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**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

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and

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{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original Amendment ___
Correction ___ Substitute ___

Date 2025-02-21

Bill No: HB512

Sponsor: <u>Armstrong, Gail</u>	Agency Name and Code <u>NMHED</u>
Short <u>MEDICAL RESIDENCY</u>	Number: _____
Title: <u>LOAN REPAYMENT ACT</u>	Person Writing <u>Romero, Heather</u>
	Phone: <u>5053653198</u> Email <u>heather.romero@hed.nm.gov</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$3,000.00	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 512 (HB512) creates the Medical Residency Loan Repayment Act. This legislation directs the New Mexico Higher Education Department (NMHED) to establish a loan repayment program for medical residents and medical fellows who agree to work as a physician in New Mexico for five consecutive years.

FISCAL IMPLICATIONS

HB512 appropriates three million dollars (\$3,000,000) from the General Fund to the Medical Residency Loan Repayment Fund under the New Mexico Higher Education Department (NMHED) for expenditure in Fiscal Year (FY) 2026 and subsequent fiscal years to carry out the purposes of the fund. Any unexpended or unencumbered balances remaining at the end of fiscal year shall not revert to any other fund.

SIGNIFICANT ISSUES

HB512 establishes a Medical Residency Loan Repayment Program for medical residents or medical fellows who have completed their medical residency in a higher education institution in New Mexico. NMHED may grant an award to repay loans obtained for medical residents' and fellows' undergraduate or medical education expenses.

NMHED will enter into a contract with the recipient acting on behalf of the state. The contract shall provide payment by the state of the sum to the recipients' debtors and shall state the obligation of the recipients under the program.

To qualify, applicants must:

- complete a residency or medical fellowship program prior to application,
- commit to practicing as a physician in New Mexico for five consecutive years, and
- hold an active New Mexico medical license.

Award amounts are determined by the applicant's total educational debt, with eligible loans defined as those from federal or commercial lenders requiring repayment of principal and interest or repayment in services. Neither New Mexico residency nor U.S. citizenship constitutes a requirement for eligibility under this program.

The program does not specify individual award amounts, though these cannot exceed an applicant's total educational debt. The University of New Mexico Health Sciences Center (UNMHSC) reports approximately 700 resident physicians enrolled in its Graduate Medical Education (GME) program, while the University of New Mexico (UNM) School of Medicine graduates over 200 physicians annually.

Non-compliance with contractual obligations triggers penalties administered by NMHED, including repayment of up to three times the awarded amount plus 18 percent annual interest.

The legislation establishes a program structurally similar to the existing Health Professional Loan Repayment Program (HPRLP) administered by NMHED (21-22D NMSA 1978). The purpose of the New Mexico's 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 three-year service commitment to practice full-time in a designated medical shortage area in New Mexico. The HPLRP has received interest from health care professionals throughout the New Mexico. In FY25, NMHED awarded 512 new awards in all health care disciplines as defined under the act. Of those awards NMHED awarded 75 physicians in primary care.

The legislation establishes a program structurally aligned with New Mexico's existing Health Professional Loan Repayment Program (HPLRP), operating under the existing framework established by 21-22D NMSA 1978 and administered by NMHED. Designed to alleviate educational debt for practicing healthcare professionals, HPLRP requires participants to commit to three years of full-time service in designated medical shortage areas within the state. This initiative has garnered significant interest among healthcare providers statewide. In FY25, NMHED distributed 512 new awards across all qualifying healthcare disciplines outlined in the legislation, including 75 physicians specializing in primary care.

The maximum annual award is twenty-five thousand dollars (\$25,000) with final amounts influenced by the applicant's total student loan debt and the program's available funding. Recipients may renew their awards after fulfilling a two-year service obligation.

HPLRP awardees must commit to a three-year service term working as primary care physicians in underserved areas. Expanding program funding aims to address broader healthcare workforce gaps by including physician specialists, hospitalists, and behavioral health practitioners in high-need regions.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

HB512 directs NMHED to establish rules implementing the Physician Loan Repayment Act. Administrative code regulations will define key components, including selection committee structures for applicant review, underserved area designations, and physicians' practice location requirements.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

Section 4-E (pages 3-4) stipulates that approved applicants shall receive an annual disbursement to repay their educational loans over three years. However, Section 4-A (page 3) mandates a five-year consecutive service obligation in New Mexico for physicians after accepting an award. This language creates a conflicting obligation: the three-year repayment period contrasts with the five-year service requirement, introducing ambiguity in the award process.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the legislation is not enacted, NMHED will continue supporting physicians through HPLRP under 21-22D NMSA 1978.

AMENDMENTS

N/A