Solving New Mexico's Medical Professional Shortage

By Paul J. Gessing

President

Introduction

Prior to the onset of the COVID 19 pandemic in March of 2020, media outlets and legislative committees had expressed concern about New Mexico's a shortage of medical professionals.[1] It has been widely reported that the COVID 19 pandemic worsened that shortage.

This paper does not dwell on the pandemic or the policies that impacted the health care provider situation. In our previously released paper, "The Existence and Extent of a Medical Provider Shortage in New Mexico," by Paige McKenzie we have highlighted that New Mexico indeed faces serious challenges in attracting and retaining medical professionals, especially given the fact that so many of them will retire soon. That paper contains a great deal of data and analysis across various provider fields and the geography of New Mexico to reinforce that the State indeed faces a shortage.

This paper could be labeled the "solutions" paper. It explores fundamental questions about New Mexico's health care situation and outlines some detailed solutions for New Mexico's political leadership that, if adopted, could address the provider shortage.

That last sentence is critical as we will focus our attention here on policies that are predominantly under the control of **state** policymakers. One of the quickest fixes available to improving the US doctor shortage, for example, would be to change immigration laws to bring more foreign doctors into the country. That is not addressed in detail here. Immigration is a federal prerogative with Congressional gridlock on the issue being a problem for many industries as well as border states and cities.

In addition to our state-level focus, the Rio Grande Foundation unapologetically approaches the issues from a small-government mindset. As such, we will focus special attention on government-created obstacles to attracting and retaining medical professionals to New Mexico.

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[1] New Mexico Health Care Workforce Committee, "Annual Report 2019," October 1, 2019, https://www.nmhanet.org/files/NMHCWF_2019Report_FINAL.pdf

We won't ignore or denigrate solutions to our medical provider shortage that require significant government spending, but our preference (at least in the initial phase of addressing the issue) is to rid New Mexico of harmful government policies that chase providers out of the State.

This paper is split into categories based on how they would impact New Mexico's health care provider shortage. The simplest and lowest cost ideas will come first while more expensive, politically challenging, or less-effective policies will be discussed toward the end. Some policy changes are systemic in nature and may take years to affect the shortage. Some of the policies considered here *should* be considered as they will address the medical professional shortage while ALSO bringing broader prosperity to New Mexico.

LOW-COST FIXES, RAPID IMPACT:

1) New Mexico needs to repeal **recent medical malpractice legislation** which, according to New Mexico's former Superintendent of Insurance (and others), "will ravage hospitals and outpatient care" by making medical malpractice insurance much more expensive.[2] As a starting point, this ill-conceived legislation, HB 75 which passed during the 2021 New Mexico legislative session (and signed by the Gov.), will have dramatic, negative impacts on health providers from a liability perspective.

Hospitals and Outpatient Healthcare facilities (OPHF), cap limits were dramatically increased from $600,000 to $4 million per occurrence in 2022; to $4.5 million in 2023; to $5.5 million in 2025; and to $6 million in 2026. In addition, the cap limits will increase each year based on the consumer price index. These increased limits (more than the basic $750,000 for "independent health care providers") are not covered by the Patient Compensation Fund and will require some form of insurance or self- insurance, up to the maximum of $6 million in 2026, when hospitals and OHFs are eliminated entirely from the protections of the MMA."

As New Mexico Dr. James Tryon noted in a blog post, "To give a comparison, the new 'cap' was increased in New Mexico to $4 Million! In Texas, the 'cap' is limited to $250,000.[3]" Tryon further argues, "Because the "cap" is so high now, many Insurance Companies won't cover doctors in private practices that do procedures like colonoscopies or other in-office surgeries. In other words, doctors can't get malpractice insurance to cover them because the risk is too great to the Insurance Company.[4]"

Furthermore, "this issue affects mostly independent physicians, or neighborhood private practice and rural doctors who are not employed by the big groups and hospitals." In conclusion, Tryon writes, "Because of this law, the physician shortage will get worse if this issue isn't resolved.[5]"

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[2] Donald Letherer, "Malpractice 'reform' will Ravage Hospitals and Outpatient Care," *Albuquerque Journal,* May 8, 2022, https://www.abqjournal.com/2496391/malpractice-reform-will-ravage-hospitals-and-outpatient-care.html.
[3] James Tryon, MD, "New Mexico Needs Doctors, Here's what Democrats can do to make that happen," *Valencia County Democrats,* April 18, 2022, https://www.valenciademocrats.org/2022/04/18/new-mexico-needs-doctors-heres-what-democrats-can-do-to-help-that-happen/.
[4] *Ibid.*
[5] *Ibid.*

New Mexico could and should consider broader medical malpractice reform to better balance the needs of patients and providers. Instead, in 2021 the Legislature and Gov. Michelle Lujan Grisham further tilted the playing field in favor of trial attorneys and plaintiffs. As the Legislature considers ways to alleviate the provider shortage it should begin by addressing recent legislation that exacerbates the crisis.

The cost of implementing this reform is essentially zero.

2) The New Mexico Legislature should immediately **repeal the gross receipts tax on health care providers.** The State is one of the few states in the entire nation that levies the equivalent of a "sales" tax on certain medical services. In New Mexico's largest city, Albuquerque, the rate of taxation is currently 7.75 percent.[6] Rates tend to be even higher in outlying areas of New Mexico.

Over the years certain medical services provided under certain conditions and paid for by insurance companies have been eliminated, but numerous providers are taxed in other circumstances. This raises important questions about "tax equity" that are worth study but are beyond the scope of this paper.

A helpful document from the New Mexico Medical Society called, "Gross Receipts Taxation of Certain Medical Services" offers several "cases" and discusses whether the tax is applied or not.[7] Needless to say, in addition to the financial impact paying this tax has on medical providers, the complexity associated with knowing when to apply the tax is a second significant issue with the tax regime.

One of the most incredible aspects of this tax situation is that Medicaid providers are taxed in New Mexico. The following is from an online petition being circulated to address the issue[8]:

> I am a clinical psychologist currently working with Native American youth and families in New Mexico. New Mexico charges a gross receipt tax on Medicaid and Medicare Federal monies. As a private practitioner who serves almost exclusively native youth and families (19 pueblos and four recognized tribes), I receive about 96% of my income from Medicaid. I feel that I, and others who take Medicaid and Medicaid fee-for-service monies, are unfairly penalized by having to pay gross receipts tax on disbursements from Optum Health.

Taxing doctors who are treating Medicaid patients (when a similar tax is not paid by other government private payors) is at best a questionable policy. It should be eliminated

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[6] New Mexico Tax and Revenue Department, "Gross Receipts Tax Schedule July 1, 2022 through December 31, 2022," https://klvg4oyd4j.execute-api.us-west-2.amazonaws.com/prod/PublicFiles/34821a9573ca43e7b06dfad20f5183fd/82c6851a-6e89-4d73-9ae3-ed8d99f64078/GRT%20CMP%20Rate%20Schedule%20final%20v2.pdf.

