# New Mexico Medical Society

ADVOCATING FOR BETTER ACCESS TO CARE

# New Mexico Medical Society

Since 1886, the New Mexico Medical Society (NMMS) has been dedicated to the advancement of medical science to serve our state's health care needs.

Through the elevation of the standards of medical education, the enactment and enforcement of just medical laws, and the promotion of medical ethics as set forth by the American Medical Association, we seek to keep members of the medical profession at the forefront of medical practices.

From our annual medical conference to ongoing continuing education, from physician advocacy before the New Mexico Legislature to the United States Congress, we work to improve health care and the physicians who provide patient care and ancillary services.

For health care consumers in New Mexico, we serve to promote the physicians that uphold these important tenets and work to educate and advocate about public health issues that affect our state.

# New Mexico Medical Society

Not-for-profit association representing close to 2,400 MDs and DOs, including residents in training and medical students at UNM-SOM and Burrell College of Osteopathic Medicine. We represent all specialties, all practice types (self and organization employed), all stages of the career from student to retired.

Focus on advocacy, education, and problem solving.

Last few years renewed emphasis on relationship with residents and students.  Have a family medicine resident "policy" intern in Santa Fe and a rotation available for current medical students.

Relationships with national and state healthcare association (e.g. AMA, NMHA, Medical Board, GACC).

Goal is to create a practice environment that invites physicians to stay in and move to New Mexico.

1. Stabilize Current Medical Infrastructure
2. Support Clinicians and Expand Services
3. Build our Future Clinician Pipeline

# Challenges New Mexico Must Overcome

According to a 2022 report released by the Association of American Medical Colleges, the U.S. faces a projected shortage of between 37,800 and 124,000 physicians by 2034.

- AAMC projects by 2034 include shortages of 17,800 – 48,000 primary care physicians and 21,000 – 77,100 non-primary care physicians.

New Mexico is competing against every other state in the union to attract and retain physicians – and solving our shortage issues will be even more challenging due to social struggles we are working to overcome and the extremely rural nature of our state.

New Mexico's shortage is severe – Workforce Solutions reports that as of April 2024 there were **2,200** posted openings for physicians.

# New Mexico is a “Hard” Practice Environment

We must recognize that to recruit and retain physicians, our state requires an entirely different system of support for new or “urban-transitioning” physicians – we must support clinicians so they are confident to practice in our communities despite lack of access to other health care clinicians, equipment,  and treatment modalities.

UNM medical graduates are not staying here…UNM’s own retention report shows we fall behind the national average in retention of our medical trainees.

| | MD Only | Medical Residency Only | MD & Medical Residency |
|---|---|---|---|
| Graduates | 1,991 | 5,49 | 1,239 |
| Graduates Practicing in NM | 411 | 1,052 | 650 |
| Percent of Graduates Practicing in NM | 20.6% | 19.1% | 52.5% |

# 2022 Summary of licensed health care professionals

New Mexico has **lost** physicians since 2013:

- 308 **fewer** Primary Care Physicians
  - 181 **below** the national benchmark
- 37 **fewer** OB-GYNs (NM lost more OB-GYNs in 2022)
  - 19 **below** the national benchmark
- 20 **fewer** General Surgeons
  - 11 **above** the national benchmark
- 12 **fewer** Psychiatrists
  - 15 **below** the national benchmark

*only 50%-60% of licensed physicians actually practice in NM (2025 Healthcare Workforce Shortage Report)

***Summary of Health Care Professionals with New Mexico Licenses Practicing in the State***

*A. Physicians*

| Profession Metric | 2013 | 2016[b] | 2017 | 2018 | 2019[c] | 2020 | 2021 | Net Change Since 2013 |
|---|---|---|---|---|---|---|---|---|
| **PCPs** | | | | | | | | |
| # in New Mexico | 1,957 | 2,076 | 2,360 | 2,162 | 1,581 | 1,607 | 1,649 | -308 |
| Total Below Benchmark[a] | 153 | 139 | 126 | 136 | 336 | 328 | 334 | 181 |
| Counties Below Benchmark | 23 | 22 | 16 | 18 | 26 | 27 | 25 | 2 |
| **OB-GYNs** | | | | | | | | |
| # in New Mexico | 256 | 273 | 282 | 279 | 230 | 229 | 219 | -37 |
| Total Below Benchmark[a] | 40 | 31 | 30 | 39 | 59 | 56 | 59 | 19 |
| Counties Below Benchmark | 14 | 9 | 11 | 15 | 17 | 17 | 19 | 5 |
| **General Surgeons** | | | | | | | | |
| # in New Mexico | 179 | 188 | 194 | 188 | 155 | 154 | 159 | -20 |
| Total Below Benchmark[a] | 21 | 14 | 12 | 11 | 11 | 10 | 10 | -11 |
| Counties Below Benchmark | 12 | 7 | 7 | 6 | 5 | 5 | 4 | -8 |
| **Psychiatrists** | | | | | | | | |
| # in New Mexico | 321 | 332 | 332 | 317 | 296 | 305 | 309 | -12 |
| Total Below Benchmark[a] | 104 | 106 | 111 | 108 | 106 | 117 | 119 | 15 |
| Counties Below Benchmark | 25 | 26 | 26 | 26 | 26 | 26 | 24 | -1 |

[a] Total below benchmark reflects the number of providers needed to bring all counties below benchmarks to national provider-to-population values without reducing workforce in counties above benchmarks.

