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FISCAL IMPACT REPORT

ORIGINAL DATE 2/9/06

SPONSOR Tsosie LAST UPDATED _____ HB _____

SHORT TITLE McKinley County Cancer Center SB 578

ANALYST Lewis

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	3,500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB581 (Cancer Prevention, Research & Education).
 Relates to SB470 (Cancer Prevention, Research & Education).
 Relates to HJM 31 (UNM Cancer Treatment Center, in Recognition).

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Health Policy Commission (HPC)
 Higher Education Department (HED)
 Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 578 appropriates \$3,500,000 from the general fund to the Higher Education Department for expenditure in fiscal year 2007 to meet the required state match, contingent upon the award of federal funds, for the establishment of a clinical cancer center in McKinley County and for health-related courses at the Gallup branch of the University of New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$3,500,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

According to a December 5, 2005 article in the Gallup Independent (web edition), two organizations, the University of New Mexico (UNM) and New Mexico Oncology Hematology (NMOH) are “vying for the privilege” of building a new cancer center in Gallup, and the state has asked the McKinley County Board of Commissioners for its preference. The McKinley County Development Foundation, a local non-profit that helps bring new businesses to the area, has backed NMOH. Gallup’s Rehoboth McKinley Christian Hospital, which says it doesn’t have the funds to build its own cancer center, has taken a position in support of UNM.

The Gallup Independent article concludes that, whichever organization proceeds with the new cancer center, “A cancer center in Gallup would cut down the time local cancer patients have to travel to receive most of their treatment. Cancer patients in Gallup must now make the two-hour drive to Albuquerque for radiation treatment. For patients on the reservation, it can take even longer.” (<http://www.gallupindependent.com/2005/dec/120505cncrcntr.html>)

According to the Department of Health (DOH), New Mexico Oncology Hematology (NMOH), a private medical specialty practice in Albuquerque, is planning to provide fully integrated oncology services in the Gallup area, including radiation therapy with an on-site state-of-the-art linear accelerator. Ground has been broken on a 14,000 sq-ft cancer treatment center, which should be completed by August 2006 with clinical services available in September 2006. The NMOH business plan includes contracting with Medicaid, Medicare, Indian Health Services, and providing 20% of services to the uninsured at no cost.

DOH expresses concern that the appropriation in SB 578 appears to fund a second comprehensive cancer center which may not be viable for the area.

According to the Higher Education Department (HED), this request was not in the list of priority projects submitted by UNM to HED for review. Consequently, this request was not included in the Department’s funding recommendation for FY07.

HED offers no information about UNM/HSC’s plans for a cancer center in McKinley County, or about the need for additional health-related courses at UNM-Gallup.

ML/nt