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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/10  
 LAST UPDATED 02/08/10    **HB** 47/aHAFC

**SPONSOR**    Picraux

**SHORT TITLE**    Medical Home Program Outcome Study    **SB** \_\_\_\_\_

**ANALYST**    Earnest

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Health Policy Commission (HPC)

Human Services Department (HSD)

### SUMMARY

#### Synopsis of HAFC Amendment

The HAFC amendment strikes the \$200 thousand appropriation from the general fund and changes the date of completion for the study to November 2012.

#### Synopsis of Original Bill

House Bill 47 requires the Human Services Department to conduct an outcome study to determine if the medical home program has met statutorily established goals. HSD would be required to present the findings of the outcome study to the Interim Legislative Health and Human Services Committee and to the Legislative Finance Committee by November 1, 2010. Section 2 appropriates \$200 thousand from the general fund to Human Services Department to conduct the study.

### FISCAL IMPLICATIONS

As amended, there are no direct fiscal implications. HSD reports that an outcome study of the medical home programs being develop could cost up to \$500 thousand. The original bill carried a \$200 thousand appropriation.

## **SIGNIFICANT ISSUES**

A medical home, as defined by the same section of law, is “an integrated care management model that emphasizes primary medical care that is continuous, comprehensive, coordinated, accessible, compassionate and culturally appropriate.”

The section of statute was created by House Bill 710 of the first session of the forty-ninth legislature. The law requires the Human Services Department (HSD) to promote and, if practicable, implement a medical home program.

The Human Services Department amended the contracts with its four managed care organizations (MCOs) to require the establishment of medical home pilot programs around the state. Under current contract terms, about \$1 million of the state’s \$1.1 billion in capitated payments to MCOs will be set aside for these projects.

## **OTHER SUBSTANTIVE ISSUES**

According to the Health Policy Commission:

The medical home model of care emphasizes the use of primary care and wellness and prevention. Therefore, the implementation of the medical home model in New Mexico’s managed care organizations could potentially reduce healthcare costs in the state. Research indicates that having a regular source of preventive and primary care is associated with:

- Lower per person costs;
- Lower emergency room utilization;
- Fewer hospital admissions;
- Fewer unnecessary tests and procedures;
- Less illness and injury; and
- Higher patient satisfaction

For example, North Carolina evaluated a multi-year effort employing a patient-centered primary care approach with many elements of the medical home model. An external accounting suggests that North Carolina Medicaid saved \$124 million over what it would have spent otherwise in 2006.

(Source:[http://www.aafp.org/online/etc/medialib/aafp\\_org/documents/about/pcmhsum.Par.0001.File.tmp/PCMHsummary.pdf](http://www.aafp.org/online/etc/medialib/aafp_org/documents/about/pcmhsum.Par.0001.File.tmp/PCMHsummary.pdf))

## **ALTERNATIVES**

Instead of a separate appropriation, the Human Services Department could be required to use existing funds to conduct a study.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 47 relates to House Bill 26, House Joint Memorial 2 and House Joint Memorial 4.