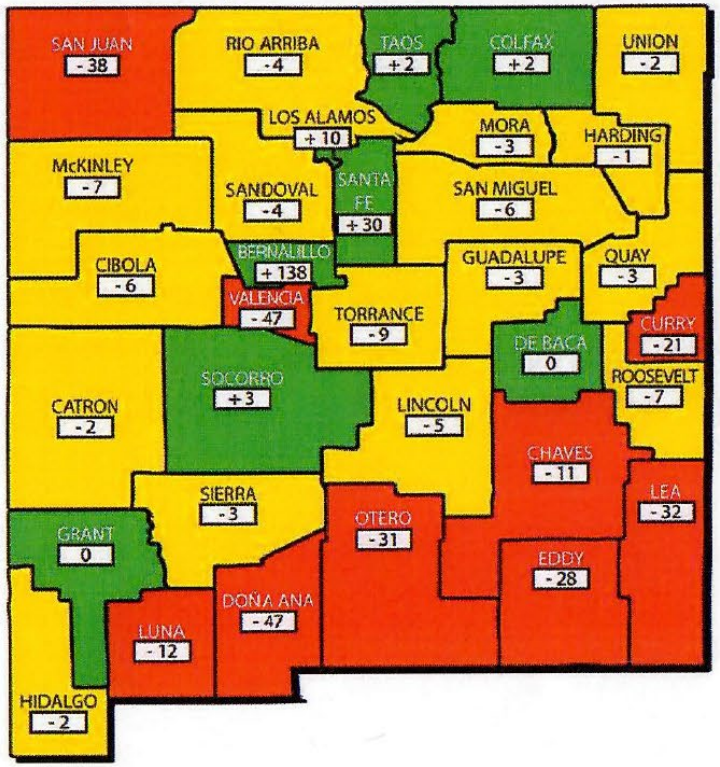
[b] This is the first year for which DO specialties were analyzed, correcting prior years' overestimation of DOs in primary care and underestimation in OB-GYN, general surgery and psychiatry.

[c] Non-practicing providers for all professions were excluded beginning with 2019.

# Primary Care Physicians

New Mexica now don't have car

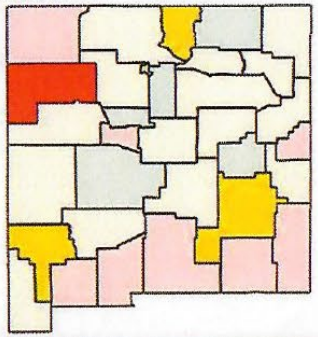
## Primary Care Physicians Compared to Benchmark, 2021

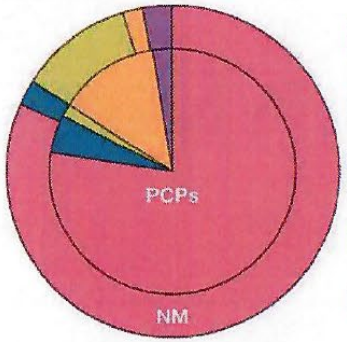



Comparison to Benchmark (8.5 per 10,000 Population)[36]

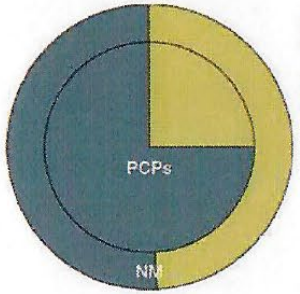
- At or Above Benchmark
- 1 - 10 Providers Below Benchmark
- > 10 Providers Below Benchmark
- 0 Number Above (+) or Below (-) Benchmark

2020

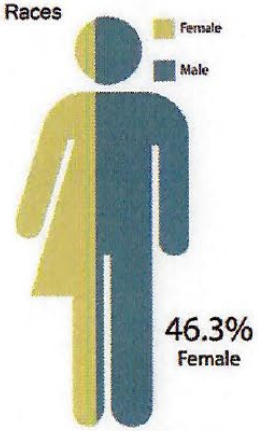


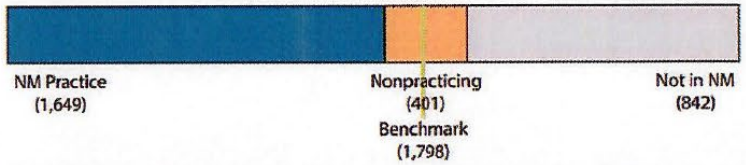



- White or Caucasian
- Black or African American
- Native American and Alaska Native
- Asian, Native Hawaiian and Other Pacific Islander
- Two or More Races



