RURAL HEALTHCARE IN NEW MEXICO

REBUILDING OUR WORKFORCE AND STRENGTHENING THE HEALTH CARE SYSTEM

Legislative Finance Committee
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TOPICS

- Workforce Shortages are Severe
- Stabilizing Current Medical Infrastructure
- Supporting New Clinicians & Expanding Services
- Building our Future Clinician Pipeline

REMINDER OF THE CRISIS

WORK FORCE SHORTAGES ARE SEVERE

2022 SUMMARY OF LICENSED HEALTH CARE PROFESSIONALS

New Mexico has **lost** physicians since 2013:

- 308 **fewer** Primary Care Physicians
  - 181 **below** the national benchmark
- 37 **fewer** OB-GYNs (NM lost more OB-GYNs in 2022)
  - 19 **below** the national benchmark
- 20 **fewer** General Surgeons
  - 11 **above** the national benchmark
- 12 **fewer** Psychiatrists
  - 15 **below** the national benchmark

Summary of Health Care Professionals with New Mexico Licenses Practicing in the State

A. Physicians

Profession Metric	2013	2016[b]	2017	2018	2019[c]	2020	2021	Net Change Since 2013
PCPs								
# in New Mexico	1,957	2,076	2,360	2,162	1,581	1,607	1,649	-308
Total Below Benchmark[a]	153	139	126	136	336	328	334	181
Counties Below Benchmark	23	22	16	18	26	27	25	2
OB-GYNs								
# in New Mexico	256	273	282	279	230	229	219	-37
Total Below Benchmark[a]	40	31	30	39	59	56	59	19
Counties Below Benchmark	14	9	11	15	17	17	19	5
General Surgeons								
# in New Mexico	179	188	194	188	155	154	159	-20
Total Below Benchmark[a]	21	14	12	11	11	10	10	-11
Counties Below Benchmark	12	7	7	6	5	5	4	-8
Psychiatrists								
# in New Mexico	321	332	332	317	296	305	309	-12
Total Below Benchmark[a]	104	106	111	108	106	117	119	15
Counties Below Benchmark	25	26	26	26	26	26	24	-1

[a] Total below benchmark reflects the number of providers needed to bring all counties below benchmarks to national provider-to-population values without reducing workforce in counties above benchmarks.

[b] This is the first year for which DO specialties were analyzed, correcting prior years' overestimation of DOs in primary care and underestimation in OB-GYN, general surgery and psychiatry.

[c] Non-practicing providers for all professions were excluded beginning with 2019.

UNIQUE CHALLENGES NEW MEXICO MUST OVER COME

- According to a 2022 report released by the Association of American Medical Colleges, the U.S. faces a projected shortage of between 37,800 and 124,000 physicians by 2034.
  - AAMC projects by 2034 include shortages of 17,800 – 48,000 primary care physicians and 21,000 – 77,100 non-primary care physicians.
- New Mexico is competing against every other state in the union to attract and retain physicians – and solving our shortage issues will be even more challenging due to social struggles we are working to overcome and the extremely rural nature of our state.
- New Mexico's shortage is severe – Workforce Solutions reports that as of May 2023 there were **2,470** posted openings for physicians.

