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### FISCAL IMPACT REPORT

SPONSOR:	Papen	DATE TYPED:	3/3/03	HB	
SHORT TITLI	E: Amend Primary Care	e Capital Funding Ac	t	SB	800
			ANALY	YST:	Dunbar

### APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

Relates to Relates to: SB 387, HB 719, HB 850, SB 795, SB 784

#### SOURCES OF INFORMATION

**Responses Received From** 

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

#### SUMMARY

#### Synopsis of Bill

Senate Bill 800 amends and expand the Primary Care Capital Funding Act to include freestanding behavioral health clinics as an eligible entity to apply for loans, add new language that no more than fifty percent of a loan may be repaid through contracts for service, and permit refinancing of existing loans through the program.

#### Significant Issues

As reflected in the existing law, the NM Finance Authority (NMFA) and the Department of Health (DOH) jointly administer the Primary Care Capital Funding Act. SB 800 would expand the Primary Care Capital Funding Act to allow behavioral health clinics to receive loans for capital projects, which will place behavioral health serves on a parity with physical health services.

## FISCAL IMPLICATIONS

SB 800 has no appropriation and no direct fiscal implications for the Department of Health. However, the bill raises concerns of the DOH that current funding might not be adequate to meet current obligations and allow the proposed expansions.

SB 800 would expand the Primary Care Capital Fund (PCCF) to nonprofit behavioral health clinics, which will provide parity across behavioral health and physical health services. It appears that this inclusion appropriately applies only to those behavioral health clinics that operate in a rural or other health underserved area, that have less than \$10 million in assets, and which are 501 (c) (3), nonprofit organizations. SB 800 also would allow the program to be utilized for refinancing of existing loans. Both of these changes could put considerable financial pressures on the limited dollars in the fund. Currently the PCCF has a balance of approximately \$1.5 million. This amount might be insufficient to meet the needs of an expanded pool of eligible entities and could mean that the original eligible entities might not have their capital needs met or receive significantly reduced amounts.

## ADMINISTRATIVE IMPLICATIONS

SB 800 would have some administrative impact upon the DOH, which coordinates the program jointly with the NM Finance Authority. Existing Department staff would be required to spend additional staff time to develop new regulations and provide technical assistance and support to these new requirements.

## RELATIONSHIP

Relates to:

- SB 387 which would appropriate \$600,000 for the provision of women's alcoholism and substance abuse treatment services and \$400,000 for a regional medically supervised alcohol and substance detoxification program for alcoholism and substance abuse treatment and patient's psychiatric needs to a facility in Velarde, New Mexico.
- HB 719, which would appropriate \$22,500,00 for an eight-county regional alcohol treatment center in De Baca County.
- HB 850 which would appropriate \$1,700,00 to plan, design and operate a 12-bed psychiatric inpatient mental health facility in southern New Mexico.
- SB 795, which would appropriate of \$500,00 for the development and implementation of an assertive, integrated community-based psychosocial treatment and rehabilitation program in Dona Ana County.
- SB 784, which would appropriate \$60,000 for alcohol and substance abuse treatment services in Talpa in Taos County.

# **OTHER SUBSTANTIVE ISSUES**

DOH reports that the community-based non-profit primary care sector is responding to the Presidential Community Health Center Initiative for the nation aiming to double the number of new or expanded community-based primary care centers nationwide by 2006. All new centers receiving this funding are required to provide both medical and dental services to their patients. Primary

### Senate Bill 800 -- Page 3

care centers in New Mexico have competed successfully for this funding over the last few years. New or expanded centers in Silver City, Edgewood, Mora, Santa Fe, East Mesa (Dona Ana County), and Alamogordo have all benefited from this Initiative. In the current fiscal year federal applications are pending or to be submitted for new or expanded centers in Fort Sumner, Bernalillo, Socorro and Hobbs. During the next 3 years it is anticipated that at least 5-10 applications could be developed each year for new or expanded health centers in New Mexico. This would permit a significant expansion of our health care safety net. According to DOH, the expansions proposed in SB 800 might limit health center options for capital financing.

The changes proposed in SB 800 limiting the percentage for contracts for service appear to be consistent with the original intentions of the PCCF program. Currently the percentage negotiated by the Department and the NMFA is 20% which is an increased amount from that originally implemented. Clearly the intentions of the original program were that there would be some cash repayment in order to keep the fund solvent but that there also be a mechanism to permit credit for repayment through service to the sick and medically indigent patients at the facility.

HPC notes the inclusion of mental health professionals by SB800 will allow community based non-profit mental health professionals in New Mexico access to a source of lower cost capital funding than is currently available to many of them. Possibly the feasibility of capital projects will be improved, and consequently the possibility for better access to mental health services would be enhanced with their inclusion.

HPC also says that with the inclusion of mental health professional and behavioral health clinics in the capital fund as is proposed in SB800, there will a greater competition for the existing funds. Non-behavioral clinics may find the funding of their capital needs more difficult in the future, which could compromise the viability of expansion plans for some of the clinics.

### AMENDMENTS

Define which mental health professionals are included as eligible for funding under the Act.

Add "behavioral health" to page 6,line 19 after "primary care."

BD/sb