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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/08

SPONSOR A. Lujan LAST UPDATED \_\_\_\_\_ HB 260

SHORT TITLE Primary Care Safety Net Clinic Salaries SB \_\_\_\_\_

ANALYST Geisler

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$1,500.0	Recurring	General

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: SB 127

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
 Department of Health (DOH)  
 Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

House Bill 260 would appropriate \$1,500,000 from the general fund to the Department of Health in fiscal year 2009 to support salary increases to retain physicians, advanced clinicians and dentists at the state's primary care safety net clinics pursuant to the Rural Primary Health Care Act. Any unexpended balances remaining at the end of the fiscal year would revert to the General Fund.

### FISCAL IMPLICATIONS

The appropriation contained in HB 260, which would support salary increases to retain physicians, clinicians, and dentists at rural primary health care clinics, was not in the DOH budget request for FY09. However, the executive budget recommendation did include a \$300,000 increase for stipends to attract and retain physicians and dentists for rural primary health care clinics. This funding was not included in the Legislative Finance Committee recommendation, which was adopted by the House Appropriations & Finance Committee.

Base general fund to support rural primary health care clinics in FY09 is \$13.5 million.

**SIGNIFICANT ISSUES**

New Mexico’s community-based primary care centers provide basic medical and dental care to residents of underserved areas, with special emphasis on uninsured and Medicaid eligible individuals. This safety net of clinics has over 250 clinical providers providing healthcare homes for 300,000 New Mexicans at 149 Primary Care clinics (93 medical, 39 dental, and 17 school-based health clinics). Primary care centers have difficulty retaining professional staff, as rapidly increasing compensation rates for physicians, dentists and other health care providers exceed their limited budgets.

According to Merritt Hawkins, a national physician recruiting company, recruitment requests for family physicians surged by 55 percent in 2006, outpacing all specialty and sub-specialty categories. The high demand for these providers has driven up salaries significantly in a short time. Ten national recruiters report starting salary ranges of \$145,000 to \$195,000 for Family Practice placements in 2007, substantially higher than the average salary of family practice physicians in the safety net centers in New Mexico. This is indicative of the situation with other health professionals working at primary care centers. In October 2007, New Mexico Health Resources reported that primary care centers in New Mexico were recruiting for a very large number of health professionals:

<b>Family Nurse Practitioners</b>	<b>20</b>	<b>Nurse Midwife:</b>	<b>1</b>
<b>Physicians</b>	<b>48</b>	<b>Psychiatrists:</b>	<b>4</b>
<b>Physician Assistants</b>	<b>9</b>	<b>Pharmacists:</b>	<b>2</b>
<b>Dentists</b>	<b>16</b>	<b>Physical Therapist:</b>	<b>1</b>

Primary care centers are devoting significant effort to retention and recruitment, but have had only limited success. Centers report that due to shortages, salary expectations for new clinicians often place them in the mid to upper range of existing experienced staff. New clinicians generally also receive loan repayment or forgiveness. This creates a dilemma for the hiring organization, with new staff potentially earning significantly more than existing staff. All salaries of health professionals will need to be raised to be able to address this situation.

At a Legislative Finance Committee meeting, the New Mexico Primary Care Association presented a request for an additional \$1,500,000 in recurring funds to provide an additional 4% increase to clinician salaries and benefits. This request was based upon the following estimate.

<b>Provider Type</b>	<b>Number</b>	<b>Increase</b>	<b>Extension</b>
Physicians	120	\$7,200	864,000
CNP/Pas	81	\$4,300	348,300
Dentists	50	\$5,760	288,000
<b>Total</b>	<b>251</b>		<b>\$1,500,300</b>

The increased appropriation proposed in HB 260 appears linked to this request.

According the Health Policy Commission’s publication, Quick Facts 2008, the Bureau of Health

Professions National Center for Health Workforce Analysis designates a geographical area or population group as a Health Professional Shortage Areas or a Medically Underserved Area or Population. Every county in New Mexico, except Los Alamos County, has a type of shortage designation. Of the 33 New Mexico counties, 17 have whole county designation and three have partial or total low income designations.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 260 relates to SB 127, which proposes to amend the Medical Practice Act by adding a new section giving the New Mexico Medical Board the authority to waive licensure fees for the purpose of medical doctor recruitment and retention.

**OTHER SUBSTANTIVE ISSUES**

HPC provided background on the Rural Primary Health Care Act:

The purpose of the Rural Primary Health Care Act [24-1A-1 NMSA 1978] is to recruit and retain health care personnel and assist in the provision of primary health care services through eligible programs in underserved areas of the state in order to better serve the health needs of the public. Statute [24-1A-3.1 NMSA 1978] states, to the extent funds are made available for the purposes of the Rural Primary Health Care Act, the department is authorized to:

- A. provide for a program to recruit and retain health care personnel in health care underserved areas;
- B. develop plans for and coordinate the efforts of other public and private entities assisting in the provision of primary health care services through eligible programs;
- C. provide for technical assistance to eligible programs in the areas of administrative and financial management, clinical services, outreach and planning;
- D. provide for distribution of financial assistance to eligible programs that have applied for and demonstrated a need for assistance in order to sustain a minimum level of delivery of primary health care services; and
- E. provide a program for enabling the development of new primary care health care services or facilities, and that program:

Statute [24-1A-3 NMSA 1978] defines "eligible programs" as nonprofit community-based entities that provide or commit to provide primary health care services for residents of health care underserved areas and includes rural health facilities and those serving primarily low-income populations;

GG/mt