

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/24/07

SPONSOR Picraux LAST UPDATED _____ HB 171

SHORT TITLE Southwestern NM Primary Care Residences SB _____

ANALYST Geisler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$175.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 163

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Hidalgo Medical Services (HMS)

SUMMARY

Synopsis of Bill

House Bill 171, for the Legislative Health and Human Services Committee, proposes to appropriate \$175,000 from the general fund to the Department of Health to provide training and related services for primary care residents in southwestern New Mexico in order to help rural communities recruit and retain physicians pursuant to the provisions of the Rural Primary Health Care Act. Any remaining balance at the end of fiscal year 2008 would revert to the general fund.

FISCAL IMPLICATIONS

There is no funding for this program in the proposed FY08 operating budget of the Department of Health. DOH would likely have to award these funds via a competitive bid process.

SIGNIFICANT ISSUES

The program proposed in HB171 would provide funding for training and related services in a primary care residency program in Southwestern New Mexico. This would be a new residency program that would train medical residents in an underserved area. Health professionals typically work in areas similar to where they are trained, so the new residency program would likely be an effective way to recruit and retain physicians in southwestern New Mexico, a chronically underserved area.

One medical organization that has expressed an interest in funding for this type program is Hidalgo Medical Services, which is a comprehensive community health center serving Grant and Hidalgo counties. HMS proposes to develop 5-7 full time equivalent resident positions in the Silver City area in collaboration with UNM and Memorial Medical Center in Las Cruces. HMS will partner to create a “1+2” program for family physicians where the first year of post-medical school training for 2 residents per year is done in either Las Cruces or ABQ and the 2nd and 3rd years are done full time in Silver City. The program also proposes to rotate 3 FTE residents in Pediatrics, Psychiatry, Dentistry and potentially in Internal Medicine in the community annually. The total program costs are in excess of \$1 million dollars, of which approximately 40% comes from Medicare GME payments; 20% from local support, and the balance from \$100,000 in state funds to be matched by federal Medicaid dollars for the 40% balance. \$75,000 is requested for UNM resident contracts.

TECHNCIAL ISSUES

DOH notes that the development time to establish a new residency program is significant, and questions if the proposed program would be in operation before the end of the fiscal year. If this is the case, it may be preferable to appropriate funds for planning and development of the new program. DOH also notes that the costs to establish and maintain the program may be higher than the appropriation.

OTHER SUBSTANTIVE ISSUES

HMS provided the following background on the shortage of primary care physicians:

In 2003, 88% of medical school graduates in the U.S. chose sub-specialty medicine residencies over primary care. Similarly, only 18% of residents in New Mexico complete training as primary care physicians, approximately 30 annually. The need for primary care providers throughout the state is literally in the hundreds, especially if dentists and psychiatrists are included. As the populations of Albuquerque and the state have grown, UNM can no longer be expected to be the sole producer of primary care physicians. As family practice residencies in Roswell, Las Cruces and Santa Fe have shown, greater numbers of primary care physicians who train in or near rural areas tend to stay there, compared to their urban counterparts. Studies show that an adequate primary care workforce can serve to reduce mortality and keep the cost of health care down. The U.S. Council on Graduate Medical Education recommends a physician workforce of 50% primary care and 50% sub-specialists in the U.S.