

LFC Requestor: CHENIER, Eric

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: House

Category: Bill

Number: 196

Type: Introduced

Date (of THIS analysis): 01/30/2025

Sponsor(s): Joy Garratt

Short Title: Behavioral Health & Child Care Funding

Reviewing Agency: Agency 665 - Department of Health

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$0	\$25,000 Behavioral Health Capital Fund	Recurring	General Fund
\$0	\$25,000 Primary Care Capital Fund	Recurring	General Fund
\$0	\$10,000 Child Care Facility Loan Fund	Recurring	General Fund

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$	\$	\$		

It is uncertain if any interest collected from the loans is placed in a revenue fund at the New Mexico Finance Authority.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non- recurring	Fund Affected
Total	\$0	\$99,953	\$99,953	\$199,906	Recurring	General

The proposed legislation does not include any appropriation for the DOH administrative support to effectively process and review the increase in volume of applications for the Primary Care Capital Fund. A Full-Time Equivalent (FTE) position would be necessary. Pay Band 65 - \$29.99/hr. x 2080 hours x 0.4395 = \$89,803 + Office Setup \$6,150 + Rent \$4,000 = \$99,953 (2080 hours are the standard full-time hours per year).

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

House Bill 196 (HB196) proposes to make appropriations from the general fund to the Department of Finance and Administration beginning in fiscal year 2026 and subsequent years to carry out the purposes of the:

1. Behavioral Health Capital Funding Act for twenty-five million dollars (\$25,000,000)
2. Primary Care Funding Act for twenty-five million dollars (\$25,000,000)
3. Child Care Facility Loan Act for ten million dollars (\$10,000,000).

Any unspent funds would not revert back to the general fund at the end of the fiscal year. There is no effective date for this bill.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

The New Mexico Finance Authority (NMFA) and Department of Health (DOH) jointly administer the Primary Care Capital Fund (PCCF) program. The PCCF is designed to support nonprofit primary care and behavioral health clinics in rural and underserved areas of New Mexico. Three percent (3%) interest rate loans are available for equipment (10-year terms) and land/buildings (up to 20-year terms). Up to twenty percent (20%) of annual principal and interest is forgiven in exchange for services rendered to indigent patients.

The DOH's Office of Primary Care and Rural Health (OPCRH) in the Public Health Division is responsible for all programmatic aspects of the PCCF, including receipt of the applications; determination of programmatic appropriateness of the project and community needs. OPCRH reviews the proposed service plans for the sick and medically indigent in addition to determining the applicant's contract-for-services including the required monitoring and reports.

There is currently more demand for the PCCF than the fund can meet. Both the OPCRH and NMFA regularly receive inquiries from organizations looking to expand or upgrade their clinics to continue providing essential health services. On average, clinics require approximately \$1 million for a capital loan project. However, with only \$90,000 to \$100,000 available in the PCCF, new applications are not being accepted, and clinics are placed on a waiting list with the NMFA. There are at least ten (10) clinics on the waiting list that would meet the eligibility requirements. As monthly payments are received, the fund grows by approximately \$5,000 each month. New projects are approved on a first-come, first-served basis, once applicants meet all eligibility requirements. If the proposed \$25 million appropriation is granted, at least 25 new projects could be funded, based on an estimate of \$1 million per clinic and assuming ideal market rates for capital equipment. Due to the demand, NMFA expects to fully utilize the entire \$25 million in the first year it is allocated.

Eligible entities are 1) Community-Based Nonprofit primary care clinic or hospice that operates in a rural or other health care underserved area of the state, that is a 501(c)(3) nonprofit organization for federal income tax purposes and that is eligible for funding pursuant to the Rural Primary Health Care Act; 2) School-based health center that operates in a public school district and that meets department requirements or that is funded by the federal department of health and human services; 3) Primary care clinic that operates in a rural or other health care underserved area of the state, that is owned by a county or municipality and that meets department requirements for eligibility; or 4) Telehealth sites that is operated by an entity described above (Community Based Nonprofit primary care clinic or hospice, a school-based health center, and a primary care clinic that operates in a rural or other health care underserved area of the state, that is owned by a county or municipality).

There are currently three (3) organizations utilizing the PCCF program and are meeting all requirements under their PCCF contract with NMFA: Hidalgo Medical Services, Las Clinicas del Norte, and Sunrise Clinics.

HB196 could affect NMDOH stakeholders and customers as the PCCF provides loans and other financial assistance to eligible entities that operate in a rural or other health care underserved area throughout the state for infrastructure projects, construction projects and capital equipment purchases that could improve health services.

HB196 could affect DOH operations regarding the PCCF with a possible increase in applications and monitoring. There is also a possible impact on operations for the Health Care Authority (HCA) for the

Behavioral Health Capital Funds, and operations to the Early Childhood Education and Care Department (ECECD) for the Child Care Facility Loan Act.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

Yes No

HB196 could affect DOH operations regarding PCCF by possibly increasing the number of applications received and monitoring. Currently, no state operational funds have been dedicated to the administration of this program. The operation of this program is conducted with staff time assigned from other federal and state programs.

- Is this proposal related to the NMDOH Strategic Plan? Yes No

Goal 1: We expand equitable access to services for all New Mexicans

Goal 2: We ensure safety in New Mexico healthcare environments

Goal 3: We improve health status for all New Mexicans

Goal 4: We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?

Yes No N/A

- If there is an appropriation, is it included in the LFC Budget Request?

Yes No N/A

- Does this bill have a fiscal impact on NMDOH? Yes No

The proposed legislation does not include any appropriation for the DOH administrative support required to thoroughly review the increased volume of Primary Care Capital Fund applications. To effectively process and review these applications, a Full-Time Equivalent (FTE) position, at an estimated cost of approximately \$99,953 per year, would be necessary.

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

HB 196 could affect DOH operations regarding PCCF by possibly increasing the number of applications received, which would increase the required contract monitoring activities of the OPCRH. Currently, no state operational funds have been dedicated to the administration of this program. The operation of this program is conducted with staff time assigned from other federal and state programs.

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes
 No

8. DISPARITIES ISSUES

Rural and frontier communities face challenges related to transportation and isolation from services frequently found in sub-urban and urban locations. Primary contributors which add to the unique challenges include:

1. Geographic isolation: Many rural areas in New Mexico are remote and sparsely populated, making it difficult for residents to access healthcare facilities. The distances between communities and medical centers can be substantial, resulting in limited access to timely and emergency care. (<https://pubmed.ncbi.nlm.nih.gov/37196993/>)
2. Socioeconomic factors: Rural communities in New Mexico often have higher rates of poverty, lower levels of education, and limited health insurance coverage. These socioeconomic factors contribute to poorer health outcomes and difficulties in accessing and affording healthcare services. (<https://pubmed.ncbi.nlm.nih.gov/21768583/>)
3. Transportation barriers: Limited public transportation options and long travel distances make it difficult for rural residents to reach healthcare facilities, especially for routine appointments or follow-up. (<https://pubmed.ncbi.nlm.nih.gov/26026190/>)

9. HEALTH IMPACT(S)

Additional funds available could help improve infrastructure and purchase needed screening equipment for rural primary and behavioral health providers. This could lead to an increase in the availability of services closer to where people live in rural areas of the state.

10. ALTERNATIVES

None.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HB196 is not enacted, the Primary Care Capital Fund, Behavioral Health Capital Fund, and Child Care Facility Loan Fund would not receive appropriations for fiscal year 2026 and subsequent years.

12. AMENDMENTS

None.