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## FISCAL IMPACT REPORT

SPONSOR: Smith DATE TYPED: 2/22/03 HB \_\_\_\_\_

SHORT TITLE: NM Health Service Corps Practice Sites SB 674

ANALYST: Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: SB 494

### SOURCES OF INFORMATION

#### Responses Received From

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

### SUMMARY

#### Synopsis of Bill

Senate Bill 674 expands the definition of practices sites available in state-designated underserved areas for purposes of the New Mexico Health Service Corps program (NMHSC). SB 674 would delete the word "nonprofit" from the definition of practice site. The bill contains an emergency clause.

#### Significant Issues

The deletion of the word "nonprofit" from the definition of eligible practices under the NMHSC would expand locations eligible for health professionals under the NMHSC Program. While this expansion might be beneficial for health professionals, DOH believes that non-profit organizations that provide basic health care to high need populations would continue to experience difficulties in recruiting the health professionals they need.

The number of priority nonprofit practice sites far exceeds the number of obligated professionals serving in the NMHSC. With the current appropriation, the Department was able to provide support for 15 health professionals in training. The Department of Health (DOH) recognizes that private for-profit practice sites must also recruit health professionals to meet their needs in underserved areas. However, the department states, that the NMHSC program as originally envisioned by the legislature was to target scarce state resources into areas that clearly serve the underserved.

Because SB 674 has an emergency clause, the DOH fears that health professionals currently serving their obligations could leave their current practice sites for other locations resulting in more vacancies at nonprofit practice sites. This would further jeopardizing the fragile health care system in many parts of the state.

Conversely, the HPC reports that for profit hospitals now operate in Hobbs, Carlsbad, Los Alamos, Albuquerque, Roswell, Las Vegas, Las Cruces, and Deming and for-profit medical practices operate in most New Mexico counties. By allowing these for-profit locations to become eligible for placement, New Mexico's other counties and communities will be on a more equitable situation with respect to promoting access to care and more equitable for those NMHSC providers who wish to re-locate. HPC states that residents in these communities have also contributed tax revenues that fund the Corps and should have equal opportunity to have NMHSC providers in their communities.

### **FISCAL IMPLICATIONS**

No supplemental funds have been included in SB 674.

In FY02, the NMHSC reported spending \$307.0 (78%) of a total budget of a General Fund budget of \$427.8 on direct services:

- 12 stipend recipients (\$180.0),
- 22 obligators in service and
- 22 community service contracts (\$127.0) in sixteen counties (Geographic Access Database, Health Policy Commission).

### **ADMINISTRATIVE IMPLICATIONS**

The proposed appropriation could add additional monitoring duties to the DOH.

### **RELATIONSHIP**

Relates to SB 494, which would expand the NM Health Service Corps to include dentists, dental hygienist and psychiatrists.

### **OTHER SUBSTANTIVE ISSUES**

SB 674 expands locations for health professionals under the NMHSC Program. The NMHSC provides stipends to eligible health professionals during their last two years of training or residency. In turn the health professionals enter into legal and binding contracts with the DOH

to provide (when licensed) health services for a minimum of two years (and 1600 hours a year) in an appropriate underserved area of New Mexico. As defined in statute, these limited resources are targeted to nonprofit practice sites.

Currently 29 of the 33 counties are designated as Health Professional Shortage Areas (HPSAs) for primary care by the Department of Health and Human Services. 25 of the 33 counties are designated as HPSAs for dental care, and 28 of 33 counties are designated for psychiatrists (mental health). Currently there are over 70 vacancies at nonprofit community-based primary care centers that are located in these areas, including over 50 vacancies for Physicians, 7 for Nurse Practitioners, 8 Physician Assistants and 9 for Dentists.

In FY02, the average stipend for physician assistants and nurse practitioners was \$15,000 and the average community contract was \$5,772.

In FY02, NMHSC reported physician expenses of \$72,000 for ten community contracts and no expenses on physician stipends. Three physician obligators were in service. (Geographic Access Database, Health Policy Commission).

The anti-donation clause of the State Constitution appears to allow for the exception of aid to private corporations or association with respect to this type of program. The language reads “The State may establish by law a program of loans to students of the healing arts, as defined by law, for residents of the state who, in return for the payment of educational expenses, contract with the State to practice their profession for a period of years after graduation within areas of the state designated by law.” (NM Constitution, Article IX, Section 14 c)

**BD/njw**