

LFC Requestor: Self Assigned

2025 LEGISLATIVE SESSION  
AGENCY BILL ANALYSIS

Section I: General

Chamber: Senate

Category: Bill

Number: 411

Type: Introduced

Date (of THIS analysis): 02/17/2025

Sponsor(s): Craig Brandt

Short Title: Physician Loan Repayment

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	\$15,000	Recurring	General Fund

REVENUE (dollars in thousands)

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

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: SB 296, Physician Income Tax,

Duplicates/Relates to an Appropriation in the General Appropriation Act: N/A

### Section IV: Narrative

#### 1. BILL SUMMARY

a) Synopsis

Senate Bill 411 (SB411) proposes to add a new section of Chapter 21 NMSA 1978 to enact the Physician Loan Repayment Act, which would provide an award to repay loans obtained for educational expenses. Applicants must be licensed or certified to practice as a physician in New Mexico and be a citizen and resident of New Mexico. In exchange for repayment, the recipient would agree to practice in an underserved area or designated health professional shortage area. Each recipient must apply for and be approved for the funds, which are not to exceed \$75,000 annually, and cannot exceed a total of \$300,000 after 4 years of service.

Is this an amendment or substitution?  Yes  No

Is there an emergency clause?  Yes  No

b) Significant Issues

SB411 seeks to address the shortage of medical providers by providing loan repayment to medical providers. New Mexico is experiencing a primary care provider shortage and a shortage of providers working in specialty fields (mental health, neurologist, dental, OBGYN). Current estimate are that New Mexico is only able to meet approximately 32% of the health care needs of residents in rural communities (<https://www.kff.org/statedata/custom/?indicators=80429%7C119f8b24&regions=Nm&stage=2>)

New Mexico residents face many challenges including a lack of primary specialty services, long distances to travel for care and disappearing obstetrics care. (<https://www.nmlegis.gov/handouts/ALFC%20082323%20Item%207%20-%20NM%20Hospital%20Association%20Presentation.pdf>)

While this important issue impacts all citizens in New Mexico, studies show that Tribal citizens in particular face “significant barriers” (<https://www.thinknewmexico.org/wp->

content/uploads/pdfs/HealthCareProfessionalShortageReport2024.pdf). Our Tribal Communities often find they must navigate multiple healthcare systems, which can complicate access to essential care. To ensure better access to health care for Tribal citizens we must not only increase providers but must also work in creative ways to ensure access is available in the Tribal communities.

According to the 2024 report published by the New Mexico Health Care workforce Committee, New Mexico continues to fail to 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 needs of residents. While the number of providers did slightly improve since 2019, we continue to see a shortage of medical providers in New Mexico. As our population continues to age, we can anticipate the need for more primary care providers to meet the needs of the population.

([https://digitalrepository.unm.edu/cgi/viewcontent.cgi?article=1012&context=nmhc\\_workforce](https://digitalrepository.unm.edu/cgi/viewcontent.cgi?article=1012&context=nmhc_workforce))

Some States have created loan repayment programs, offering one year of medical school payoff for every year worked in a rural community (<https://searchlightnm.org/where-have-all-the-doctors-and-nurses-gone/>)

While more studies need to be done, there is some initial research that shows that incentives do increase the number of health care professionals (<https://www.countyhealthrankings.org/strategies-and-solutions/what-works-for-health/strategies/financial-incentives-for-health-professionals-serving-underserved-areas>)

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. <https://hed.nm.gov/financial-aid/loan-repayment-programs/health-professional>

SB411 specifies that a physician needs to be working in an underserved area, but further clarification is needed regarding what qualifies as an “underserved” area. The term “**underserved**” broadly refers to communities or groups lacking sufficient resources or services to meet their needs. In contrast, **Health Professional Shortage Areas (HPSA)** are designated by the Federal Health Resources and Services Administration (HRSA) based on shortages of primary care, mental health, or dental care. These shortages can apply to geographic regions, specific populations, or healthcare facilities. For example, Federally Qualified Health Centers (FQHCs) provide medical, dental, and behavioral health services *to* underserved populations, yet they are not always located in designated underserved geographic areas. Albuquerque Health Care for the Homeless, First Nations Community HealthSource, or First Choice Community Healthcare - based in Albuquerque – are examples of such providers. Additionally, while Medicaid patients are considered an underserved population, they can access care across the state of New Mexico and not limited to specific regions.

