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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED

SPONSOR Armstrong, D HB 67

SHORT TITLE Primary Care Council Act SB _____

ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate, but likely to be a decrease in expenditures; see fiscal implications			Recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 23

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the Superintendent of Insurance (OSI)

Medical Board (MB)

Human Services Department (HSD)

No Response Received

Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 67 would establish an unpaid primary care council to advise state government and especially the Department of Human Services in finding means to increase New Mexicans' access to health care while improving their health and controlling the costs of health care. The bill council would consist of members from the Department of Health, the Department of Human Services and the Office of the Superintendent of Insurance; from an organization representing federally-qualified health care centers (FQHCs), and five members representing statewide primary care provider organizations. There would be thirteen advisory non-voting members.

The group would elect a chair, meeting at her/his call, and would be staffed through HSD. Among its activities, the council would look at the proportion of medical expenditures going to

primary care (as compared with specialty and hospital services), look at national models for guidance on planning, assess barriers to care in all parts of New Mexico, work with other statewide stakeholders and committees to develop solutions to New Mexico's health care shortages. And recommend policies and legislation for adoption.

Using its study of other models and of local data, the primary care council would be charged with developing a five-year plan to address access to care, quality of care, and cost of care through means of increasing primary care provider availability in New Mexico. It would report each year to the interim Health and Human Services Committee and the Legislative Finance Committee on its recommendations.

FISCAL IMPLICATIONS

There is no appropriation in this bill. As pointed out by OSI, "Expansion of access to and reduced costs for primary care services could potentially decrease insurance premiums for the citizens of the state."

HSD concurs with the point that a greater availability of quality primary care would decrease total health care expenditures, stating that it has already spent \$73 thousand on a contracted study to evaluate the proportion of New Mexico health care expenditures devoted to primary care. HSD concluded that "The national average of primary care spending was 10.2 percent for the broad definition of primary care, while New Mexico's was only 6.8 percent."

HSD continues, stressing the likelihood that the net fiscal impact of establishing a primary care council and adopting its recommendations:

HSD is prepared to cover the cost of HB67 with existing resources as the return on investment will outweigh the nominal costs. Research shows that greater use of primary care is associated with lower costs, higher patient satisfaction, fewer hospitalizations and emergency department visits, and lower mortality (see Other Substantive Issues).

The availability of a primary care physicians in a rural areas has been shown to lead to better health outcomes such as those relating to all-cause mortality (including cancer), and heart disease. Furthermore, an increase in one primary care physician per 10,000 individuals results in: 1) an 11 percent decrease in emergency room visits; 2) 6 percent decrease in hospital inpatient admissions; and, 3) 7 percent decrease in surgery utilization. (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2690145/>; <https://jamanetwork.com/journals/jamainternalmedicine/article-abstract/2765245>).

In New Mexico emergency room visits cost Medicaid \$93.3 million in 2019. A reduction of 11 percent could generate a savings of about \$10.3 million or \$2.2 million general fund. Annual inpatient visits cost Medicaid about \$643.3 million in 2019. The study shows that an investment in primary care could result an annual savings of almost \$38.6 million or \$8.3 million general fund.

	Total paid 2019 (\$ millions)	Average % Savings/ Reduction in other states	Example of Savings in NM Based on Experience in Other States	General Fund Savings
Emergency Room Visits	\$93.3	11%	\$10.3	\$2.2
Inpatient costs	\$643.3	6%	\$38.6	\$8.3
Total Costs	\$736.6		\$48.9	\$10.5

If HB67 is enacted, HSD would need to hire additional staff to provide support to the Primary Care Council and analyze any data and policies related to primary care. This would require HSD to hire a data analyst. HSD is in the process of hiring a physician. The data analyst has not been hired at this time. HSD is prepared to cover this cost with existing resources.

In conclusion, HSD states that “The small investment in the Primary Care Council is necessary and essential to the long-term planning for healthcare investment and spending in New Mexico. There is a significant return on investment in ensuring adequate primary care resources across the state.”

SIGNIFICANT ISSUES

In a seminal 2008 article in Health Affairs, Berwick, Nolan and Whittington adduce evidence indicating the importance of what has become known as medicine’s triple aim:

Improving the U.S. health care system requires simultaneous pursuit of three aims: improving the experience of care, improving the health of populations, and reducing per capita costs of health care. (<https://www.healthaffairs.org/doi/10.1377/hlthaff.27.3.759>)

It would be the charge of the primary care council to attempt to meet each of these three aims.

ADMINISTRATIVE IMPLICATIONS

As pointed out by MB, “there may be some overlap with this new council and the current New Mexico Healthcare Workforce Committee.”

RELATIONSHIP with House Bill 23, which takes a different approach to increasing the number of primary care practitioners for New Mexico by increasing residency programs throughout the state.

ALTERNATIVES

As pointed out by HSD, “New Mexico is in the process of developing an all-payer claims database (APCD), which is a statewide data repository that includes medical claims, pharmacy claims, dental claims, and eligibility and provider files collected from private and public payers...

“Considering the complexity of the study methodology and the cost needed to accomplish the tasks proposed in HB67 for the statewide analysis, an alternative timeline could be to defer the full study

until the State has a working APCD while continuing the Medicaid analysis and assessment of the impact of the GME spending on increasing the primary care workforce.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

New Mexico would not have the opportunity to examine the data on the relationship between enabling primary care and decreasing costs while increasing access to primary care and improved quality of care.

LAC/rl