[7] Benjamin C. Roybal, "Gross Receipts Taxation of Certain Medical Services," New Mexico Medical Society, July 7, 2007, http://www.nmms.org/wp-content/uploads/2018/08/grt_updated_guide_2007.pdf.

[8] Kayt Whitebird Orange, PhD, "Medicaid Reimbursement Should Not Be Subject to Gross Receipts Tax," MoveOn.org, https://sign.moveon.org/petitions/medicaid-reimbursement.

immediately. An exact "cost" of this policy reform while difficult to pin down should not be more than $100-$200 million annually.

3) **Reform New Mexico's Approach to Medicaid:**

We assert that eliminating taxation of Medicaid services in New Mexico is a "low-cost" way to expand the number of medical providers in the State, and it is. But there is no avoiding the fact that New Mexico receives a 74% federal match on traditional Medicaid Services and a 90% match on services provided under the "ObamaCare" expansion.[9] This monetary incentive to suck in federal Medicaid matching funds AND THEN divert a portion of this considerable federal funding to state coffers through the State's gross receipts tax appears to be a state fundraising mechanism of (at best) dubious morality.

As outlined above, New Mexico policymakers seem to view Medicaid as "free" money to provide health care for New Mexicans. This financial incentive has created a mentality among many elected officials, bureaucrats, and advocates that the Medicaid program being considered (by many) an economic development tool.[10] The reality is that heavy dependency on Medicaid is a double-edged sword with significant drawbacks for health care providers.

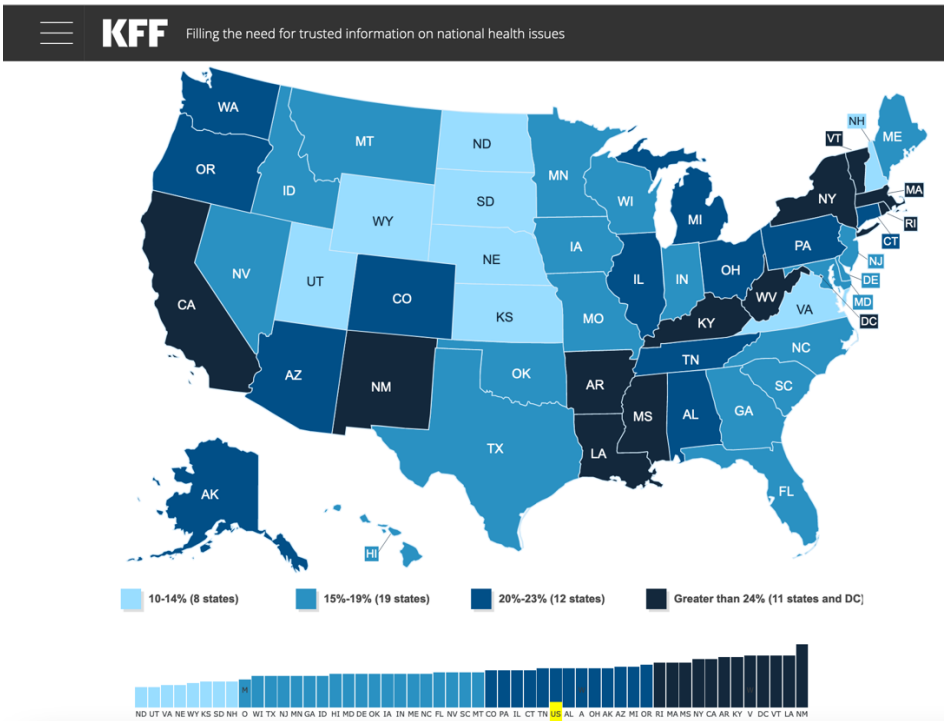
According to the American Hospital Association, Medicaid underpaid hospitals by $24.8 billion in 2020. For Medicaid, hospitals received payment of only 88 cents for every dollar spent by hospitals caring for Medicaid patients in 2020. In 2020, 62 percent of hospitals received Medicaid payments less than cost.[11]

> The Medicaid reimbursement situation is even worse for "regular" medical providers. A 2013 report profiled Dr. Donald Condit, a Michigan-based orthopedic surgeon who specializes in hand abnormalities. He says he would like to accept more patients on Medicaid but says he can't because the costs are too high and the reimbursements too low.[12]
>
> Medicaid pays us way below what it costs us to take care of [patients]. He said Medicaid reimbursements are 22 cents to 25 cents on the dollar compared to what it costs to take care of a patient. Since office overhead alone is 30 percent to 50 percent, it puts a lot of pressure on doctors to stop accepting patients on Medicaid.

[9] Legislative Finance Committee: Finance Facts, "Medicaid," January 2022, https://www.nmlegis.gov/entity/lfc/Documents/Finance_Facts/finance%20facts%20medicaid.pdf.
[10] New Mexico Center on Law and Opportunity, "The Medicaid Opportunity in New Mexico," October 2012, http://www.nmpha.org/Resources/Documents/Brief-CLP-Medicaid%20Opportunity%20in%20NM%20Issue%20Brief-FINAL-2012-10-26.pdf.
[11] American Hospital Association, "Underpayment by Medicare and Medicaid Fact Sheet," February 2022, https://www.aha.org/system/files/media/file/2022/02/medicare-medicaid-underpayment-fact-sheet-current.pdf.
[12] Anne Schieber Dykstra, "Medicaid Pays Below What it Costs to Take Care of Patients," *Michigan Capitol Confidential,* August 9, 2013, https://www.mackinac.org/18979.

New Mexico is a poor state.[13] Addressing poverty is certainly possible, especially with the flood of revenue available thanks to the State's booming oil and gas industry (just see the Rio Grande Foundation's website for detailed reform ideas).[14] Creating a stronger New Mexico economy will take time.

According to a 2019 report from the Kaiser Family Foundation, New Mexico is THE most reliant state in the nation in terms of the percent of its citizens who receive Medicaid.[15] Frankly, the 2nd-leading state isn't even close. As the chart below highlights, 34% of New Mexicans receive Medicaid/CHIP while the next-highest state, Louisiana, has "only" 28% of its population on these joint federal/state programs.