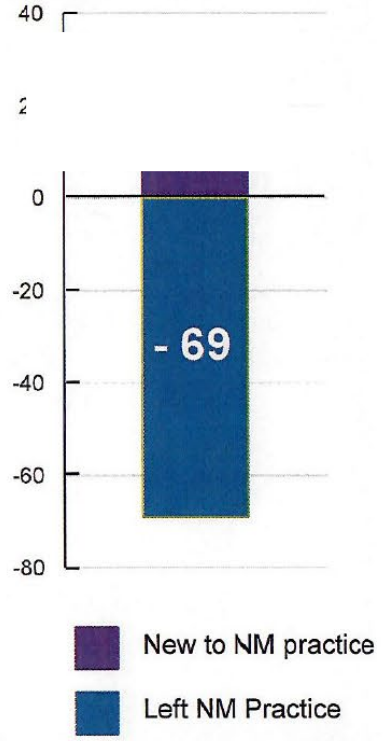

- Hispanic
- Non-Hispanic

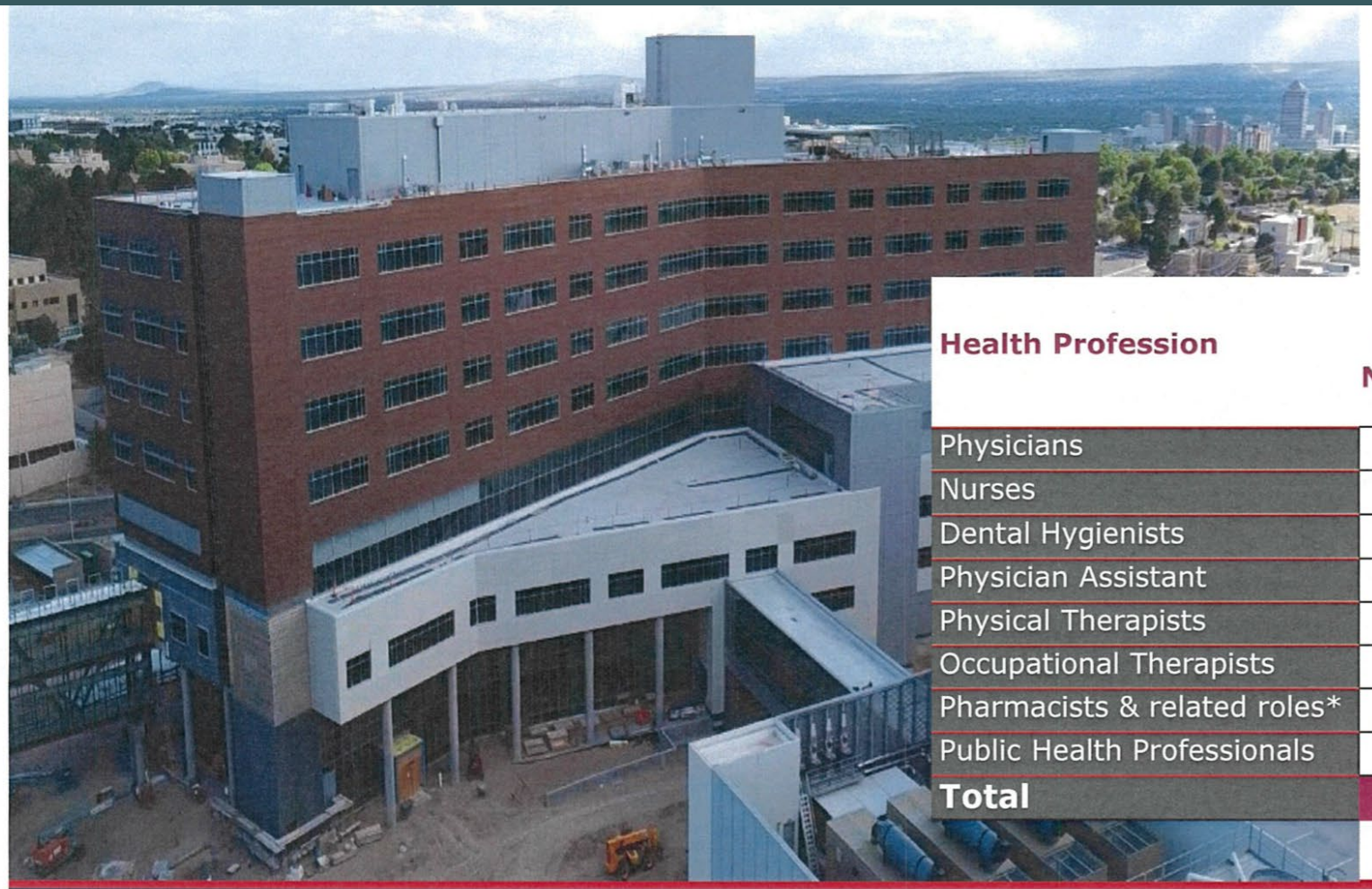



## Average Age

**53.1**





# Shortages in New Mexico by Profession

| Health Profession | Practitioners Needed (2024) | Practitioners Needed (2035) [1] |
|---|---|---|
| Physicians | 522 | 1,680 |
| Nurses | 5,952 | 10,520 |
| Dental Hygienists | 88 | 350 |
| Physician Assistant | 281 | *Data Not Available* |
| Physical Therapists | 526 | 1,590 |
| Occupational Therapists | 114 | 610 |
| Pharmacists & related roles* | 482[2] | 700 |
| Public Health Professionals | 480[3] | 960[3] |
| **Total** | 8,445 | 16,410 |

