F I S C A L   I M P A C T   R E P O R T

SPONSOR Papen **ORIGINAL DATE** 1/25/19 **LAST UPDATED** **HB**

SHORT TITLE Local Gov't Primary Care Clinic Funding **SB** 126

ANALYST Kehoe

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Senate Bill 280

SOURCES OF INFORMATION
LFC Files
New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Bill

Senate Bill 126, endorsed by the New Mexico Finance Authority Oversight Committee, amends the Primary Care Capital Funding Act to allow local government-owned primary care clinics to be eligible for funding from the primary care capital fund (PCCF).

FISCAL IMPLICATIONS

Senate Bill 126 does not have a fiscal impact on the state general fund. The PCCF was initially capitalized with $5 million from the state general fund in 1994, but has not received state funds since. The Legislature reverted $2.81 million from the PCCF in 2011 to aid with the state's solvency issue. To date, NMFA has made 19 loans totaling approximately $11.5 million from the PCCF. The current capacity available for loans from the fund is approximately $3.5 million, attributable to loan repayments and an early pay-off loan from a hospice center located in Mesilla.

The fund is jointly administered by the New Mexico Finance Authority (NMFA) and the Department of Health (DOH). Under a Joint Powers Agreement with DOH, the NMFA is responsible for originating, servicing, and monitoring loans to eligible entities recommended by the DOH. Under rules promulgated by DOH, borrowers from PCCF may qualify for annual forgiveness of principal and interest on the loan if the borrower provides services at free or reduced costs to sick and medically indigent patients, thus making the fund attractive to new or expanding clinics.

The Act does not currently allow NMFA to recover costs associated with administering the PCCF.
Senate Bill 126 would allow the NMFA to recover the costs of administering the fund and originating loans for up to an amount equal to 10 percent of original loan amounts from the fund. According to NMFA, as of June 30, 2018, accumulated "unreimbursed" costs for administering the fund totaled nearly $570 thousand.

SIGNIFICANT ISSUES

The Primary Capital Care Act, including the PCCF, was created to provide financial assistance to non-profit primary care clinics in rural and medically underserved areas. The purpose of the PCCF is to make low-cost loans to primary care providers for acquisition, construction, and renovation of facilities statewide. In 2005, the eligibility was broadened to include eligibility to school-based health centers, telehealth sites, and all non-profit primary care providers. The NMFA and DOH are required annually to file separate reports governing the activities of the PCCF.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 280 includes an appropriation from the PCCF for renovations and improvements at the Sierra Vista Hospital located in Truth or Consequences in Sierra County.

OTHER SUBSTANTIVE ISSUES

The NMFA reports, "according to the New Mexico Primary Care Association, nearly 1.7 million patient visits were made in 2017 to New Mexico centers for medical, dental, mental health, substance abuse, vision, health education, and case management. The PCCF provided many of the centers with low-cost funds for capital projects to expand their services to meet the demand for medical assistance."

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The NMFA states, "government-owned facilities would not be eligible for financing from the PCCF, and the program will continue to be underutilized. The NMFA would continue to operate the program and pass the administrative costs to unrelated programs.

LMK/al