As of October 2022, according to Medicaid.gov, total Medicaid and CHIP enrollment in New Mexico was 873,372 persons, more than 41% of the population.[16]

The Kaiser Family Foundation has New Mexico/s enrollment at 34% as of October, the highest

[13] World Population Review, "Poverty Rate by State 2022," https://worldpopulationreview.com/state-rankings/poverty-rate-by-state.
[14] Dan Boyd, "Sky-high Revenue Bolstered by Surging Oil, Natural Gas Production," *Albuquerque Journal,* August 27 2021, https://www.abqjournal.com/2423653/nm-revenue-levels-projected-to-soar-to-all-time-high.html.
[15] Kaiser Family Foundation, "State Medicaid Fact Sheets," October 17, 2019, https://www.kff.org/interactive/medicaid-state-fact-sheets/.
[16]Medicaid.gov https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html.

in the entire nation. Kaiser shows the below percentages for surrounding states:[17]

Arizona	21%
Colorado	19%
Oklahoma	20%
Texas	20%
Utah	11%

The New Mexico Health Care Work Force report found that presence of mid-level providers (such as nurse practitioners, physician assistants, and nurse midwives) was associated with greater acceptance of new Medicaid patients. "Overall, 73.7 percent of physicians accepting new patients accepted new Medicaid patients. Acceptance was higher (80.5 percent) among physicians in practices with an above-average ratio of mid-level providers and lower (68.9 percent) among physicians in practices with a below-average ratio of mid-level providers."[18]

Results were similar at the state level for those states with significant differences. In seven states (Minnesota, New Mexico, North Carolina, Oregon, Pennsylvania, Washington, and West Virginia), the share of physicians accepting new Medicaid patients was higher when there was an above-average ratio of mid- level providers in the practice.[19]

According to a 2021 *Vox.com* piece, providers are "significantly less likely" to accept Medicaid due to lower reimbursement rates and more billing challenges.[20] The article states that approximately 19% of the initial claims submitted are not paid in full, based on a study by the U.S. Bureau of Economic Analysis, the University of Chicago, and the San Francisco Federal Reserve Bank.[21]

Medicaid.gov shows that, as of 2020, New Mexico was one of 11 states in the nation that does not participate in the Healthcare Fraud Prevention Partnership.[22] This partnership, says the site, is between the federal government, state and local government agencies, law enforcement, private health insurance plans, employer organizations, and anti-fraud organizations that seek to reduce fraud, waste, and abuse across the healthcare sector. The Centers for Medicare and Medicaid Services encourage state participation.

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[17]Kaiser Family Foundation, "Medicaid State Fact Sheets," October 3, 2022, https://www.kff.org/interactive/medicaid-state-fact-sheets/.
[18]University of New Mexico Health Sciences Center, "New Mexico Healthcare Workforce Committee 2013-ongoing," October 1, 2021, https://digitalrepository.unm.edu/nmhc_workforce/9/.
[19]Medicaid and CHIP Payment and Access Commission, "Physician Acceptance of New Medicaid Patients: Findings from the National Electronic Health Records Survey," June 2021, https://www.macpac.gov/wp-content/uploads/2021/06/Physician-Acceptance-of-New-Medicaid-Patients-Findings-from-the-National-Electronic-Health-Records-Survey.pdf
[20]Dylan Scott, *Vox.com*, "Medicaid is a Hassle for Doctors. That's Hurting Patients," June 7, 2021, https://www.vox.com/2021/6/7/22522479/medicaid-health-insurance-doctors-billing-research.
[21]*Ibid.*
[22]Medicaid.gov, "Healthcare Fraud Prevention Partnership Participation, https://www.medicaid.gov/state-overviews/scorecard/healthcare-fraud-prevention-partnership-participation/index.html.

Medicaid Spending by State According to *Forbes*[23]

Arizona	$14.38 billion	Oklahoma	$5.42 billion
Colorado	$ 9.66 billion	Texas	$42.54 billion
New Mexico	$ 6.31 billion	Utah	$3.12 billion

Kaiser shows that New Mexico, has the second highest enrollment in the country, just behind Washington, D.C. the second leading U.S. state in the number of enrollments.[24] New Mexico accepted the federal Medicaid expansion and enrollment has grown more 88% since it took effect.[25] This includes individuals earning an income of up to 138% of federal poverty level, according to the site.[26] The state allows enrollment of pregnant women up to 250% of federal poverty level and children ages 1 to 5 years old up to 300% of poverty level.[27]

Medicaid acceptance rates are nearly 90% higher in non-expansion states, according to the Medicaid and Chip Payment Access Commission (MACPAC).[28]

As a starting point, New Mexico's Legislature should "right-size" it's Medicaid eligibility to wean as many people as possible away from government dependence. This will encourage those who can afford to pay for their own health care to purchase health care or insurance for themselves. It will also encourage some number of New Mexicans who are on the "benefits cliff" to get into the workforce (paying taxes) instead of sitting at home.[29]

While New Mexico's Legislature should reduce the generosity of Medicaid benefits in ways that encourage recipients to get off the program, to increase the number of health care providers it should consider also increasing the reimbursement rate offered by Medicaid. New Mexico's Medicaid to Medicare reimbursement rate is higher than most of its neighbors (as can be seen below in the chart from the Kaiser Family Foundation), but if the State is serious about bringing more doctors into the system it wouldn't hurt to improve the Medicaid reimbursement rate.[30]

