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FISCAL IMPACT REPORT

SPONSOR <u>Hemphill/Ortiz y Pino</u>	LAST UPDATED <u>1/31/24</u>
	ORIGINAL DATE <u>1/30/24</u>
SHORT TITLE <u>Health Care Personnel Recruitment</u>	BILL NUMBER <u>Senate Bill 47</u>
	ANALYST <u>Chilton</u>

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$30,000.0	Recurring	General Fund

REVENUE* (dollars in thousands)

Type	FY24	FY25	FY26	FY27	FY28	Recurring or Nonrecurring	Fund Affected
Administrative Fee	\$10.0	\$120.0	\$120.0			Recurring	Health Care Personnel Recruitment 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
DOH	\$153.2	\$153.2	\$153.2	\$459.7	Recurring	Operating Budget

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 14

Sources of Information

LFC Files

Agency Analysis Received From
 Department of Health (DOH)
 Health Care Authority (HCA)

SUMMARY

Synopsis of Senate Bill 47

Senate Bill 47 appropriates \$30 million from the general fund to a new fund, the health care personnel recruitment fund, for the purpose of funding grants from income earned by the fund to programs to recruit and retain health care personnel in underserved areas. The appropriation could be augmented by grants, donations, and income from the fund.

Grants, distributions, and transfers from the fund would come only from income earned by the fund, not from principle. As much as 10 percent of the income from the fund could be retained for administration of the fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

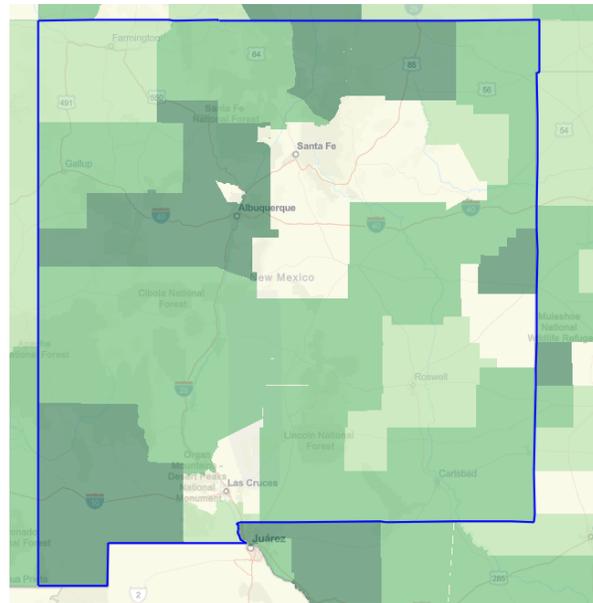
The appropriation of \$30 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund. Although the bill does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

DOH anticipates having to hire one employee at, \$87,190 per year (pay band 65) to handle the requirements of this grant and estimates office setup costs of \$6,022 and rent of \$60 thousand per year, or a total of \$153,212 for administering the fund. If the fund were to generate four percent income on \$30 million, or \$1.2 million, the 10 percent allotted for administration would come to \$120 thousand.

SIGNIFICANT ISSUES

Most of New Mexico is part of a health professional shortage area, both for generalists and for specialists, for rural and (parts of) urban areas, for physicians and physician extenders, for nurses, and for therapists of all kinds.

The map below, from HRSA, indicates New Mexico counties generally are either completely or partly covered by health care professional shortage areas (indicated in green; darker areas show more signs of shortage by HRSA standards:



DOH describes one of the problems leading to health care shortage areas:

The fund would encourage local and state-wide agencies and programs to find innovative means of addressing this chronic shortage:

Under current healthcare reimbursement systems, communities with a large proportion of low-income residents and rural communities may not generate sufficient paying demand to assure that providers will practice in these locations (2020-2022 New Mexico State Health Improvement Plan, page 11: <https://www.nmhealth.org/publication/view/plan/5311>). The rural to urban migration of health professionals inevitably leaves poor, rural, and remote areas underserved and disadvantaged. Skilled health professionals are increasingly taking job opportunities in the labor market in high-income areas as the demand for their expertise rises.

DOH goes on to describe the success of current efforts to place primary care providers in underserved areas:

Through the Primary Care Provider Recruitment and Retention Clearinghouse (hereinafter referred to as Clearinghouse), under the Rural Primary Health Care Act (RPHCA) Program, on average each fiscal year, 65 health professionals are placed in different rural communities throughout New Mexico. This includes placements of medical, dental, and behavioral health clinicians.

In FY 2023, 86 health care providers were recruited and placed into New Mexico's 19 counties place in 28 different communities. Currently, at mid-year of FY 2024, 60 health care providers have already been recruited and placed. In the period FY 2018-FY 2023, the Clearinghouse made 386 permanent placements, more than 60 percent of which were in rural areas. The balance of placements went to community-based health centers in underserved urban areas (Data from the Clearinghouse's Monthly Level of Operations Reports).

RPHCA General Fund support for the core primary care purpose of the Clearinghouse has declined over the last several fiscal years and funding has not met both inflation and

demand for recruitment. The proposed appropriation in SB47 would increase the number of health care professionals, including expanding behavioral health clinicians, and would encourage more health care professionals to stay and continue to provide services to NMDOH stakeholders and customers in rural and underserved areas of the state.

HCA comments that “New Mexico has a shortage of health care professionals. Any recruitment efforts to hire and retain health care professionals will increase services to Medicaid clients... Additionally, increased provider numbers and access will likely result in increased expenditures for Medicaid paid services.”

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 47 relates to Senate Bill 14, which would move some functions of the Rural Primary Health Care Act to the Health Care Authority.

TECHNICAL ISSUES

The fund is specified to be aimed at “health care shortage areas” and also at “rural areas.” As some areas of urbanized counties in New Mexico are also considered underserved by HRSA, a determination as to whether urban underserved areas are included among targets of the fund might be suggested.

“Department”, as administering the fund, is not defined in the bill; because the legislation is to be part of Section 24-1A, it is assumed that this would be the Department of Health.

Office rent of \$60 thousand per year for a single employee seems excessive.

LAC/ne/al/ss