FOCUSING ON RURAL AREAS WILL IMPROVE HEALTHCARE ACCESS FOR ALL NEW MEXICANS

STABILIZING CURRENT MEDICAL INFRASTRUCTURE

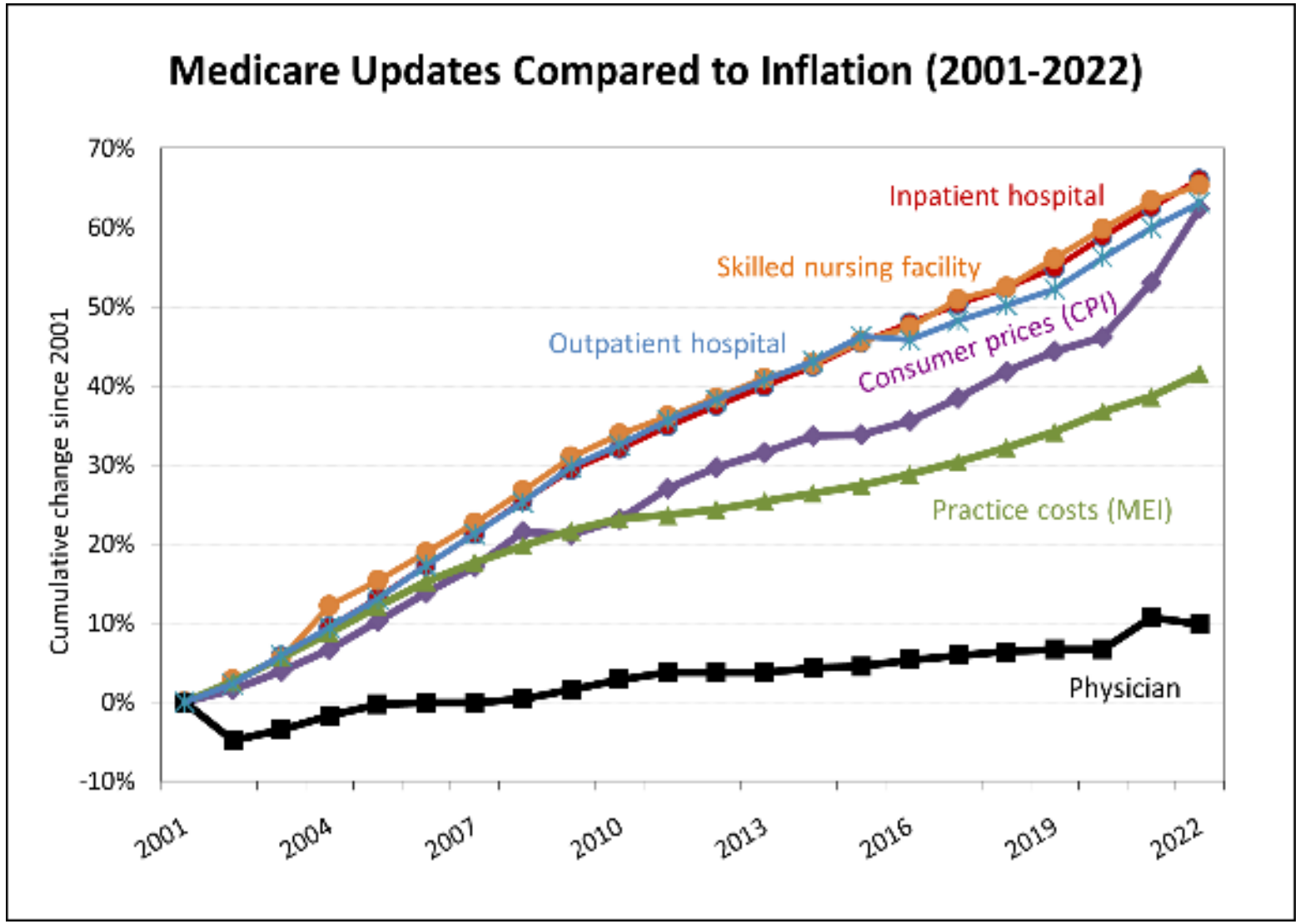
MEDICAL PRACTICES ARE UNIQUE BUSINESSES

- Why is it so hard to run a medical practice?
  - Because medicine is the **only** industry in which the business cannot control the price of the services or goods we provide.
- The rates practices receive for procedures are set through a lopsided negotiation process with an MCO where the practitioners almost always receive less payment for the service than the cost to provide it.
  - The rates for commercial plans often fall back on Medicaid and Medicare rates, which we show on the next slide are lower than practice costs.
- These rates are set, often, more than a year in advance of the service provided through the fee schedule. Some of the contracts have evergreen clauses that make it difficult for providers to renegotiate rates for years at a time.
  - This means "new price setting" cannot occur mid-year to react to growing costs.
- The only way to increase revenue is to see more patients, which is not the best quality of care, or to accept only private pay patients in which the provider can set their own prices. But most New Mexicans could never afford to receive care in that setting.

MEDICARE HELPS TELL THE STORY OF LOW REIMBURSEMENT RATES

Physicians have experienced no notable increase in Medicare in 20 years - **The proposal for 2023 was to CUT Medicare rates by 8.25%. After a year of wrangling and negotiations, the big WIN for Medicine was a CUT of 2%.**

New Mexico Medicare reimbursement rates are **lower** than our surrounding states.