*Includes pharmacists, pharmacy aides, pharmacy technicians

1 HRSA data used, which goes beyond population extrapolation to consider attrition, socioeconomic factors, geographical needs, etc. i. These represent Admission numbers, 2. From Board of Regents deck, 3. Provided from College of Population Health

7

MCK HEALTH STRATEGIES LLC

# New Mexico Compared To Neighboring States

## + or – Clinically Practicing and Billing Physicians

| | Total 2019 Practicing Physicians | Total 2024 Practicing Physicians | Difference Between 2019-2024 | Percentage gain/loss 2019-2024 |
|---|---|---|---|---|
| Oklahoma | 6,057 | 6,321 | 264 | 4.4% |
| Texas | 42,479 | 48,775 | 6,296 | 14.8% |
| **West** | 131,864 | 141,761 | 9,897 | 7.5% |
| Arizona | 11,283 | 12,981 | 1,698 | 15.0% |
| California | 67,011 | 72,303 | 5,292 | 7.9% |
| Colorado | 10,842 | 11,427 | 585 | 5.4% |
| Nevada | 4,641 | 4,667 | 26 | 0.6% |
| **New Mexico** | **3,039** | **2,791** | **-248** | **-8.1%** |
| **National** | **603,726** | **647,998** | **44,272** | **7.3%** |

Every data point shows New Mexico has **lost** physicians in the last five years. This data was collected using billing information to examine how many physicians are actively billing for patients in every state.

**New Mexico was the only state in the country that experienced a loss of physicians from 2019-2024.**

Physicians Advocacy Institute – "Physician Employment Trends in the US and New Mexico." For more information on this study, please attend an educational webinar from PAI in December.

# Physicians Advocacy Institute – "Physician Employment Trends in the US and New Mexico"

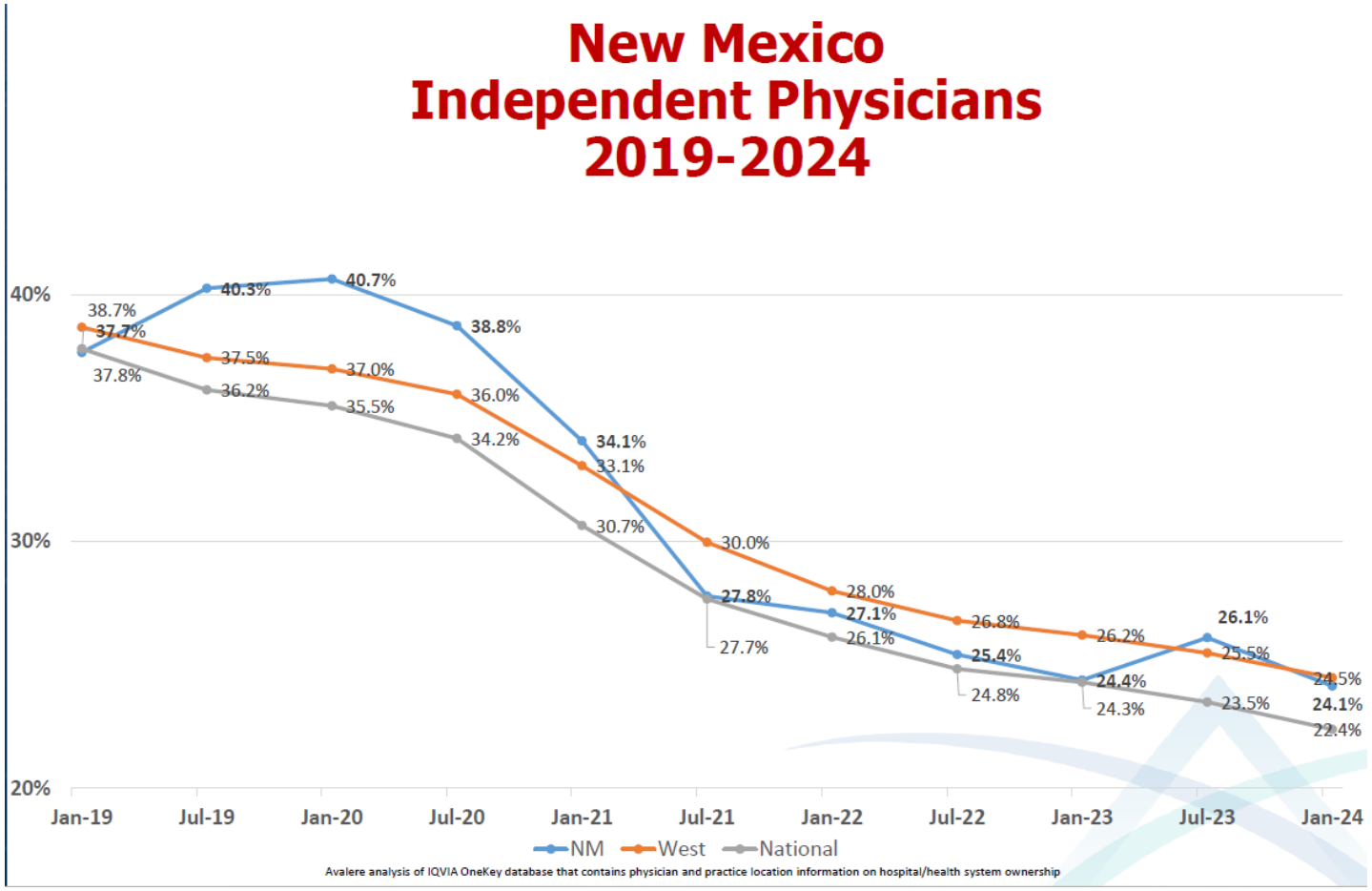
New Mexico was the only state in the country experiencing a trend in 2018-2020 where more physicians were transitioning to independent practice.