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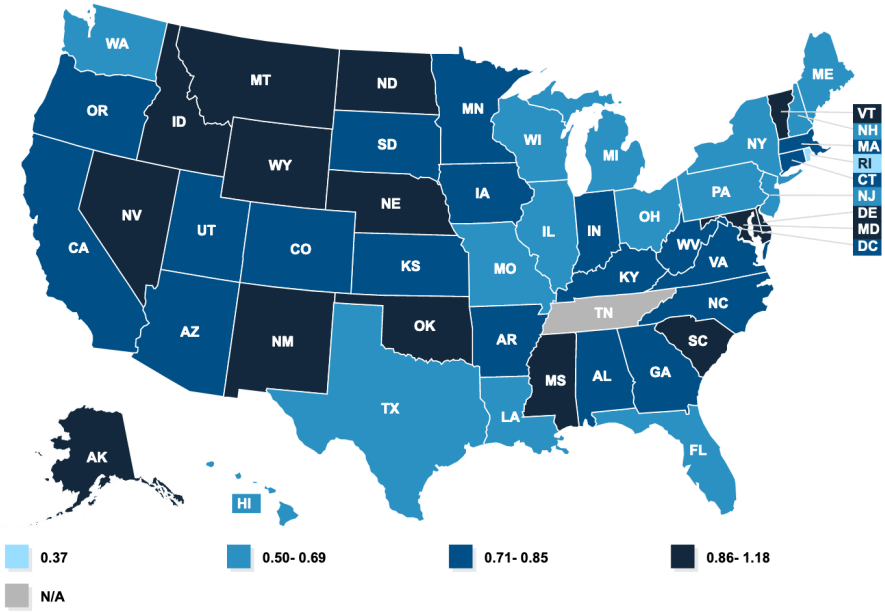
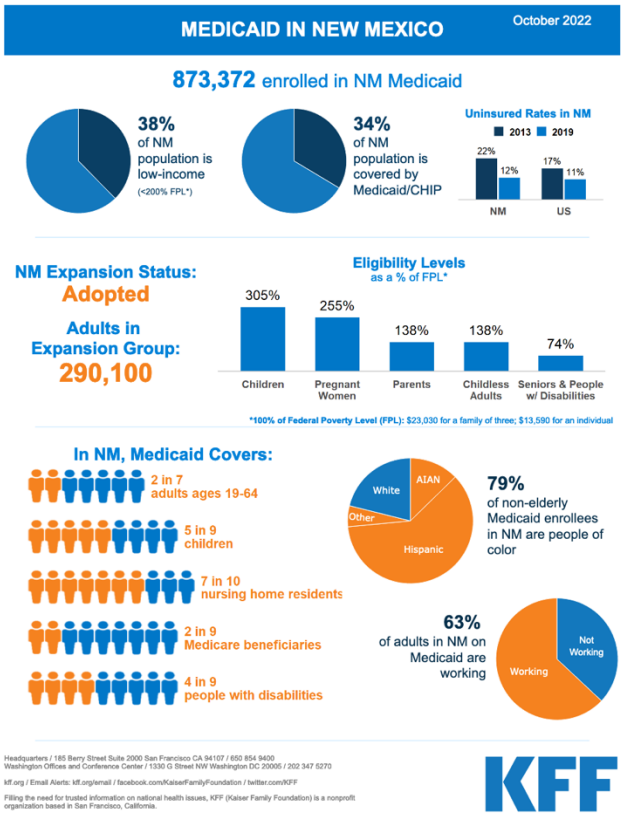
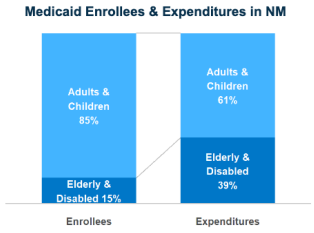
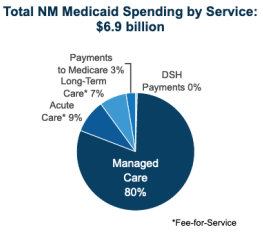
[23]Andrew DePietro, *Forbes,* "Medicaid Income Limits and Spending by State," March 3, 2022, https://www.forbes.com/sites/andrewdepietro/2022/03/03/medicaid-income-limits-and-spending-by-state/?sh=6f057c9255bb.
[24]Kaiser Family Foundation, "Medicaid State Fact Sheets," October 3, 2022, https://www.kff.org/interactive/medicaid-state-fact-sheets/.
[25]Louise Norris, *Healthinsurance.org*, "New Mexico and the ACA's Medicaid Expansion," March 31, 2022, https://www.healthinsurance.org/medicaid/new-mexico/.
[26]Kaiser Family Foundation, "Medicaid State Fact Sheets," October 3, 2022, https://www.kff.org/interactive/medicaid-state-fact-sheets/.
[27]Medicaid.gov, "Medicaid, Children's Health Insurance Program, & Basic Health Program Eligibility Levels," https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/medicaid-childrens-health-insurance-program-basic-health-program-eligibility-levels/index.html.
[28]Kayla Holgash and Martha Heberlein, MACPAC, "Physician Acceptance of New Medicaid Payments," January 24, 2019, http://www.macpac.gov/wp-content/uploads/2019/01/Physician-Acceptance-of-New-Medicaid-Patients.pdf.
[29] Editorial Board, "Congress Must Turn Benefits Cliff Into Slope to Get Workers," *Albuquerque Journal*, October 12, 2022, https://www.abqjournal.com/2539598/congress-must-turn-benefits-cliff-into-a-slope-to-get-workers.html.
[30] Kaiser Family Foundation, "Medicaid to Medicare Fee Index," 2019, https://www.kff.org/medicaid/state-indicator/medicaid-to-medicare-fee-index/?activeTab=map&currentTimeframe=0&selectedDistributions=all-services&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D.

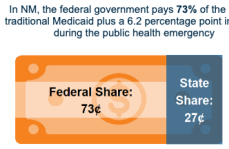
In tandem with eliminating New Mexico's gross receipts tax on medical services, these changes could have real, positive impacts on New Mexico's healthcare provider shortage. Raising reimbursement rates for Medicaid could have significant impacts but pairing this with an effort to reduce the overall Medicaid rolls could have net positive impacts on New Mexico's bottom line.

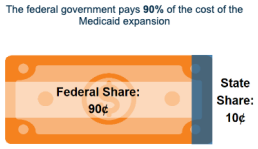








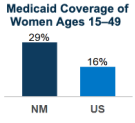


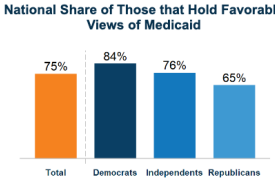


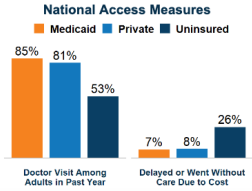
54%
of births in NM were covered by Medicaid

New Mexico **has adopted** the Medicaid 12-month postpartum coverage extension

New Mexico **provides** 12-months of continuous Medicaid eligibility for children







4) **Right-size Occupational Licensing and Promote Telemedicine:**

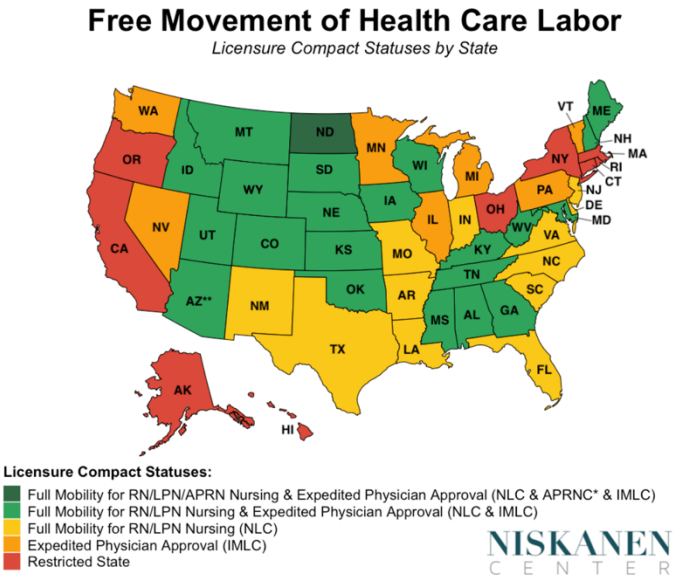
In recent years, greater attention has been paid to the obstacle that occupational licensing presents to professionals working in a variety of fields, medical and non-medial alike. While non-medical licensing is well outside the scope of this report and a detailed analysis of medical licensing is also beyond the scope of this report, the simple fact is that as part of any effort to address the shortage of medical professionals in New Mexico, policymakers should consider maximizing flexibility in scope of practice laws.

Simply put, having more doctors is not the only way to increase access to medical providers. While not all medical needs can be accomplished over the Internet, the ability to have basic checkups and other medical appointments done remotely certainly helps to maximize the number of providers that are available.

Maximizing interstate license reciprocity so providers can easily move from state to state to practice is another way to boost the number of medical providers while improving access to medical care. Finally, in some cases licensing may simply not be needed at all.

