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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/24/22

SPONSOR Ortiz y Pino LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Rural Primary Care Clinician Loan Repayment Act SB 23

ANALYST Klundt/Chilton

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$117.6	\$117.6	\$235.2	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Board of Nursing (BON)

Medical Board (MB)

Regulation and Licensing Department (RLD)

University of New Mexico Health Sciences Center (UNM HSC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 23 proposes enactment of the Rural Primary Care Clinician Loan Repayment Act; providing for a loan repayment program to assist rural primary care organizations to recruit and retain eligible clinicians; and creating a fund.

The Rural Primary Care Clinician Loan Repayment Act would provide a loan repayment award for eligible organizations to hire eligible clinicians in accordance with the provisions of the Rural Primary Care Clinician Loan Repayment Act. Eligible organizations will hire an eligible clinician in an eligible underserved health care area through the creation of a Rural Primary Care Clinician Loan Repayment Act.

Eligible clinicians include: medical doctor, osteopathic physician, physician assistant, nurse practitioner, dentist, dental hygienist, dental therapist, psychologist, independent social worker, master social worker, art therapist, licensed professional mental health counselor, licensed

clinical professional mental health counselor, alcohol and drug abuse counselor, substance abuse associate, marriage and family therapist, associate marriage and family therapist.

In accordance with the provisions of the Rural Primary Care Clinician Loan Repayment Act, DOH: (1) shall establish award criteria; (2) may grant awards to eligible organizations to repay the loans of recipients; (3) will receive applications from eligible recipients who are licensed or certified to practice in the state and provide primary care services within the designated health care underserved areas of the state; and (4) shall be allowed up to 3 percent of expenditures in each fiscal year for administration of the loan repayment program.

The general form of the contract required shall be prepared and approved by the attorney general and signed by the recipient and the designated representative of the department on behalf of the state.

The "rural primary care clinician loan repayment fund" is created as a non-reverting fund in the state treasury. The fund is composed of appropriations, donations, and money earned from investment of the fund and otherwise accruing to the fund. Money in the fund is appropriated to the department to provide a revenue stream to finance the activities of the Rural Primary Care Clinician Loan Repayment Act. All money appropriated for the loan repayment program shall be credited and deposited to the fund. All payments for awards shall be made upon vouchers signed by the designated representative of the department and upon warrant issued by the secretary of finance and administration. Balances remaining in the fund at the end of a fiscal year shall not revert.

## FISCAL IMPLICATIONS

The Department of Health (DOH) reported this bill would require additional personnel to administer this program. DOH estimates the department will need \$117.6 thousand for personnel expenditures. See administrative implications for more information.

This bill creates a new fund and provides for use of appropriations, donations and income from investment of the fund's principle. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the Legislature to establish spending priorities. No appropriation is made in the current bill.

## SIGNIFICANT ISSUES

New Mexico has a significant shortage of most types of medical and behavioral health practitioners. The New Mexico Healthcare Workforce Committee 2020 Annual Report documents the shortage of physicians in New Mexico. [New Mexico Health Care Workforce Committee 2020 Annual Report \(unm.edu\)](https://www.unm.edu). The proposed eligibility changes in SB23 would increase the number of participating health care practitioners and could encourage more health care providers to provide services in underserved areas of the state. Of New Mexico's 33 counties, seven contain predominantly urban areas defined as part of Metropolitan Statistical Areas (New Mexico Rural Health Plan, June 2019: <https://www.nmhealth.org/publication/view/report/5676/>). The remaining 26 Non-Metropolitan counties are considered rural or frontier in nature. It should be noted that there are locations within Metropolitan Statistical Areas counties that are largely rural or frontier. The very large

size of New Mexico counties creates this situation. The New Mexico Rural Health Plan also includes a recommendation to increase funding for current state loan-for-service and loan repayment programs.

Under current healthcare reimbursement systems, communities with a large proportion of low-income residents and rural communities may not generate sufficient paying demand to assure that providers will practice in these locations (2020-2022 New Mexico State Health Improvement Plan: <https://www.nmhealth.org/publication/view/plan/5311>). The rural to urban migration of health professionals inevitably leaves poor, rural, and remote areas underserved and disadvantaged. Skilled health professionals are increasingly taking job opportunities in the labor market in high-income areas as the demand for their expertise rises.

Since the demands for health care services and providers continues to increase, providing incentives to health care providers who work in rural and underserved areas may help stabilize and improve health care services (2020-2022 New Mexico State Health Improvement Plan). SB23 could encourage more health care providers to provide services in rural and underserved areas of the state.

Other methods that have been used over recent time to attempt to attract and to retain health care practitioners to underserved portions of New Mexico have included

- Tax credits (see Senate Bills 17 and 38 for this year’s versions);
- Rural clinical rotations for medical and other health care students from the University of New Mexico, the Burrell School of Osteopathic Medicine, and other in-state and out-of-state institutions in rural and underserved areas;
- Expansion of residency training programs in non-metropolitan portions of New Mexico;
- Bachelor’s degree – Medical Degree (B.A.-M.D.) Program at the University of New Mexico; and
- Rural and Urban Underserved Program at University of New Mexico.

The Board of Nursing noted the following:

- Section 2 defines eligible clinicians and excludes clinical nurse specialists. Some clinical nurse specialists can provide mental health services in rural and underserved areas.
- Section 3 specifies that the eligible clinician have a valid license to practice in the state. The primary issue is how the Department of Health tracks license eligibility or if that responsibility will remain with the eligible organization. There could be a circumstance that a loan repayment awardee loses their license through the disciplinary process or through other processes.
- Section 6 refers to the eligible recipient submitting quarterly reports. The department would need to establish a process whereby licensure and privilege to practice are monitored for the eligible recipient. If the department proposes regulation that includes such monitoring, the regulation would be best developed with input by the various state regulatory bodies.

RLD notes that it “licenses Naturopathic Doctors who are primary care practitioners, and were left out of SB23.”

## **DUPLICATION**

2022 Senate Bill 23 duplicates 2021 Senate Bill 61, which was then amended by the Senate Indian, Rural and Cultural Affairs Committee (SIRC) to add optometrists and certified nurse-midwives to the list of eligible clinicians. These additions are not reflected in 2022 Senate Bill 23.

## **ADMINISTRATIVE IMPLICATIONS**

DOH reported that “the proposed Rural Primary Care Clinician Loan Repayment Act in SB23 would increase work duties to the Office of Primary Care and Rural Health staff. An FTE would be needed to carry out the requirements of the Rural Primary Care Clinician Loan Repayment Act. The proposed legislation fund is composed of appropriations, donations, and money earned from investment of the fund and otherwise accruing to the fund for the Rural Primary Care Clinician Loan Repayment Act. DOH [should] be allowed up to 3 percent of expenditures in each fiscal year for administration of the loan repayment program.”

## **TECHNICAL ISSUES**

UNM HSC notes that “It is unclear if current New Mexico public education instructional support providers with existing loans would be eligible for this program.”

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