This trend reversed at the end of 2021 with New Mexico now close to the national average for percentage of physicians employed by a hospital, health system, or corporate entity.

As of January 2024, only 25% of New Mexico's physicians are in independent practice.

What happened in 2021 to reverse the trend of physicians becoming independent?

What are the challenges to successful independent practice and what can policymakers do to solve these challenges?



# Why is New Mexico losing physicians?

THERE ARE A LOT, BUT WE'LL TALK ABOUT TWO OF THE MAJOR REASONS…

# Practice Revenue

# Medical Practices are Unique Businesses

Medicine is the **only** industry in which the business cannot control the price of the services or goods we provide.

Medicare reimbursement rates continue to decline– in New Mexico, approximately 70%+ of patients are covered by government insurance (Medicaid or Medicare) so any changes in these reimbursement rates have an outsized impact.

The rates practices receive for procedures are set through a lopsided negotiation process with an MCO where the practitioners almost always receive less payment for the procedure than the cost to provide it.

- The rates for commercial plans often fall back on Medicaid and Medicare rates, which we show are lower than practice costs.

These rates are set, often, more than a year in advance of the service provided through the fee schedule. Some of the contracts have evergreen clauses that make it difficult for providers to renegotiate rates for years at a time.

- This means “new price setting” cannot occur mid-year to react to growing costs.

The only way to increase revenue is to see more patients, which is not the best quality of care, or to accept only private pay patients in which the provider can set their own prices. But most New Mexicans could never afford to receive care in that setting.

Add unfriendly business practices, like GRT on healthcare services, and you put New Mexico medical businesses at an automatic disadvantage.

# Medicare helps tell the story of low reimbursement rates

Physicians have experienced no notable increase in Medicare in 20 years – **2025 actually cut physician reimbursements by 2.8%**

New Mexico Medicare reimbursement rates are **lower** than our surrounding states due to the Geographic Practice Cost Index (GPCI)

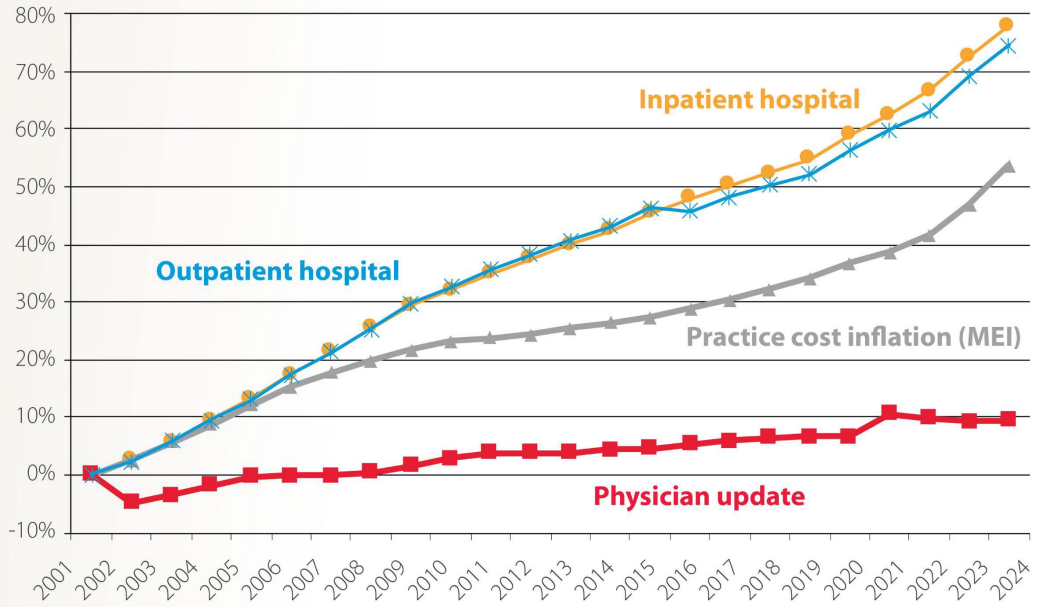
Federal action on Medicare has a **much larger** impact on New Mexico's physicians than other states due to our reliance on the system for direct patient care and reimbursement rates for all other services.

