With the expansion of access and reallocation of resources provided for under the ACA as a starting point, the state can maximize the new opportunities and fill many of the healthcare gaps for New Mexico's underserved populations.

For example, a January 2014 report released by the American Mental Health Counselors Association and the National Association of State Mental Health, points out that, under ACA, states are responsible for conducting outreach and enrollment for vulnerable and underserved populations eligible for the new Medicaid expansion, as well as for enrolling

people in state health insurance exchanges.

With increased Medicaid enrollment, RPHCA's should experience a decrease in the amount of uncompensated care, as well as, increased federal reimbursement due to the 100 percent enhanced Medicaid expansion rate through 2016 then 90 percent through 2020.

PERFORMANCE IMPLICATIONS

The bill relates to the Department of Health's FY15 Strategic Plan Result 1: Improve Health Outcomes for the people of New Mexico.

ADMINISTRATIVE IMPLICATIONS

DOH notes it would follow the New Mexico Procurement code and issue a request for proposal and then evaluate submissions before awarding the state funding, should the bill be enacted.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to Appropriation in the General Appropriation Act

DL/bb