While there is no one-size-fits-all report comparing medical licensing across state lines, New Mexico seems to have reasonable medical licensing laws relative to most states. It is considered a good place to practice for nurse practitioners.[31] It does not have a "Certificate of Need" law to limit new entrants into the hospital market.[32] Telemedicine laws in New Mexico are reasonable.[33] According to Robert Orr writing on behalf of the Niskanen Center, New Mexico could improve its freedom of movement for health care professionals as it only has full reciprocity for RN/LPN nursing which places it in the middle group of states overall.[34]

[31] Lauren Garcia, "Best and Worst States for Nurse Practitioners," April 26, 2022, https://www.berxi.com/resources/articles/best-states-for-nurse-practitioners/.
[32] National Conference of State Legislators, "Certificate of Need Laws," https://www.ncsl.org/research/health/con-certificate-of-need-state-laws.aspx.
[33] Center for Connected Health Policy, "Cross State Licensing," 8/5/22, https://www.cchpca.org/topic/cross-state-licensing-professional-requirements/.
[34] Robert Orr, "US Health Care Licensing: Pervasive, Extensive, and Restrictive," May 12, 2020, https://www.niskanencenter.org/u-s-health-care-licensing-pervasive-expensive-and-restrictive/.



Niskanen's Orr notes that there is much room for trial and improvement among US states relative to their European counterparts. As he writes, "health care occupational licensing in the United States is more pervasive, burdensome, and restrictive compared to our European counterparts. Reforming occupational licensing within health care is therefore of the utmost importance for making the broader U.S. labor market more dynamic.[35]"

If New Mexico (or another US state) is serious about expanding access to medical services, policymakers should consider whether medical licensing laws are unnecessarily constraining supply or at least look to maximize reciprocity. There are useful models for reform in other states, but in this we may best consider models beyond US borders.

Reducing the barriers inherent in telemedicine and occupational licensing would not have a significant budgetary impact on New Mexico.

PRICIER SOLUTIONS

1) Sweeten Financial Incentives for medical providers

A simple way to lure more medical providers to New Mexico would be to further sweeten the financial incentives to practice medicine here. New Mexico currently has a "Rural Health Care Practitioner Tax Credit" in place which gives certain doctors an income tax credit of up to $5,000 annually and up to $3,000 for nurses and other medical professionals.[36] The program was begun in 2011 and no studies have been done on the effectiveness of the program.

[35] *Ibid.*
[36] New Mexico Department of Health, "Rural Health Care Practitioner Tax Credit Program," https://www.nmhealth.org/about/phd/pchb/oprh/rhcptc/.

Other State programs pay off student loans for doctors and nurses at varying levels. These programs could be made more generous.[37]

One would assume that more generous tax breaks and loan repayments would bring even more medical professionals to rural parts of the State. However, eventually this becomes an issue of diminishing returns. A certain number of doctors and nurses might agree to practice in New Mexico if a financial advantage is to be gained, but eventually lifestyle concerns are going to be of equal or greater importance. Those will be discussed later in this paper.

2) **Reduce income taxes for all**

The proposal (discussed above) of reforming New Mexico's gross receipts tax on physicians and other medical providers is an obvious, straightforward way to ameliorate New Mexico's medical provider shortage. The tax should have been eliminated years ago.

But, while not as directly impactful on medical providers, it is notable that medical professionals tend to earn high salaries (as do their spouses). This means that medical professionals and their families pay high taxes. New Mexico's top income tax rate, while not especially high by national standards, is the highest in the Southwest region of the United States topping out at 5.9 percent.[38]

New Mexico has the money available to be "bold" in its tax policies right now thanks to an unprecedented boom in the State's oil and gas industries. After years of robust budget increases New Mexico STILL has an astonishing $2.5 billion budget surplus available to the Legislature during the 2023 session.[39] New Mexico already has a larger state/local government than any other state in the nation, so it is not necessary to further grow the size of government.[40]

Lowering taxes across the board may not seem like an efficient way to attract medical professionals but lowering/eliminating income taxes would certainly make New Mexico more attractive to a whole host of higher-earners and would invigorate efforts to grow the State economy beyond the bloated government sphere.

3) Grow the medical workforce

To grow the primary care physician workforce, in 2019 Gov. Michelle Lujan Grisham and the Legislature enacted the Graduate Medical Education Expansion Program. The idea behind this law was to create and expand primary care physician residency programs. Under this law the New Mexico Human Services Department (HSD) developed a strategic plan for GME expansion.

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[37] New Mexico Health Resources Inc., "Financial Incentives for Health Professionals," 2013, https://www.nmlegis.gov/handouts/LHHS%20100213%20Item%203%20NEW%20MEXICO%20FINANCIAL%20INCENTIVES%20FOR%20HEALTH%20PROFESSIONALS.pdf.
[38] Tax Foundation, "Taxes in New Mexico," https://taxfoundation.org/state/new-mexico/.
[39] Dan Boyd, "NM Revenue Explosion Continues as Lawmakers Weigh Next Steps," *Rio Rancho Observer,* August 17, 2022, https://rrobserver.com/nm-revenue-explosion-continues-as-lawmakers-weigh-next-steps/.
[40] Paul Gessing, "New Mexico State Spending Tops in the Nation Already," *Errors of Enchantment*, August 24, 2022, https://errorsofenchantment.com/new-mexico-state-spending-tops-in-nation-already/.

From 2019 to 2025, the State expects to start five new accredited GME primary care training programs. Projecting the total number of primary care physicians-in-training will more than double to 291.

HSD approved GME program development funding for three programs in 2020 totaled just over $1 million.

- Burrell College of Osteopathic Medicine (Las Cruces) to add a total of 12 new Family Medicine residency positions. Anticipated arrival date of first resident: Summer 2021.
- Memorial Medical Center (Las Cruces) to add a total of 12 new general psychiatry residency positions. Anticipated date of first resident: Summer 2022.
- Rehoboth McKinley Christian arrival Health Care Services (Gallup) to add a total of 12 new general psychiatry residency positions. Anticipated arrival date of first resident: Summer 2024.
- Another program in development, supported separately by a federal grant, is a partnership between the University of New Mexico, Indian Health Service and Shiprock Service Unit on the Navajo Reservation in Shiprock. This will add nine family medicine positions. Anticipated arrival date of first resident: Summer 2022

If all goes as planned New Mexico will have 46 new primary care and psychiatry physicians graduating yearly, starting in 2025 under this plan at a cost of about $5 million annually according to legislative analysts.[41]

The hope/assumption here is that many of these doctors will remain in New Mexico to practice as it is commonly stated that anywhere from 50 to 75 percent of doctors remain where they did their training.[42] A 2021 report from the Association of American Medical Colleges finds that New Mexico retrains 33.8% or its Undergraduate Medical Education (UME) institutions and 40 percent from graduate UME's.[43]

OTHER IDEAS

1) Reinvigorate the Free Market in Health Care

While often touted by its liberal critics as a "free market" health care system, US health care is anything but "free market." For starters, according to the Kaiser Family Foundation nearly 50% of US health care spending is done by governments at all levels.[44] This was the case prior to the COVID 19 pandemic which, further enhanced the federal role. Only time will tell whether government recedes to its previous boundaries, or as is more likely, COVID provides another "ratchet" for increased federal involvement in health care.

