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## FISCAL IMPACT REPORT

**SPONSOR** Picraux      **DATE TYPED** 2/19/05      **HB** 637/aHEC

**SHORT TITLE** Expand Primary Care Capital Funding Act      **SB** \_\_\_\_\_

**ANALYST** Kehoe

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
(See Fiscal Impact Narrative)					Primary Care Capital Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Senate Bill 456

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
(See Fiscal Impact Narrative)				Primary Care Capital Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Human Services Department (HSD)

Department of Health (DOH)

Public Education Department (PED)

New Mexico Finance Authority (NMFA)

## **SUMMARY**

### Synopsis of HEC Amendment

House Education Committee amendments provide for the following:

Items 1 and 2, make technical changes for clarity to the definition of “primary care”.

Items 3 and 4, clarifies NMFA may make a loan to a school-based health center that operates in a public school district.

### Synopsis of Original Bill

House Bill 637 amends the Primary Care Capital Funding Act to create a separate fund for long-term financing of capital projects for school-based health centers or telehealth sites, expand eligibility, and provide loan eligibility requirements.

### Significant Issues

The 1994 Legislature enacted the Primary Care Act which created a revolving fund known as the primary care capital fund for the purpose of providing loans and other financial assistance to rural primary health care clinics for infrastructure, construction, and equipment projects. The Department of Health (DOH) and the New Mexico Finance Authority (NMFA), under a joint powers agreement, carry out the purposes of the Act and jointly adopted the rules governing the financing of the primary health care projects in under-served areas of New Mexico. The current rules and regulations allow for up to 20% of loan repayments to be made in the form of contract-for-services. As of June 30, 2004, 14 loans totaling \$6.8 million have been made from the primary care capital fund and the fund has a cash balance of approximately \$1.8 million.

House Bill 637 proposes to amend the Primary Care Act to allow for long-term financing of land acquisition, infrastructure and equipment for the delivery of primary care services at telehealth sites or school-based health centers. The amendment expands eligible entities for the loan program to include a school-based health center that operates in a public school district and that meets DOH requirements or that is funded by the federal Department of Health and Human Services; or a telehealth site operated by a community-based nonprofit primary care clinic or hospice that operates in a rural or other health care underserved area of the state and that has assets totaling less than \$10 million and is a non-profit corporation for federal tax purposes.

House Bill 637 requires a separate account be maintained for appropriations made to the primary care capital fund for the purposes of financing projects for school-based health centers and telehealth sites. The bill further authorizes NMFA to make a loan to a public school district operating a school-based health center or to an eligible telehealth site for capital projects provided the loan does not exceed the amount reserved for school-based health centers or telehealth sites.

## **FISCAL IMPLICATIONS**

House Bill 637 does not contain an appropriation. However, the governor’s capital outlay funding recommendations include \$1,006 million for telehealth capital projects and \$3 million for school-based health centers from the general fund. It is not clear if additional general fund rec-

ommendations of \$300 thousand for DOH health facilities and \$800 thousand for the primary health care equipment fund would also be used for school-based health centers and telehealth sites. DOH indicates its base budget request for FY06 includes \$500 thousand for operating costs for the proposed centers and sites.

### **ADMINISTRATIVE IMPLICATIONS**

The powers and duties of both NMFA and DOH in relationship to administering the Primary care Capital Funding Act would remain the same as provided by current law. NMFA is responsible for all financial duties of the program including administering the fund, accounting for all money in the fund, evaluating and approving loans, enforcing provisions of loans and contracts, and all other financial aspects of the fund. DOH will administer the loan program and contracts for services provided under the Act including defining sick and medically indigent persons, establishing priorities for loans and contracts for services, determining appropriateness of the capital project, evaluating the capability of an applicant to provide and maintain services, selecting recipients of loans and persons with whom to contract for services, and determine compliance of capital projects with all state and federal licensing and procurement requirements. Either may, instead of a loan, contract for services with an eligible entity to provide free or reduced fee primary care services for sick and medically indigent persons as reasonably adequate legal consideration for money from the fund to the entity so it may acquire or construct a capital project to provide the services.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 637 duplicates Senate Bill 456 in its entirety.

### **TECHNICAL ISSUES**

NMFA questions the clarity of two issues within the bill: 1) May the operation of a school-based health center be contracted by the public school district to another public or private entity?; and 2) a school-based health center must operate within the school district, but must it operate on school property, or may it operate on property not owned by the district?

### **OTHER SUBSTANTIVE ISSUES**

The Medical Assistance Division of HSD describes school-based health centers as partnerships created by schools and community health organizations to provide onsite primary, preventive and mental health services to students while reducing lost school time, removing barriers to care, promoting family involvement and advancing the health and educational success of school-aged children and youth. The centers play an important role in increasing access to primary and mental health services, particularly among vulnerable, hard-to-reach or at-risk children and adolescents who may not have access to services outside of the school setting, particularly in rural and other medically underserved areas of the state.

According to DOH, the provisions of this bill support the aims of the DOH Strategic Plan to improve access to health services, improve the health of New Mexicans, prevent teen pregnancy, and prevent teen suicide.

PED indicates telehealth sites have the potential to close the gaps in healthcare access that many New Mexicans face due to the lack of medical and behavioral health specialists in their area, and the sites could bridge clinical and behavioral health specialists to the primary care provider in a virtual environment. According to PED, this bill supports the governor's initiative to double the number of school-based health centers from 34 to 68 in the next 12 months.

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