

LFC Requester:

Eric Chenier

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)  
*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

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

**Date Prepared:** 2/18/25 *Check all that apply:*  
**Bill Number:** SB427 Original  Correction   
 Amendment  Substitute

**Sponsor:** Sen Soules **Agency Name and Code** HCA-630  
**Short Title:** New Residency Programs **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$60,000.0	NR	HCA GF

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0.0	\$0.0	\$0.0	NA	NA

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0.0	\$0.0	\$0.0	\$0.0	NA	NA

(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**

Synopsis: Senate Bill (SB) 427 appropriates \$60 million from the general fund to the Health Care (HCA) to create new physician residency programs and positions from FY 2026 to FY 2028. Any unexpended or unencumbered balance remaining at the end of fiscal year 2028 will have to be returned to the general fund.

### **FISCAL IMPLICATIONS**

SB 427 appropriates \$60 million to HCA to create new physician residency programs and positions. HCA does not have authority to directly create physician residency programs and positions. However, the HCA currently oversees residency expansion through the “Graduate Medical and Expansion Grant Program Act” (GME Grant) established in HB480 (2019). The HCA receives \$1,000.0 thousands in general funds annually for this grant. There are currently 4 physician and 1 psychiatry rural residency programs in development who are receiving this funding. In addition to establishing statutory authority to administer a grant program, HCA would need two full time positions to administer the funds.

### **SIGNIFICANT ISSUES**

Physician shortages continue exist throughout the state. According to the Rural Health Information Hub (<https://www.ruralhealthinfo.org/charts/5?state=NM>), almost all counties in the state are designated as a Primary Care Health Professional Shortage area.

Developing new and/or expanded physician residency programs requires adherence to Accreditation Council for Graduate Medical Education (ACGME) rules and approval. This can be a complex and lengthy process that requires multiple partnerships across hospitals, communities, and health care professionals. Due to the shortage of physicians and specialty care in New Mexico, it can be difficult for new residencies find enough available rotations to meet the requirements of the ACGME. In addition, many preceptors are not compensated for their additional time in educating rotating students making finding enough educators challenging.

Once a residency is established, HCA has limited authority to fund physician residency programs. For physician residency to be counted for Medicaid reimbursement, a resident must be participating in an accredited Graduate Medical Education (GME) residency program, as defined by Medicare in 42 CFR 413.75. HCA is additionally restricted in the number of residency positions that can be funded through Medicaid. This limitation could impact the sustainability of a newly created program.

While there is funding available for expansion of physician residency programs, there is a gap in funding for expanding post-secondary education for many of the other health care professions that are needed in New Mexico that require residencies, internships, supervised clinical experience or training, etc.:

- Dentist (DDS/DMD) – Dental Residency (optional for general dentists, required for specialties, 2-6 years)
- Podiatrist (DPM) – Podiatric Residency (3 years)
- Physician Assistant (PA) – Optional PA Residency/Fellowship (1 year, varies by specialty)
- Nurse Practitioner (NP) – Optional NP Residency/Fellowship (6 months-1 year, varies by specialty)
- Certified Nurse Midwife (CNM) – Clinical Training, sometimes a residency (6 months-1 year)
- Certified Registered Nurse Anesthetist (CRNA) – Required Residency/Clinical Training

- (1-2 years)
- Pharmacist (PharmD) – Pharmacy Residency (PGY-1: 1 year, PGY-2: 1 year for specialization)
  - Optometrist (OD) – Optional Residency (1 year for specialties such as ocular disease or pediatrics)
  - Audiologist (AuD) – Required Clinical Externship/Residency (typically 1 year)
  - Physical Therapist (DPT) – Optional Residency (9 months-3 years, for specialization)
  - Occupational Therapist (OTD/MSOT) – Optional Residency/Fellowship (6 months-2 years for specialization)
  - Psychologist (PhD/PsyD) – Required Internship & Postdoctoral Residency (1-2 years)
  - Clinical Social Worker (LCSW) – Required Supervised Clinical Experience (2-3 years)
  - Licensed Professional Counselor (LPC/LMHC/LMFT) – Required Supervised Clinical Training (1.5-3 years)
  - Radiologic Technologist (RT) – Clinical Residency (varies by specialization)
  - Medical Laboratory Scientist (MLS/MT) – Clinical Practicum/Residency (1 year)
  - Respiratory Therapist (RRT/CRT) – Clinical Training (required, varies by program)
  - Perfusionist (CCP) – Clinical Residency/Internship (1-2 years)
  - Orthotist & Prosthetist (CPO) – Required Residency (1-2 years)

### **PERFORMANCE IMPLICATIONS**

HCA will need to collaborate closely with existing and potential new residency programs to implement the bill as proposed.

### **ADMINISTRATIVE IMPLICATIONS**

N/A

No IT impact.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

N/A

### **TECHNICAL ISSUES**

The New Mexico Medicaid approved state plan for the GME residency program has 611 positions through FY 2025. The program size is restricted by the Centers for Medicare and Medicaid to increase by 10 FTE positions per year, as recognized in the Medicaid state plan amendment.

### **OTHER SUBSTANTIVE ISSUES**

N/A

### **ALTERNATIVES**

The intent of the bill to expand physician residency programs is vital to the development of the physician workforce in New Mexico. However, HCA lacks authority to create physician residency programs directly. Therefore, HCA suggests that the bill be amended to allow HCA to oversee a grant program similar to, or expanding upon, HB480 (2019). In addition, allowing funding to be utilized for additional post-secondary health care professional education requirements will better support the growth of the workforce in New Mexico.

For physician residency to be counted for Medicaid reimbursement, a resident must be participating in an accredited Graduate Medical Education (GME) residency program, as defined by Medicare in 42 CFR 413.75. HCA is constrained in funding existing residency programs, specifically the number of FTE positions which Medicaid can support in a given year. Therefore, the appropriation should include an allowance for additional residencies at the amount funded by

Medicaid.

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

Status quo

**AMENDMENTS**