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## FISCAL IMPACT REPORT

**SPONSOR** Rodriguez **ORIGINAL DATE** 02/05/14  
**LAST UPDATED** \_\_\_\_\_ **HB** \_\_\_\_\_

**SHORT TITLE** UNM Project Echo Hepatitis C Program **SB** 240

**ANALYST** Hartzler-Toon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$500.0	\$500.0	\$1,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act: Section 4J Higher Education, University of New Mexico Health Sciences Center, Hepatitis Community Health Outcomes

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Department of Health (DOH)

University of New Mexico Health Sciences Center (UNM HSC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 240 appropriates \$500 thousand from the general fund to the University of New Mexico for the School of Medicine for the Project ECHO Program.

**FISCAL IMPLICATIONS**

As drafted, the appropriation of \$500 thousand contained in this bill is a nonrecurring expense to the general fund. The bill states that any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund. Importantly, Project ECHO currently receives general fund revenues through a direct line-item in Section 4 of the General Appropriation Act (GAA). If SB 240 or any appropriation for this program is added to the program’s existing line-appropriation in the GAA, the funds would be will be treated as recurring and nonreverting unless explicitly stated. (The FIR tables for this bill reflect a recurring appropriation.)

For a summary of general fund appropriations for this program in Section 4, GAA, see the chart below. For FY15, UNM HSC requested \$2.7 million for this program, nearly double the general fund appropriation level for FY14. While the Executive recommended the FY14 general fund level of support for this program, the LFC recommended \$1.8 million, a 24 percent increase over the FY14 level. For FY15, the HAFC adopted the LFC recommendation as reflected in HB 2.

**Project ECHO: General Fund Summary**

<b>Fiscal Year</b>	<b>Amount (in thousands)</b>	<b>Dollar Change from Prior Year</b>	<b>Percent Change from Prior Year</b>
2008	\$ 550.0	--	
2009	\$ 900.0	\$ 350.0	64%
2010	\$ 949.0	\$ 49.0	5%
2011	\$ 913.2	\$ (35.8)	-4%
2012	\$ 860.0	\$ (53.2)	-6%
2013	\$ 966.9	\$ 106.9	12%
2014	\$ 1,482.6	\$ 515.7	53%
* 2015	\$ 1,837.5	\$ 354.9	24%

\* HB2/HAFC recommended level

Source: General Appropriation Acts, LFC Post-Session Reports

If HB 2 and SB 240 are enacted, Project ECHO would receive a \$2.34 million general fund appropriation for FY15, representing an \$855 thousand, or 58 percent, increase over FY14 levels.

The amounts above do not reflect the consistent levels of federal and other funding Project ECHO receives. While such funds are restricted and must be used to satisfy the contractual or grant terms, Project ECHO is allowed to retain a percent (ranging from 12 to 26 percent) of the grant or contract amount to cover indirect costs or administrative overhead; these funds can be used for unrestricted purposes or purposes unrelated to the grant or contract purpose. For example, in FY12 and FY13, Project ECHO retained more than \$600 thousand in overhead fees from more than \$4 million in grants and contracts.

**SIGNIFICANT ISSUES**

Based on responses from DOH and UNM HSC, Project ECHO connects primary care providers with specialists to co-manage patients with complex and related diseases. Using ECHO’s telehealth clinics allow specialists in urban areas work with rural clinical partners (physicians,

mid-level professionals, clinic nurses, medical assistants and community health workers) and improve treatment regimes and patient care where the patient resides.

Project ECHO's use of telehealth to connect healthcare teams is particularly useful in serving individuals with chronic diseases, including hepatitis C. Based on DOH reports, New Mexico has one of the country's highest rates of death due to chronic liver-related diseases and cirrhosis. Individuals suffering from such diseases who live in the Albuquerque or urban areas are more likely to receive treatment or are being monitored than those living in rural areas. According to a New England Journal of Medicine study, Project ECHO provides a safe and effective platform for rural providers to better monitor and treat individuals with chronic conditions.

### **PERFORMANCE IMPLICATIONS**

Project ECHO reports performance results annually as part of the HED's annual budget process. Additional measures may be developed to determine the numbers of individuals receiving continuing medical education (CME) credits or specialized training.

### **DUPLICATION**

SB 240 duplicates a line-item appropriation to UNM HSC Project ECHO in the GAA.

### **POSSIBLE QUESTIONS**

During FY14, Project ECHO became a center in the School of Medicine. A separation of Project ECHO revenues and expenses and internal medicine revenues and expenses was conducted as part of this transition. If SB 240 is enacted, how will revenues and expenses be reported – as part of the center or internal medicine division?

What revenues are collected/expenses incurred by Project ECHO as a provider of continuing medical education (CME) credits? Are there plans to generate revenues for providing CMEs?

THT/ds:jl