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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 1/30/2019

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

**SHORT TITLE** Clinician Loan Repayment Program **SB** 133

**ANALYST** Chenier

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$3,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$68.0	\$68.0	\$136.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Related to an appropriation in House Bill 2

#### **SOURCES OF INFORMATION**

LFC Files

#### Responses Received From

Department of Health (DOH)

Higher Education Department (HED)

#### **SUMMARY**

##### Synopsis of Bill

Senate Bill 133 appropriates \$3 million from the general fund to DOH for expenditure in FY20 and FY21 to fund the department's provision of loan repayment assistance for the recruitment and hiring of eligible clinicians.

The bill would also expand the Rural and Primary Health Care Act by creating a loan repayment program to assist nonprofit community based primary healthcare organizations to recruit and hire eligible clinicians.

## FISCAL IMPLICATIONS

The appropriation of \$3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund.

In FY19, the DOH appropriation included an allocation totaling \$8.2 million for rural and primary health clinics to carry out provisions currently included in the Rural and Primary Health Care Act. The allocation is distributed to various rural and primary health clinics across the state.

DOH stated the proposed program would increase work duties to the Rural Primary Health Care Act program staff. An FTE would be needed at \$68 thousand annually to process the loan repayment applications.

## SIGNIFICANT ISSUES

HED provided the following analysis:

The purpose of the HED Health Professional Loan Repayment Program (HPLRP) is to provide repayment for outstanding student loans of practicing health professionals. Creation of a competing clinician loan repayment program within DOH may be duplicative and creates additional administrative impact for both departments. DOH and HED would be required to exchange participant data to ensure that participants were not receiving loan assistance in both programs simultaneously.

As a condition of the program, a health professional must make a two-year service commitment to practice full-time in a designated medical shortage area in New Mexico. The HPLRP is a competitive program; in FY18 there were 90 eligible applicants, of which 26 new awards were issued based on available budget. The maximum allowable award is \$25,000.00 per year. Factors which may affect the award amount include the applicant's amount of student loan debt and available funding for the program. Recipients are eligible for renewal upon completion of a two-year obligation. A committee of health professionals appointed by the HED Secretary determines awardees based on geographic area and need; type of medical practice; student loan indebtedness; population served; and other factors.

According to analysis from the Healthcare Workforce Committee (HWC) there is a wide variability across the state when benchmarking the number of providers compared with county population estimates. For example, the number of primary care physicians in Bernalillo County is 588 above the benchmark of 0.79 physicians per 1,000 population. Immediately adjacent to the south, Valencia County is 37 primary care physicians below benchmark levels. The HWC analysis indicates further that 2,360 primary care physicians were practicing in New Mexico in 2017, an increase of 403, or 20 percent since 2013. Likewise, 792 physicians' assistants were practicing, an increase of 98, or 14.1 percent since 2014, the first year data is available.

DOH provided the following:

New Mexico has a significant shortage of physicians, and the demand for health care services significantly impacts those residing in rural parts of the state where access to

health centers and hospitals is difficult. Thirty-two of New Mexico's thirty-three counties contain health care professional shortage areas as designated by the federal government. One in five New Mexicans lives below the Federal Poverty Line and ten percent still have no health insurance coverage (Health Equity Report, 12th Edition, New Mexico Department of Health, 2018).

Skilled health professionals are increasingly taking job opportunities in high-income areas as the demand for their expertise rises. The rural to urban migration of health professionals inevitably leaves poor, rural, and remote areas underserved and disadvantaged. Additionally, demand for health care providers continues to increase, making incentives to maintain and attract providers critical.

[The NM Healthcare Workforce Committee 2018 Annual Report](#) documents the shortage of physicians in NM. The report includes a recommendation to increase funding for state loan-for-service and loan repayment programs. The broad definition of eligible clinicians proposed in the bill 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.

## **ALTERNATIVES**

HED said that appropriations to HED for the Health Professional Loan Repayment Program could be earmarked for clinician loan repayment as directed by the legislation. HED could promulgate new rules within 5.7.3 NMAC to articulate clinician loan repayment pursuant to its statutory authority under the Health Professional Loan Repayment Act.

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