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FISCAL IMPACT REPORT

SPONSOR: Lopez DATE TYPED: 02/03/03 HB _____

SHORT TITLE: Fund Health Professional Recruitment in NM SB 293

ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$500.0			Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB182, Expansion of the NM Health Service Corps.

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

Responses Received From

Department of Health (DOH)
Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

Senate Bill 293 appropriates \$500.0 from the general fund to the Department of Health for expenditure in fiscal year 2004 to contract with a qualified health professional recruitment agency to expand recruitment efforts. Health professionals to be recruited including both allopathic and osteopathic physicians, dentists, physician assistants, nurse practitioners, certified nurse midwives and clinical nurse specialists. Recruitment would occur for employment by or through state agencies.

Significant Issues

Currently, 29 of New Mexico's 33 counties are designated as Health Professional Shortage Areas

(HPSAs) for primary care by the US Department of Health and Human Services; 25 are designated as HPSAs for dental care; and 28 are designated for psychiatrists (mental health). DOH states that the appropriation included in SB 293 would allow for targeted expanded recruitment of specific health care professionals.

PERFORMANCE IMPLICATIONS

The \$500.0 appropriated by SB293 would increase DOH recruitment-service funds by 250% over the current year's budget and expand recruitment efforts to all healthcare services provided by or through state agencies.

The Rural Primary Health Care Act (RPHCA) (24-1A-1 to 24-1A-4 NMSA 1978), administered by the Department of Health, Public Health Division, Primary Care/Rural Health Bureau, provides for a program to recruit and retain health care professionals in underserved areas.

Current recruitment funds (refer to fiscal implications below) are contracted to New Mexico Health Resources, Inc. (NMHR), a private non-profit agency organized in 1981 to support state-wide health professional recruitment and retention efforts (<http://www.nmhr.org>).

HPC supplied the following NMHR performance statistics:

- NMHR has an average placement rate of 25 per fiscal year, but has exceeded this average by making 25 placements in the first seven months of FY03.
- At 25 placements per year with a \$200,000 contract, NMHR's recruitment costs average \$8,000 per placement. (According to AIS Physician Management, www.aishealth.com, standard health professional recruitment fees range from \$12,000 to over \$45,000 per placement.)
- NMHR usually has 250-300 statewide openings at any given time for physicians, dentists, pharmacists, nurse practitioners, nurses, and physical, occupational and speech-language therapists

A proposed performance measure is suggested if the legislation is adopted: Number of health care professionals placed and retained for six (6) months in positions of designated high need.

At NMHR's current average placement cost of \$8,000, approximately 60 placements should be achieved with the additional funds.

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 04 shall revert to the general fund.

The Executive recommendation, as part of the Governor's initiatives, includes:

- \$250.0 in general fund for expanding the NM Health Services Corps Program of DOH to assist physicians who agree to work in under-served areas in exchange for financial assistance during their residencies.
- \$750.0 in general fund to DOH for a new program targeting medical specialists in NM in

order to retain practitioners and enhance financial incentives to practice specialty medicine by providing tax-free incentive awards.

The HB 2 recommendation contains general fund of \$1,200.0 for DOH to fund salary increases for nurses and nurse's aids.

According to the Department of Health, funding (RPHCA) for the recruitment and retention program has been reduced from approximately \$250.0 in FY00 to \$215.0 in FY02 and \$200.0 in FY03.

ADMINISTRATIVE IMPLICATIONS

SB 293 would have some administrative impact upon the Department of Health. The additional appropriation would add procurement, contracting and monitoring activities to existing workloads. The Department of Health could administer this additional appropriation with current administrative resources.

RELATIONSHIP

Relates to SB182, Expansion of the NM Health Service Corps.

TECHNICAL ISSUES

The phrase "for employment by or through state agencies" (page 1, lines 22-23) is unclear.

OTHER SUBSTANTIVE ISSUES

State agencies that have experienced difficulties in recruiting health care professionals include the Department of Health, Children Youth and Families Department, and the Department of Corrections. The appropriation is silent on the need for recruiting other health care professionals. These include physical therapists, respiratory therapists, occupational therapists, pharmacists, etc.) or other mental health professionals (including Clinical Social Workers, Psychologists, Licensed Therapists and Counselors).

DOH indicates that these enhanced recruitment efforts will translate into long-term employment improvements for state agencies only if viewed in light of other factors. State agencies have had difficulties offering compensation that is competitive with the private sector and securing lists of qualified individuals from the State Personnel Office. In addition, many health care professionals are attracted by special recruitment incentives such as educational loan repayment and signing bonuses. Without comparable recruitment incentives, targeted recruitment services may only be part of the answer.

Some state agencies have responsibility for support of the health care safety net in New Mexico. Safety net agencies include community-based primary care centers, sole community hospitals, community mental health centers, community developmental disabilities programs and community substance abuse programs. The Department of Health works with many of these programs through contractual support. These safety net agencies are also experiencing difficulty in recruit-

ing health care professionals. DOH believes that the proposed appropriation in SB 293 will significantly expand the ability of the Department of Health to help meet the recruitment needs of the State's health care safety net.

HPC suggests expanding the health workforce study capacity of Health Policy Commission by increasing the health workforce studies conducted by the Health Policy Commission to allow for the development of trend analysis and projections for future health professional needs.

AMENDMENTS

DOH proposes language to include physical therapists, respiratory therapists, occupational therapists, pharmacists, clinical social workers, psychologists, licensed therapists and counselors.

DOH also indicates that SB 293 directs the Department of Health to contract with a qualified health professional recruitment agency. It may be preferable to have the appropriation targeted to " a New Mexico nonprofit corporation with federal 501(c)(3) tax exempt status which has a Governing Board of Directors whose membership is representative of the geographic areas and ethnic populations in New Mexico and is comprised of both health care providers and consumers and which is not a health care provider or association of health care providers." This would be consistent with the target of current Department of Health recruitment activities.

POSSIBLE QUESTIONS

Will agencies that currently contract with DOH be eligible to receive these recruitment services?

WD/sb:prr