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## FISCAL IMPACT REPORT

SPONSOR Smith DATE TYPED 1/30/04 HB \_\_\_\_\_

SHORT TITLE Health Care Professional Recruitment SB 261

ANALYST Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$75.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 78 which appropriates \$750,000 to the DOH for recruitment of nurse professionals as well as other occupations listed in SB 261.

Relates to SB 229 which appropriates \$750,000 for the recruitment and retention of nurse professionals only.

### SOURCES OF INFORMATION

LFC Files

Responses Received From

- Department of Health (DOH)
- Health Policy Commission (HPC)
- NM Public Education Department (NMPED)

### SUMMARY

Synopsis of Bill

Senate Bill 261 appropriates \$75,000 from the General Fund to the Department of Health (DOH) for expenditure in fiscal year 2005 to contract with a qualified nonprofit health care professional recruitment agency to expand recruitment efforts for health professionals hired by or through state agencies. Health professionals to be recruited include allopathic and osteopathic physicians, dentists, physician assistants, nurse practitioners, certified nurse midwives and clinical nurse specialists.

### Significant Issues

Currently 29 of the State's 33 counties are designated as Health Professional Shortage Areas (HPSAs) for primary care by the federal Department of Health and Human Services for Primary Medical, Dental or Mental Health. The appropriation included in SB261 would improve the supply of health care professionals needed to meet the needs of these areas and allows for expanded recruitment of other types of health care professionals.

The shortage of health professionals and rising health care costs will continue to place significant demands on the New Mexico health care system and the state economy. Improving the supply of health care providers will help improve access to medical and dental services in rural, medically underserved, and health professional shortage areas. In addition, the DOH recently reported a 14% health professional vacancy rate. DOH states the bill would assist in the recruitment of nursing professionals in public health district offices and other settings, such as school based health centers.

### **FISCAL IMPLICATIONS**

The appropriation of \$75.0 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 05 shall revert to the General Fund.

Under the Rural Primary Health Care Act (RPHCA), \$200,800 in general funds is currently provided to a qualified non-profit agency for the recruitment and retention of primary care providers to eligible, high priority locations. However, this current funding addresses only a limited part of the need. NM has critical shortages of specialist physicians, nurses, dentists, therapists and many other health care professionals. SB261 would expand the eligible categories of health professionals who could be recruited, as well as increase the general fund appropriation for health professional recruitment and retention.

### **ADMINISTRATIVE IMPLICATIONS**

The Department of Health could administer the appropriation proposed in SB261 with current administrative resources.

The NMPED will have in place FTEs who may assist in any required collaboration with DOH nursing and physician staff.

According to HPC in FY05, the \$75.0 appropriated by SB261 increases the total DOH recruitment-service funds from \$215.0 to \$290.0 or \$425.0 less than the current year's budget of \$715.0. However, \$500.0 of the current year's budget is a one-time allocation.

### **TECHNICAL ISSUES**

DOH prefers 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 be a health care provider or association of health care providers." Reference "Amendment" below.

## OTHER SUBSTANTIVE ISSUES

In the recent past there have been several estimates of the number of health professionals needed in NM. The Health Policy Commission, the University of New Mexico and New Mexico Health Resources, Inc., have conducted studies that give a target range of the estimated number of health professionals needed in New Mexico:

- 300-500 physicians of all types, including primary care and specialists
- 800-1500 nurses of all types, and
- 50-200 dentists/dental hygienists.

Priority sites for NM health professional recruitment are the agencies that are part of the health care safety net. This includes community hospitals, State health facilities, public health offices and community primary care centers.

New Mexico public schools have experienced a nursing shortage, as the current nurse/student ratio in New Mexico is one nurse for 888.56 students. This ratio is higher than the *National Association of School Nurses and Healthy People 2010* recommendation of one nurse for every 750 students

## AMENDMENTS

In lines 18 and 19, delete “a qualified nonprofit health care professionals recruitment agency”, and replace it with “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 be a health care provider or association of health care providers.”

**BD/dm**