## Medicare physician payment is NOT keeping up with practice cost inflation.

### Medicare updates compared to inflation in practice costs (2001–2024)

Adjusted for inflation in practice costs, Medicare physician payment **declined 29%** from 2001 to 2024.

AMA AMERICAN MEDICAL ASSOCIATION




Sources: Federal Register, Medicare Trustees' Reports, Bureau of Labor Statistics, Congressional Budget Office.
Note: Updates from the Consolidated Appropriations Act of 2024 have been incorporated.

**Updated May 2024**

## We need to fix Medicare physician payment NOW.

# Why is Medicaid so Important?

**Medicaid revenue is the cornerstone of most practices in New Mexico. Stabilizing this revenue stream to cover costs, and provide a cushion for reinvestment in practices, is critical to the business of medicine.**

**Medicaid**

- **Currently covers 44% of New Mexicans and 60% of all New Mexico's children**
- **Medicaid is the biggest payer in the NM healthcare system**
- **With every state dollar spent the federal government reimburses $3.45**

**The overall goal is to provide access to the care that is needed. Increasing Medicaid payments is the most direct way to reach that goal. Without the revenue the workforce, supplies, and up-to-date technology will not be available.**

**Better revenue allows practices to:**

- **Spend more time with patients.**
- **Offer more competitive pay.**
- **Modernize practice tools.**
- **Reinvest in improving and delivering health care.**
- **Develop recruitment packages and retention bonuses.**
- **Hire critical patient care team & admin staff**

The FY2024 budget is to be commended for the significant investment it made in Medicaid – but more must be done to stabilize and grow Medicaid reimbursements in future fiscal years.

- New professional services fee-for-service reimbursement rates are 120% of Medicare for Primary Care, Maternal & Child Health, and Behavioral Health.

The FY2025 budget raised, and the FY2026 budget maintained, Medicaid reimbursement rates for physicians again to 150% of Medicare for Primary Care, Maternal and Child health, and Behavioral Health starting January 1, 2025.

- All other professional services fee-for-service reimbursement rates are 100% of Medicare.

Continue to prioritize Medicaid funding in the budget so there may be increases in the fee-for-service schedule for all clinicians, both primary care and specialists.

The HDAA from 2024 was monumental in stabilizing revenue for hospitals, but did not increase Medicaid rates for independent practice physicians. The fee-for-service schedule and facility fees require continued investments from the Legislature.

# Medicaid Funding FY24-FY26

# Federal Actions - Medicaid

In early June, the White House issued a memo that stated the CMS Secretary shall:

- “take appropriate action to eliminate waste, fraud, and abuse in Medicaid, including by ensuring Medicaid payment rates are not higher than Medicare, to the extent permitted by applicable law.”

The state increased rates for maternal and child health, physical health, behavioral health and other services several times in the last few years, first to 120 percent then 150 percent of Medicare

## FY27-FY30 General Fund Appropriation Outlook, Risks & Potential Liabilities

(in millions)