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[41] New Mexico Legislature, Fiscal Impact Report for HB 480 (2019 Session), https://nmlegis.gov/Sessions/19%20Regular/firs/HB0480.PDF.
[42] Drs. David Scrase and David Rakel, "Struggling to Find a Doctor?" *Santa Fe Reporter,* January 24, 2021, https://www.sfreporter.com/columns/oped/2021/01/24/struggling-to-find-a-doctor/.
[43] American Association of Medical Colleges, "New Mexico Physician Workforce Profile," 2019- 2020, https://www.aamc.org/media/58271/download.
[44] KHN, "KHN Morning Briefing," https://khn.org/morning-breakout/government-now-pays-for-nearly-50-percent-of-health-care-spending-an-increase-driven-by-baby-boomers-shifting-into-medicare/, February 21, 2019.

Government, by its nature, spends money inefficiently. While we are naming a few improvements to the health care system, the most thorough way to get the system to function better (thus attracting more providers) would be to restore traditional free market principles wherever possible. The economist Milton Friedman highlighted how this could work in his discussion of the "Four Ways to Spend Money."[45]

As is common-sense to anyone who has ever exchanged gifts knows well, purchasing goods and services for others often achieves sub-optimal results. Worse, using tax money (other people's money) to purchase goods and services for others further hinders the system's efficiency. Broadly speaking, health care policymakers must look for strategic ways to restore a direct relationship between health care services and those purchasing them.

One upshot of increased amounts of paperwork and thickets of regulation (as briefly discussed in our last paper which outlined the shortage of health providers) is that fewer doctors are in private practice.[46] Doctors in private practice appear to both work longer hours and work at a lower overall cost relative to those who work in a larger group.

The piling up of government regulations seems to be a primary driver of the shift away from private practice.[47] Reversing that trend would be a challenge but is worthy of mention.

2) Doctors are people too

In discussing the shortage of medical providers in New Mexico (and potential solutions) with one doctor, he told me, "Doctors are people too." That simple statement encapsulates some of New Mexico's biggest challenges in attracting and retaining medical professionals.

The State is physically beautiful. It's warm, dry, high-desert climate is unparalleled in the United States. While New Mexico has a great deal of diversity in terms of its warmest areas including Las Cruces, Carlsbad, and Hobbs, it has relatively cool mountain towns from Santa Fe to Taos and beyond. When all is said and done, Albuquerque with its metropolitan population of 750,000 of so is by far the biggest city in the State of just over 2 million residents.

New Mexico also has a unique, multi-ethnic culture with amazing cuisine and cultural traditions not found anywhere else. So, in many important ways New Mexico offers a great deal to prospective medical doctors, however…living in the State of New Mexico includes numerous unique challenges and obstacles that make the State unattractive to certain medical professionals considering relocating there. Here are some:

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[45] Free to Choose Network, "The Four Ways to Spend Money," July 31, 2012, https://www.youtube.com/watch?v=XsRk9RThGt0.

[46] Jacqueline LaPointe, *Practice Management News, "*Less than half of Doctors Work in Private Practice, AMA Finds," May 6, 2021, https://revcycleintelligence.com/news/less-than-half-of-physicians-work-in-a-private-practice-ama-finds.

[47] Linda Girgis, MD, *Physician's Weekly, "*From the Editor-in-Chief: is Private Practice Doomed?, May 2, 2022, https://www.physiciansweekly.com/from-the-physician-editor-in-chief-is-private-practice-doomed.

- The State is geographically and, in many ways, culturally isolated. There is only one "major" airport (Albuquerque's), there are no major league professional sports teams, and driving to a city that DOES have those things and other amenities requires driving hundreds of miles to the closest major cities Phoenix or Denver.

- More important to many medical professionals may be concerns over New Mexico's education system and high crime rates. New Mexico's K-12 system consistently ranks among the very worst in the entire nation regardless of the ideological slant of the publication. A 2021 *Forbes* report ranked New Mexico's school system 51st in the nation.[48] The liberal Voices for Children ranks New Mexico 50th nationally (also dead-last).[49]

- Crime is another major concern for anyone considering relocating to New Mexico. A 2020 *Statista* report ALSO places New Mexico worst in the nation albeit for its abysmal crime rate which is ranked worst in the nation.[50]

  A poor education system AND high crime are deterrents to anyone considering relocating to New Mexico, including medical providers.

- As mentioned earlier New Mexico is a relatively poor state. This doesn't "just" mean that it has high poverty rates, rather it also means that New Mexico is not a particularly "endowed" state in the sense that it has relatively few millionaires and billionaires.

  Wealthy people tend to fund some of America's largest medical centers across the nation from the Cleveland Clinic to the Mayo Clinic and Texas Medical Center.[51] Even when affiliated with major universities it helps to have wealthy donors backing them.

  New Mexico has zero *Fortune 500* companies located in the State and has a very small community of corporations.[52]

Of course, a more vibrant economy with more in migration can also result in a need for more doctors. But, on balance New Mexico's culture, weather, and physical beauty are enough, we believe, that with an aggressive approach on the part of policymakers, New Mexico can attract enough medical professionals to make the State a leader in reducing its shortage of medical providers and at least leveraging the providers it has.

ADDENDUM

[48] Renee Morad, "States with the Best Public School Systems," *Forbes,* https://www3.forbes.com/business/states-with-the-best-public-school-systems/2/.
[49] Voices for Children, "New Mexico Kids Count Profile 2021," https://www.nmvoices.org/archives/15563.
[50] *Statista,* "Crime Rates in the United States by State, 2020," https://www.statista.com/statistics/301549/us-crimes-committed-state/.
[51] Wikipedia, "Medical Centers in the United States," https://en.wikipedia.org/wiki/Medical_centers_in_the_United_States.
[52] *Fortune Magazine,* "Visualize the Fortune 500," https://fortune.com/franchise-list-page/visualize-the-fortune-500-2022.

Allow new medical providers through a liberalized H-1/J-1 Visa Program:

As our efforts are focused primarily on state/local policymakers, this "solutions" paper focuses on New Mexico-based solutions to the State's medical provider needs. But, there is one simple federal level solution that needs to be highlighted due to its simplicity, rapid impact, and positive budgetary impact: the United States could adjust its immigration laws to "import" medical professionals from other nations.

This solution appears to be a "win-win-win" with the possible exception that it MAY result in fewer medical providers being available in poorer countries although that is an open question. If US citizenship can be attained by undertaking medical studies in poor, third world nations, it may simply result in increased demand in those nations for medical diplomas.

