

LFC Requestor: JORGENSEN, Connor

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: House
Number: 512

Category: Bill
Type: Introduced

Date (of THIS analysis): 02/21/2025

Sponsor(s): Gail Armstrong, Alan T. Martinez, Tanya Mirabal Moya, Mark Duncan, and Mark B. Murphy

Short Title: Health Care Provider Reimbursements

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	\$3000	Recurring	General

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$0	\$0	\$0	N/A	N/A

An unknown amount of income is expected from investment of the fund.

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	\$0	\$0	\$0	N/A	N/A

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: Senate Bill 411 (SB411)

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

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

House Bill 512 (HB512) proposes to add a new section to Chapter 21 NMSA 1978, enacting the Medical Residency Loan Repayment Act. HB512 proposes to allocate three million dollars (\$3,000,000) to the Higher Education Department beginning in fiscal year 2026 and yearly thereafter to create the Medical Residency Loan Repayment fund. The fund would consist of appropriations, repayment of awards and interest received by the department, income from investment of the fund, gifts, grants and donations. Money in the fund at the end of a fiscal year shall not revert to any other fund.

Eligible participants in the Medical Residency Loan Repayment are those:

1. An applicant shall have completed a medical residency or medical fellowship program before applying for an award and agreed to work as a physician in New Mexico for five (5) consecutive years upon receiving an award.
2. Prior to receiving an award, a medical resident or medical fellow shall file an application with the department that meets the criteria established by rule of the department.

An award recipient shall certify on at least an annual basis the recipient's continued employment as a physician practicing medicine in New Mexico.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

According to the 2024 report published by the New Mexico Health Care workforce Committee, New Mexico continues to not meet acceptable benchmarks for the number of primary care physicians to meet the needs of residents. The data used in the report for physicians shows that in 2021 New Mexico would have needed 334 physicians to meet the statewide benchmarks.

(https://digitalrepository.unm.edu/cgi/viewcontent.cgi?article=1012&context=nmhc_workforce).

The Higher Education Department (HED) has an existing program for student loan repayments. Under the current program medical providers, not limited to physicians, are awarded up to \$100,000 annually for up to three (3) years of service. After they have successfully completed their commitment, they can reapply for student loan repayment for the remaining balance of their student loan debt ([HED, 2025](#)). Medical residents and fellows already are eligible to participate in the existing HED loan repayment program. Even those who are active in medical residencies or fellowships, i.e., who have not graduated, are able to complete, and get, awards of \$100,000 for 3 years of service.

HB512 neither requires program participants to relocate or serve rural or frontier communities in New Mexico nor does it authorize renewal of loan repayment awards. [According to the American Medical Association \(2025\)](#), total student loan debt for post-graduate physicians can approach \$200,000.

HB512 does not include a provision for an advisory committee to review or make decisions on applications. In contrast, other HED programs, like the Medical Loan-For-Service and the Health Professional Loan Repayment Program, do have advisory committees in place. Once the five years are completed the remaining balance of the student loans will have to be paid by the physician or a different student loan program. Other student loan programs would not guarantee the physician would stay in New Mexico.

Specialist physicians who can only practice in urban centers, or who cannot practice anywhere in New Mexico because of discipline requirements related to numbers of procedures performed for certification and/or insufficient numbers of patients to support practices financially may be awarded. For this reason, the restriction on those funded being one year out from training, they may agree to participate and then discover that their practices are unsustainable and default on their contract.

2. PERFORMANCE IMPLICATIONS

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

Yes No

If yes, describe how.

- 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

4. ADMINISTRATIVE IMPLICATIONS

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

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

HB512 relates to SB411, which would establish the Physician Loan Repayment Act and allocate \$15,000,000 from the general fund to create the Physician Loan Repayment fund. The fund would be used for loan repayment for physicians, up to \$75,000 annually, who work in rural or underserved areas for four years.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

Section 2F defines medical fellow as an individual who has completed a medical fellowship in an institution of higher education in New Mexico. (page 2, lines 14-16)

Section 2G defines medical resident as an individual who has completed a medical residency in an institution of higher education in New Mexico. (page 2, lines 17-19)

“Completed” residency or fellowship are misuse of the terms in the definitions above. Medical fellows and residents are already licensed physicians who are in-training. Once they complete their fellowship or residency, they are no longer categorized as fellows or residents.

Section 4 Subsection E6 (page 4, line 24) states that “an award for an approved applicant shall be in an annual amount to repay the applicant's loan indebtedness within **three** years.” This conflicts with the Act’s requirement of physicians to practice in New Mexico for **five** years.

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

None

9. HEALTH IMPACT(S)

HB512 could retain physicians who completed residency in New Mexico to practice in New Mexico for five years and could improve access to care. Access to care is associated with better health outcomes. However, after the loan repayment obligation is completed, it is not guaranteed said physician will stay in the New Mexico. Residents don't select residencies based upon the availability of a targeted loan repayment upon completion. Recent grads are aware of the wide range of different loan repayment programs that exist, many with better incentives such as the HED student loan repayment program, the New Mexico Health Service Corps, and

the J-1 Visa Waiver Program administered by the DOH Office of Primary Care and Rural Health.

10. ALTERNATIVES

To avoid duplication of efforts, the proposed \$3,000,000 from the general fund could be integrated into the existing and established HED's Health Professional Loan Repayment Program (HPLRP). HED currently offers a HPLRP for health professionals of medical, nursing, dental, mental health, and allied health. Under HPLRP, participants can receive up to \$100,000 per year for a maximum of three years. Additionally, under current HPLRP, once participants fulfill their initial commitment, they are eligible to reapply for further student loan repayment to cover any remaining student loan balance <https://hed.nm.gov/financial-aid/loan-repayment-programs/health-professional>. In contrast, HB512 does not state an actual amount instead states "award shall be in an annual amount to repay the applicant's loan indebtedness within three years".

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

If HB512 is not enacted, the Medical Residency Loan Repayment Act would not be established. Furthermore, \$3,000,000 will not be allocated from the general fund to create the Medical Residency Loan Repayment fund.

12. AMENDMENTS

None.