



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
<b>Total</b>	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**

Senate Bill 380 (SB380) creates the Physician Graduate Medical Education Trust Fund and Program Fund to provide an ongoing source of support for physician graduate medical education programs in rural and under-served areas of the state. It provides for an annual distribution of five percent of the three-year average market value of the Trust Fund to the Program Fund, which is administered by the New Mexico Health Care Authority (NMHCA), on July 1 each year. Money in the fund is subject to legislative appropriations in each of Fiscal Year (FY) 2026 to FY28 to create or support graduate medical education programs.

The New Mexico Higher Education Department's (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

**FISCAL IMPLICATIONS**

SB380 transfers one hundred million dollars (\$100,000,000) from the General Fund to the Physician Graduate Medical Education Trust Fund. This fund is created in the New Mexico Treasury as a non-reverting fund, invested by the State Investment Officer, who shall report quarterly to the New Mexico Legislative Finance Committee (NMLFC) and the State Investment Council on investments, and annually by October 1 to the LFC and the tax policy committee and other appropriate committees.

A Physician Graduate Medical Education Program Fund is also created that will be administered by NMHCA. This fund is funded by a pour-over provision in the Trust Fund, subject to appropriation by the Legislature for each of FY26 through FY28, with the balance, if any, reverting annually to the Trust Fund.

For FY26, FY27, and FY28, the money in the fund shall provide:

- Up to two million five hundred thousand dollars (\$2,500,000) to support developing physician graduate programs located in rural and underserved areas that are in process of preparing applications for accreditation;
- Up to five hundred thousand dollars (\$500,000) to support physician graduate programs in rural and underserved areas that have been accredited for less than one year; and
- Up to the balance of the fund to further support physician graduate programs in rural and underserved areas that have been accredited for more than one year.

From FY29 forward, the balance in the fund can be used to support physician graduate programs in rural areas that have been accredited for more than one year.

All transfers of money are to be made by NMHCA.

## SIGNIFICANT ISSUES

New Mexico currently has two accredited physician graduate medical education programs: the medical doctor program at the University of New Mexico (UNM), in Albuquerque, and the doctor of osteopathic medicine at Burrell College of Osteopathic Medicine (BCOM), a private, for-profit medical school located on the New Mexico State University Campus in Las Cruces. Neither college is located in a rural or especially underserved area of New Mexico, though both programs train physicians with the goal of better serving medical needs in New Mexico, particularly in rural areas.

Medical schools are prohibitively expensive to establish, and the annual funding allocated through SB380 appears insufficient to cover the costs of creating new programs. The legislation's primary intent remains ambiguous: it is unclear whether it aims to incentivize existing institutions like UNM and BCOM to expand into rural New Mexico, attract private medical schools to open rural campuses in the state, or facilitate the creation of entirely new medical schools in underserved regions.

## PERFORMANCE IMPLICATIONS

There are mandated reports of the status of the Trust Fund identified in the bill, but there are not any performance measures on the effectiveness of the fund in either creating new rural physician graduate medical programs or in providing more medical doctors to serve in rural and underserved areas of New Mexico.

## ADMINISTRATIVE IMPLICATIONS

NMHCA would administer this program.

#### CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

#### TECHNICAL ISSUES

N/A

#### OTHER SUBSTANTIVE ISSUES

N/A

#### ALTERNATIVES

New Mexico faces a well-documented physician shortage, particularly in rural regions. While medical training programs require years to produce licensed physicians, research shows practitioners often settle where they complete their residency rather than where they attend medical school. To address these issues, strategically allocating SB380 funds could more effectively address shortages by expanding residency opportunities in rural and underserved areas and offering loan repayment or financial incentives to retain physicians in these communities. This approach would leverage residency placement patterns while directly addressing systemic retention barriers, offering a faster solution than long-term investments in new medical schools alone.

#### WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB380 is not enacted, one hundred million dollars (\$100,000,000) would not be transferred from the General Fund into a new Physician Graduate Medical Education Trust Fund and a Physician Graduate Medical Education Program Fund would not be created.

#### AMENDMENTS

N/A