The Exchange Visitor (J) non-immigrant visa category is for individuals approved to participate in work-and study-based exchange visitor programs. According to the U.S. State Department web site, approximately 300,000 foreign visitors from 200 countries and territories participate in the program each year.[53]

The Organization for Economic Cooperation and Development says there were more than 215,630 foreign trained doctors practicing in the U.S. as of 2016, higher than any other country.[54] Pew Stateline and a report from the Migration Policy Institute say there are at least another 270,000 who are underemployed.[55]

According to the U.S. State department, a total of 3,193 J-1 physician visas were issued for 2021. New York had the most at 653, but neighboring Texas had the fourth highest number at 184.[56]

In a year-to-year comparison from 2016 to 2021, neither New Mexico nor any of the other surrounding states had anywhere near that many. New Mexico compared similarly to its all its neighbors except Texas. However, it did fall in the bottom ten of all states for 2021, along with Utah. Montana had the lowest amount with one J-1 visa.[57]

According to Dr. Esther Raja, writing for the New York Post in August of 2020, this program continues to grow each year, with increasingly more foreign doctors coming to the U.S. to complete their residencies. Raja says the federal government approved more than 11,000 J-1 visas for foreign physicians in 2018, a 67% increase since 2008. More than 50% of them come mainly from Canada, India and Pakistan, says Raja.[58]

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[53]U.S. State Dept., "Facts and Figures," https://j1visa.state.gov/basics/facts-and-figures/.
[54]Organization for Economic Cooperation and Development, "Contribution of migrant doctors and nurses to tackling COVID-19 crisis in OECD countries," May 13, 2020, https://www.oecd.org/coronavirus/policy-responses/contribution-of-migrant-doctors-and-nurses-to-tackling-covid-19-crisis-in-oecd-countries-2f7bace2/.
[55]Michael Ollove, *Pew Stateline,* "Doctors Trained Abroad Want to See You Now," May 6, 2022, https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/05/06/doctors-trained-abroad-want-to-see-you-now.
[56]U.S. State Dept., "Facts and Figures," https://j1visa.state.gov/basics/facts-and-figures/.
[57]*Ibid.*
[58]Esther Raja, "Let's Stop Importing Doctors While American MD's Go Jobless," *New York Post,* August 5, 2020, https://nypost.com/2020/08/05/lets-stop-importing-doctors-while-american-mds-go-jobless/.

The sponsor of these physicians is the Educational Commission for Foreign Medical Graduates, which charges applicants $4,000 each in exam fees and brings in an additional $1,050 for every foreign doctor it certifies. As of 2018, says Raja, the ECMG had a total revenue of almost $90 million in 2018.[59] Raja says that more than 6,500 recent American graduates were not matched to U.S. residency programs despite having passed rigorous tests, including the U.S. Medical Licensing Examination.[60] According to the Post article, the U.S. had 2.59 doctors per 1,000 residents as of August 2020, one of the lowest rates of any of the developed nations.[61]

The article states that taxpayer funded residency programs are not required to accept qualified U.S. medical graduates. [62]

See the following chart from the U.S. State Department for the number of J1medical visas per state and country.[63]

As of October 19, 2021, according to the American Medical Association:[64]

*25% of licensed U.S. Doctors are IMGs (international medical graduates).

*The number of IMGs in practice has grown by nearly 18% since 2010. That figure is bigger than the 15% rise in U.S. Medical graduates over that same time period.

*The largest number of licensed IMGs have graduated from schools in India (23%) - per the FSMB census – followed by the Caribbean (18%), Pakistan (6%), the Philippines (6%) and Mexico (5%).

*More than 45,000 IMGs practice internal medicine, making it the most populated specialty among the segment.

*By share of the workforce IMGs have the largest presence in geriatric medicine, where they make up more than half of the active physician population.

*IMG match participation rose by more than 1,100 applicants in the 2020-2021 match cycle. The total number of IMGs who matched (7,508) was an increase of 132 over the prior year.

*Among other initiatives, the AMA advocates for an expansion of the J-1 visa program to more than 30 slots per state.

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[59] *Ibid.*
[60] *Ibid.*
[61] *Ibid.*
[62] *Ibid.*
[63] Bureau of Educational and Cultural Affairs, Office of Private Sector Exchange Designation, "Alien Physician Category," https://j1visa.state.gov/wp-content/uploads/2022/02/Alien-Physician-Flyer-2021.pdf.
[64] American Medical Association, "How IMGs Have Changed the Face of American Medicine," October 19, 2021, https://www.ama-assn.org/education/international-medical-education/how-imgs-have-changed-face-american-medicine.

Sheet1

J-1 Visas by Surrounding State 2016-2021

State	2021	2020	2019	2018	2017	2016
Arizona	27	27	31	20	18	26
Colorado	14	9	7	3	6	5
New Mexico	9	7	11	9	7	16
Oklahoma	17	15	15	22	18	29
Texas	184	163	163	163	161	173
Utah	5	9	4	5	2	6

H-1B Visas

The H-1B visa, created by the Immigration Act of 1990, is for temporary workers in specialty occupations who hold professional-level degrees, and allows U.S. employers to hire foreign nationals for professional level employment for up to 6 years.[65]

Awarded on a first come, first-serve basis the visa is available to graduates of foreign medical schools who have passed the necessary examinations, have a license or other authorization required by the state of practice, and have an unrestricted license to practice medicine or have graduated from a foreign or U.S. Medical school. According to research by the Pew Foundation, universities and colleges, nonprofits and government research institutions are exempted from the 65,000 a year cap.[66] These make up approximately 10% of H-1B visa applications since 2010.

According to MedPage.com, just over 1% of all physicians nationally had such visas as of 2017, with as many as one out of every 25 physicians in some states are working under the H-1B program.[67] Texas, California and New Jersey receive the most H-1B physician visa approvals.[68]

Myvisajobs.com lists the following for New Mexico and surrounding states for H-1B Visa workers:[69]

Texas	59,632	Average Salary $108,127
Arizona	9,805	103,591
Colorado	6,012	109,795
Utah	3,134	98,293
Oklahoma	1,267	98,563
New Mexico	876	112,739

[65]American Medical Association, "Immigration Information for International Medical Graduates," https://www.ama-assn.org/education/international-medical-education/immigration-information-international-medical-graduates.
[66]Neil Ruiz, *Pew Center*, "Key Facts About the H1B Visa Program," April 27, 2017, https://www.pewresearch.org/fact-tank/2017/04/27/key-facts-about-the-u-s-h-1b-visa-program/.
[67]Matt Wynn, *MedPage Today,* "By the Numbers: H-1B Visa Program and the Physician Workforce," April 27, 2017, https://www.medpagetoday.com/publichealthpolicy/by-the-numbers/64850.
[68]Neil Ruiz, *Pew Center*, "Key Facts About the H1B Visa Program," April 27, 2017, https://www.pewresearch.org/fact-tank/2017/04/27/key-facts-about-the-u-s-h-1b-visa-program/.
[69]MyVisaJobs.com, "2022 H1B Visa Reports: New Mexico," https://www.myvisajobs.com/New-Mexico-2022WS.htm.