SB411 will only cover medical school debt. The average medical school debt is \$215,900. <https://www.studentloanplanner.com/how-much-medical-school-cost/> Most students coming out of school have taken out loans to be able to cover room and board to be able to

finish medical school's high demands without employment. <https://www.leveragerx.com/financial-planning-for-physicians/living-expenses/>. Student loan debt from before medical school would not be covered.

SB411 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. SB411 is not renewable for physicians. Once the four years are completed the remaining balance of the student loans will have to be paid by the physician or a different student loan program. It also would not guarantee the physician would stay in New Mexico.

## 2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?  
 Yes  No
- 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

SB411 would have the potential to increase the number of medical providers in New Mexico allowing for more equitable access to services.

## 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

None

## 6. TECHNICAL ISSUES

Are there technical issues with the bill?  Yes  No

SB411 references both “designated health professional shortage areas” and “underserved areas” for eligibility criteria. Each term has a distinct definition:

- A **Health Professional Shortage Area (HPSA)** are designated areas determined by the Federal Health Resources and Services Administration (HRSA) with shortages of primary care, mental health, or dental care. These shortages can apply to geographic regions, specific populations, or healthcare facilities.
- **Underserved** broadly refers to communities or groups that lack sufficient resources or services to meet their needs.

The two terms are not interchangeable. It is recommended that SB411 clarify which definition will be used by HED to determine eligibility criteria and award eligible recipients. For instance, HED’s Medical Loan-For-Service and Health Professional Loan Repayment Programs consults with the DOH’s Office of Primary Care and Rural Health to assess Health Professional Shortage Areas (HPSAs) when reviewing program applications.

## 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

New regulations would have to be created in the Public Education Department to create the program standards.

## 8. DISPARITIES ISSUES

Of New Mexico’s 33 counties, seven contain predominantly urban areas defined as part of Metropolitan Statistical Areas. The remaining 26 Non-Metropolitan counties are considered rural or frontier in nature ([New Mexico Rural Health Plan](#), June 2019).

Due to current healthcare reimbursement systems, communities with a large proportion of low-income residents, and rural communities, may not generate sufficient paying demand to assure that providers will practice in these locations (2020-2022 New Mexico State Health Improvement Plan, page 4: <https://www.nmhealth.org/publication/view/plan/5311>). The rural to urban migration of health professionals inevitably leaves low-income, rural, and remote areas underserved and disadvantaged. Skilled health professionals are increasingly taking job opportunities in the labor market in high-income areas as the demand for their expertise rises.

## 9. HEALTH IMPACT(S)

SB411 could attract physicians, medical or osteopathic, with medical student loan debt, to practice in underserved areas of New Mexico for four years, which could improve access to care in health professional shortage areas. Access to care is associated with better health

outcomes. However, after this time, it is not guaranteed said physician will stay in the underserved area.

#### **10. ALTERNATIVES**

HED currently offers a student loan repayment program for medical providers, including but not limited to physicians. Under this program, participants can receive up to \$100,000 per year for a maximum of three years. In contrast, SB411 proposes a lower amount of \$75,000 annually for up to four years. Additionally, under the HED program, once physicians fulfill their initial commitment, they are eligible to reapply for further student loan repayment to cover any remaining student loan balance, not just medical school debt as specified in SB411. <https://hed.nm.gov/financial-aid/loan-repayment-programs/health-professional>. To avoid duplication of efforts, the proposed \$15,000,000 from the general fund could be integrated into HED's the existing and established health professional loan repayment program.

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

If SB411 is not enacted, medical or osteopathic physicians will not be able to apply for loan repayment through the proposed physician loan repayment program and \$15,000,000 will not be appropriated from the general fund to create the physician loan repayment fund.

#### **12. AMENDMENTS**

None