FY2024 MEDICAID REIMBURSEMENTS

- In FY2023, Forty-eight percent (48%) of New Mexicans are Medicaid clients – even with the ending of the federal Public Health Emergency and requirements to disenroll ineligible Medicaid clients, a significant population in NM will continue to be served through Medicaid.
- The FY2024 budget is to be commended for the significant investment it made in Medicaid – but more must be done to stabilize and grow Medicaid reimbursements in future fiscal years.
  - New professional services fee-for-service reimbursement rates are 120% of Medicare for Primary Care, Maternal & Child Care, and Behavioral Health.
  - All other professional services fee-for-service reimbursement rates are 100% of Medicare.
- Missed opportunity for rural practices even though HB2 attempted to create a bump in Medicaid for rural medicine.
  - *The general fund appropriation to the medical assistance program of the human services department in the other category includes two million dollars ($2,000,000) for a six percent or greater rate increase for rural primary care clinics and federally qualified health centers.*
  - This 6% increase was **only** implemented for FQHCs – rural primary care practices did not receive the increase.

Medicaid and Medicare Reimbursement Rates 2023 – Rural Pediatric Practice

Top 10 Codes	2022 Average MCO Medicaid Rates	Current Medicare Rate	New Medicaid Rate as of July 1, 2023	Difference Between New Medicaid Rates and Current Medicare	Difference Between New Medicaid Rates and Current MCO Medicaid
92587 auditory test	$21.39	$7.41	$20.94	13.53	-$0.45
99177 ocular instrmnt scrn	$37.45	$35.00	$36.64	$1.64	-$0.81
99213 office op 20-29 min	$70.25	$65.66	$104.57	$38.91	$34.32
96110 develpmntl scrn	$16.69	$15.6	$16.63	$1.03	-$0.06
87804 flu assay w/ optic	$16.65	$15.56	$19.86	$4.30	$3.21
99188 app top fluoride varn	$19.26	$18.00	$18.84	$0.84	-$0.42
99173 visual acuity scrn	$37.45	$35.00	$36.64	$1.64	-$0.81
99214 office op 30-39 min	$103.00	$96.31	$148.18	$51.87	$45.18
99393 prev visit age 5-11	$110.00	$102.84	$107.65	$4.81	-$2.35
87880 strep a assay w/optic	$16.15		$19.84	$19.84	$3.69
99392 prev visit age 1-4	$110.00	$102.84	$107.65	$4.81	-$2.35
99391 per reeval infant	$110.00	$102.84	$107.65	$4.81	-$2.35
99394 prev visit age 12-17	$110.00	$102.84	$107.65	$4.81	-$2.35

Medicaid and Medicare Reimbursement Rates 2023 – Rural Orthopedic Practice

Top 10 Codes	2022 Average MCO Medicaid Rates	Current Medicare Rate	New Medicaid Rate as of July 1, 2023	Difference Between New Medicaid Rates and Current Medicare	Difference Between New Medicaid Rates and Current MCO Medicaid
97110 therapy exercises	$29.08	$28.48	$34.18	$5.10	$5.10
99213 office est20-29 min	$69.93	$87.14	$104.57	$34.64	$34.64
97140 manual therapy	$27.16	$26.28	$31.53	$4.37	$4.37
27447 total knee arthro	$1,385.95	$1,272.86	1$,527.41	$141.46	$141.46
99203 office new 30-44	$102.48	$108.64	$130.36	$27.88	$27.88
73560 xray exam knee	$28.07	$32.2	$38.64	$10.57	$10.57
99212 office est 10-19 min	$42.16	$54.22	$65.06	$22.9	$22.90
20610 drain/inj joint	$60.03	$62.70	$75.24	$15.21	$15.21
73030 xray exam shoulder	$27.4	$32.57	$39.08	$11.68	$11.68
97162 PT eval 30 min	$48.49	$92.17	$116.61	$68.12	$68.12
73502 xray exam hip	$39.05	$44.01	$52.81	$13.76	$13.76
73721 mri jnt lwr w/o dye	$223.66	$198.17	$237.79	$14.13	$14.13
29871 knee arthro drainage	$504.53	$510.08	$612.07	$107.54	$107.54

FY2025 MEDICAID OPPORTUNITIES

- NMMS encourages the legislature and executive to increase the Medicaid budget in FY2025 so rates may reach at least 150% of Medicare for primary care, maternal & child health, and behavioral health.
- Additionally, specialty care rates must increase to at least 120% of Medicare.
- The legislature and executive should consider creating parity in percentage increases for all preventative health codes to match those of primary care. For example: mammograms, colonoscopies, immunizations (including those given in pharmacies).
- Rural medicine should receive no less than 10% higher reimbursement rate for all Medicaid codes – create two fee-for-service schedules and clear rules for what "qualifies" a practice as rural.
- Facility code reimbursement rates must be no less than 150% or 120% for procedures as linked to their appropriate professional service code.
  - For example, if labor and delivery is part of maternal health, the facility code, not just the professional services code should also be 150% of Medicare
  - For example, if a colonoscopy is part of preventative medicine, the facility code for which the procedure is performed should be 150% of Medicare.
- APRNs, when billing for services, should receive 100% of what physicians receive in Medicaid – currently APRNs only receive 90% of the rate.
- HSD should create a five-year financing plan to increase Medicaid reimbursement rates to no less than 250% of Medicare no later than FY2030.