| | Operating Budget FY25 | Operating Budget FY26 | Outlook FY27 | Outlook FY28 | Outlook FY29 |
|---|---|---|---|---|---|
| August 2025 Consensus | $ 13,700.3 | $ 13,706.0 | $ 14,109.9 | $ 14,617.3 | $ 15,169.8 |
| Includes Tax and Revenue Changes from Federal Reconciliation | | | | | |
| **Total Recurring Revenue** | **$ 13,700.3** | **$ 13,706.0** | **$ 14,109.9** | **$ 14,617.3** | **$ 15,169.8** |
| Year-to-Year Percent Change | *N/A* | *0.0%* | *2.9%* | *3.6%* | *3.8%* |
| **Subtotal - Recurring Appropriations** | **$ 10,224.6** | **$ 10,835.3** | **$ 11,485.4** | **$ 12,174.5** | **$ 12,905.0** |
| Year-to-Year Percent Change, pre-adjustment | | 6.0% | 6.0% | 6.0% | 6.0% |
| Adjustment Scenario | | | | | |
| - Move Successful GRO to Base Budget | | | $ - | $ 78.0 | $ 156.4 |
| - Move Successful Public Education Reform Fund to Base Budget | | | $ - | $ - | $ 20.6 |
| - Replace HCAF with GF for Medicaid | | | $ 30.0 | $ 32.1 | $ 34.3 |
| - Replace HCAF with GF For State Health Benefits | | | $ 36.2 | $ 38.7 | $ 41.4 |
| - Move Public Education Health Benefits to 80% Employer | | | $ 60.0 | $ 64.2 | $ 68.7 |
| - State Liability Premiums Supplemental | | | $ 14.0 | $ 14.0 | $ 14.0 |
| - Replace ACF Transfers for Wildfire Loan Funding | | | $ 50.0 | $ 50.0 | $ 50.0 |
| ***Federal Reconciliation & Other Budget Cuts*** | | | | | |
| - Federal SNAP Admin to 75% State Cost | | | $ 14.0 | $ 14.0 | $ 14.0 |
| - Federal SNAP - New State Cost Share for Benefits | | | $ - | $ - | $ 200.0 |
| - Replace Medicaid Provider Taxes - President Directive to Lower Rates to Medicare from 150% of M | | | $ 462.0 | $ 494.3 | $ 528.9 |
| - Replace Medicaid Hospital Provider Taxes/Directed Payments w/Fed Funds | | | $ - | $ - | $ - |
| - Admin Costs for Medicaid Re-enrollment | | | $ 5.0 | $ 5.0 | $ 5.0 |
| - Medicaid Costs for Work Requirements | | | $ 25.0 | $ 25.0 | $ 25.0 |
| - Medicaid Savings from Eligibility/Work Requirements | | | $ - | $ (75.0) | $ (85.0) |
| - Replace UNM Hospital Directed Payments w/State Supplemental Payment | | | | $ 200.0 | $ 200.0 |
| - Implement 100% State funded SNAP for newly ineligible clients | | | $ 109.0 | $ 114.0 | $ 120.0 |
| - Replace federal funds for public TV | | | $ 5.0 | $ 5.0 | $ 5.0 |
| **Subtotal - Additional Recurring Adjustments** | **$ -** | **$ -** | **$ 810.2** | **$ 1,059.4** | **$ 1,398.4** |
| **Total Recurring Appropriations** | **$ 10,224.6** | **$ 10,835.3** | **$ 12,295.6** | **$ 13,233.9** | **$ 14,303.4** |
| Year-to-Year Percent Change | | *6.0%* | *13.5%* | *7.6%* | *8.1%* |
| - | | | | | |
| - Capital Outlay | $ 931.6 | $ 798.5 | $ 798.5 | $ 798.5 | $ 798.5 |
| - Higher Ed Capital Fund | | | $ 300.0 | $ 300.0 | $ 200.0 |
| - Non Recurring Specials, Supp, & Fund Transfers | $ 1,468.0 | $ 1,951.1 | $ 1,951.1 | $ 1,951.1 | $ 1,951.1 |
| ***Subtotal - NR Appropriation from Recurring Reve*** | ***$ 2,399.6*** | ***$ 2,749.6*** | ***$ 3,049.6*** | ***$ 3,049.6*** | ***$ 2,949.6*** |
| **Surplus/(Deficit)** | **$ 1,076.1** | **$ 121.1** | **$ (1,235.3)** | **$ (1,666.2)** | **$ (2,083.2)** |

* totals may not foot due to rounding

# Litigious Environment

# Medical Malpractice Costs Soar Over Other States

## 2024 Medical Professional Liability Insurance Premium Base Rate Comparison Including New Mexico, Arizona, California, Colorado, Oklahoma, Texas, and Utah

| State | Internal Medicine | General Surgery | OB/GYN |
|---|---|---|---|
| New Mexico (includes PCF charge) | $21,110 | $101,521 | $107,916 |
| Arizona | $13,080 | $39,433 | $50,263 |
| California* | $9,054 | $34,463 | $42,561 |
| Colorado | $12,565 | $65,827 | $50,365 |
| Oklahoma | $14,679 | $50,974 | $58,453 |
| Texas* | $15,964 | $48,778 | $59,093 |
| Utah | $9,702 | $49,985 | $70,357 |

*California and Texas rates are averaged across multiple rating territories in each respective state.

Source:

Base rates and PCF surcharge as reported in the Medical Liability Monitor, Annual Rate Survey Issue; October 2024.

For each state, rates used were as published by the insurance carrier with the largest (by percentage) market share in 2023, with the exception of Texas where the carrier with the second largest market share is shown because the largest carrier did not publish their rates.

All rates shown, with the exception of New Mexico, are manual rates for mature claims-made specialties with limits of $1 million per claim with a $3 million annual aggregate – by far the most common limits. The New Mexico Patient Compensation Fund provides $500,000 per occurrence in excess of a physician's $250,000 per claim with a $750,000 annual aggregate primary occurrence policy. The rate shown reflects a total of $750,000 per occurrence limit available combining primary coverage and PCF coverage.

