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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/28/2016

SPONSOR Rodriguez LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE UNM Project ECHO for Hepatitis Patients SB 479

ANALYST Hartzler

### APPROPRIATION (dollars in thousands)

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

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY15	FY16	FY17	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, Research and Public Service Projects, Hepatitis Community Health Outcomes

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

University of New Mexico Health Sciences Center (UNM HSC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 479 appropriates \$500 thousand from the general fund to UNM School of Medicine for Project ECHO to improve health outcomes for hepatitis C patients.

### FISCAL IMPLICATIONS

As drafted, the appropriation of \$500 thousand contained in this bill is a recurring expense to the

general fund. The bill states that any unexpended or unencumbered balance remaining at the end of FY16 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 479 or any appropriation for this program is added to the program’s existing line-appropriation in the GAA, the funds would 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 FY16, UNM HSC requested \$3.2 million for this program, a significant increase in the general fund appropriation level over FY15. While the Executive recommended \$1.99 million for FY16, or the FY15 general fund level of support, the LFC recommended \$2.3 million, including an additional \$300 thousand more than the FY15 level to educate more behavioral health and psychiatry community health workers and primary care practioners. HB 2, as passed by the House, includes a \$2.14 million general fund appropriation and the specific language targeting.

**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	\$ 1,987.5	\$ 504.9	34%
* 2016	\$ 2,143.8	\$ 156.3	8%

\* HB2/HAFC recommended level

Source: General Appropriation Acts, LFC Post-Session Reports

If SB 479 and HB 2 are enacted, Project ECHO would receive a \$2.6 million appropriation, or a \$56.3 thousand increase.

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 FY14 and FY15, Project ECHO retained hundreds of thousands in overhead fees from millions in grants and contracts. In addition, for FY15 and estimated for FY16, Project ECHO will receive more than \$850 thousand in managed care organization (MCO) contract revenue from the Human Services Department (HSD).

**SIGNIFICANT ISSUES**

Based on responses HED and UNM HSC, Project ECHO connects primary care practioners with specialists to co-manage patients with complex and related diseases. Using ECHO’s telehealth

clinics, 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. The program does not have performance measures that directly address the purpose of SB 479 – to measure health benefits of individuals with hepatitis C whose health care practitioners use or benefit from Project ECHO services. The program reports on the numbers of patient cases presented, numbers of continuing medical education (CME) courses offered, and the like.

### **DUPLICATION**

SB 479 duplicates an appropriation in HB 2.

TH/bb/aml