



2019 Legislative Session

Removal of Deductions on Gross Receipts Paid by Physicians

Previously passed tax reforms:

- Allowed a deduction for treating senior citizens on Medicare, which pays New Mexico physicians at the 32nd lowest rate in the nation.
- Permitted a deduction for negotiated contracts with Managed Care Plans, which do not include Gross Receipts Tax (GRT) and which pay a significantly lower rate than a physician's customary charges. This deduction helped physicians to compete with colleagues who work at not-for-profits, UNM, for-profit hospitals, or government institutions – all of which DO NOT pay GRT.
- Helped New Mexico recruit and retain physicians.

Removing this limited but crucial benefit will cause physicians to either seek employed positions or to leave New Mexico. This will be the DEATH NAIL for private practice.

Besides providing health care, physicians fill a vital role in the state's economy. The Economic Impact of Physicians in New Mexico, (IQVIA, January 2018) measured the economic impact of New Mexico's 4,184 patient care physicians according to four key economic barometers in 2015.

- **Jobs:** Each physician supported an average of 11.40 jobs and contributed to a total of 47,688 jobs statewide.
- **Output:** Each physician supported an average of \$1.9 million in economic output and contributed to a total of \$8.0 billion in economic output statewide.
- **Wages and Benefits:** Each physician supported an average of \$929,205 in total wages and benefits and contributed to a total of \$3.8 billion in wages and benefits statewide.
- **Tax Revenues:** Each physician supported \$75,625 in local and state tax revenues and contributed to a total of \$316.4 million in local and state tax revenues statewide.

Removing the deductions for GRT paid on medical care will have long term and undesirable consequences for the health care in the state, without achieving what the state needs and wants which is more money. This proposal threatens not only the availability and affordability of health care but of one of the state's economic engines and employment powerhouses, the medical practice.

Physicians are integral to the health of patients AND to the economy of the state. Please vote NO to rescinding tax deductions on physicians and their businesses.