WHY IS MEDICAID SO IMPORTANT?

- Medicaid revenue is the cornerstone of most practices in New Mexico. Stabilizing this revenue stream to cover costs, and provide a cushion for reinvestment in practices, is critical to the business of medicine.
- The overall goal is to provide access to the care that is needed. Increasing Medicaid payments is the most direct way to reach that goal. Without the revenue the workforce, supplies, and up-to-date technology will not be available.
- Better revenue allows practices to:
  - Spend more time with patients.
  - Reinvest in delivering health care.
  - Offer more competitive pay.
  - Develop recruitment packages and retention bonuses.
  - Modernize practice tools.
  - Hire critical patient care team staff and administrative support staff.
  - Provide ongoing training opportunities.

SUPPORTING NEW & CURRENT CLINICIANS & EXPANDING SERVICES


2 years; $70,000
Varies; no cap
up to 5 years; no cap
Varies; no cap
2 years; $40,000
4 years; $100,000
3 years; $50,000
up to 8 years; $200,000
Up to 5 years; $230,000
Varies; No Cap
2 years; $40,000
Varies; No Cap
2 years; $20,000
4 years; $80,000
Up to 4 years; $100,000
Up to 4 years; $120,000
Varies; no cap
2 years; $50,000
2 years, $120,000
5 years; $200,000
3 years; $90,000
varies; $105,000
2 years; $50,000
Up to 4 years; $90,000
4 years; $140,000
varies; $100,000
2 years; $70,000
up to 4 years; $150,000
Varies; no debt
3 years; $75,000
2 years; $50,000
4 years; $160,000
4 years; $160,000
4 years; $100,000
3 years; $90,000
Varies; depends on specialty
2 years; no cap

MAJOR IMPROVEMENTS TO NM LOAN REPAYMENT LAW

- HB209 Health Professional Loan Repayment: Rep. Kristina Ortez, Rep. Gail Armstrong, Rep. Joshua Hernandez, Rep. Natalie Figueroa, Rep. Reena Szczepanski
- This bill made two major improvements to the law: (1) allows specialists, not just primary care, to apply for loan repayment; (2) increases years of commitment from two to three.
- The law does not specify **how** the Higher Education Department must structure the loans, just that they be available. But in order to restructure our loan program, it **must** be fully funded.
- The Executive recommended $30 million in loan repayment in the 2023 legislative session.
  - The 2023 General Appropriation Act providers $5 million recurring and $10 million non-recurring in FY2024.
  - NMMS encourages the legislature to **fully fund** the loan repayment fund – at least $30 million – in FY2025.
- Once the loan repayment fund is fully funded, the Higher Education Department may consider restructuring loan repayments to provide retention "bonus" payments and higher annual awards.

RURAL HEALTHCARE DELIVERY FUND

- SB7: Rural Healthcare Delivery Fund sponsored by Senator Liz Stefanics, Representative Gail Armstrong, and Representative Marian Matthews.
  - Executive Budget request was $200 million non-recurring for the fund.
  - House Bill 2 appropriated $80 million non-recurring for FY2024.
- Initial interest in the program is off the charts – technical assistance webinar last week had over 120 attendees.
  - It's expected that initial applications due this fall will far exceed the $80 million appropriated for FY2025.
- NMMS encourages the legislature to fully fund the Rural Healthcare Delivery Fund with an additional $120 million appropriation in FY2025 and consider future appropriations based on needs identified by community practices.
- NMMS encourages the legislature to make one amendment to the Rural Healthcare Delivery Fund Act.
  - Only services delivered in a county with a population of less than 100,000 are eligible for funding. Functionally, this means Bernalillo, Doña Ana, Sandoval, Santa Fe, and San Juan Counties are excluded from the fund.
  - The legislature should amend the statute to make services delivered in a county with a population of less than 125,000 eligible for funding. This would make services delivered in Sandoval and San Juan Counties eligible for funding.