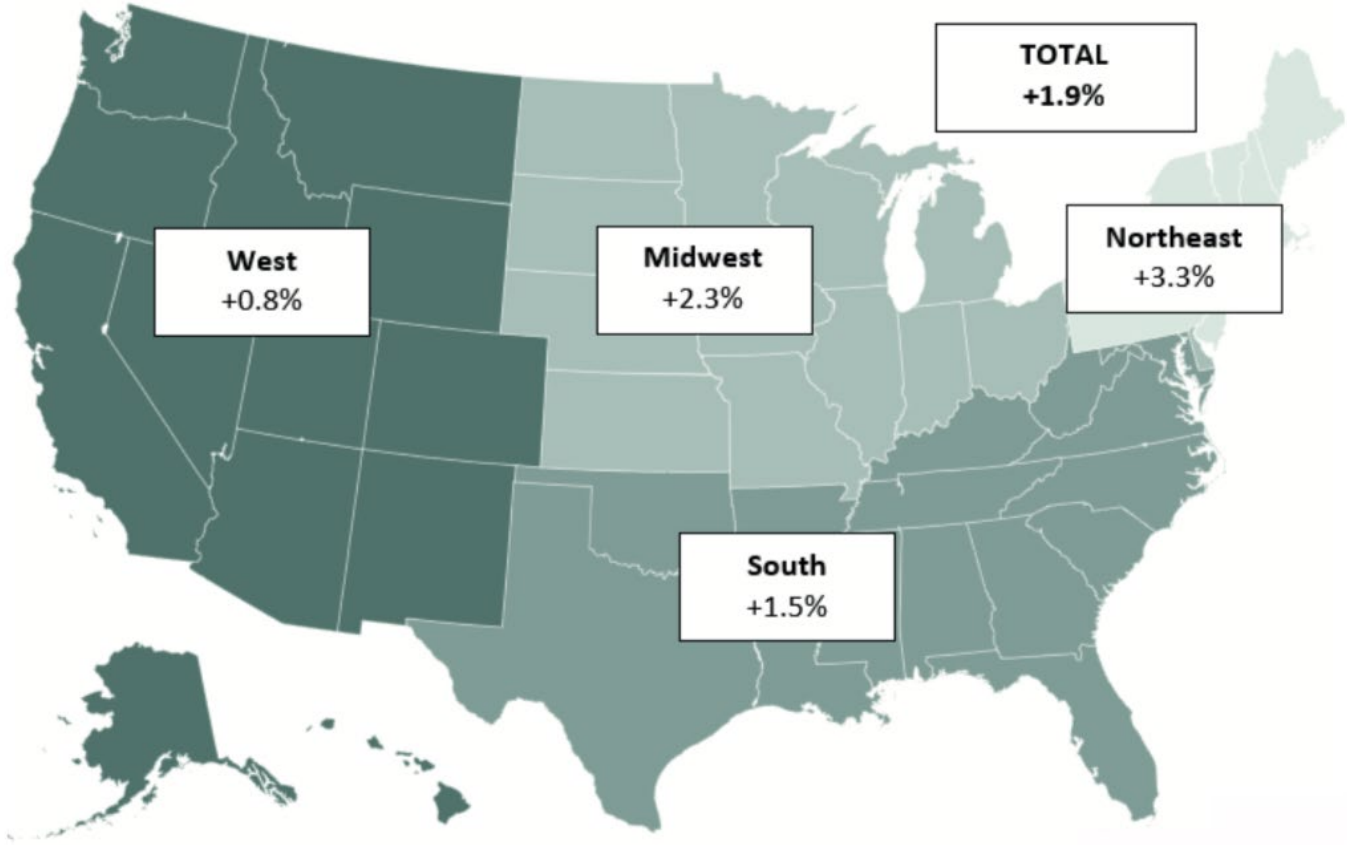
# National Average Increases for 2025

Source: Medical Liability Monitor – a national publication that performs annual rate surveys for all states and base rates officially filed insurers to their appropriate regulator in each state.

OCTOBER 2025 VOL. 50 NO. 10

**EXHIBIT 4**

## Average Rate Change by Specialty



# New Mexico Increases Outpace National Average

## SECTION II – PATIENT COMPENSATION FUND STATES

## NEW MEXICO

*The New Mexico Patient Compensation Fund provides $500,000 per occurrence in excess of a physician's $250,000/$750,000 primary occurrence policy.*

| SPECIALTY | 2024 RATE | 2024 SURCHARGE | 2024 TOTAL | 2025 RATE | 2025 SURCHARGE | 2025 TOTAL | % CHANGE |
|---|---|---|---|---|---|---|---|
| **The Doctors Company** | | | | | | | |
| ** Occurrence-coverage rates* | | | | | | | |
| Internal Medicine | $14,762 | $6,348 | $21,110 | $15,848 | $6,894 | $22,742 | 7.73% |
| General Surgery | $65,020 | $36,501 | $101,521 | $68,408 | $39,640 | $108,048 | 6.43% |
| OB/Gyn | $66,655 | $41,261 | $107,916 | $70,128 | $44,809 | $114,937 | 6.51% |
| Nurse Practitioner | $2,684 | $924 | $3,608 | $2,864 | $1,004 | $3,868 | 7.21% |
| **MMIC Insurance Co. (Curi)** | | | | | | | |
| Internal Medicine | $12,000 | $6,348 | $18,348 | $12,000 | $6,894 | $18,894 | 2.98% |
| General Surgery | $36,000 | $36,501 | $72,501 | $36,000 | $39,640 | $75,640 | 4.33% |
| OB/Gyn | $55,000 | $41,261 | $96,261 | $55,000 | $44,809 | $99,809 | 3.69% |

# NMMS Major 2026 Priorities

Medical Malpractice Reform

- Policy Solutions
- Punitive Damages Reform
- Definition of Occurrence
- Collateral Source
- Hospital Participation in the PCF

Medicaid Budget and Fee for Service Schedule

# Questions?

CARIE ROBIN BRUNDER, LOBBYIST, NMMS