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FISCAL IMPACT REPORT

SPONSOR King DATE TYPED 2-22-05 HB 788

SHORT TITLE Nursing Leadership and Retention SB _____

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$250.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 84, SB 119, SB 394, HB 301, HB 509, HB 639

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Health Policy Commission (HPC)

Board of Nursing

SUMMARY

Synopsis of Bill

House Bill 788 appropriates \$250 thousand from the general fund to DOH for the purpose of contracting with a statewide nonprofit organization to expand the nursing workforce in New Mexico. The bill calls for establishment of a clinical teaching institute to support ongoing leadership development and best practices to increase retention among nurses in New Mexico.

Significant Issues

DOH indicates New Mexico has a serious nursing shortage, which has a direct effect on the health of patients and on the economic stability of the health care delivery sector of the economy.

Additionally, the federal Department of Health and Human Services estimates that vacant nursing positions in New Mexico will reach 25 percent in 2005, 36 percent in 2010 and 57 percent in

2020. According to the New Mexico Consortium for Workforce Development (NMCWD), one-third of New Mexico nurses are over 50 years of age. New Mexico currently produces 500 new registered nurses each year, and the Articulation Committee of the New Mexico Center for Nursing Excellence has a goal of doubling that number by 2008. New Mexico continues to experience escalating vacancies in health care facilities at a rate double the national average.

HPC indicates this bill is one of many strategies that may be needed to address the current and future nursing shortage in New Mexico. The bill is different from other nursing bills in that it specifies uses of the monies for establishing a clinical teaching institute to support leadership development and promote mentoring of best practices to retain nurses.

The Board of Nursing supports the efforts that would be made to have funding for these initiatives. The board has supported expansion of the nursing workforce for several years; more recently providing \$250 thousand over the last three years to develop a Nursing Center for Excellence for New Mexico that has the “clinical teaching institute” as a component. The Nursing Center has begun coordinating efforts to establish the goal of development of a “clinical teaching institute” but lacks the continued funding to do so. This bill would enable the progression of already begun work and would directly enhance the state of the nursing profession in New Mexico; thus, hopefully, retaining nurses.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand 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.

The Board of Nursing, per statute, sets aside \$5.00 from every renewal fee specifically directed for providing “strategies to enhance recruitment and retention of professional nurses, increase career and educational opportunities and improve interaction with health facilities administrations, the medical profession and institutions of higher education.” A “nursing excellence fund” was statutorily created to support the nursing excellence program and is to be administered by the board. Even with this fund, the anticipated revenue, if disbursed to a “nursing excellence program”, would not cover costs for a “clinical teaching institute”. Thus the need for additional funding mechanisms, such as this bill provides.

ADMINISTRATIVE IMPLICATIONS

DOH indicates current resources could manage the activities, including the Request for Proposal process, required in this bill.

RELATIONSHIP

House Bill 788 relates to Senate Bill 84, which authorizes an appropriation of \$500 thousand to the Board of Regents of New Mexico State University (NMSU) to increase the number of nursing education options in New Mexico; Senate Bill 119, which amends the Nursing Practice Act to unify Certified Medication Aide programs that currently operate in a variety of settings into one statewide program, under the regulatory control of the Board of Nursing; Senate Bill 394, which appropriates \$2 million to the Commission on Higher Education for nursing programs; House Bill 301, which appropriates \$584.4 thousand to the Board of Regents of Western New

Mexico University to expand the Bachelor of Science nursing program; House Bill 509, which creates a \$100 thousand “Nurse Educators Fund” in the Commission on Higher Education; and House Bill 639, which amends the Nursing Practice Act to unify Certified Medication Aide programs that currently operate in a variety of settings into one statewide program, under the regulatory control of the Board of Nursing.

House Bill 788 also relates to House Bill 7 which includes the following: University of New Mexico (UNM) main campus nursing expansion balances of \$1,418.2 thousand, UNM-Gallup nursing expansion balances of \$34.9 thousand, NMSU main campus nursing expansion balances of \$105.3 thousand, NMSU-Grants nursing expansion balances of \$425.7 thousand, NMSU-Carlsbad nursing expansion balances of \$35.7 thousand, NMSU-Alamogordo nursing expansion balances of \$28.4 thousand, San Juan College nursing expansion balances of \$339.3 thousand, New Mexico Junior College nursing expansion balances of \$72.7 thousand, Northern New Mexico Community College nursing expansion balances of \$28.5 thousand, Luna Vocational Technical Institute nursing expansion balances of \$ 36.1 thousand, Eastern New Mexico University (ENMU) nursing expansion balances of \$42 thousand, ENMU-Roswell nursing expansion balances of \$71 thousand, Clovis Community College nursing expansion balances of \$70.6 thousand, Santa Fe Community College nursing expansion balances of \$35.6 thousand and Western New Mexico University nursing expansion balances of \$142.7 thousand.

