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FISCAL IMPACT REPORT

ORIGINAL DATE 1-20-06

SPONSOR A. Lujan LAST UPDATED _____ HB 155

SHORT TITLE NM Rural Primary Care Clinics SB _____

ANALYST Collard

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$3,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 16
Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
New Mexico Primary Care Association (NMPCA)

SUMMARY

House Bill 155 appropriates \$3 million from the general fund to DOH pursuant to the Rural Primary Health Care Act (RPHCA) to sustain and increase the capacity of rural primary care clinics to provide access to quality and cost-effective health care services for uninsured patients and to maintain the state's primary care safety net.

FISCAL IMPLICATIONS

The appropriation of \$3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

DOH indicates this bill is a proposal that came out of the interim work of the Legislative Health and Human Services Committee. Primary care needs of underserved New Mexicans are met, in part, by a network of community-based primary care centers. The Rural Primary Health Care Act program administered by DOH provides financial support to 82 clinics statewide through

contracts with community-based nonprofit organizations and governmental entities. In FY05, these clinics reported over 750,000 primary care patient visits. The FY06 budget for these contracts to clinics is \$8,497.5.

NMPCA indicates, according to the HRSA Uniform Data Report for New Mexico – 2004, no additional dollars were received from federal sources in FY04-05 for community primary care health centers and no additional funds will be available in FY05-06, which ends September 30, 2006. In 2004, the 14 federally-funded health centers lost \$2.4 million (almost \$200 thousand on average). NMPCA notes final figures are not yet in for 2005, but losses at several organizations for are projected to be even higher. Several sites have spent down nearly all operating reserves and without additional support clinics will be faced with cutting back on services and the number of patients served. Those facing the largest loses may have to close sites.

NMPCA states the \$3 million in additional support sought in this bill will offset the cost of 50,000 additional visits to New Mexico's uninsured population and keep primary care clinics functioning while the insurance crisis is remedied.

SIGNIFICANT ISSUES

NMPCA states 25 non-profit and community based primary care organizations and local governmental clinics receive support under RPHCA. Collectively these clinics serve 275,000 New Mexicans at 135 medical, dental, and school-based health clinics in 31 counties. Despite broad-based efforts, the number of uninsured patients has risen in New Mexico. The increased demand from the uninsured coupled with steadily rising health care costs is threatening the stability of the primary care safety net clinics

NMPCA also notes medical inflation was up 4.3 percent in the 12 months ended September 2005 (US CPI) and the demand for care has risen dramatically at primary care clinics. Patients served annually are up 6 percent in the past year, from 260,000 to 275,000 New Mexicans. Because Medicare enrollment declined and employer-based insurance is becoming more unaffordable, virtually all of the new patients are uninsured.

RPHCA-supported clinics serve over 125,000 uninsured New Mexicans, nearly 1 in 3 of the state's uninsured. Sixty percent are below 100 percent of federal poverty and 84 percent are below 200 percent. By providing services to uninsured and low-income New Mexicans, the clinics help prevent New Mexico's uninsured crisis from translating into a health care access crisis and provide the only access to care in many rural communities. Unfortunately over the past 18 months the above factors have put the basic stability of the community-based primary care clinics at risk.

DUPLICATION

House Bill 155 duplicates Senate Bill 16.

KBC/mt