OFFERING ADDITIONAL INCENTIVES TO HELP RECRUITMENT

- Housing – a great example of state sponsored housing in recruitment efforts is teacherages in rural districts across New Mexico. The state offers free housing to young teachers as part of an "incentive package" to encourage them to move there. Replicate this for new health care clinicians – not just physicians. State capital outlay dollars can be used to build housing with community partnership and partnership from local hospitals or practices. Free, or low-cost housing, can be provided upon signature of a multi-year contract to practice in the community.
- An additional solution could be to expand rental assistance programs to include health care clinicians.
- Support for the physician's family with hospital/clinics offering in-house childcare and "sick" childcare.
- We must also support health care workers in taking personal time necessary to avoid burn out – meaning they need to be able to take vacation and still receive personal income tax credits.
  - HB351 Rural Health Tax Credit Eligibility: Rep. Jenifer Jones decreased the total number of hours a clinician must work to receive the credit.
  - HB38 Rural Health Care Practitioner Additions: Rep. Miguel Garcia added necessary and essential clinicians to the credit.

NM HEALTH CARE BUSINESS LIAISON

- Medical school graduates and residents learn **nothing** in school about the business side of practicing medicine and are ill-prepared to open a private practice on their own.
- NMMS encourages the state to create a NM Health Care Business Liaison in the Economic Development Department which can be a "one-stop shop" to help medical entrepreneurs open a medical or behavioral health care practice. The legislature could codify this liaison in statute to ensure its longevity.
- This liaison would have expertise in assisting new practices in:
  - Grant opportunities (NMFA, HCAD, DOH)
  - Medicaid enrollment (HCAD)
  - Taxes (TRD)
  - Insurance enrollment & credentialing (OSI)
  - Licensure (BOM)
  - Workforce recruitment and training (EDD – JTIP, LEDA; WFS)
  - Recommendations for other supports (attorneys that specialize in health care, malpractice coverage, EHRs, Coding and Claims)

CONFIDENCE IN "PRACTICING ALONE"

BUILDING OUR FUTURE CLINICIAN PIPELINE

NEW MEXICO IS A UNIQUE PRACTICE ENVIRONMENT

- We must recognize that in order to recruit and retain physicians, our state requires an entirely different system of support for new or "urban-transitioning" physicians – we must support clinicians so they are confident to practice in our communities despite lack of access to other health care clinicians, equipment, and treatment modalities.

OTHER STATES ARE LEADING IN RESIDENCY PROGRAMS

- Several other states have made a real commitment by created **state-funded Graduate Medical Education (GME)** to truly prepare physicians for practice in rural communities.
  - Texas Tech - Accelerated Family Medicine Program – an innovative 3 yr accelerated medical school curriculum that culminates in a MD degree and leads to a standard 3-year family medicine residency in Lubbock, Amarillo, or the Permian Basin.
  - Oregon - OHSU and UC Davis partnered (via an AMA "Reimagining Residency" grant called the California Oregon Medical Partnership to Address Disparities in Rural Education and Health (COMPADRE) which places hundreds of medical students and resident physicians to train at rural health systems including 5-week required rotations so they can gain experience working side-by-side with successful, confident role models in rural health care delivery.
  - OHSU family medicine launches in 2024 a graduate medical education and Rural Tract Program (RTP) – residents spend intern year at Oregon Health and Science University in Portland, then 2 years in a rural critical access hospital.
  - Oklahoma - Rural Medical Tract at OSU where students shadow rural physicians and complete clinical core rotations at community based primary care residency sites.
- NMMS encourages the legislature to fully fund rural rotations for medical school students and to allocate planning money in FY2025 for state-funded GME programs that could be implemented in FY2026.

INTEGRATING MEDICAL TRAINEES IN COMMUNITY PRACTICES

- Public Education – state agencies should coordinate career and technical education (CTE) funding to prioritize programs aligned with state workforce shortages
  - Require high schools receiving state CTE dollars to have health care components – APN programs, registered nurses, EMT, Pre-Med, etc.
- Provide tax incentives to health care clinicians or their practice when they:
  - Create a paid internship for a high school student (e.g. summer job);
  - Create a paid internship for a college student – rural health medicine internships with our community providers;
  - Become a preceptor for a health care student in training (medical students, nurses, behavioral health, residents , etc.).
- Encourage local practices and rural hospitals to train medical students, Residents, and APRNs through Medicaid differential.
  - Independent practices in Oklahoma take medical students from Oklahoma State University in exchange for an enhanced Medicaid rate.
  - Oklahoma uses a tiered approach and offer 5% to 20% above the base Medicaid rate based on the number of students the practice agrees to train.

NEW MEXICO MEDICAL SOCIETY

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