See the following spreadsheet for a list of organizations in New Mexico and the H-1B medical professionals they hired.

The web site lists18 different organizations in New Mexico that applied for H-1B visas for approximately105 medical positions from 2019 to 2021.[70] These were spread throughout 11 towns in the state. Positions included general physicians, internal medicine, family practice and primary care physicians. They also included psychologists, physical and occupational therapists, rheumatologists, neurologists, cardiologists, oncologists, gastroenterologists, dentists, a colorectal surgeon, an electrophysiologist, an emergency medical physician, a rheumatologist, a pediatrician and a transplant nephrologist.

According to research by the Mercatus Center, IMGs are "substantially more likely" to practice in rural and poorer communities and are over-represented in primary care specialties, including family medicine and pediatrics.[71]

H-1B Visa Medical Hires from 2019 to 2021

Organization	Town	No. of Hires
Chase Dennis Emergency Medical Group	Las Cruces	1 Emergency Medical Physician
Eastern NM Medical Center (Roswell Clinic	Roswell	1 Colorectal General Surgeon
Familial Dental Las Cruces	Clovis	4 General Dentists
Familial Dental Las Cruces	Hobbs	5 General Dentists
Health Carousel	Hobbs, Las Cruces	9 and 11, positions not listed
Hospitalist Medicine Physicians of Texas	Rio Rancho	7 Hospitalist Physicians
In-patient Services of New Mexico	Alamogordo	1 Hospitalist
La Clinica de Familia	Las Cruces, Sunland Park, Anthony	4 General Dentists, 2 staff physicians, 2 psychiatrists, 1 therapist, 1 family practitioner
Las Cruces Physician Practices, LLC	Las Cruces	4 internal medicine physicians, 4 cardiologists, 1 oncologist, 1 general surgeon
Lovelace Health Systems	Albuquerque	1 electrophysiologist
Masoud Khorsand-Sahbaie, M.D., P.A	4 Carlsbad, 8 Roswell	3 hematology/oncology, 4 internal medicine physicians, 2 neurologists, 1 endocrinologist
Nor-Lea Hospital District	4 Lovington, 1 Hobbs	1 primary care physician, 1 physician, 1 physical therapist, 1 family practice physician, 1 rheumatologist
Presbyterian Health Care Services	ABQ, 23 Rio Rancho, 10 Clovis, 2 Espan	physicians and surgeons, 13 hospitalist physicians, 11 internal medicine physicians, 8 family medicine physicians
Renal Medicine Associates	1 Roswell, 1 Albuquerque	1 nephrologist, 1 transplant nephrologist
Roosevelt General Hospital	Portales	1 family practice physician
San Juan Regional Medical Center	8 Farmington	3 hospitalists, 2 cardiologists, 1 rheumatologist, 1 pediatrician, 1 neurosurgeon
Southwest Gastroenterology Associates	2 Albuquerque	2 gastroenterologists
Southwest Medical Associates	5 Albuquerque	3 physicians, 1 cardiologist, 1 gastroenterologist
UNM Health Sciences Center	Albuquerque and Rio Rancho	3 psychologists, 3 neurologists

Source: MyVisaJobs.com https://www.myvisajobs.com/New-Mexico-2022WS.htm

[70] *Ibid.*

[71] Jeffrey S. Flier and Jared M. Rhoads, Mercatus Center, "The US Health Provider Workforce," 2018, https://www.mercatus.org/system/files/flier-health-provider-mercatus-working-paper-v1.pdf.

Bureau of Educational and Cultural Affairs, Office of Private Sector Exchange Designation

Alien Physician Category

Top 20 Growing Countries Between 2020-2021

Country	# of 2020 EVs	# of 2021EVs	Growth Percentage
Ethiopia	1	9	800%
Vietnam	0	4	400%
Barbados	2	9	350%
Belarus	1	4	300%
Botswana	1	4	300%
Saint Lucia	1	4	300%
Slovenia	0	3	300%
Sri Lanka	1	4	300%
Qatar	1	4	300%
Sudan	11	34	209%
Bulgaria	0	2	200%
Cote D'Ivoire	0	2	200%
Croatia	0	2	200%
Kuwait	1	3	200%
Norway	0	2	200%
Uganda	2	6	200%
Ukraine	2	6	200%
Bahrain	2	5	150%
West Bank	5	11	120%
Benin	0	1	100%
Grand Total	**2,858**	**3,193**	**12%**

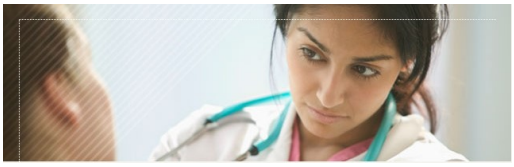
The Office of Designation strives to be responsive to our stakeholders and aims for excellence and quality in our work product as we provide administrative oversight and outreach within the Exchange Visitor Program.

Contact us at **DesignationAlienPhys@state.gov**

BridgeUSA

Bureau of Educational and Cultural Affairs, Office of Private Sector Exchange Designation

Alien Physician Category



Foreign medical graduates pursue graduate medical education or training at a U.S. accredited school of medicine or scientific institution, or pursue programs involving observation, consultation, teaching, or research.

Total of New Alien Physician Exchange Visitors in CY 2021— 3,193

Top 20 Sending Countries

Country	# of EVs
Canada	782
India	583
Pakistan	278
Jordan	129
Egypt	110
Lebanon	100
Nepal	88
Nigeria	74
Brazil	57
Saudi Arabia	51
Columbia	47
Turkey	43
Mexico	38
Ecuador	35
Israel	34
Sudan	34
Dominican Republic	33
Trinidad & Tobago	30
Greece	28
United Kingdom	26

Top 20 U.S. Destinations

U.S. State	# of EVs
New York	653
Michigan	249
Pennsylvania	235
Texas	184
Illinois	183
Florida	173
Massachusetts	160
New Jersey	150
Ohio	149
Connecticut	115
Maryland	92
California	77
Louisiana	62
District of Columbia	58
Minnesota	57
Missouri	56
Georgia	46
Alabama	40
West Virginia	40
Virginia	31

Contact us at **DesignationAlienPhys@state.gov**

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Conclusion

New Mexico is by no means unique among US states in terms of having a medical provider shortage. But it has some inherent disadvantages as well as numerous self-inflicted issues which mean that New Mexico's provider shortage is already bad and will soon get much worse unless policy changes are made. The "low hanging fruit" involves addressing the medical malpractice law and eliminating the gross receipts tax on medical service providers.

But, any or all ideas in this document should be on the table as New Mexico is uniquely positioned among US states with a large, resource-driven budget surplus. With the war chest available to its political leaders there is no reason for New Mexico to face a shortage of medical providers in the intermediate or long-terms.