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FISCAL IMPACT REPORT

SPONSOR Ortez/Armstrong/Hernandez LAST UPDATED _____
ORIGINAL DATE 2/8/2023
BILL
SHORT TITLE Health Professional Loan Repayment NUMBER House Bill 209
ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HED		No fiscal impact	No fiscal impact	No fiscal impact		

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

Higher Education Department (HED)

New Mexico State University (NMSU)

SUMMARY

Synopsis of House Bill 209

House Bill 209 alters the Health Professional Loan Repayment Act by

1. Removing a requirement that limited physician eligibility to “primary care” physicians to open eligibility to all physicians;
2. Adding a requirement that the Higher Education Department work with the Department of Health when designating areas as medically underserved; and
3. Extending the service obligation for loan repayment from two years to three years.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The health professional loan repayment program is funded through legislative appropriations. Changing program eligibility to any physician rather than restricting it to primary care physicians will likely increase the number of applications for loan repayment. However, because HED cannot award more funding than is appropriated for the program, the increase in applications will not increase program costs. Therefore, HB209 has no fiscal impact.

SIGNIFICANT ISSUES

HED reports:

The purpose of the New Mexico Health Professional Loan Repayment Program (HPLRP) is to provide repayment for outstanding student loans of practicing health care professionals. 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 FY23 there were 649 eligible applicants, of which 44 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 Cabinet Secretary determines awardees based on geographic area and need; type of medical practice; student loan indebtedness; population served; and other factors.

HED identifies the percentage of eligible applicants funded through HPLRP as a measure of program performance and demand. In FY23, 14 percent of eligible HPLRP applicants were funded (44 awards of 649 qualified applicants).

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The LFC recommended increasing recurring funding for the health professional loan repayment program from \$1.65 million per year to \$4.65 million per year. In addition, the LFC recommended an additional \$5 million in nonrecurring funding for this program through a special appropriation.

CJ/rl/ne