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FISCAL IMPACT REPORT

SPONSOR: Picraux DATE TYPED: 01/30/01 HB 120
 SHORT TITLE: UNM Health Sciences Center Appropriation SB _____
 ANALYST: Fernandez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 1,826.4		\$ 50.1	Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in The General Appropriation Act Section 9, Compensation.
 Relates to HB 48, HB43 and HB38. Duplicates SB78.

SOURCES OF INFORMATION

Commission on Higher Education (CHE)
 LFC Files

SUMMARY

Synopsis of Bill

House Bill 120 appropriates \$1,826.4 from the general fund to the board of regents of the University of New Mexico for the following purposes: to fund the cancer research and treatment center salary adjustment and cigarette tax revenue adjustment; salary adjustments for neonatal nurse practitioners; transport expenses for the newborn intensive care unit; additional staff for the newborn intensive care unit; additional funds for the hemophilia, toxic emergency response, and pediatric pulmonary outreach programs; and funding for the young children's health center behavioral services.

Significant Issues

According to UNM Health Sciences Center, the budget for newborn intensive care unit, air transport program, has not increased since 1991 despite increases in the cost of their contract. It should be noted that the transport program does receive reimbursements from health providers at a payment rate of 53 percent. In July 1997, extensive efforts were initiated to resolve contracting and reimbursement issues with Medicaid, the Saluds (Cimarron, Lovelace and Presbyterian) and the transportation intermediary companies. Through April, 2000 Neonatology accounts receivables of over 60 days remain at approximately \$706.0.

Included in the General Appropriation Act, Section 9, is \$33,898.7 to provide faculty and other staff of four- and two-year post-secondary educational institutions with a seven percent salary increase which would raise salaries for nursing faculty closer to market parity.

According to CHE and UNM Health Sciences Center, the cost to change the methodology used to calculate salary increases for faculty and staff at UNM Cancer Center will vary depending upon the compensation increases approved by the Legislature. The appropriation of \$66.8 is based on a four percent compensation increases. As mentioned above, included in the LFC recommendation is a seven percent compensation increase. Based on information provided by UNM, an additional \$50.1 would be necessary to cover this request at the level included in the LFC recommendation.

PERFORMANCE IMPLICATIONS

The following performance measures were submitted by UNM Health Sciences Center for the requested expansions:

I. NBICU Staff Expansion - \$333,300

Number of admissions to the NBICU (output)

FY98 724; FY99 720; FY00 815; FY01 776; FY02 without expansion 750; with expansion 850.

Number of ill newborns transported out of state due to lack of capacity (outcome)

FY98 0; FY99 2; FY00 14; FY01 30; FY02 without expansion 35, with expansion 0.

II. NNP Market Salary Adjustment - \$99,200

Number of NNP vacant positions (outcome)

FY98 0; FY99 0; FY00 1; FY01 4; FY02 without salary adjustment 7, with salary adjustment 3.

NBICU NNP salaries as a percentage of the regional market salary (100% or higher is desirable) (outcome)

FY98 70-90%; FY99 70-90%; FY00 80-90%; FY01 80-90%; FY02 without salary adjustment 75-85%, with salary adjustment 90-95%.

I. Base Adjustment for Transport Expenses - \$142,000

Number of newborn transports (output)

FY98 411; FY99 466; FY00 510; FY01 507; FY02 550-600.

Increase for FY02 is due to Presbyterian Hospital's decision to end its transport program, thereby making UNM's program the only one in the state.

Deficit in NBICU state account due to transport (outcome)

FY98 \$0; FY99 (\$106,400); FY00 (\$133,900); FY01 (\$250,000); FY02 without base adjustment (\$500,000), with base adjustment (\$358,000).

FISCAL IMPLICATIONS

The appropriation of \$1,826.4 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2002 shall revert to the general fund.

The appropriation would be used as follows:

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\$ 66.8 for enhanced compensation calculations at UNM Cancer Center;
\$200.0 to replace reduced cigarette tax revenue;
\$ 99.2 to fund market salary adjustments for neonatal nurse practitioners;
\$142.0 transport expenses for the newborn intensive care unit;
\$333.3 to fund additional staff at the newborn intensive care unit;
\$296.3 for the hemophilia program for increased costs of blood products;
\$478.3 for the toxic emergency response program;
\$150.0 for the pediatric pulmonary outreach program; and
\$ 60.5 for the young children's health center behavioral services.

\$1,826.4 total

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

HB120 relates to HB48, HB43, and HB38. All appropriate funds to UNM's Health Sciences Center.

HB120 duplicates SB78.

OTHER SUBSTANTIVE ISSUES

The bill includes \$200.0 to increase the general fund appropriation to offset reduced cigarette tax revenue. The CHE did not recommend this request.

The CHE in its other needs of higher education recommended \$300.0 for the Poison Control Center Expansion.

POSSIBLE QUESTIONS

1. How much of the \$706.0 in accounts receivables of over 60 days, will UNM collect? Could these funds be used toward increasing the budget for the air transport program?

CTF/ar