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FISCAL IMPACT REPORT

SPONSOR Vaughn DATE TYPED 1/31/05 HB 264

SHORT TITLE Rural Primary Health Care Clinic Funding SB _____

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$2,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 110

Relates to SB 8 and SB 11

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Health Policy Commission (HPC)

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

House Bill 264 appropriates \$2 million from the general fund to the Department of Health for the purpose of increasing the capacity of rural primary health care clinics under the Rural Primary Health Care Act to increase access to uninsured patients in New Mexico and maintain the primary care safety net.

Significant Issues

DOH notes despite significant progress over the years there are still gaps in access to dental and primary care services for many New Mexicans who reside in underserved areas of the state. The Federal government has designated all or part of 28 New Mexico counties as either medical or dental Health Professional Shortage Areas. Dental services are inadequate due to a shortage of

licensed dentists, especially in rural and remote areas of the state.

PERFORMANCE IMPLICATIONS

HPC notes this bill does not establish baseline measurement criteria to determine how primary care clinics will increase access. It is unclear whether more staff would be hired, or more clients will be treated, or more equipment will be purchased, or the services hours would be extended, etc. Additionally, the bill does not define what “cost-effective” health care services could entail.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

DOH indicates this bill would have some administrative impact upon the department. The additional appropriation would add additional procurement, contracting and monitoring activities to existing workloads under the Rural Primary Health Care Act (RPHCA) Program. DOH could administer this additional appropriation with current staff.

The New Mexico Finance Authority notes this bill would not have a fiscal or administrative impact on the Primary Care Capital Fund administered by the NM Finance Authority.

DUPLICATION and RELATIONSHIP

House Bill 264 is related to Senate Bill 8, which would appropriate \$1.2 million for similar purposes and Senate Bill 11, which would provide financial support for pharmacy services at clinics supported by RPHCA.

House Bill 264 duplicates Senate Bill 110.

OTHER SUBSTANTIVE ISSUES

DOH indicates the needs of underserved New Mexicans are met, in part, by a network of community-based primary care centers. This network provides basic services to more than 230 thousand patients each year. The Rural Primary Health Care Act (RPHCA) Program, administered by DOH, provides financial support to more than 80 clinics in the network. The majority of patients at community-based primary care centers are either indigent or Medicaid program participants. Indigent patients receive services according to sliding fee schedules, based upon their ability to pay. It is estimated that an additional 200 thousand New Mexicans statewide could benefit from the services of new or expanded health centers.

The President has established a 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 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), Fort Sumner, Socorro 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 Bernalillo and Hobbs. In addition, there have been numerous supplemental grants given to existing health centers to expand the comprehensiveness of their services to include dental and basic behavioral health care. During the next year it is anticipated that at least 5 applications could be developed for new or expanded health centers in New Mexico. This would permit a significant expansion of our health care safety net. The appropriation proposed in this bill could be used to supplement these federal grants and substantially improve access to primary medical, dental and basic behavioral health care.

HPC notes the bill supports RPHCA's priority of sustaining critical infrastructure of the approximately 70 medical and dental sites in 31 New Mexico counties.

According to the NM Primary Care Association, individual and community health primary care clinics provide access to migrant workers, homeless persons and uninsured and underinsured persons. Sixty-nine percent of all patients served by the association are below 200 percent of the federal poverty level and 117 thousand are uninsured patients.

According to HPC, an estimated 23 percent of New Mexicans lack access to primary care, and NM is ranked 4th in the nation for lacking access. (2003, Morgan Quitno Press citing US Dept. of Health and Human Services, Div. Of Shortage Designation "Selected Statistics of Health Professional Shortage Areas")

HPC also notes research published and cited in various literatures has estimated that 20 percent of Americans live in rural areas, 18 percent of rural residents are elderly, 22 percent of Medicare beneficiaries live in rural areas, rural square miles have low population densities, and medical facilities are less likely to be found in a sparsely populated rural setting.

ALTERNATIVES

HPC proposes the alternative of implement telemedicine capability and capacity for consultation and treatment, which will decrease the need to hire FTEs, purchase medical equipment, extend clinic hours, etc.

KBC/yr