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FISCAL IMPACT REPORT

ORIGINAL DATE 01/22/07

SPONSOR Lujan, A LAST UPDATED _____ HB 78

SHORT TITLE Primary Health Care Appropriation SB _____

ANALYST Geisler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$3,000.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$61.4	\$61.4	\$122.8	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

Duplicates: Senate Bill 91

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

New Mexico Primary Care Association (NMPCA)

SUMMARY

Synopsis of Bill:

House Bill 78, for the Legislative Health and Human Services Committee, would appropriate \$3 million from the general fund to the Department of Health (DOH) in FY 2008 pursuant to the Rural Primary Health Care Act (RPHCA) to support operating costs associated with providing uncompensated care to low income, rural and underserved New Mexicans and to maintain the state's primary care safety net.

FISCAL IMPLICATIONS

The proposed appropriation represents a \$3 million increase to the FY07 general fund base budget of \$10.3 million. The executive budget recommendation also recommends an appropriation of \$3 million for this program. DOH notes that an additional FTE would be required at an estimated cost of \$61,400 plus start-up costs (space, computer, licenses, etc.) to support the program.

SIGNIFICANT ISSUES

Despite ongoing progress in addressing health care needs, New Mexicans continue to lack access to medical and dental health care services. The RPHCA program, administered by DOH, provides financial support to 82 clinics statewide through contracts with nonprofit organizations and governmental entities. In FY 06, these clinics reported over 780,000 primary care patient visits.

The NM Primary Care Association provides that due to increased demand from the uninsured and rising costs, the primary care clinics lost \$2.3 million in 2004 and \$2.8 million in 2005, despite implementing austerity measures. Figures for 2006 are not final, but losses are projected to be worse. A \$3 million injection of operating capital is necessary now, according to the association, if primary care clinics are to maintain the increased capacity they have developed to serve New Mexico's rural, underserved, and uninsured populations.

ADMINISTRATIVE IMPLICATIONS

House Bill 78 would have administrative impact upon DOH. At nearly one-third of the current appropriation, the appropriation in SB91 would require additional procurement, contracting and monitoring activities of the RPHCA Program. Considering current staffing levels, one additional FTE (salary and benefits) would be required.

DUPLICATION

House Bill 78 is duplicated by Senate Bill 91. In addition, the executive budget recommendation for DOH includes \$3 million in new funding for this program.

OTHER SUBSTANTIVE ISSUES

More information on primary care clinics from the NM Primary Care Association:

- 135 Primary Care medical, dental, and school-based health clinics serve 292,000 New Mexicans in 31 counties around the state. They are cost-effective, high quality, culturally competent providers of comprehensive health care and serve 133,000 uninsured patients (one in three of New Mexico's uninsured).
- In 2005 Primary care clinics spent over \$140 million providing care. With State, federal, and local support, Primary Care Clinics provided over \$36 million of subsidized care to low-income, uninsured New Mexicans. Patients received these discounts "up front". They were not first billed for this uncompensated care or turned over to collections. This policy encourages patients to access to the appropriate level of care, before more serious and expensive conditions arise.

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- No group of providers can continue to provide “uncompensated care” and maintain its capacity, infrastructure, and financial viability for any extended length of time. The primary care clinics have reached that point. Many are facing the dilemma of not filling vacancies, cutting back hours and closing sites, despite increasing demand for services. When primary care services to the uninsured are cut back, far more costly bills come due at emergency rooms and hospitals. The state is then asked to finance this increase in uncompensated care.
- The Governor’s proposal to insure more New Mexicans (if enacted), will help many of our patients and help stabilize primary care clinics financially. However, the impact will not likely be felt for over a year and even these proposals will still leave over 300,000 uninsured and needing services. The Governor has recognized this fact and included the \$3 million dollar request in his Executive budget.
- New Mexico has one of the better rural and low-income primary care safety nets in the nation. Sustaining this critical infrastructure should be a priority for all New Mexicans.

GG/mt