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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/15/07

SPONSOR Sharer LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Preventive Health Pilot Program SB 916

ANALYST Hanika Ortiz

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$160.0	recurring	general fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

Senate Bill 916 appropriates \$160 thousand from the General Fund to the DOH for a preventive health pilot program in rural areas of northwest New Mexico that works to identify and improve the health of persons who suffer from diabetes, heart disease, obesity or other preventable health conditions.

### FISCAL IMPLICATIONS

DOH reports that New Mexico spends an estimated \$324 million annually on direct adult medical expenditures (preventive, diagnostic and treatment services) attributed to obesity. Of this, \$51 million is spent within the Medicare population and \$84 million is spent within the Medicaid population (Finkelstein, et al., 2004). The business sector also bears significant costs through lost work time, decreased productivity and health benefit costs.

The appropriation of \$160 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund. Even though the appropriation is for a pilot program and assumed non-recurring; the appropriation is actually recurring because with the successful completion of any pilot

program there will be an expectation that the services provided continue. Also, DOH reports that a single year of funding may be insufficient to see an impact on outcomes for the health issues in the targeted population.

SB 916 is not part of the Governor's Executive Budget request. Both the Executive and Legislative recommendations contain \$1 million from Tobacco Settlement Funds for diabetes prevention and treatment. Of this amount, almost \$700,000 is used to support contract services and more than \$150,000 is used to purchase medical supplies.

### **SIGNIFICANT ISSUES**

DOH reports that approximately 1 in 11 adults or 130,000 New Mexicans have diabetes. In 2003, Cibola, McKinley and San Juan counties had 17,440 adults with diabetes. Those with diabetes are at risk for limb amputations, blindness, end-stage kidney disease and cardiovascular disease. Children are at increasing risk for type II diabetes due to obesity, poor nutrition, and lack of physical exercise.

DOH further reports that medical care and lost productivity for a person with diabetes averages over \$13,000 per year totaling in excess of \$1 billion a year for the state. With diabetes on the rise, especially among children, these costs are increasing. Over 50% of adults in New Mexico are overweight or obese, putting them at risk for diabetes. A New England Journal of Medicine study indicated that one out of seven cases of diabetes can be prevented in at-risk populations through exercise and diet. This could potentially save New Mexico an estimated \$128 million every 3 years based on 11,997 cases of diabetes prevented.

Heart disease and stroke continue to be two of the leading causes of death and disability in NM. In 2005, more New Mexicans (3,376) died from heart disease than any other cause, accounting for 22.7% of all deaths; stroke was the fifth leading cause of death, responsible for 4.2% of mortality (625 deaths). Heart disease and stroke caused the greatest number of deaths in New Mexicans ages 65 years and older. Heart disease was also the second leading cause of death in those 45 to 64 years old and the fourth leading cause in those 25-44 years old, representing an unfortunate number of years of productive life lost.

### **PERFORMANCE IMPLICATIONS**

DOH will be the administrator for this appropriation

### **ADMINISTRATIVE IMPLICATIONS**

The bill is unclear how the pilot program will accomplish its goals as the area served is a very large territory.

### **OTHER SUBSTANTIVE ISSUES**

Adults living in New Mexico's northwest region have statistically higher rates of obesity (23.4%) than those living in Bernalillo County with a rate of 17.5%. Hispanic (62.5%) and Native American (73.3%) adults have statistically higher rates of overweight and obesity than do White, and non-Hispanic adults (51.3%) in New Mexico.

Native Americans, Hispanics, African Americans, and rural communities are populations that experience diabetes-related disparities. The counties in the Northwest are either rural or frontier. Cibola, McKinley and San Juan have a larger percentage of Hispanics and Native Americans than non-Hispanic Whites. American Indians are about 3 times more likely to have diagnosed diabetes than non-Hispanic Whites. Hispanics, as well as African-Americans are about 2 times more likely to have diagnosed diabetes than non-Hispanic Whites (Centers for Disease Control and Prevention 2004). American Indians are approximately 3.5 times more likely to have an amputation than non-Hispanic Whites (Health Policy Commission, NM Hospital Inpatient Discharge Data, 2002; Santa Fe Indian Hospital data, 2001).

Data for men ages 35 and older from 1996-2000 show New Mexican Hispanics and American Indians to have age-adjusted heart disease mortality rates that are 12% and 18% higher than their respective national counterparts. Comparable data for women shows New Mexican Hispanics having an 8% higher heart disease mortality rate. Stroke mortality data for men ages 35 and older from 1991-98 demonstrates that Hispanics and American Indians in New Mexico have age-adjusted rates that are 26% and 25% higher than these groups nationwide; the disparity is even greater for New Mexican Hispanic women whose rates for dying from a stroke are 40% higher than national rates.

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

No additional state funding will be available for a preventive health pilot program in rural areas of northwest New Mexico that works to identify and improve the health of persons who suffer from diabetes, heart disease, obesity or other preventable health conditions.

AHO/nt