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

SPONSOR Picraux **ORIGINAL DATE** 01/23/10 **LAST UPDATED** 02/02/10 **HJM** 5/aHF#1

SHORT TITLE Develop Clinic-Based Health Care Model **SB**

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		$5.0 - $15.0			Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Department of Health (DOH)
Higher Education Department (HED)
Human Services Department (HSD)

SUMMARY

Synopsis of HF Amendment #1

The House Floor Amendment #1 formally requests that the Governor's Commission on Disability be included in the group designing the clinic-based model.

Synopsis of Original Joint Memorial

House Joint Memorial 5 requests DOH, HSD and the University of New Mexico and others to cooperate with a Federally Qualified Health Center (FQHC) in southwestern NM to design and identify funding for a clinic-based model of health care delivery and reimbursement.

FISCAL IMPLICATIONS

A clinic-based model would change the reimbursement system from a fee-for-service model to a capitated-rate model (predetermined per-person charge). This would involve Medicaid and Medicare populations, and persons with private employer-based health insurance.

There would be a fiscal impact for state agency staff time and travel to attend meetings; obtain input from consumers, providers and "others"; and for preparing interim reports and final recommendations.

Any additional fiscal impact for HSD and state agencies will be determined by recommendations made by this working group, and further implemented by the legislature or administratively.

HSD notes that depending upon the design, this model could require costly and lengthy system changes and additional FTE.

SIGNIFICANT ISSUES

HJM 5 requests a design and presentation of a clinic-based model of health care that changes the payment and economic incentives to focus on prevention and health management. Baseline data and goals would be established, with bonuses and/or penalties assessed based on quality improvement data and success in meeting goals.

A similar patient-centered medical home model attempts to shift the reactive reimbursement approach to one of prevention and care coordination. Primary care clinicians typically serve as advocates for patients and are also paid to coordinate their care; the goals being to avert unnecessary tests and procedures, hospital admissions and avoidable complications. This concept is thought to yield cost savings, particularly for at-risk populations and persons with chronic conditions.

PERFORMANCE IMPLICATIONS

The resulting clinic-based model is to be presented to the interim Legislative Health and Human Services Committee at its November 2010 meeting.

ADMINISTRATIVE IMPLICATIONS

DOH, HSD, UNM staff and others would need to cooperate with Hidalgo Medical Services in Lordsburg to design and identify funding for a clinic-based model.

HSD further notes that implementing a clinic-based model with this particular FQHC may conflict with initiatives already in place with the medical home model.

TECHNICAL ISSUES

“Others” that are helping this working group design and identify funding for this clinic-based model are not identified.

OTHER SUBSTANTIVE ISSUES

DOH reports that Hidalgo County has a total area of 3,446 square miles and a population of 5,932. Hidalgo County is designated as a health professional shortage area for primary care, dental and mental health services. Hidalgo Medical Services is a nonprofit Health Care & Community Development Organization and is the sole provider of primary care services in Hidalgo County.

ALTERNATIVES

HSD reports that a MCO contracted by HSD, is currently working with Hidalgo Medical

Services to build on the patient-centered medical home model.

QUESTIONS

What are the differences between the clinic-based and patient-centered medical home models?

AHO/mew