TECHNICAL ISSUES

The Board of Nursing notes where would the efforts for a “clinical institute” be directed?

OTHER SUBSTANTIVE ISSUES

DOH states, based on New Mexico Department of Labor and Board of Nursing data, 91 percent of the registered nurse workforce is currently employed. As a direct result of the shortage and nursing vacancies, as reported in the NMCWD survey in 2002, 72 percent of the hospitals curtailed services; 38 percent of home care agencies refused referrals; 15 percent of long-term care facilities refused admissions, and public health offices curtailed services. In spite of the reduction in the number of beds, health care facilities reported 494 vacant nursing positions.

A New Mexico Clinical Teaching Institute (CTI) was proposed at the Nursing Shortage Strategy Sessions in 2003. These sessions consisted of employers of nurses, all schools of nursing, some legislators, nursing organizations, New Mexico state personnel and some public health leaders over a three-month period in 2003. This report is posted on the New Mexico Center for Nursing Excellence web site at www.nmnursingexcellence.org.

The purpose of the CTI is to enhance nurse retention by supporting students and practicing nurses throughout New Mexico in their career development, particularly targeting best practices and skills needed as they assume roles as mentors/preceptors, managers, and leaders. The goal of CTI is to provide nurses with the skills necessary to create and support positive work environments. Because of New Mexico’s culturally diverse population, cultural diversity is a critical component of the curriculum. Appreciative inquiry and cultural diversity are not only specific education modules, but are foundational threads that run through all the other educational topics.

DOH indicates data would be collected on overall nurse retention, the retention of those attending the program, clinical care indicators, and the diversity of the workforce. An independent re-

viewer would be identified who would conduct data analysis. The CTI would be piloted in a major hospital with statewide facilities. The long term goal would be to deploy this initiative throughout the state, with targeted focus on rural areas and all areas of nursing practice to include acute, clinics, home health and long-term care. Best practices data from all professions have acknowledged that mentors are a key factor in retention of students and new employees.

The CTI has been endorsed by New Mexico Organization of Nurse Executives, New Mexico Hospital and Health Services Association, The New Mexico Nurses Association, New Mexico Center for Nursing Excellence, the New Mexico Association for Home Care, and the schools of nursing in the state.

HPC notes there is no single answer to the nursing shortage. It is a complex, multi-dimensional problem. According to the newly formed New Mexico Center for Nursing Excellence, resolution to the shortage issues “hinges on retaining the nurses we have, recruiting more people into the profession, and supporting the academic programs that educate tomorrow's nurses.”

Addressing retention issues is an important part of resolving the nursing shortage. According to the Nursing Center, “it usually costs 100 percent to 200 percent of a nurse's annual salary to fill a vacant nursing position. A turnover rate of 16 percent to 20 percent (the national average) would result in a hospital that employed 600 nurses to spend \$5.5 million to \$11 million a year in replacement costs alone.”

HPC notes no recent comprehensive study has been done on New Mexico's 18,000+ nurses regarding what factors lead to retention of nurses in New Mexico. Also, studying the current nursing students view regarding important recruitment variables would be a critical finding.

Having information on the success rate of the various programs across New Mexico in keeping their graduates in the state would be helpful for other programs to duplicate, once the findings are documented.

ALTERNATIVES

HPC notes workforce studies involved with retention of health professionals are HPC responsibilities. HPC enabling statute reads “perform needs assessments on health personnel, health education and recruitment and retention and make recommendations regarding the training, recruitment, placement and retention of health professionals in underserved areas of the state.” For example, the 2003 report on physicians, conducted by HPC, did provide solid fact driven data from thousands of New Mexico physicians on why they were considering leaving New Mexico.

HPC expresses interest that the work done by the proposed clinical teaching institute could be a collaborative project with HPC.

HPC also indicates a Con Alma grant application was submitted by the New Mexico Center for Nursing Excellence to pilot a mentoring and management course for nurse-managers, and to increase staff nurses' satisfaction in the workplace. An application for a Health Resources and Services Administration grant will be submitted to establish and fund ongoing training through academic and service partnerships.